

2023/24 Financial Plan

Council of Governors 20th June 2023



Context/Process

- 3 Previous Years dominated by Covid
- “Flat Real” Funding Settlement (No real terms growth)
- System working but considerable guidance from NHSE on make up of allocations, etc.
- Considerable national expectations on services, particularly elective activity (“PbR”)
- SY System ultimately submitted balanced plan but with £109m “To Find” adjustment – Other systems in similar position but 15/42 did not submit balanced plans
- No obvious easing of pressure in 2024/25



2023/24 Financial Plan

	£m	£m
Underlying Position		0.5
Directorate Positions		0
2023/24 Efficiency Target (Contracts)	18.4	
Directorate Savings	-9.5	
Central Savings	-10.5	
		-1.6
Reduction in Covid Funding	15.6	
Reduced Spend	-15.6	
		0
2022/23 High Cost Drugs Pressure		5.0
Cost Pressures/Service Developments		35.5
Additional Funding		-43.6
Other		
Inflation (fully funded)	0	
CNST Funding Shortfall	4.2	
Elective Activity Funding Losses	0	
CQUIN/BPT Funding Losses	0	
		4.2
		0

Non-Recurrent Plan

	£m	£m
EPR Implementation		3.3
Other (incl. LIMS, Path. Network, Covid, Hadfield)		5.4
MIS		1.4
Elective Q1		10.0
		20.1
Estates Repayment	-0.8	
C/Fwd	-1.0	
Depn. Funding	-1.5	
Slippage on CPs/SDs	-2.0	
Other	?	
		-5.3
To Identify		14.8



Efficiency Plan

- 1% for most Directorates (2% for Estates, Facilities and IT)
- Central Items from Interest Receivable (£5.9m), Release of Reserves (£3.6m), Capital Charges (£0.5m) and Sub-Contracts (£0.5m).
- Total £20m “modest” v 4% £50-60m “unrealistic”
- Directorate plans to-date < targets/delivery risks



Cost Pressure/Service Developments

<u>List</u>	<u>£'000</u>	<u>Approach</u>
Non COVID Cost Pressures	9,657	NP/LC recommendations in discussion with directorates/TEG members - Includes £2.5m re CSW Regrading and £1.0m EPR
COVID - Recurrent	-	COVID requests submitted in Business planning - Where continue as Covid assume N/R but on-going requirements funded elsewhere. No provision for PPE costs transferring to Trusts.
Capacity	10,000	Long list capacity schemes discussed by NP/MT/JH/MH/LC and refined to shorter list - agreed by TEG (net of existing Emergency Pathways Reserve)
Already approved in year	4,049	Cases approved in year with no source of funding
Community	2,085	Community schemes on Cost Pressure/Service Development list agreed with Sheffield ICB Place
Service Developments	6,140	Directorates asked to prioritise all SD submissions, then discussed and refined by NP/MT/JH/MH/LC
Service Pressures	3,576	Directorates that have underlying issues in their current financial position that can not be addressed in year/are due to activity growth
TOTAL - RECURRENT	35,507	



Key Assumptions/Risks

- Deliver 103% elective without unplanned insourcing, outsourcing, premium working, etc.
- Industrial Action impact neutralised
- Pay awards fully funded
- Non-pay inflation managed within funding envelope
- PPE costs containable
- Efficiency targets delivered
- No further significant CPs/SDs
- Improved Directorate financial management
- No impact of System issues



Opportunities

- Elective Activity >103% (without full additional spend)
- LoS/Reduced Additional Wards
- Energy Prices
- Increased Efficiency Delivery



Conclusions

- Difficult NHS Financial Position in 2023/24
- STH Balanced Plan – Right ambition/starting point
- Many risks
- Worrying Month 2 Position
- Needs Significant Improvement in (Post Covid) Financial Management/Efficiency Delivery (alongside many other priorities)

