

BOD 33(i)/2022
agenda item 16

2022/23 (FY23) Financial Plan and Budgets

OHFT Board Meeting held in public – 25 May 2022

For approval as recommended by Finance & Investment Committee 17 May 2022

Lead Executive Director: Mike McEnaney, Director of Finance

Contents:

- FY22 outturn and summary
- FY23 plan and summary
- FY23 directorate budgets
- FY23 COVID funding
- 5 Year plan update

FY22 Outturn

Underlying Position FY21	Recurrent											Non-Recurrent										FY22 OT		
	H1 Inflation - 0.5%	Residential care	Oxon Underfunding	Provider Collabs	Pay award & uplift in H2	H2 efficiency & reduction to top-up	Other add'l Income	BTL / PDC changes	Education & Training	MHIS	SR / SDF	4WW & other add'l income from ICS	Ageing Well for Fy22	Directorate Forecast overspend	BTL / PDC changes	Non Patient care	Other Income	NR Addition al BOB Income	Non-rec Efficiencies	Covid costs	Vaccine			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	
Clinical Income	312,323	728	3,700	5,900	67,030	6,204	-2,049	321		8,233	12,952	3,176	2,150				232	627			21,636		454,967	
Other Income	61,135								7,397							3,205						23,902	95,080	
Pay	-266,600	-557		-3,136		-7,701				-3,380	-4,940	-7,771	-1,779	-1,204	-3,626					376	-14,052	-22,672	-348,924	
Non pay	-109,406	-1,507		-1,344	-64,330					-2,537	-1,646	-2,591	-763	-516	-1,208		-2,564				1,519	-5,564	-1,230	-193,050
BTL	-5,278								1,066								204						-4,008	
Surplus / Deficit	-7,826	-1,336	3,700	1,420	2,700	-1,497	-2,049	321	1,066	1,480	1,647	2,590	634	430	-4,834	204	641	232	627	1,895	2,020	0	4,065	
Other Adjustments :-																								
Donated Depreciation	70								-30														40	
Impairments	0																290						290	
Prior year PSF	0																							
IAS19 - bucks pensions	0																78						78	
Adjusted Financial Performance	-7,756	-1,336	3,700	1,420	2,700	-1,497	-2,049	321	1,036	1,480	1,647	2,590	634	430	-4,834	572	641	232	627	1,895	2,020	0	4,473	

FY22 Summary

- The Trust finished the financial year with a £4m surplus and adjusted financial performance of £4.4m surplus
- This performance was largely supported by non-recurrent benefits not carried in to FY23, eg high COVID funding and one off support funds
- The level of new funding into the Trust – MHIS/SDF/SR was higher than previous years
- Some of the cost pressures in FY22, eg pay award funding gap, build up in the FY23 plan and required resolving

FY23 Plan

	FY22 OT	Reverse out all NR from FY22	Full Year Effects from FY22				Underlying Position FY22	Non-Recurrent					NHSE reduction to BOB baseline - error	Recurrent						FY23 Plan	FY23 Plan Exc MHIS Income	
			FYE of FY22 Pay Award	FYE H2 Efficiency	PC - ED FYE	PC - Secure FYE		Adjusted Covid Funding	Contractual changes for investments / cost pressures	SDF - Ageing Well	MH SDF	Vaccines H1		Education & Training	NHSE adjustments to contract	Share of ICS Funding Uplift	Inflation 2.8%	New Efficiencies 1.1%	FY23 CIP			MHIS - In Dispute With ICS
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Clinical Income	454,967	-52,577		-601	2,448	4,159	408,396	9,535	9,840	2,969	10,976		-3,540		1,768	3,018	11,181	-4,393		5,749	455,499	449,750
Other Income	95,080	-26,548					68,532							-1,037							75,495	75,495
Pay	-348,924	62,610	-765			0	-287,079	-6,221	-17,691	-2,375	-8,781	-7,118			-1,768	-3,018	-8,063		5,361	-4,600	-341,353	-341,353
Non pay	-193,050	12,280			-2,448	-4,490	-187,708	-3,314	3,479			-882					-3,000		2,568	-1,149	-188,969	-188,969
BTL	-4,008	-204					-4,212														-4,212	-4,212
Surplus / Deficit	4,065	-4,439	-765	-601	0	-331	-2,071	0	-4,372	594	2,195	0	-3,540	0	0	0	118	-4,393	7,929	0	-3,540	-9,289
Other Adjustments :-																						
Donated Depreciation	40	-40					0														0	
Impairments	290	-290					0															
Prior year PSF		0					0															
IAS19 - bucks pensions	78	-78					0															
Adjusted Financial Performance	4,473	-4,847	-765	-601	0	-331	-2,071	0	-4,372	594	2,195	0	-3,540	0	0	0	118	-4,393	7,929	0	-3,540	-9,289

FY23 Plan Summary

- The plan submitted to NHSE is for a £9.2m deficit driven by two contractual issues:
 - **NHSE Spec Comm** – NHSE have rebased their Spec Comm contracts in order to add back in missing growth allocations not uplifted due to COVID funding restrictions. The contra comes out of the ICS funding allocations, £3.5m for OHFT, however this assumes unallocated funding within the ICS which is not the case. NHSE acknowledge that this is an error which requires resolution. Discussions will remain ongoing.
 - **BOB MHIS** – the ‘flat cash’ funding proposal used across BOB means all providers get largely their H2 funding x 2. This means retaining the COVID funding reduction of ~£12m in order to cover inflation, cost pressures and growth. For MH providers this does not provide additional funding for MH expansions which creates a funding gap of £5.7m.
- Outside the contractual issues the Trust plan is balanced
- We have allocated sufficient funding for pay and NI uplifts, non-pay pressures, funding for business justifications and transformational funds
- Cost pressures generated in FY22 are resolved in the FY23 plan
- As previously outlined there is a CIP programme of £8m and requirement to reduce COVID expenditure by £12m built into the plan
- There is £6m of contingency reserves which if the run rate of COVID spend can be brought in line, and CIPs delivered, can be freed up for further investment
- Use of retained COVID funds is front ended in order to manage a tapering down of spend on staffing and OAPs

Directorate Budget Changes

FY23 Directorate Level Plan	Bucks MH Directorate	Community Services Directorate	Oxon & BSW MH Directorate	Specialised Services Directorate	Covid-19 Funding	Oxford Pharmacy Store	Research & Development	Estates & Facilities	IMT	Learning & Development	HR	Interest, Tax, Depreciation & Amortisation	Corporate Costs & Central Dept's	Trust Plan
Non Pay Expenditure	6,641	10,767	41,443	49,611	1,399	28,747	4,765	15,351	4,628	1,075	1,163	10,213	19,332	195,134
Pay Expenditure	46,775	79,748	90,885	31,763	5,919	1,463	5,250	8,819	4,175	4,788	5,657	0	40,733	325,975
Grand Total	53,417	90,515	132,328	81,374	7,318	30,210	10,015	24,169	8,803	5,863	6,820	10,213	60,065	521,109

Expenditure Budget Change to FY22

FY22 Budgets:														
Non Pay Expenditure	7,743	10,987	39,663	44,238	6,119	25,098	4,662	15,338	4,778	2,326	1,165	10,724	14,406	187,248
Pay Expenditure	44,386	78,489	86,975	30,791	13,061	1,383	8,031	8,911	4,233	5,608	5,584	0	22,590	310,041
Change:														
Non Pay Expenditure	-1,102	-220	1,780	5,373	-4,720	3,649	103	13	-150	-1,251	-2	-511	4,926	7,886
Pay Expenditure	2,389	1,259	3,909	972	-7,142	80	-2,781	-93	-58	-819	73	0	18,144	15,934

As shown above, each of the clinical directorates have an improved budget position from FY22 representing net additional investment into services after deducting £6m for CIP.

There are reductions in COVID budgets in line with reduction in budget, R&D is also decreased in line with their planned work, though expected to change in year.

Corporate & Central departments - there are funds yet to be allocated of £4m of business justifications/transformation, £2m of non-pay cost inflation uplifts and £2m Provider Collaborative subcontract uplift. There is also £6m held in a pay reserve for the agenda for change pay uplift, yet to be agreed and announced and a general contingency reserve of £6m. This is based on a 2% uplift per planning guidance. Any uplift above this rate would attract additional central funding.

5 Year Plan Update

- Attached is a revised 5 year plan to account for changes in recent months
- Future years balancing, FY24 onwards, assumes resolution of contractual issues
- The £6m of contingency reserves has been allocated as £2m to support business justifications to fund developments, £2m to support a transformation programme and £2m to support work to tackle costs and improve our efficiencies programme
- The FY23 £9.2m deficit results from the NHSE income shortfall of £3.5m and ICS MHIS shortfall of £5.7m. If these are not corrected the b/f deficit to FY24 and beyond will be £9.2m

Base Plan FY23 - 5 year plan Updated	FY22	FY23	FY24	FY25	FY26
	£m	£m	£m	£m	£m
Underlying deficit b/f from previous year	(7.8)	(2.1)	0.0	0.0	0.0
Net Inflation (pay and non-pay) Incl. Pay Award	(2.8)	(4.3)	(5.0)	(5.0)	(5.0)
CIP Efficiency Requirement	3.5	8.0	5.2	5.0	5.0
Extra Efficiency ask	(2.0)				
Recurrent OCCG underinvestment catch up	1.4				
MHIS / SDF / SR - additional income	24.3	11.0	4.0	4.0	4.0
MHIS / SDF / SR- associated costs	(19.5)	(8.8)	(3.2)	(3.2)	(3.2)
OCC residential care - R	3.7				
Ageing Well - R	0.4	0.6			
Provider Collaboratives	2.7				
Additional Income	2.4				
Financing - Below the Line	1.0				
Pay Overspends - NR	(4.8)				
Funding of cost pressures		(4.4)			
Covid Income / Costs - NR	2.0	(9.5)	(5.4)	(5.4)	
Required covid expenditure reduction		9.5	5.4	5.4	
NHSE Spec Comm contract error		(3.5)			
BOB MHIS disputed income		(5.7)			
Surplus/(Deficit)	4.5	(9.2)	1.0	0.8	0.8
		0.0	0.0	0.0	0.0
Adjusted financial performance Surplus/(Deficit)	4.5	(9.2)	1.0	0.8	0.8
Contingency Reserves	2.1	6.0	6.0	6.0	6.0
Capital Expenditure	9.4	9.4	9.4	9.4	9.4
Depreciation	6.2	5.4	5.2	4.7	4.5

Recommended for approval

- The plan has been to the Finance & Investment Committee, the last time on 17 May 2022 where it was agreed to recommend the plan to the Board for approval.
- Approval is requested on the understanding that the two issues of NHSE funding error (£3.5m) and MHIS allocation of £5.7m will continue to be pursued for appropriate resolution.