Paper ref:	TB (04/22) 013

NHS
Sandwell and West Birmingham
NHS Trust

Report Title:	22/23 Planning Update		
Sponsoring Executive:	Dinah McLannahan, Chief Finance Officer		
Report Author:	Simon Sheppard, Operational Director of Finance		
Meeting:	Trust Board (Public)	**Date**	6th April 2022

1. Suggested discussion points *[two or three issues you consider the Trust Board should focus on]*

We have now had the first round of detailed planning meetings with the clinical groups, followed by the Group Performance Review meetings with a key focus being on managing our cost base against recurrent budgets. Our Better Value Quality Care programme (BVQC) will be key to achieving this through controlling costs and restoring productivity. Our emerging approach to quality and service improvement will make this more robust.

The draft plan was submitted to both the Integrated Care System (ICS) and NHS England and Improvement (NHSIE) by the 17 March deadline and has been discussed at Executive Group, Clinical Leadership Executive and the Finance, Investment & Performance Committee.

The Board is asked to focus their discussion on:

1. The Income and Expenditure draft deficit plan and the key actions, risks and mitigations to get to a break even position. The final plan proposal will include recommendations on the level of risk we think the board should accept, being the balance of clinical, operational and financial risk when not all factors are completely clear.
2. The capital plan and prioritisation of schemes
3. The triangulation between activity/capacity, workforce and the finances
4. Integrated Care System draft position – there is an expectation that contracts would bew signed by 31st March. Our recommendation is that the Trust signs the contract when it is happy with key aspects of it, and that too much is currently unfinished

2. Alignment to our Vision *[indicate with an 'X' which Strategic Objective this paper supports]*

Our Patients		Our People		Our Population	
To be good or outstanding in everything that we do	X	To cultivate and sustain happy, productive and engaged staff	X	To work seamlessly with our partners to improve lives	X

3. Previous consideration *[where has this paper been previously discussed?]*

Executive Group, 22 March
Clinical Leadership Executive, 22 March
Finance, Investment & Performance Committee, 25 March

4. Recommendation(s)

The Trust Board is asked to:

a. **DISCUSS** the draft plan submissions and the key next steps towards the final plan submission

5.	**Impact** *[indicate with an **'X'** which governance initiatives this matter relates to and where shown elaborate]*							
Trust Risk Register	x	3688, 3689						
Board Assurance Framework	X	SBAF 9, SBAF 10						
Equality Impact Assessment	Is this required?		Y		N	x	If 'Y' date completed	
Quality Impact Assessment	Is this required?		Y		N	x	If 'Y' date completed	

SANDWELL AND WEST BIRMINGHAM NHS TRUST

Report to the Public Trust Board: 6th April 2022

22/23 Planning Update

1. Introduction or background

1.1 This paper sets out the initial draft plan submission in relation to the 2022/23 financial, workforce, activity and performance plan.

1.2 Over the past two financial years, the pandemic and operational pressures have meant that expenditure has often not been in line with budgets. It is a key Trust priority for the 22/23 plan to reflect meaningful budgets which can be used to hold budget holders to account. It might be that they are meaningful, but unaffordable. All will be asked to accept their budgets and confirm that they can deliver it, and where they cannot, produce a specific action plan with a timescale within which budgetary compliance will be achieved.

1.3 Triangulation between workforce, activity and performance, and the financial implications of such will be in place wherever possible for the final plan submission and is currently in draft.

2. Draft Plan Submission

Activity

2.1 As part of the national planning guidance issued for 22/23, organisations were requested to deliver 10% more activity than they did in 19/20. The expectation was that 104 week waits were eliminated and that over 78 week and 52 week waits were reduced significantly.

2.2 The Trust has met with Clinical Groups to discuss the above ask, but as a minimum to get back to the levels of activity delivered in 19/20. A demand and capacity exercise across all clinical groups is underway to understand how we return, as a minimum, to those levels of activity.

2.3 Additionally groups were asked to put together plans to a) tackle the long wait patients in specific specialities and b) increase the overall activity towards the 110% requested.

2.4 Additional context to note is the huge urgent care pressures in all systems at present, which may require pragmatically resourcing during the 2022/23 financial year. National planning guidance is relatively silent on this.

Workforce

2.5 Investing in our workforce is one of the ICS and Trust's priorities. This includes how we will reduce our reliance on temporary workforce, increase substantive staff, improve sickness levels, improved retention rates and a renewed focus on wellbeing.

2.6 The results of these actions are expected to increase our total substantive workforce by 5% to current budgeted levels (budgeted establishment for 2022/23 to be confirmed through financial planning processes). Within that, scientific, therapeutic and technical staff numbers are expected to increase by 8% (includes AHPs), nursing staff 4%, support to clinical staff 12%, and no increase expected in medical staff. Alongside this we are expecting a 50% reduction in bank usage, and a reduction in agency.

2.7 The guidance asks systems to accelerate work to transform and grow the workforce, building on existing people plans. It is expected that this will be achieved through improving retention; improving belonging and equality; working differently through the introduction of new roles and developing workforce to deliver care closer to home; and growing for the future through expanded international recruitment and supporting training programmes.

2.8 Our draft submission to the ICS describes the following headline areas in response to the above priority;

- A renewed focus on flexible working
- Improving the frequency and quality of early / mid and late career conversations and improving our onboarding process
- A renewed focus on health and well-being, including development of and access to Mental Health hubs
- To improve attendance by addressing the root causes of non-Covid absence and supporting staff to return to work
- To improve belonging in the NHS (whilst recognising that systems extend beyond the NHS), improving the Black, Asian and minority ethnic disparity ratio by delivering the six high impact actions to overhaul recruitment and promotion practices, and implement plans to promote equality across all protected characteristics
- Accelerating the introduction of new roles such as anaesthetic associates, first contact practitioners, and the expansion of Advanced Clinical Practitioners
- Development of the workforce to deliver multidisciplinary care closer to home, the rollout of virtual wards and discharge to assess models
- Optimising the capacity of the workforce through e-job planning and e-rostering
- Expansion of international recruitment
- Creation of employment and training opportunities for local people, and expansion of apprenticeships as a route in to Health and Care
- Expanding collaborative bank arrangements, simplifying and reducing our own bank rates and reducing reliance on high cost agency
- Ensure training of postgraduate doctors continues, with adequate time in the job plans of supervisors to maintain education and training pipelines, and ensure

sufficient clinical placement capacity to enable students to qualify and register as close to their initial expected date as possible.

2.9 The results of the above actions are reflected in draft workforce submission WTEs reflected in the table below, and the detailed budget setting process will align with the workforce plan by submission.

	Staff in post Year End (31-Mar-	22-23 (End of Year Mar- Whole Year
Workforce (WTE)	Total WTE	Total WTE
Total Workforce (WTE)	7757.25	7515.44
Total Substantive	6662.19	6987.52
Total Bank	866.00	415.68
Total Agency	229.06	112.24
Substantive WTE	**6662.19**	**6987.52**
Registered nursing, midwifery and health visiting staff (substantive total)	**2085.87**	**2178.74**
Registered scientific, therapeutic and technical staff (substantive total)	**763.18**	**819.17**
Registered ambulance service staff (substantive total)	**0.40**	**0.40**
Support to clinical staff (substantive total)	**1584.22**	**1760.70**
Total NHS infrastructure support (substantive total)	**1268.57**	**1268.57**
Medical and dental (substantive total)	**959.94**	**959.94**
Bank	**866.00**	**415.68**
Agency	**229.06**	**112.24**

2.10 The key values to note are:

- A forecast 2122 year end of 7,757wte inclusive of 1,095wte bank and agency
- A 22/23 forecast of 7,515wte, a reduction of 242wte on current levels
- Within the 242wte reduction an increase of 325wte substantive staff offset by reductions in bank/agency of 567wte.

Capital

2.11 An operational capital envelope of £84.794m has been allocated to the ICS, plus circa £10m of funding for digital and community diagnostic centres (CDC). The Trust's allocation from the operational capital is £19.0m.

2.12 The Trust's initial assessment of the capital budget required stood at £26.8m. Excluding some schemes for which alternative funding sources could be identified, this was reduced to £21.5m. Following a further review of the schemes by members of the capital management group, including an assessment regarding Midland Metropolitan University Hospital (MMUH), the revised schemes total £23.7m.

2.13 Clearly the current value of schemes is in excess of the allocation, by £4.7m. Further work is required therefore on risk and prioritisation, and clarity on access to the CDC and Digital pots of funding before the final plan is submitted. This will also include an assessment of whether we over-commit against the capital plan to reflect potential slippage in year. If we internally over commit, Finance, Investment & Performance Committee would be provided with monthly reports on the programme to ensure the year-end target would be delivered.

Income and Expenditure

2.14 One year revenue allocations have been published. The remaining two-year revenue allocations to 2024/25 are due to be published in the first half of 2022/23. The 2022/23 allocations have been set out in a draft envelope by provider by the ICS. Details are provided below, and reflect the movement from a 2021/22 H2x2 start point.

	Ring-fenced £000s	CCG/ICB £000s	BCH £000s	DIHC £000s	SWBH £000s	DGFT £000s	RWT £000s	WHT £000s	WMAS £000s	Total £000s
H2	-	495,677	94,282	7,023	202,192	180,464	178,646	142,410	64,302	1,364,996
H2 x 2 excl. SDF & SR (all values below are FYE)	-	991,355	188,564	14,045	404,384	360,928	357,292	284,820	128,605	2,729,991
Adjustments: Assumed to be Cost Neutral / Transfers between ICBs / Transfers between Funds										
IIF Tranche 2 Adjustment	-	2,520	-	-	-	-	-	-	-	2,520
Sub-total H1 Backpay	-	(4,479)	(1,912)	(290)	(6,892)	(5,459)	(6,975)	(4,752)	(5,615)	(36,374)
ICB/CCG: Changes to out of system contracts neutralised through change in recurrent baseline	-	15,249	-	-	-	-	-	-	-	15,249
Provider: Changes to out of system contracts neutralised through change in recurrent baseline	-	-	(771)	-	(7,400)	(7,539)	(6,431)	(1,882)	(678)	(24,701)
Add Funding for Community Non-demog. Growth	5,179	-	-	-	-	-	-	-	-	5,179
Remove MH SDF from Programme Baseline	-	(1,775)	-	-	-	-	-	-	-	(1,775)
Transfer In - Maternity	-	-	-	-	566	581	241	789	-	2,177
Sub-total "Cost Neutral"	*5,179*	*11,515*	*(2,683)*	*(290)*	*(13,727)*	*(12,418)*	*(13,164)*	*(5,844)*	*(6,293)*	*(37,725)*
FYE of 21/22 Developments	-	-	-	-	-	-	-	9,800	-	9,800
Growth net of Convergence: Delegated Commissioning	12,037	-	-	-	-	-	-	-	-	12,037
Growth: Running Costs	-	165	-	-	-	-	-	-	-	165
Business Requirement: MHIS	10,737	-	-	-	-	-	-	-	-	10,737
Business Requirement: BCF	6,045	-	-	-	-	-	-	-	-	6,045
Business Requirement: PMCS	10,694	-	-	-	-	-	-	-	-	10,694
Health Inequalities Funding	5,312	-	-	-	-	-	-	-	-	5,312
Sub-total Other Ring-fenced	*44,825*	*165*	-	-	-	-	-	*9,800*	-	54,789
Apportion balance so each org has same % increase on H2	-	(9,154)	(1,741)	(130)	(3,734)	(3,333)	(3,299)	(2,630)	(1,188)	(25,208)
Total 2022/23 Intra-system Envelope	50,004	993,881	184,139	13,625	386,923	345,177	340,829	286,145	121,124	2,721,848

2.15 In addition, we must be very clear what unallocated budgets might be available (e.g. Mental Health Investment Standard (MHIS), Service Development Fund (SDF), other non-recurrent allocations that reasonably might be expected) as uncommitted at the beginning of the year, or are committed and increase the envelope. It is vital that we make decisions on resource commitment as early as possible to ensure we make the greatest difference, whilst balancing the books and wherever possible improving the underlying position.

2.16 The Black Country ICS will remain as the Trust's "host" ICS; i.e. the Trust's cost base will be part of the system control total for the Black Country ICS. When West Birmingham transfers on 1st July, this will mean that the Trust has a bigger contract than before with the Birmingham & Solihulll system. Discussions are underway regarding the nature of that contract, aligned incentive opportunities, share of ERF, etc.

2.17 As the Board is aware, the Trust, through the leadership of the Chief Finance Officer, has been developing its overall financial and operational plan, the key building block being the recurrent budget, 21/22 forecasts and 22/23 draft plans.

2.18 At the time of writing, and with further amendments likely following the output from the Group Reviews, the current position and assumptions are described in the following sections.

2.19 The key assumptions are:

- Patient Related income as per the ICS draft allocation (intra system) plus an allocation for inter system.
- Other income as per the Group/Corporate forecasts
- **A total income value of £609.4m in 22/23.** This is £25m lower than in 21/22 mainly due to the Trust receiving £14m of ICS risk reserve and Elective Recovery Funding (ERF) in 21/22, plus reductions in operating income in 22/23 (car parking, Taper (offset by cost), loss of certain services; vaccination hub)
- The cost base of **£663.1m** assumes:
    - Recurrent budget as the start point, with amendments proposed by the Groups/Corporate
    - No contingency
    - Any developments need to be supported by an increased CIP
    - CIP of £10m
    - External costs to deliver ERF via the Independent Sector system funds
    - Further challenge on the costs as per section 2.12.

2.20 The latest position and scenarios is reflected in the following table.

	Scenario 1 £000s	Scenario 2 £000s	
Current Deficit	**(53,668)**	**(53,668)**	
Exec challenge of costs	11,005	23,668	Through Group Reviews
Covid reduction (at £10m)		5,000	Plan for Covid resources
CIP	10,000	15,000	Allocate to Groups
Risk Reserve Access		10,000	
Residual Gap	**(32,663)**	**0**	

2.21 There is a route to breakeven but this requires both a significant reduction in costs but also maximising income from within the ICS and external to the ICS.

2.22 The current cost assumptions within the gross £53.4m deficit are £663.1m. Excluding the £19m inflation assumption for 22/23 results in £644m compared to £634m spent in 21/22. If we consider the cost options in the table above, the net result to breakeven would be a cost base of £600m in 22/23 (inflation excluded). Co-incidentally this is the same value as the recurrent budget, but £34m lower than what was spent in 21/22. To reduce costs to this level will be a very stretching task, and not without risks.

2.23 Over the next weeks the Executive Group will work internally with senior managers around the cost base reduction, and externally with partners to maximise income, in order to recommend the final plan submission to the Extraordinary Board meeting on 20 April 2022.

3. Integrated Care System

3.1 The ICS has four purposes:

- improve outcomes in population health and healthcare
- tackle inequalities in outcomes, experience and access
- enhance productivity and value for money
- support broader social and economic development

3.2 To support these priorities the ICS should aim to deliver an overall breakeven financial plan across all of its organisations. The draft plan submission for ICS partners is reflected in the table below. **Please note the £35m deficit for SWB reflects the start point for the draft submission but has already been updated for the details in the previous section.**

	£m
CCG	-
BCH	-
DIHC	-
SWBH	(35.0)
DGFT	(36.9)
RWT	(32.0)
WHT	(15.0)
WMAS	(1.1)
Total	(120.0)

3.3 Not surprisingly the consolidated position above was deemed to be unacceptable by the ICS, with further mitigations required prior to formal submission. Mitigating actions include the following and have simply been apportioned across the providers:

- It is difficult to quantify the reduction in direct and indirect COVID-related expenditure at this point but, there is a possibility to further reduce expenditure during the year if we move to a 'living with COVID' stage (£16m)
- Notional financial allocations that have been allocated to providers at this stage in the planning round may not be spent in full and therefore a further mitigation is slippage on those allocations
- Further internal challenge is taking place within organisations as well as a review and identification of any additional non-recurrent flexibilities (£12m)
- Each year, other allocations/funding are received during the year, some of which can be used to close the gap where expenditure has already been included within the position (£10m)
- A decision will need to be made as to the level of risk the Integrated Care Board (ICB) carries in its financial plan, which will need to be managed / mitigated during the year in order to achieve financial balance (£12m)
- System-wide further reduction of £22m has been hosted by the Clinical Commissioning Groups (CCG), resulting in a surplus of £22m in the CCG plan.

3.4 The consequences of the mitigating actions result in an ICS submitted draft plan of £48m deficit. The key next steps between now and the final submission are to confirm

the details schemes behind the £72m mitigating actions and to close the residual £48m gap.

		Reduce Expenditure in Plan					
	Current Gap	Other allocations received in year	Other n/rec flex	Carry risk in plans and mitigate / manage in year	Reduce Expenditure - Reduce COVID Exp / IPC	System 'unattributed COVID spend reduction' Hosted by CCG	Revised Gap
CCG	-					22.0	22.0
BCH	-						-
DIHC	-						-
SWBH	(35.0)	3.0	3.6	3.6	4.8		(20.0)
DGFT	(36.9)	2.2	2.7	2.7	3.6		(25.7)
RWT	(32.0)	3.1	3.7	3.7	4.9		(16.6)
WHT	(15.0)	1.7	2.0	2.0	2.7		(6.6)
WMAS	(1.1)						(1.1)
TOTAL	**(120.0)**	**10.0**	**12.0**	**12.0**	**16.0**	**22.0**	**(48.0)**

4. Recommendations

4.1 The Trust Board is asked to:

a. **DISCUSS** the draft plan submissions and the key next steps towards the final plan submission, and note that unequivocal recommendations from the executive will be included in papers for the extraordinary Board meeting on 20th April

Simon Sheppard
Director of Operational Finance

14 March 2022