

NHSBSA Board
Thursday 16 March 2023

Title	2023/24 NHSBSA Budget
Purpose of the Report	APPROVE To provide the Board with details of the proposed revenue and capital budgets for 2023/24
Reason for the Report	Matters reserved for the Board state the Board will approve the annual budget.
Responsible Executive or Non-Executive	Andrew McKinlay Director of Finance and Commercial
Potential and/or Likely Implications	Budgets are based on unconfirmed allocations, there is a risk that these may change, if there are any changes then plans will have need to be revisited, and further negotiations will need to take place.
Required from the Board	APPROVE The Board is requested to: <ol style="list-style-type: none"> 1. Approve the proposed revenue and capital budgets for 2023/24 2. Note the other funding requested from DHSC & other funders for 2023/24 3. Note the financial risks associated with the budget 2023/24

PURPOSE OF THE REPORT

To provide the Board with details of the proposed 2023/24 NHSBSA revenue and capital funding position and corresponding budgets.

EXECUTIVE SUMMARY

1. We are yet to receive our revenue and capital allocations from the Department of Health and Social Care (DHSC) although recent dialogue suggests this is imminent. Despite this we have developed a budget based on a set of planning assumptions that we have shared with DHSC Finance colleagues, based on indications given during our regular discussions.
2. This budget reflects total revenue funding of £324.8m in 2023/24. Increases in funding from 2022/23 are primarily due to the DHSC and NHSE/I continuing to commission new services from the NHSBSA and the additional impact of our ESR Transformation Programme plan.
3. Included within the overall revenue budget for 2023/24 (£324.8m) is funding of £68.5m for projects and new services (this includes both project and operational costs of new services that we are onboarding, the details of which are shown in Table 5). The project revenue expenditure in the budget includes £65.3m to be funded by DHSC subject to business case approval.
4. The 2023/24 capital plan includes baseline funding of £25.0m. Current portfolio of capital activity forecasts a total requirement of £27.3m as shown in Table 4. We are confident that capital plans can be managed within the planned capital budget.

2023/24 FUNDING

5. We have been working with DHSC Finance throughout 22/23 and submitted our business planning request in November last year.
6. We have continued to demonstrate to DHSC that all NHSBSA's BAU/baseline is made up of directed services and that, DHSC legally require NHSBSA to maintain delivery of these services. We also shared again that as a product of delivering these services, NHSBSA creates significant savings for other parts of the health and care system (£322.7m in 2022/23). We re-iterated that without the DHSC baseline investment detailed we could neither sustain delivery of services we are directed to deliver or secure the resulting savings for the health and care system.
7. Notwithstanding the above, we maintain a relentless focus on efficiency, effectiveness and delivering Taxpayer Value, this is demonstrated in our submission where £2.6m of efficiency savings have been included. We continue to work closely with HM Treasury who are supporting us to implement their Public Value Framework across the NHSBSA. We believe that the success of this will ensure opportunities for greater efficiencies are driven out to help us meet ongoing and future financial challenges.

8. We met with DHSC Finance on 23rd February 2023, and whilst they were unable to provide formal confirmation of our funding allocations for the forthcoming financial year, they were able to provide us with the indicative figures that they have included in their own business plan submission. We have subsequently updated our funding assumptions where relevant using this information as outlined in Table 1 below.

Table 1 Funding Assumptions	2023/24 £m
DHSC RDEL	133.0
Additional RDEL above baseline	65.3
Total DHSC RDEL	198.3
DHSC RDEL Ringfenced	22.0
Pensions Levy	48.3
Exemption Checking (NHSE/I)	19.0
Provider Assurance (NHSE/I)	13.3
PPC (NHSE/I)	7.6
Other (Various)	0.4
Commissioner Pays	40.3
Devolved Authority Income	5.8
Trading Income	3.9
Other	6.2
Other Income	15.8
Total Funding 2023/24	324.8

9. Alongside the setting of our strategy and goals, we have undertaken a robust budget setting process with the organisation which commenced in October 2022. A cross functional working group was set up, who were responsible for developing and communicating clear planning assumptions at both the start of the process and throughout, to all budget holders.
10. The Chief Executive and Executive Directors undertook sessions with each Director to get a clear understanding of service priorities and challenges, whilst at the same time ensuring that the forecasts were robust and to challenge opportunities for further efficiencies.

REVENUE SUMMARY POSITION 2023/24

11. The table below shows our revenue budget split between Income & Expenditure (by service area), compared to the current year's budget.

Table 2 Income & Expenditure Analysis	2022/23	2023/24
	£m	£m
DHSC RDEL* (Includes operational revenue of £132.97m)	-167.8	-198.3
DHSC RDEL* Ringfenced	-22.0	-22.0
Pensions Levy (Includes operational revenue of £44.35m)	-46.0	-48.3
Commissioner Pays	-31.3	-40.3
Other Income (All operational)	-14.9	-15.8
Total Income	-282.0	-324.8
NHS Workforce Services	90.4	82.0
People & Corporate Services	8.9	9.4
Portfolio Management	4.3	4.8
DDaT	37.1	37.6
Primary Care Services	32.8	34.3
Citizen Services	33.1	38.7
Finance, Commercial & Estates	17.4	17.6
Chief Executive's Office	0.4	0.5
Strategy, Performance, Business Development & Growth	2.3	2.8
Transformation	5.1	2.8
Funded Projects & New Services	28.2	68.5
Pay Award (based on 3.5%)	0.0	3.9
Capital Charges	22.0	22.0
Total Expenditure	282.0	324.8
Surplus (-)/Deficit	0.0	0.0

REVENUE SUBJECTIVE DETAIL 2023/24

12. The proposed 2023/24 budget requirement compared to 2022/23 Forecast Outturn, is summarised by subjective (spend type) heading in Table 3 below.

Table 3: Category Analysis	2022/23 Budget £m	2022/23 Forecast Outturn £m	23/24 Budget £m	23/24 Budget Movement from Forecast £m	Explanation of Movement 22/23 forecast to 23/24 Budget
Direct Staff	134.4	124.4	148.9	24.6	See Appendix A
Temp & Agency Staff	2.8	6.0	5.5	-0.5	
Travel & Subsistence	1.8	1.1	1.6	0.6	
Training Expenses	1.4	1.3	1.6	0.3	
Telephony and IT	21.5	19.7	20.9	1.1	ESR Transformation
External Contracts	46.3	46.0	30.0	-16.0	22/23 includes additional funding for ESR Transformation which is now included in the Portfolio Programme below for 23/24
Repairs & Maintenance	2.0	1.4	1.6	0.1	
Printing & Stationery	3.4	4.3	5.8	1.5	Health Exemption Checking & Overseas Health Service - both services are anticipating volumes increases.
Postage	4.8	4.8	5.6	0.9	
Legal & Professional Fees	7.9	9.1	9.1	0.1	
Rent & Rates	2.6	2.6	2.5	-0.2	
Energy and Utilities	1.2	1.6	1.4	-0.2	
Transformation	4.8	0.0	2.8	2.8	
Overhead Recovery	-3.0	-3.3	-3.0	0.2	
Portfolio Programme	28.2	30.9	68.5	37.6	Growth in Commissioned Projects and Onboarded Services including ESR, Covid Pass & Healthy Start
Capital Charges	22.0	22.0	22.0	0.0	
	282.0	271.9	324.8	52.9	

CAPITAL PROGRAMME FUNDING 2023/24

13. Table 4 below shows the 2023/24 funding requirement to support delivery of the capital programme developed through business planning. The 2023/24 capital plan includes funding of £25.0m. Our current portfolio of capital activity forecasts a total requirement of £27.3m. We are confident this can be managed within the baseline capital budget.

Table 4 Capital Programme		
Directorate	Major Programmes	2023/24 Capital Budget £m
DDaT	Exemption Checking, Help with Health Costs & Primary Care Digitisation, NHS Jobs & Hardware Refresh	5.5
Finance, Commercial and Estates	Essential Property Refurbishment	1.0
Workforce Services	Pensions - Annual Administration System Improvements	0.6
Maintenance of Core Infrastructure		7.1
Citizen Services	OHS Transformation & Help with Help Costs EOL and Transformation	3.8
Digital	Apps Modernisation, Telephony Migration & Upgrade to Windows 11	1.3
Finance, Commercial and Estates	Greenfinch Utilisation & Environmental Management	2.7
Primary Care Services	Transforming Dental Systems, MYS Integration & CMS Provider Assurance Growth	7.3
Workforce Services	ESR Datacentre Transformation	5.1
Capital Project Portfolio		20.2
Total Portfolio Capital Requirement		27.3
Indicative CDEL Baseline Allocation		25.0
Total Over Programming		2.3

PROJECT & NEW SERVICE REVENUE FUNDING 2023/24

14. In addition to our core baseline funding, the DHSC (and others) provide funding for a number of projects and new services whilst in development and in early stage live delivery. Ultimately the funding to run these services in steady state should transfer to our baseline. Project & New Service revenue budgets total £68.5m; Table 5 below summarises the revenue budget funding requirement for 2023/24 categorised by the sources of funding. Indicative funding outlined by DHSC finance indicates a number of potential funding pressures. Negotiations are continuing in these areas with NHSBSA seeking to reach agreement with DHSC policy teams. Budgets and plans will be adjusted once budgets have been agreed.

Commissioner	Table 5 Project & New Service Revenue Funding	NHSBSA Funding Request £m
DHSC	ESR Transformation	23.6
DHSC	Overseas Health Service	3.6
DHSC	Nursery Milk	0.6
DHSC	Healthy Start	11.0
DHSC	Death Certification Reforms	2.1
DHSC	Immigration Health Surcharge	2.4
DHSC	Vaccine Damage Payment Scheme (VDPS)	7.3
DHSC	HRT PPC	2.2
DHSC	Adult Social Care Enforcement	0.3
DHSC	Covid Pass	11.3
DHSC	Faster Testing	0.7
DHSC	Transforming Dental Systems	0.3
	DHSC Funded	65.3
Pensions	McCloud	1.6
Pensions	Pensions Dashboard	1.0
Pensions	MY NHS Pensions phase 2	0.5
	Pensions Funded	3.1
	Total Project & New Service Revenue Funding	68.5

FINANCIAL RISKS/ISSUES 2023/24

15. The key financial risks/issues relating to the budget 2023/24 are outlined in Table 6 below.

Table 6	Risks	Mitigation
	Formal funding approval from DHSC: All funding from DHSC has not been confirmed at this stage.	Continued dialogue with DHSC through their Spending Review and Business Planning process.
	Pay Award: 23/24 AfC Pay award is assumed within the budget to be 3.5%. This is yet to be confirmed.	We will continue to monitor and look to identify further efficiencies that will allow us to accommodate any increases.
	New Service/Project: ESR and all new Service funding will need to be secured from DHSC over and above the baseline allocation (including Covid Pass and PCSE) (c£65m) – DHSC still to confirm allocation.	Continue negotiations with DHSC to obtain the necessary funding. DHSC have agreed to hold the ESR shortfall of £10.2m as their risk, this will be closely monitored throughout the year.
	Volume Fluctuations: Citizen Services costs are largely volume driven and impacted upon by external influences. Due to the uncertainty of demand, there is an inherent risk associated with these services where variances to predicted plans occur which could cause over or under spends against plan.	Continue to monitor the actual demand against predicted demand and performance to form robust forecasts and highlight risks levels throughout the year.
	New Services Impact: Numerous new services are being onboarded at varying levels of maturity. Discussions are ongoing with Commissioners to establish requirements and the cost of delivery and live service. Also included is £3m of overhead contribution from these services (including the assumed continuation of COVID Faster Testing).	We will negotiate to secure full funding for these services and monitor any fluctuation / reduction to overhead recoveries.
	Resources and Recruitment: Due to difficulties recruiting enough resource to keep up with demand, there could be an impact on performance which could lead to underspends and / or overspends against budget. Some posts may remain vacant for longer than planned, equally contractor resource maybe required for critical roles. Overspends could also occur if resource efficiency targets and vacancy factors are not achieved.	We will monitor resource plans against service demands and priorities and agree an approach to mitigate and report.
	Pensions Compendia Valuation: An independent review of the valuation of the Pensions system is currently underway, any variation will impact on the depreciation income that is included in our funding assumptions.	We will continue to monitor and look to identify further efficiencies that will allow us to manage a potential reduction in overall funding.
	Agilisys workplan - Revenue budget has been included in the Business Plan of £1m for work to be undertaken by Agilisys. The workplan is yet to be developed so the spend could be funded by other means.	Work together with Agilisys to understand what work is needed and how this will be funded.

RECOMMENDATIONS

16. The Board is asked to:

- (i). Approve the provisional 2023/24 Net Operating Expenditure Budget **Table 2** subject to confirmation of funding.
- (ii). Note the position on other funding streams **Table 1, 4 and 5**
- (iii). Note the financial risks associated with the budget 2023/24 **Table 6**

Appendix A

The table below provides a further breakdown of the movements between 2022/23 outturn to 2023/24 annual budget for the expenditure category of Direct Staffing.

Direct Staffing	2022/23 Budget £m	2022/23 Forecast Outturn £m	23/24 Budget £m	23/24 Budget Movement from Forecast £m	Explanation of Movement 22/23 forecast to 23/24 Budget
NHS Workforce Services	39.6	37.3	44.7	7.4	Increases in resource within Retirement Services to improve levels of stability & allow successful operational delivery alongside increases to support ESR operations & transformation programme.
Primary Care Services	29.6	29.0	32.4	3.4	Growth in Provider Assurance Services commissioned and funded by NHS England
Citizen Services	23.8	20.8	25.8	5.0	Growth in Health Exemption Services commissioned and funded by NHS England
DDaT	21.5	19.5	23.7	4.2	Increase in internal staff due to in-sourcing of technology infrastructure and the NHSBSA Website; growth in Digital Delivery support due to new and expanded services; and plans to shift delivery models from professional services to internal resources.
Chief Executive's Office	0.4	0.4	0.5	0.0	
Finance, Commercial & Estates	7.3	7.1	7.9	0.8	In line business growth.
People & Corporate Services	6.0	5.3	6.7	1.4	In line business growth.
Portfolio Management	4.2	3.0	4.6	1.6	Additional resources to support and deliver agreed change portfolio.
Strategy, Performance, Business Development & Growth	2.1	1.9	2.7	0.8	Resource increases to support our Tax Pay Value programme, implementation ALB review recommendations & the development of external stakeholder relationships.
Total Direct Staffing	134.4	124.4	148.9	24.6	