

# Kirklees Health & Adult Social Care Scrutiny Committee

**Financial Update**

**16<sup>th</sup> August 2023**

# Financial Overview

- The West Yorkshire Integrated Care Board (WYICB) was created in July 2022, and is made up of five places of which Kirklees is one. West Yorkshire reports financially as part of the Integrated Care System, which includes the wider NHS provider organisations to NHS England.
- Kirklees Integrated Care Board (KICB) receives its allocations from the WYICB, but the NHS system works together to agree how these funds are distributed to parties.
- Kirklees Health Care Partnership (KHCP) works together as part of the wider group of organisations within the health and social care system that provide services for the population of Kirklees.
- However, from a financial reporting perspective it is only the NHS organisations that feed into the West Yorkshire Integrated Care Systems (WYICS) overall financial position. The Local Authority will feed into their national financial reporting requirements.
- As part of managing the financial position we work collectively to drive financial sustainability across Kirklees and all sectors.
- For the purposes of this update the financial positions provided will relate to the NHS organisations (who form the WYICS and Kirklees place), the community provider Locala who is a social enterprise providing community services to our population and the Local Authority.

# Financial reflection FY 2022/23

- The previous financial year for all organisations was challenging as we emerged from the years managing Covid, as we all anticipated and planned for.
- From an NHS perspective we were coming out of nationally mandated financial regime that we had been working under in financial years 2020/21 and 2021/22.
- This was alongside all sectors starting to see escalating costs due to inflation, staffing costs pressures, waiting list backlogs and the impact of the cost-of-living crisis.
- From a financial perspective the WYICS achieved its financial control targets for the year but recognised that the forthcoming financial year for all providers of services would bring challenges. This led to a long challenging planning round financially.
- For Kirklees place during the year developed a financial strategy that the partnership signed up to on how we would work to deliver financial sustainability and created a joint recovery group with its partners in Calderdale to support this work.
- The financial position for the LA for 2022/23 was £27m overspent and Locala a £1.8m deficit position due to the impact of the pay award.

# Financial Year 2023/24 - WYICS

West Yorkshire ICS Planning numbers 23/24	
Organisation	Plan £m
Bradford ICB	6.2
Calderdale ICB	5.6
<b>Kirklees ICB</b>	<b>5.7</b>
Leeds ICB	1.6
Wakefield ICB	5.9
Core ICB	0
<b>Total ICB Position</b>	<b>25.0</b>

Airedale NHS FT	-4.3
Bradford District Care Trust	0
Bradford Teaching Hospital	0
<b>Calderdale and Huddersfield NHS FT</b>	<b>-20.8</b>
Leeds and York Partnership NHS FT	0.1
Leeds Community HC NHS Trust	0
Leeds Teaching Hospital NHS Trust	0
<b>Mid Yorkshire Teaching Hospitals NHS Trust</b>	<b>0</b>
<b>South West Yorkshire Partnership NHS FT</b>	<b>0</b>
Yorkshire Ambulance Service NHS Trust	0
<b>Total Provider Position</b>	<b>-25</b>

<b>Total West Yorkshire Position</b>	<b>0.0</b>
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Health and Care Partnership

- The financial plan for WYICS 2023/24 was developed as part of a joint approach across all partners, including Locala.
- The submitted plan for WYICS showed an overall balanced financial plan for the year. The Integrated Care Board (ICB) element recognised a surplus to balance the deficits that were showing in two of the providers.
- To note in order to achieve this position, it included a number of efficiency asks that would need to be achieved during the year.
- The plan included within WYICS a system risk share to in order to achieve this planning position.

# Financial Year 2023/24 – Kirklees place

Kirklees Organisations plan*	
Organisation	Plan £m
Kirklees ICB	5.7
Calderdale and Huddersfield NHS FT	-20.8
Mid Yorkshire Teaching Hospitals NHS Trust	0
South West Yorkshire Partnership NHS FT	0
<b>Total Kirklees</b>	<b>-15.1</b>

\* only a % feeds into the overall Kirklees place - shown total for information only

Kirklees FOT as at QTR 1.			
Organisation	Plan - £m	Surplus/ Deficit - £m	Variance - £m
Kirklees ICB	5.7	1.5	-4.2
Calderdale and Huddersfield NHS FT	-20.8	-20.8	0
Mid Yorkshire Teaching Hospitals NHS Trust	0	0	0
South West Yorkshire Partnership NHS FT	0	0	0
<b>Total Kirklees</b>	<b>-15.1</b>	<b>-19.3</b>	<b>-4.2</b>

## Kirklees Place Financial plan

- The table presented shows the Kirklees ICB and the providers that feed into the Kirklees Health Care Partnerships position.
- To note the Kirklees place will only account for a percentage share of the providers presented, but the position of the provider to shown for completeness.
- Locala as part of their own internal planning recognised a balanced position – that again included efficiency reductions in order to achieve this value.
- The Local Authority plans submitted for the year recognised a financial deficit plan of £30m.

## QTR 1 (month 3) – update

- From a WYICS position all providers are forecasting to be on plan. However, for Kirklees ICB as at qtr. the position shows an adverse variance to the plan of £4.2m. Therefore, showing a surplus position down to £1.5m.
- Locala is recognising a small adverse movement of £80k as at month three, the expected forecast position is to be breakeven.
- Local Authority are currently reviewing their financial numbers due to the different reporting cycles.

# Financial Year 2023/24 – Organisation Update

The following provides an general update in respect to each organisations financial position, including risks and mitigations.

## Kirklees ICB

**Qtr. 1 – recognises an adverse movement in achieving its planned surplus of £5.7m, to a £1.5m achievement**

- The risks currently facing the organisation include
  - Increased activity in a number of providers
  - Increase in premises costs due to inflationary pressures
  - Increased Prescribing costs due to volume and cost drivers
  - Delivery of efficiency targets.
- These are being mitigated by
  - Increased focus on recovery and transforming services to increase activity, reduce waste and align services
  - Lobbying nationally around inflation costs
  - System recovery and demand management with provider colleagues
  - Expenditure controls in place.

## Mid Yorkshire Teaching Hospitals NHS Trust

**Qtr. 1 – Forecast plan achievement– but flagging some year to date pressures of £5.6m**

- The risks currently facing the organisation include
  - Strike Costs
  - Pay award and MS Licence costs
  - Delivery of efficiency targets
  - Agency costs to manage activity.
- These are being mitigated by
  - Controls on spend in areas
  - Focusing on staffing models and transformation of services in areas
  - Lobbying nationally around MS Licence costs.

# Financial Year 2023/24 – Organisation Update

The following provides an general update in respect to each organisations financial position, including risks and mitigations.

## Calderdale and Huddersfield NHS FT

**Qtr. 1 – Current FOT on plan. Year to date deficit is £7.10m, a £0.98 adverse variance to plan.**

- The risks currently facing the organisation include
  - Bed pressures and length of stay of patients awaiting transfers of care
  - Pressures due to strike costs
  - Inflationary pressures seen in a number of areas
  - Full delivery of efficiency targets
- These are being mitigated by
  - Controls on spend and budget holder accountability
  - Escalation of efficiency schemes – joint working

## South West Yorkshire Partnership NHS FT

**Qtr. 1 – Forecast plan achievement– but flagging some year to date pressures of around £300k**

- The risks currently facing the organisation include
  - Pay award
  - Delivery of efficiency targets
  - Out of area Placement costs
  - Inflationary cost pressures
- These are being mitigated by
  - One off savings and opportunities
  - Growth of workforce less than planned (but is continuing to grow)
  - Expenditure controls

# Financial Year 2023/24 – Organisation Update

The following provides an general update in respect to each organisations financial position, including risks and mitigations.

## Locala

### Qtr. 1 – Slight deviation to plan of £80k as at month three.

- The risks currently facing the organisation include
  - Funding for the non consolidated pay award from last year – impacting current year
  - Increased inflationary pressures
  - Pay award costs
  - Slippage on delivery of efficiency programme
  - Cost agency and bank staff to cover vacancy levels
- These are been mitigated by
  - Additional vacancy and man power controls
  - Reductions in agency spending
  - Lobbying for funding for impact of pay award
  - Increased transformation and efficiencies.

## Local Authority

### Qtr. 1 – Current position being worked through

The risks currently facing the organisation include

- Delivery of savings targets
- Volume and price increases in demand-led services
- Inflation impacting on staff costs (Pay Awards) and areas such as energy, waste contracts etc
- Increasing cost of capital
- Sustainability, Affordability and Prudence of Capital Programme
- These are been mitigated by
  - Implementation of Spending Controls
  - Identification of additional savings proposals
  - Review of Capital Programme
  - Acceleration of Asset Disposal Programme



# Financial Year 2023/24 – Next steps

It is important to recognise that financially both the current year and future years will be challenging for us all.

However, as a system we understand that the work we undertake now will need to not only tackle our current financial risks but must consider our long term overall financial sustainability.

Our shared focus as part of our joint financial strategy will be to -

- Drive out Health Inequalities and understand the needs of our population
- Undertake partnership working to reduce dual running and duplicated costs.
- Organisation/place/system work on recovery.
- Tighter controls on expenditure.
- Joint transformation of services and sharing of resources (e.g., staff/one estate)
- National Lobbying around financial pressures beyond our system control
- Driving value for money in everything we do!