

### System Partnership Board Report

<b>Meeting</b>	System Partnership Board Meeting in Public		
<b>Date of Meeting</b>	Wednesday 17 November 2021		
<b>Agenda item:</b>	2.2		
<b>Title:</b>	C&P Finance Report Month 6		
<b>Lead:</b>	Louis Kamfer, CFO C&P CCG, Chair FPPG		
<b>Author:</b>	Simon Rudkins, Head of System Finance		
<b>Report purpose</b> <i>(Please mark one in bold)</i>			
APPROVAL	DECISION	ASSURE	<b>INFORM</b>
<b>Committees/groups where this has been presented to before</b> <i>(including date)</i>			
<ul style="list-style-type: none"> <li>• System Leaders 02 Nov</li> </ul>			
<b>Purpose of the paper</b>			
<p>To update System Partnership Board in respect to:</p> <ul style="list-style-type: none"> <li>• M6 21/22 Financial position</li> <li>• Medium-Term Financial Plan refresh</li> <li>• Capital &amp; Revenue investment</li> <li>• Risks</li> </ul>			
<b>Recommendation</b>			
The Board is asked to Note and discuss the contents of this report			

## 1. INTRODUCTION

- 1 The H1 financial plan has been delivered. We are developing our H2 operational and financial plans in line with National planning guidance and timeframes and we are continuing to focus on development of our Medium-Term Financial Plan.

## 2. MONTH 6 FINANCE UPDATE

### H1 (MONTH 6) FINANCIAL POSITION

- 2 The System delivered a £3.5m surplus in H1. The H1 position is underpinned by the generation of c£26m Elective Recovery Fund (ERF) income through over-performance during Q1 of 21/22. The delivery targets for achievement of ERF changed after plan submission; despite this, the ICS outperformed in total against H1 plan.
- 3 FPPG is concluding H2 financial planning (final submission date 16 November). We anticipate a break-even position in H2, at the time of writing FPPG is working through the system allocations and operational delivery projections to refine our exit position.

### MEDIUM-TERM FINANCIAL PLAN REFRESH

- 4 Following a session with Julian Kelly in July, we committed as a system to developing an outline Medium-Term Financial Plan (MTFP) for a follow-up meeting in the Autumn and a final meeting in December. We agreed to use existing LTP modelling to underpin the work.
- 5 The second discussion with the National Team was held in early November; the meeting focussed on the emerging system 3yr plan, draft trajectory and plans for delivering the required transformation programme. Whilst there was recognition of the progress the system has made since July; we were asked to go further and deliver a greater level of financial recovery; a follow-up meeting will be scheduled for January.
- 6 We continue to work with the NHSE Regional and National finance teams to develop a shared understanding regarding income projections for 22/23 and beyond; these ultimately provide the base from which to assess our underlying financial position.
- 7 The key next step remains the development of the strategic implementation and operational delivery plans for the system transformation; this is expected to be in place before a further session with the National Team in January.

### CAPITAL & REVENUE INVESTMENT

- 8 The ICS 21/22 capital plan met the requirement to remain within the available CDEL envelope of £79.5m. The ICS capital forecast is an overspend (£2.2m equating to a variance of 3%); the submitted 21/22 plan submitted contained an element of over-performance projected allowing for anticipated slippage in delivery during the year. FPPG is continuing to monitor the position.
- 9 In October, a range of bids were submitted to NHSE to access funding released through the national Targeted Investment Fund (TIF) of c£700m. We await formal confirmation that the bids have been approved. TIF funding is focused on supporting elective recovery and digital transformation, as well as a third flexible element which contains a level of revenue-based investment opportunity.

- 10 Following the Spending Review announced w/e 29 October, an urgent submission for additional capital investment for programmes across multiple years was made on 02 November. The bids submitted were CUH Elective Orthopaedic Theatres and funding to maintain and improve CAMHS capacity on Ida Darwin whilst the Children's' Hospital is developed; as with TIF, formal approval of the bids is awaited.
- 11 Winter capacity funding of £6.6m has been allocated to the system to support the system to maintain capacity during the winter period; this has been allocated to support operational delivery on a prioritised basis (led by Chief Operating Officers).
- 12 Finally, a revenue fund of c£100m has been made available in H2 to support elective recovery during the second half of the year. We have submitted a range of bids against the funding to support elective recovery including additional capacity, increasing patient flow, reducing the pressure in emergency departments and other initiatives to maintain recovery; we await confirmation of the outcome.

## **RISKS**

- 13 The H1 financial plan has been delivered, however there remain a number of risks in relation to preparation for H2 and beyond as set out below:
  - Delivery of recurrent efficiencies within the H2 plan will be key to supporting delivery of the increased ask ahead of 22/23. We are reviewing progress against this as part of our Medium-Term Financial Plan refresh and the emergent financial plan discussion with the National Team.
  - The impact of activity pressures during winter remains a significant challenge to H2 delivery and our ability to recover.
  - There is increased scrutiny on the underlying financial position for C&P ICS as the financial framework begins to move away from the temporary funding processes in operation during covid; the ability of the ICS to deliver on the transformation priorities is critical to underpinning our medium-term financial recovery.
  - The ongoing negotiation with the national team will inform the final 3yr trajectory of the system; it is likely that this could push the system even further than as currently set out in the MTFP.

## **3. RECOMMENDATIONS**

- System Partnership Board is asked to note and discuss the contents of this report