



**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**IMPROVEMENT AND SCRUTINY COMMITTEE – HEALTH**

**Monday 24 July 2023**

**Report of the Derby & Derbyshire Integrated Care Board**

**Financial Update**

## **1. Purpose**

- 1.1 The purpose of this report is to update Derbyshire County Council's Improvement & Scrutiny Committee for Health regarding the current position with the financial situation of the NHS in Derby and Derbyshire.

## **2. Information and Analysis**

### Background

- 2.1 The former NHS Derby and Derbyshire Clinical Commissioning Group was in regular liaison with the committee relating to the financial position of the NHS, with the final discussion just prior to the start of the Covid-19 pandemic. The CCG has subsequently been replaced with the NHS Derby and Derbyshire Integrated Care Board (ICB); the ICB Chief Financial Officer presented the opening financial position of the ICB to the committee at its meeting in November 2022.
- 2.2 The previous report to committee from the former CCGs, on 9<sup>th</sup> March 2020, noted efficiency savings target of £69.5m, with a Month 9 forecast outturn achievement of £47.1m. The final position was a savings achievement of £49.9m.

The £69.5m target was part of the CCG's Medium Term Financial Plan agreed with NHS England in February 2019, which acknowledged the underlying deficit and that this would take time to safely reduce. The plan set out how NHS Derby and Derbyshire CCG would move from a £61m

underlying deficit in 2018/19 to an underlying surplus position in 2022/23. The CCG planned to return to delivering an in-year break-even position without national Commissioner Sustainability Funds in 2020/21.

**Table 1** Summary of Medium Term Financial Plan agreed in February 2019 (£ millions)

Key figures	17/18*	18/19*	19/20	20/21	21/22	22/23
In-year position before CSF & QIPP	(80.0)	(95.0)	(98.5)	(76.5)	(50.4)	(34.1)
CSF	0.0	39.0	29.0	-	-	-
Cumulative surplus drawn down	-	5.0	-	-	-	-
QIPP	38.0	51.0	69.5	76.5	66.4	56.1
In-year surplus / (deficit)	(42.0)	0.0	0.0	0.0	16.0	22.0
Underlying surplus / (deficit)	(45.0)	(61.0)	(41.3)	(15.3)	2.8	10.8
QIPP %	2.2%	3.3%	4.5%	5.0%	4.3%	3.6%
Cumulative surplus / (deficit)	(17)	(22)	(22)	(22)	(6)	16

*QIPP = Quality Innovation Productivity and Prevention = Savings*

The CCG, along with all CCGs in England, received a letter from NHS Chief Executive Simon Stevens' on 17<sup>th</sup> March 2020, as the Covid-19 pandemic was taking effect, effectively suspending extant operational and planning guidance and with it existing budgetary plans. These were replaced with a temporary financial regime for the initial period of 1<sup>st</sup> April – 31<sup>st</sup> July 2020, but this was extended.

The key elements of the temporary regime were that all CCGs were expected to break even for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> July 2020, and allocations were adjusted non-recurrently to reflect "expected expenditure" during this period. This reflected the significant additional expenditure incurred by the NHS is dealing with the pandemic.

- 2.2 Operational and planning guidance was recommenced from 1st April 2022, with the CCG replaced by NHS Derby and Derbyshire Integrated Care Board from 1<sup>st</sup> July 2022. The ICB's financial position was then presented to committee in November 2022. The ICB ended the 2022/23 year with a small overspend after accounting for additional income for pay and inflation.

### 3. Current Financial Position

- 3.1 A presentation will be given to committee on the day on the current financial position of the ICB. The maturity of the Derby and Derbyshire NHS system now enables financial reporting to be done on a system level, with all NHS partner organisations – including the ICB and providers – working in tandem to deliver the system savings targets.

- 3.2 The Derby and Derbyshire NHS system has declared a breakeven position for the 2023/24 financial year, after assuming efficiency savings of £136m, distributed across NHS partners.

Efficiencies by Provider	YTD Plan	YTD Actual	YTD Variance	Full Year Plan	Full Year Forecast	Forecast Variance
Month 01 Position	£m's	£m's	£m's	£m's	£m's	£m's
NHS Derby and Derbyshire ICB	4.7	5.2	0.5	44.2	44.2	0.0
Chesterfield Royal Hospital	1.0	0.5	(0.5)	15.7	15.7	0.0
Derbyshire Community Health Services	0.8	0.2	(0.5)	9.2	9.2	0.0
Derbyshire Healthcare	0.7	0.4	(0.3)	8.8	8.8	0.0
EMAS	1.0	1.2	0.2	11.2	11.2	0.0
University Hospital of Derby and Burton	1.1	1.1	0.0	47.0	47.0	0.0
<b>JUCD Total</b>	<b>9.3</b>	<b>8.6</b>	<b>(0.7)</b>	<b>136.1</b>	<b>136.1</b>	<b>0.0</b>

- 3.3 The broader Joined Up Care Derbyshire health and care system continues to develop and review performance across care pathways, and it remains evident that the NHS financial and activity performance, particularly at Chesterfield Royal Hospital NHS Foundation Trust as far as Derbyshire County Council is concerned, is being adversely impacted by patient flow into the social care sector.

## 4. Implications

- 4.1 The NHS system continues to identify mitigations for outstanding risks relating to the 2023/24 financial position.

## 5. Consultation

- 5.1 Not applicable.

## 6. Background Papers

- 6.1 N/A.

## 7. Appendices

- 7.1 On the day presentation, slides to be provided in advance.

## 8. Recommendation(s)

That the Committee:

- a) notes the update on the financial position of the Derby and Derbyshire NHS.

## **9. Reasons for Recommendation(s)**

9.1 To provide assurance of plans to maintain financial control in the Derby and Derbyshire NHS system.

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