

REPORT TO:	NHS SOMERSET INTEGRATED CARE BOARD ICB Board Part A	ENCLOSURE:
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DATE OF MEETING:	28 March 2024	
REPORT TITLE:	NHS Somerset Finance Report – Month 10 2023/24	
REPORT AUTHOR:	Scott Sealey, Deputy Chief Finance Officer and Deputy Director of Performance and Contracting	
EXECUTIVE SPONSOR:	Alison Henly, Chief Finance Officer and Director of Performance and Contracting	
PRESENTED BY:	Alison Henly, Chief Finance Officer and Director of Performance and Contracting	

PURPOSE	DESCRIPTION	SELECT (Place an 'X' in relevant box(es) below)
Approve	To formally receive a report and approve its recommendations, (authorising body/committee for the final decision)	
Endorse	To support the recommendation (not the authorising body/committee for the final decision)	
Discuss	To discuss, in depth, a report noting its implications	
Note	To note, without the need for discussion	
Assurance	To assure the Board/Committee that systems and processes are in place, or to advise of a gap along with mitigations	X

PREVIOUS CONSIDERATION/ENGAGEMENT
ICB Finance Committee

Executive summary and reason for presentation to Committee/Board	<p>The enclosed paper provides an update summarising the NHS Somerset Integrated Care System financial position for the 2023/24 financial year as 31 January 2024.</p> <p>This report provides an analysis of financial performance across the following areas:</p> <ul style="list-style-type: none"> • Summary of NHS Somerset Financial Position • Summary of Organisational Financial Positions • NHS Somerset System Capital • Summary of Somerset Council Financial Position
Recommendation and next steps	<p>The Integrated Care Board is asked to note the report for assurance of the NHS Somerset ICS financial position</p>

SELECT (Place an 'X' in relevant box(es) below)	Links to Strategic Objectives (Please select any which are impacted on / relevant to this paper)
	Objective 1: Improve the health and wellbeing of the population
	Objective 2: Reduce inequalities
	Objective 3: Provide the best care and support to children and adults
	Objective 4: Strengthen care and support in local communities
	Objective 5: Respond well to complex needs
	Objective 6: Enable broader social and economic development
X	Objective 7: Enhance productivity and value for money

**Impact Assessments – key issues identified
(please enter ‘N/A’ where not applicable)**

Reducing Inequalities/Equality & Diversity	Financial decisions are made with due regard to eliminate discrimination, harassment and victimisation, to advance equality of opportunity and to foster good relations between people who share a relevant protected characteristic (as cited in under the Equality Act 2010) and those who do not share in it.
Quality	Financial decisions are made to deliver with regard to the best possible value for service users.
Safeguarding	No issues identified
Financial/Resource/ Value for Money	NHS Somerset Integrated Care Board has a confirmed revenue budget of £1,298,458,000 for the 2023/24 financial year as at 31 January 2024.
Sustainability	No issues identified
Governance/Legal/ Privacy	The financial report details any constitutional standards required to be met by the NHS Somerset Integrated Care Board
Confidentiality	No issues identified
Risk Description	GBAF Reference 584 – RAG Rating 3

Please keep these front pages to a maximum of three

Headline Summary

- NHS Somerset's submitted 2023/24 forecast outturn position for month 10 was a £2.4m overspend driven by the costs of industrial action for December and forecasted for January. It should be noted that the H2 Financial and Operational Delivery plan did not consider any costs resulting from Industrial Action in December or January and the system is expecting additional funding to be allocated to cover these costs from NHSE.
- The financial impact of the announced industrial action on 24-28 February has not been included within the month 10 position.
- The ICS' Capital position is forecasted to be £2.2m over plan due to lease liability remeasurements relating to IFRS 16, resulting from RPI increases on long-term lease deals. The system finance group is working with the regional team to resolve this position.
- At month 10, total system agency spend for 2023/24 is forecasted to exceed our cap by £4.2m, with year to date overspent by £5.4m against plan.
- The system is managing a reduced number of risks, which could materialise: -
 - Industrial Action
- Somerset Council are projecting a £16.3m overspend at month 10, which is driven by pressures within Adult Social Care and Childrens' Social Care.

NHS Somerset - Financial Headlines

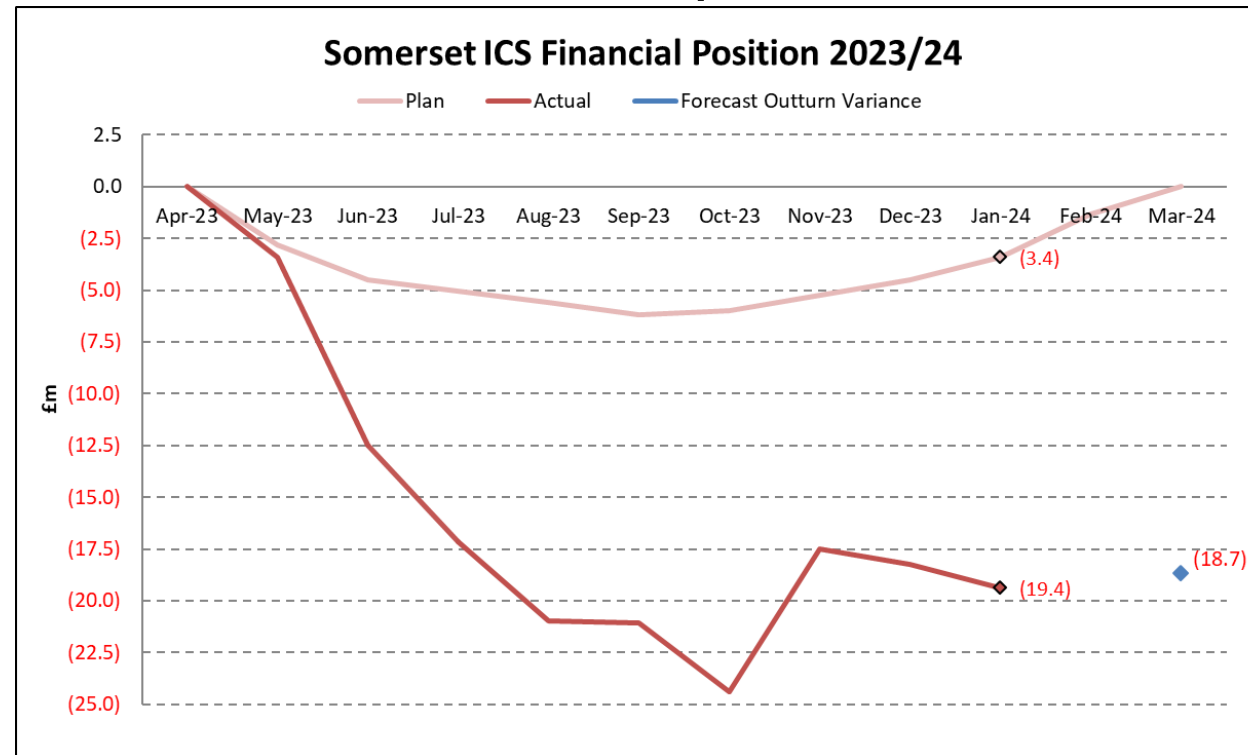
Month 10 2023/24

NHS Somerset is forecasting to be £2.4m over budget this financial year. This adverse variance relates to the additional cost of industrial action for December and January.

The forecast outturn aligns with the month 10 year to date position of £2.4m – noting no financial impact of February’s industrial action has been included within the month 10 forecast.

NHS Somerset is forecasted to overspend its Capital allocation by £2.2m this financial year due to lease liability remeasurements.

Somerset Council are projecting a £16.3m overspend this financial year, driven by pressures within Adult Social Care and Childrens’ Social Care.



Performance against organisation-specific and system control totals									
£m's	Month 10			Month 1-10 YTD			Forecast Outturn 2023/24		
	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance
NHS Somerset ICB	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)	0.0	(0.0)	(0.0)
Somerset NHS FT	1.1	(0.7)	(1.8)	(3.4)	(5.8)	(2.3)	0.0	(2.3)	(2.3)
Somerset Council*	0.0	(0.5)	(0.5)	0.0	(13.6)	(13.6)	0.0	(16.3)	(16.3)
Somerset ICS	1.1	(1.2)	(2.3)	(3.4)	(19.4)	(15.9)	0.0	(18.7)	(18.7)

* Somerset Council M1-10 YTD position is a pro-rata of the forecasted outturn position

Somerset ICB is forecasting to deliver an overspend position of £0.04m this financial year as a result of December and January's costs of industrial action.

The forecast outturn aligns with the month 10 year to date position of £0.04m – noting no financial impact of February's industrial action has been included within the month 10 forecast.

This position includes the use of the Dental budgets underspend to offset against in-year GP Prescribing and Learning Disabilities pressures.

Financial Position Overview								
Somerset ICB	Year to Date (M1-M10)				Forecast Outturn 2023/24			
	Plan £m	Actual £m	Variance £m	Variance %	Plan £m	Forecast £m	Variance £m	Variance %
System Revenue Resource Limit	(1,078.1)				(1,298.5)			
Acute Services	571.2	571.6	(0.4)	(0.1%)	686.9	687.5	(0.6)	(0.1%)
Mental Health Services	92.2	92.4	(0.2)	(0.2%)	110.6	111.6	(1.0)	(0.9%)
Community Health Services	100.2	98.5	1.7	1.7%	120.3	118.3	2.0	1.6%
Continuing Care Services	47.6	47.4	0.1	0.3%	57.1	56.6	0.5	0.9%
Primary Care Services	109.2	113.3	(4.0)	(3.7%)	131.4	135.2	(3.7)	(2.8%)
Other Commissioned Services	49.1	49.3	(0.2)	(0.4%)	58.9	59.2	(0.2)	(0.4%)
Other Programme Services	1.8	1.3	0.5	25.7%	2.3	1.8	0.6	23.7%
Reserves / Contingencies	(36.9)	(31.6)	(5.3)	14.3%	(41.7)	(36.8)	(4.9)	11.8%
Delegated Primary Care Commissioning	132.8	125.1	7.8	5.8%	159.2	151.9	7.3	4.6%
ICB Running Costs	10.9	10.8	0.0	0.0%	13.5	13.4	0.1	0.7%
Total Net Expenditure	1,078.1	1,078.1	(0.0)	(0.0%)	1,298.5	1,298.5	(0.0)	(0.0%)
TOTAL Somerset ICB Surplus/(Deficit)	0.0	0.0	(0.0)	(0.0%)	0.0	0.0	(0.0)	(0.0%)

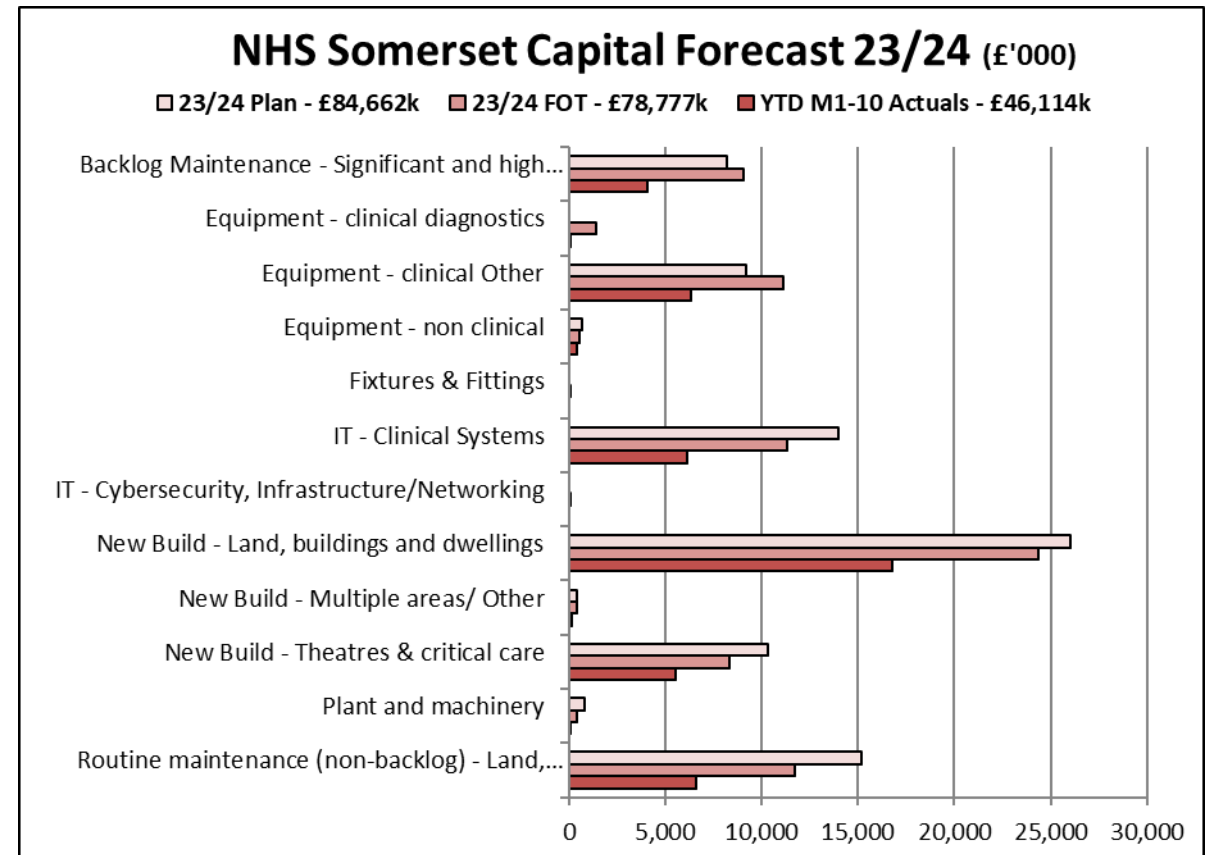
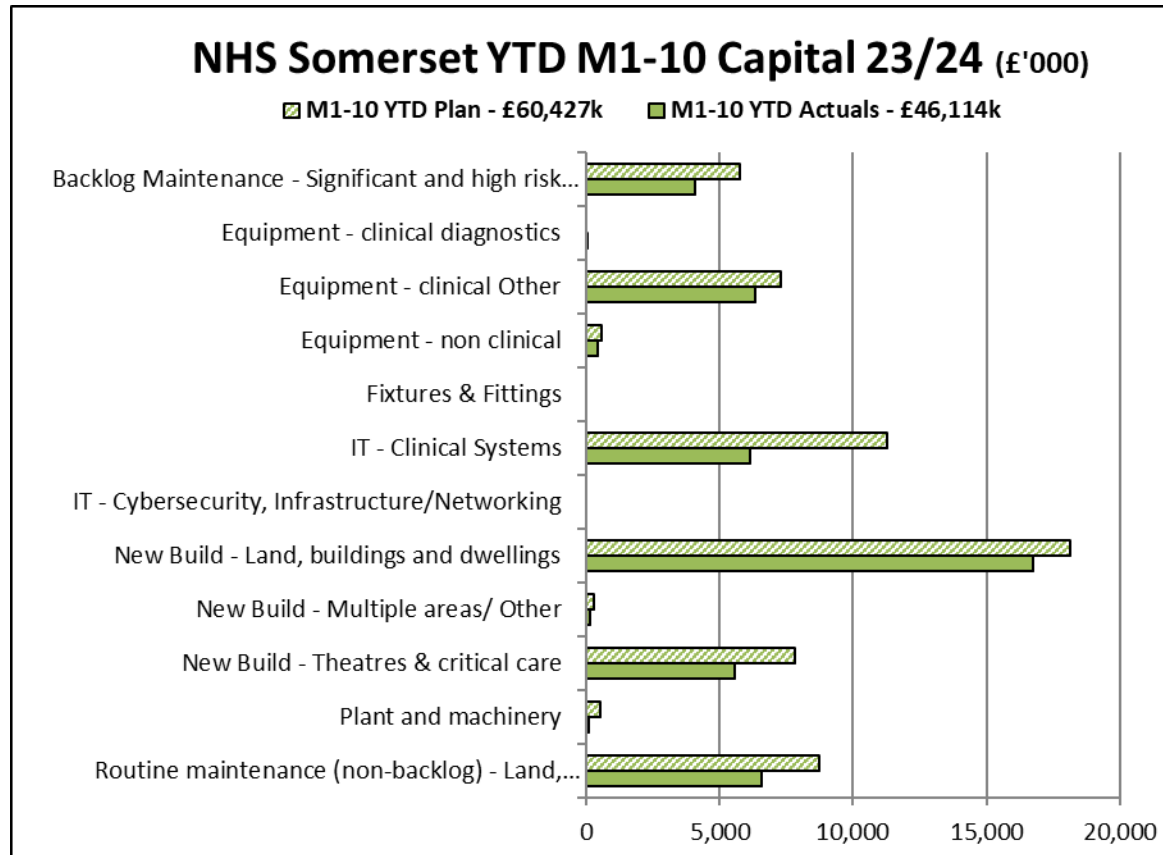
Somerset FT is forecasting to overspend by £2.3m this financial year as a result of December and January's costs of industrial action.

The forecast outturn aligns with the month 10 year to date position of £2.3m – noting no financial impact of February's industrial action has been included within the month 10 forecast.

Year to date pressures against Industrial Action, Winter, GP Direct Access and High Cost Drugs & Devices have been offset against month 8 system Industrial Action allocation and Elective Recovery Fund overperformance.

Financial Position Overview								
Somerset FT	Year to Date (M1-M10)				Forecast Outturn 2023/24			
	Plan £m	Actual £m	Variance £m	Variance %	Plan £m	Forecast £m	Variance £m	Variance %
Patient Care Income from ICBs & NHSE	721.5	757.6	36.1	5.0%	865.8	912.8	47.0	5.4%
Other Patient Care Income	52.2	46.6	(5.6)	(10.7%)	62.5	55.9	(6.6)	(10.6%)
Other Operating Income excluding top-up	44.7	54.5	9.8	21.9%	54.1	77.0	22.9	42.3%
Total Income	818.4	858.7	40.3	4.9%	982.4	1,045.7	63.3	6.4%
Agency	(23.9)	(30.3)	(6.4)	26.6%	(28.1)	(34.2)	(6.2)	21.9%
Pay excluding Agency	(538.5)	(553.9)	(15.4)	2.9%	(645.4)	(677.8)	(32.4)	5.0%
Total Pay	(562.4)	(584.2)	(21.8)	3.9%	(673.5)	(712.0)	(38.5)	5.7%
Non Pay	(248.3)	(272.0)	(23.7)	9.5%	(295.7)	(323.8)	(28.2)	9.5%
Other non operating items	(10.0)	(5.8)	4.2	(42.1%)	(12.0)	(7.5)	4.6	(38.1%)
Total Expenditure	(820.8)	(862.0)	(41.2)	5.0%	(981.2)	(1,043.3)	(62.1)	6.3%
Adjusted Financial Performance	(2.4)	(3.4)	(0.9)	(0.1%)	1.2	2.3	1.1	0.1%
System Performance Adjustments	(1.0)	(2.4)	(1.4)	(137.9%)	(1.2)	(4.7)	(3.5)	(288.1%)
System Performance Measure	(3.4)	(5.8)	(2.3)	(0.3%)	0.0	(2.3)	(2.3)	(0.2%)

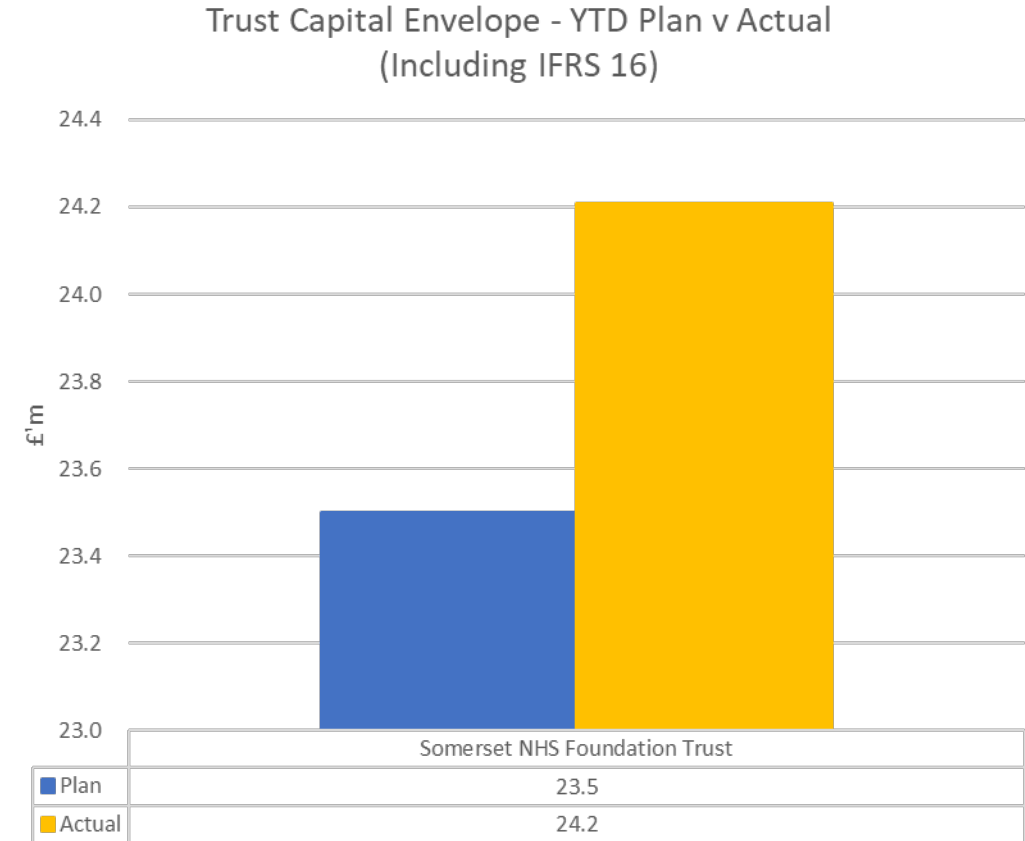
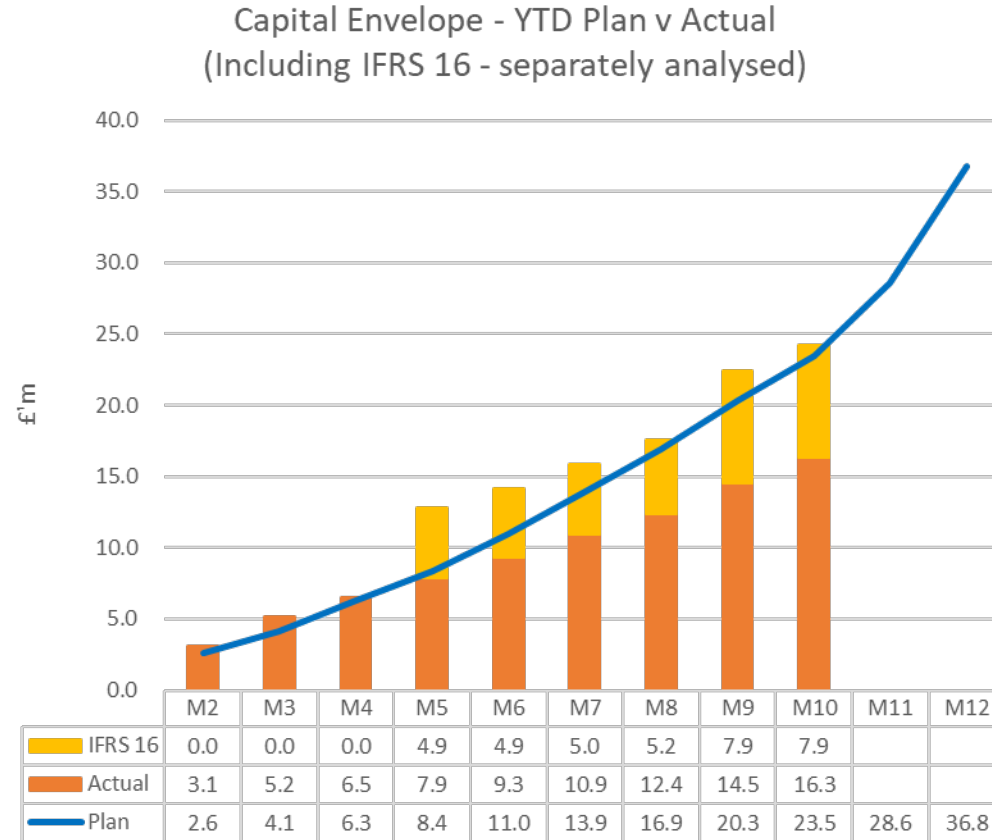
NHS Somerset – Trust Capital Scheme Breakdown



Note the above position excludes remeasurement of lease liabilities resulting from RPI increases on long-term lease deals forecasted at £12.7m.

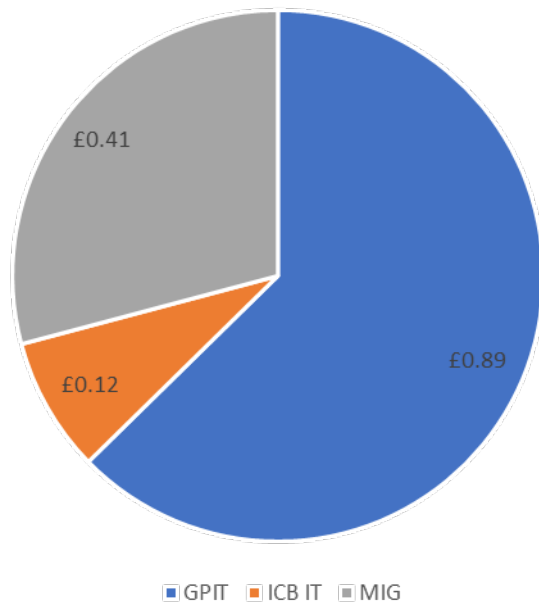
As a result of the remeasurement of lease liability (IFRS 16), the Capital position is forecasted to be £2.2m over plan this financial year.

NHS Somerset - Capital by Trust



NB This information has been taken from Tab 44 (Capital CT Analysis) on the Provider Financial Returns

NHS Somerset ICB BAU Budget 2023/24
(£m)



Scheme Description	Funding Type	Funding Status	Amount £'m
QSL-023-001	23/24 GPIT PID	Awaiting Approval	0.78
QSL-023-002	23/24 ICB Corporate IT PID	Awaiting Approval	0.12
QSL-023-003	2023/24 PID for Minor Improvement Grants	Allocated	0.15
11X-022-003 & 11X-022-004 Clawback	Clawback of Prior Year Accrual	Clawed Back	-0.02
11X-022-003 & 11X-022-004 Clawback (2)	Clawback of prior year accrual	Clawed Back	-0.02
QSL-023-004	GP Practice Estates	Awaiting Approval	0.30
QSL-023-005	Future Connectivity – Gigabit Pathways for Health	Awaiting Approval	0.11
Total			1.41
BAU Allocation			1.41
Outstanding PID's			0.00

Somerset Council - M10 Budget Monitoring Forecast

Service Area	Original Budget £m	Current Expenditure Budget £m	Current Income Budget £m	Current Net Budget £m	Full Year Projection £m	Month 10 Variance £m	A/(F)	RAG Status	Movement From Month 9 £m
Adult Services									
Adult Social Care Operations:									
Physical Disability/Sensory Loss/65 Plus	111.9	140.8	(26.6)	114.2	119.5	5.3	A	Red	0.0
Mental Health	26.5	28.3	(4.6)	23.7	24.7	1.0	A	Red	0.0
Learning Disabilities	110.4	116.7	(6.9)	109.8	117.3	7.5	A	Red	0.0
Adult Social Care Commissioning	(62.2)	8.7	(75.1)	(66.4)	(65.3)	1.1	A	Red	0.0
Adult Services Total	186.6	294.5	(113.2)	181.3	196.2	14.9	A	Red	0.0
Children, Families & Education Services									
Children & Families	81.8	95.2	(13.3)	81.9	94.7	12.8	A	Red	(0.3)
Commissioning & Performance	10.5	13.7	(3.5)	10.2	9.9	(0.3)	(F)	Green	(0.2)
Inclusion	12.6	79.8	(65.1)	14.7	16.8	2.1	A	Red	(0.1)
Education, Partnerships & Skills	17.4	29.7	(15.6)	14.1	14.6	0.5	A	Red	0.3
Childrens Services	0.7	1.1	(0.4)	0.7	0.5	(0.2)	(F)	Green	(0.1)
Children, Family & Education Services Total	123.0	219.5	(97.9)	121.6	136.5	14.9	A	Red	(0.4)
Community Services									
Housing	5.9	10.4	(4.1)	6.3	6.6	0.3	A	Red	0.3
Customer Services	7.0	6.8	(0.7)	6.1	6.0	(0.1)	(F)	Green	(0.1)
Cultural Services	9.3	13.3	(3.9)	9.4	8.5	(0.9)	(F)	Green	(0.6)
Regulatory & Operational Services	12.4	25.8	(11.1)	14.7	14.7	0.0	-	Green	0.0
Community Services Total	34.6	56.3	(19.8)	36.5	35.8	(0.7)	(F)	Green	(0.4)
Climate & Place									
Climate, Environment & Sustainability	54.6	63.9	(8.6)	55.3	55.3	0.0	-	Green	(0.1)
Infrastructure & Transport	22.5	47.5	(25.2)	22.3	22.6	0.3	A	Red	(0.3)
Economy, Employment & Planning	10.6	18.2	(8.3)	9.9	9.3	(0.6)	(F)	Green	0.1
Accountable Bodies	3.7	6.2	(2.8)	3.4	(3.6)	(7.0)	(F)	Green	0.0
Climate & Place Total	91.4	135.8	(44.9)	90.9	83.6	(7.3)	(F)	Green	(0.3)
Strategy, Workforce & Localities									
Partnership & Localities	0.8	3.5	(0.2)	3.3	3.3	(0.0)	(F)	Green	0.0
Strategy & Performance	3.2	8.1	(2.2)	5.9	5.3	(0.6)	(F)	Green	0.0
Workforce	6.0	10.8	(4.1)	6.7	6.0	(0.7)	(F)	Green	0.0
Governance, Democratic & Legal Services	10.2	11.4	(1.5)	9.9	11.1	1.2	A	Red	(0.2)
Strategy, Workforce & Localities Total	20.2	33.8	(8.0)	25.8	25.7	(0.1)	(F)	Green	(0.2)
Resources & Corporate Services									
Finance & Procurement	11.9	118.8	(104.1)	14.7	13.9	(0.8)	(F)	Green	0.3
Strategic Asset Management	(9.2)	19.6	(28.8)	(9.2)	(9.2)	0.0	-	Green	(0.1)
Information Communication Technology	17.8	21.0	(2.9)	18.1	16.5	(1.6)	(F)	Green	(0.2)
Resources & Corporate Services Total	20.5	159.4	(135.8)	23.6	21.2	(2.4)	(F)	Green	0.0
Public Health	1.2	23.6	(22.6)	1.0	1.0	0.0	-	Green	0.0
Corporate Management	0.5	1.1	0.0	1.1	1.1	0.0	-	Green	0.0
Non-Service	58.7	70.5	(16.4)	54.1	51.1	(3.0)	(F)	Green	0.0
Traded Services Total	0.0	1.8	(1.8)	0.0	0.5	0.5	A	Red	0.1
Total Service Position	536.7	996.3	(460.4)	535.9	552.7	16.8	A	Red	(1.2)
Corporate Contingency	6.0	5.7	0.0	5.7	5.7	0.0	-	Green	0.0
Total After Contingencies	542.7	1,002.0	(460.4)	541.6	558.4	16.8	A	Red	(1.2)
Reserves	(19.9)	0.3	(19.9)	(19.6)	(19.6)	0.0	-	Green	0.0
Transfers to Schools	0.0	0.8	0.0	0.8	0.8	0.0	-	Green	0.0
Council Tax	(338.7)	0.0	(338.7)	(338.7)	(338.7)	0.0	-	Green	0.0
Business Rates	(122.2)	0.0	(122.2)	(122.2)	(122.2)	0.0	-	Green	0.0
Grants	(57.3)	0.0	(57.3)	(57.3)	(57.8)	(0.5)	(F)	Green	0.0
Flexible Use of Capital Receipts	(4.0)	0.0	(4.0)	(4.0)	(4.0)	0.0	-	Green	0.0
Collection Fund Surplus/Deficit	(0.6)	6.1	(6.7)	(0.6)	(0.6)	0.0	-	Green	0.0
Total Position	0.0	1,009.2	(1,009.2)	0.0	16.3	16.3	A	Red	(1.2)

Net budget of £541.6m

Month 10 - £16.3m overspend

3% overspend of budget

Main areas of variance:

Adult Social Care - £14.9m Overspend

Childrens Services - £14.9m Overspend

Climate & Place - £7.3m underspend