

TRUST BOARD

Title:	2022/23 REVENUE BUDGET
Action:	FOR APPROVAL
Meeting:	16 March 2022

Purpose:

The purpose of this report is to provide the Board with final revenue budget and overall efficiency target for 2022/23.

The report covers the:

- budget setting approach
- financial challenge / efficiency target (Cost Improvement Plan - CIP) for 2022/23
- the proposed final net operating budget after allocation of CIP
- risks identified

Recommendation:

The Board is asked to approve the budget for 2022/23.

	Name	Title
Author:	Amanda Browne	Deputy Director of Finance
Executive sponsor:	Mark Robbins	Director of Finance and Resources

Trust Objectives

Objective	How the report supports achievement of the Trust objectives:
Provide outstanding care	Not covered in this report
Collaborate with others	Not covered in this report
Be an excellent employer	Not covered in this report
Be a sustainable organisation	The budget is aligned to the Trust's annual plan and is therefore developed to support achievement of the Trust's objectives.

Trust risk register

This paper references the financial challenges it faces especially with the Public Health funding reductions.

Legal and Regulatory requirements:

N/A to this paper

Diversity and Inclusion implications:

Objective	How the report supports achievement of objectives:
To support the development of a Trust wide Anti-Racism Strategy and Organisational Development Plan.	Implicit in our approach to support BAME members of staff during the COVID19 pandemic.
To finalise the roll out of reverse mentoring as part of all in house development programmes.	This work is covered by the Workforce Diversity and Inclusion Group.
We will measure the impact of our virtual clinical platforms, ensuring that they are fully accessible to the diverse communities we serve.	This work is covered by the People Participation Committee and is reported in a separate part of the Board meeting.
We will ensure that the recruitment of our volunteers are from the diverse communities they serve.	This work is covered by the People Participation Committee and is reported in a separate part of the Board meeting.
Are any of the following protected characteristics impacted by items covered in the paper:	
Age <input type="checkbox"/>	Disability <input type="checkbox"/>
Gender Reassignment <input type="checkbox"/>	Marriage and Civil Partnership <input type="checkbox"/>
Pregnancy and Maternity <input type="checkbox"/>	Race <input type="checkbox"/>
Religion and Belief <input type="checkbox"/>	Sex <input type="checkbox"/>
Sexual Orientation <input type="checkbox"/>	

2022/23 REVENUE AND BUDGET

1. PURPOSE OF THIS REPORT

- 1.1 The purpose of this report is to provide the Board with the proposed Trust's revenue budget and savings target for 2022/23, and a summary of the main financial risks facing the Trust.
- 1.2 This plan has been informed by the NHS financial framework for 2022/23, and the allocation and agreement of resource distribution within the Cambridge and Peterborough (C&P) system. Further information regarding the financial planning assumptions provided by NHSE/I are included in this report.
- 1.3 System allocations have been informed by a combination of the block funding received in 2021/22, adjustments for movement towards capitation based funding, and expected uplifts in cost for growth and inflation. In addition, the Trust has included in its plan the contracted income from its Local Authority and NHS commissioners who are not included in the C&P system.
- 1.4 All systems are required to deliver a balanced plan within the resources allocated to CCG's and the approved assumption methodology for income and expenditure. To enable the delivery of a balanced plan within the Cambridgeshire and Peterborough (C&P), organisations in the system have agreed to the apportionment of the total system efficiency challenge of £96m, and the Trust's share is £4.8m (3.4%), requiring an overall net operating balance for the financial year.
- 1.5 Systems and organisations are required to submit initial plans to NHSE/I on 16th and 17th March, and final plans in April.

2. BUDGET SETTING APPROACH

- 2.1 The budget for 2022/23 has been informed from the current years outturn position and the following national planning assumptions for costs have been used:
 - **Cost Inflation** – 2.8%
 - **Implied Efficiency** – (1.1%)

It should be noted that since the NHS financial framework was set, the latest national indicators for cost inflation are predicting material increases across an increasing range of cost areas including fuel, foods etc. These are current estimations of future cost and therefore NHS guidance suggests not to include these estimates in current plans, and to identify as a potential risk to delivery.

- 2.2 This budget is representative of the services which are recurrently funded by NHS contracts and excludes the costs of delivering the Large Scale Vaccination (LSV) hubs funded through a cost "pass-through" process.

3. FINANCIAL SUMMARY (REVENUE POSITION)

Table 1 below sets out the Trust's overall financial budget for 2022/23 in line with that submitted to NHSE / I.

Table 1

Financial Summary - Planned I&E	
	2022/23
	£'000
Gross Employee Benefits	(100,042)
Other Operating Costs	(39,502)
Revenue from Patient Care Activities	136,510
Other Operating Revenue	4,702
OPERATING SURPLUS	1,668
Dividends Payable on Public Dividend Capital (PDC)	(1,668)
RETAINED SURPLUS FOR THE YEAR	0

4. COST IMPROVEMENT 2022/23

- 4.1 In order to achieve the planned revenue surplus, the Trust needs to deliver cost improvements totalling £4.8m (3.4%).
- 4.2 Existing opportunities within clinical and support services for efficiency savings will contribute to the CIP target, and include a co combination of pay, non-pay and income related schemes, and where appropriate these will be Quality Impact assessed. However, the delivery of CIP during 2022/2023 presents a greater challenge than in previous years with the additional expected inflationary costs pressures and as services further progress to delivering services in an expected low COVID environment.
- 4.3 Additional non-pay schemes could also include savings in support services and cleaning contracts, contracts providing pharmacy support, drugs and diagnostics. The finalised schemes will be signed off at the Clinical Operational Boards.

5. RISKS

- 5.1 The Strategic risks to achieving the planned financial position include the non-deliver of the financial plan due to not being able to identify 100% of the CIP schemes; the additional impact of increases in cost in the non-pay expenditure; a requirement to proportionately support the C&P system in the delivery of the overall system target.
- 5.2 These risks can be mitigated by identifying opportunities to contribute to existing costs from additional incomes schemes and utilising non-recurrent cost opportunities.

6 CONCLUSION

- 6.1 The £4.8m saving requirement will be a challenging to deliver after 2 years of emergency funding covering total costs, however this savings requirement is proportionate and can be delivered within this financial year.
- 6.2 The Trust has identified a number of recurrent and non-recurrent saving opportunities as part of its budget setting processes, and these will be risked assessed for delivery.

7 RECOMMENDATION

- 7.1 The Board are asked to approve the Revenue budget plan for 2022/23, noting the balanced target and the required cost improvement, and approval for changes to the final budget delegated to the Trust Executive Directors.