

Proud to be part of West Yorkshire
Health and Care Partnership



NHS West Yorkshire
Integrated Care Board

NHS West Yorkshire ICS

24/25 financial plan and delivery



2024/25 Financial Plan

NHS Financial Planning 2024/25

National Context

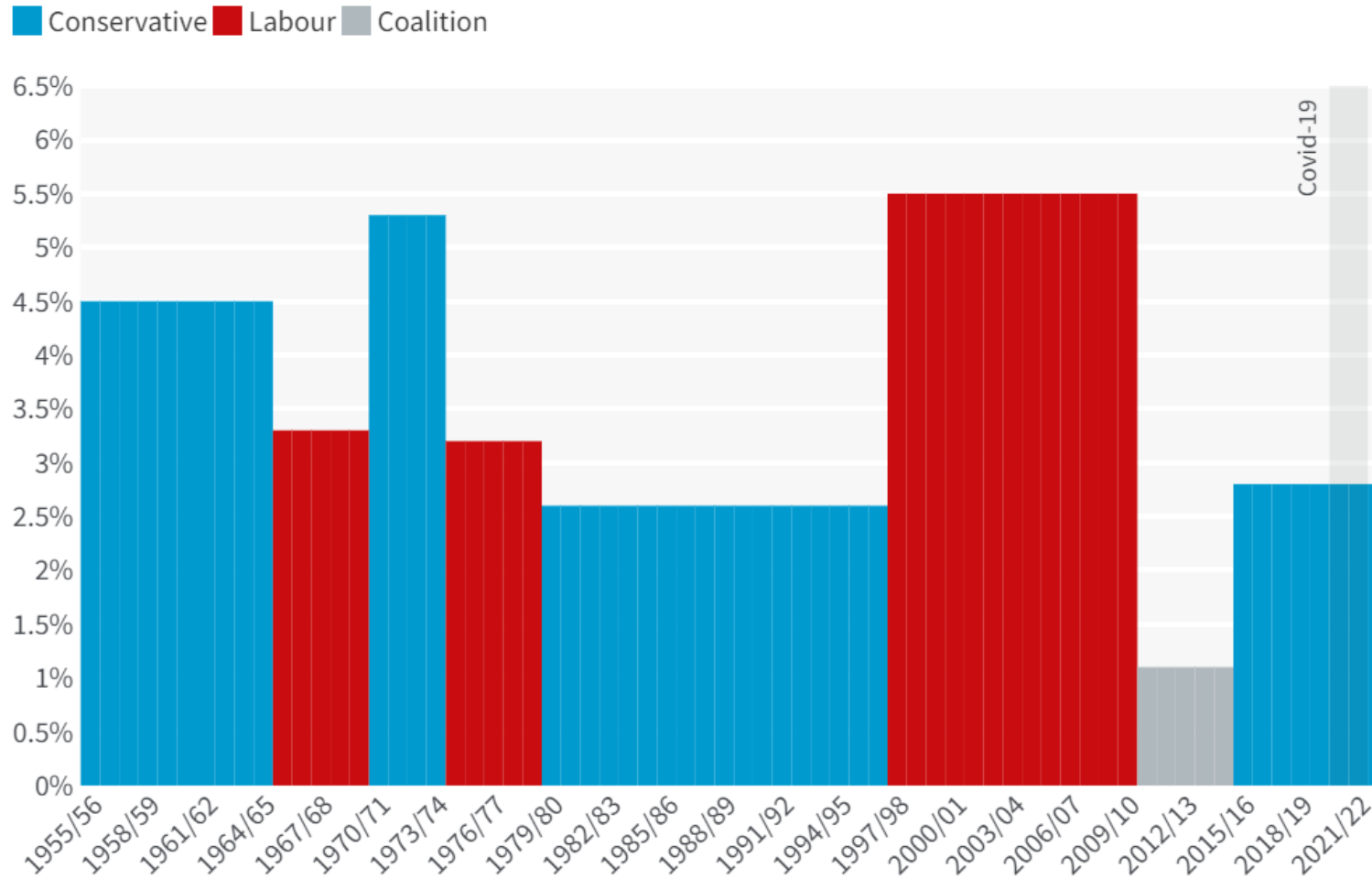
- Public funding for health services in England comes from Department of Health and Social Care's budget.
- Total NHS spend for England for 2022/23 was £181.7bn, of which £155.1bn was allocated to NHS England to support day-to-day spending (remainder allocated to central budgets of the Department of Health and Social Care and its other arms-length bodies).
- NHS funding growth varied over years – on average has been real terms growth until 2023/24 (average of 3.6% to 2015/16, then 2.8% from 2015/16 to 2022/23)
- Significant non recurrent growth in Covid years.
- In 2024/25 there was a real terms reduction in spending power based on absolute allocation growth after reflecting actual inflation pressures.

NHS Financial Planning 2024/25

Real-terms (in 2022/23 prices) increase in government spending on health



NHS West Yorkshire
Integrated Care Board



Source: House of Commons Library (pre 2019/20), HM Treasury (2019/20 onwards)

Proud to be part of West Yorkshire
Health and Care Partnership

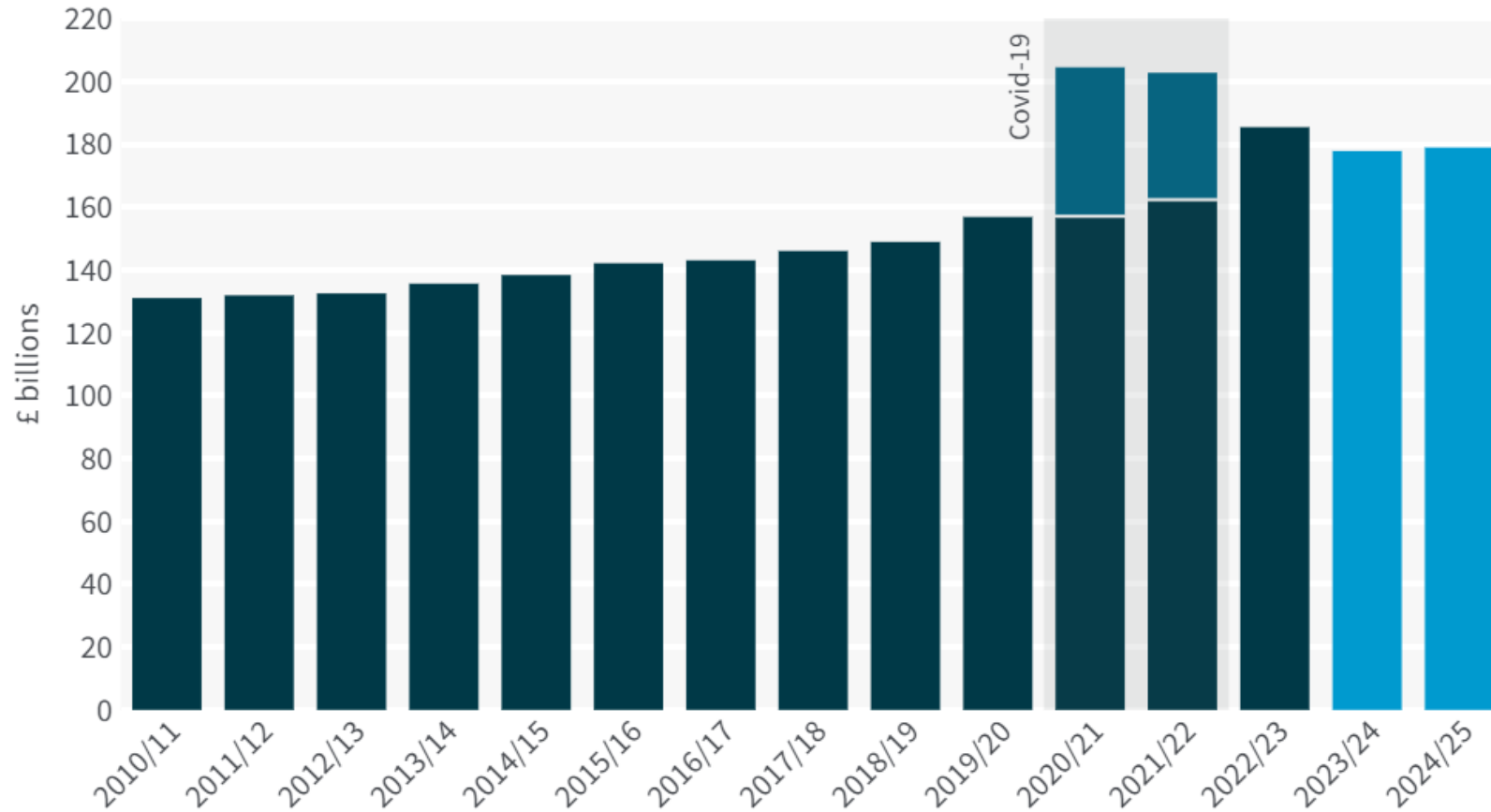
NHS Financial Planning 2024/25



NHS West Yorkshire
Integrated Care Board

Real-terms spending (in 2022/23 prices)

■ Spending (outurn) ■ Spending (planned) ■ Additional Covid-19 spending



Source: Department of Health (2010/11-2016/17), Department of Health and Social Care (2017/18-2022/23), HM Treasury (2023/24-2024/25)

Proud to be part of West Yorkshire
Health and Care Partnership

NHS Financial Planning 2024/25

- Interim draft planning assumptions issued by NHS England in early February 2024 (full guidance not available – historically issued in December).
- Final guidance available end February 2024
- Several iterative submissions to NHSE
 - First ‘headline’ submission submitted to NHSE 29 February 2024
 - Further ‘detail’ submission 21 March 2024
 - Additional interim submission 2 May 2024
 - Final plan submission 12 June 2024
- This paper outlines key elements of final plan submission

System Financial Planning Principles

- Patient safety will not be compromised
- ICB Board commitment to financial break-even plan (or deficit plan with choices)
- All choices/decision to be considered for consequences and mitigations
- Our plans are owned by us, and are credible/deliverable
- Utilise peer review and mutual accountability to review/improve

Key financial flows

- Total ICB allocation of £5,690m.
- Represented cash growth of c4% compared to 2023/24, but then 1% reduction for ‘national convergence’ and 1.1% expected national efficiency minimum.
- Planned areas of spend in 2024/25
 - Acute Services £2,771m
 - Mental Health Services £ 677m
 - Community Health Services £ 534m
 - Continuing Care Services £ 288m
 - Primary Care Services £ 1,323m (£482m prescribing costs)
 - Other Programme Services £ 97m

Key Highlights

- Planned deficit for 2024/25 of £50m (0.9% of allocation)
- Breakdown: £21.6m surplus plan for ICB, and £71.6m deficit plan for providers
- Two of five ICB places with deficits, others at break-even
- Six NHS providers at break-even or better
- Efficiency plans of £434m (7.7% of allocation)
- Final plan submitted to NHSE on 12 June 2024
- WY plan not dissimilar to other systems across the country – challenging financial plans for 2024/25
- Currently developing medium term plan for 2025/26 and beyond. Will be informed by Fiscal Statement in October (1 year plan for NHS) and Spring of 2025 (multi year)

System Transformation Priorities

Core productivity programmes

- Continuing Healthcare (CHC)
- Prescribing Policies and Medicines Optimisation.
- Implementation of the agreed Evidence Based Interventions clinical policies

Priority transformation programmes

- Mental Health (with a focus on OOA and complex needs).
- The development of Integrated Neighbourhood Teams (INTs).
- Outpatient Transformation.
- Secondary Prevention.

2024/25 Financial Position (Month 5)

Key Messages Revenue Position

West Yorkshire Integrated Care System (ICS)

- The month 5 **year-to-date** position for the ICS was an **actual £71.3m deficit** against a **planned £57m deficit**; a shortfall/adverse variance against plan of **£14.3m**.
- The main reasons for the month 5 adverse variance are **slippage on delivery of waste reduction/efficiencies, additional costs of drugs/devices, and pay overspends**, offset in part by an improvement in **Elective Recovery Funding**.
- The **full-year** plan for the ICS is a **planned £50.0m deficit** (the plan is phased in a way that means the deficit worsens until month 8 and then improves in all the remaining months).
- Recent **confirmation of £50m non recurrent deficit support funding** to support delivery of break-even.
- Reported forecasts for all ten NHS provider organisations and ICB remain at planned levels.

Key Messages Revenue Position

ICS Actions

- Reports from **PwC (WYAAT)** leading to **Chief Executive led work programmes**.
- **ICB/ICS** confirming approach with PwC for an **external finance review** that mirrors the NHS England national specification for **systems with high financial risk**.
- **Approach** to oversight of Trusts in **National Oversight Framework level 3** (with financial exit criteria) has been **revised** and will be implemented in September and October 2024.
- **Focussed meetings continue with some Trust DFs** about anticipated movements in advance of formally reporting.

Revenue Position (Agency Ceiling)

- For 2024/25 the West Yorkshire ICS has been set an **agency ceiling of £97.6m** by NHS England with a **plan of £88.1m**
- This is based on an agency ceiling for each organisation capped at 3.2% of total pay expenditure for that organisation.
- The forecast for 2024/25 is an **underspend against the plan of £20.0m, and underspend against ceiling of £29.5m.**

Key Messages – Capital

Provider Operational Capital & IFRS16

- **Operational Capital allocation for 2024/25 been confirmed at £178.5m** – forecast to spend in full against allocation
- **IFRS16 capital plans are £49.6m.**
- System also receives national capital in support of things like the New Hospital Programme, and the forecast **total allocation for 2024/25 is £92.9m.** More volatile than operational capital and can change in year depending on any new approvals or deferrals etc. Currently forecasting to spend allocation in full.