

## NHS England Board meeting

**Paper Title:** Financial Performance Update

**Agenda item:** 4.2 (Public session)

**Report by:** Julian Kelly, Chief Financial Officer

**Paper type:** For discussion

### Organisation Objective:

NHS Mandate from Government  Statutory item

NHS Long Term Plan  Governance

NHS People Plan

### Executive summary:

This paper provides the Board with an update on the month 8 financial position for 2022/23.

### Action required:

The Board is asked to note the month 8 2022/23 financial performance of the NHS.

## MONTH 8 2022/23 FINANCIAL POSITION

### Headline revenue position

- Table 1 sets out the revenue expenditure position to the end of November 2022 and the forecast for the year. Compared to plan, the aggregate YTD provider and commissioner position shows expenditure to be above plan by £826m (0.8%). The forecast expenditure of £155.1bn is £101m above plan (0.1%).

Table 1: Financial position at month 8

Expenditure Basis	In year allocation	Year to Date			Forecast Outturn		
		Plan	Actual	Under/(over) spend	Plan	FOT	Under/(over) spend
		£m	£m	£m	£m	£m	£m
Systems	116,631	77,433	78,303	(870)	116,730	116,740	(10)
ICB Net Expenditure		76,943	77,128	(185)	116,343	116,392	(49)
Provider Expenditure		75,395	78,208	(2,814)	112,794	115,671	(2,877)
Provider Income		(74,904)	(77,033)	2,129	(112,406)	(115,323)	2,916
Specialised Commissioning	23,150	15,017	14,961	56	23,150	23,008	142
Other Direct Commissioning	7,232	4,895	4,862	33	7,233	7,244	(11)
Central Costs	6,757	4,176	4,081	95	6,757	6,557	200
Transformation & Reserves	1,286	0	0	0	1,185	1,286	(100)
Technical & ringfenced adjustments	(13)	(1)	139	(140)	(13)	310	(323)
<b>Total - non-ringfenced RDEL</b>	<b>155,043</b>	<b>101,521</b>	<b>102,347</b>	<b>(826)</b>	<b>155,043</b>	<b>155,144</b>	<b>(101)</b>

- Systems have overspent against plan by £870m for the first eight months of the year. This variance is largely caused by operational pressures, in particular

higher levels of COVID and sickness absence. The majority of systems are forecasting that these overspends will be recovered in the latter months of the year resulting in a forecast position in line with plan. This is a clear risk given the likely winter demands and impact of Flu and COVID, and ongoing inflationary pressures. A number of systems are currently formally reviewing their forecasts and as a result we expect that systems will report total overspends against their plans of around £500m by year-end.

3. Underspends against NHS England (NHSE) central costs are due to staff vacancies due to the recruitment freeze as we begin to downsize NHSE to deliver on the 30% to 40% commitment, and increased expenditure controls. We expect the reduced rate of spend to continue to the year end. We expect that these savings, combined with underspends on dental budgets and savings on specialised drugs and devices budgets will be sufficient to ensure NHS England meets its financial targets for the year.

### Headline capital position

4. To month 8 Providers have spent £2,602m in Capital Departmental Expenditure Limit (CDEL) terms (excluding IFRS 16 expenditure). This represents 35% of the full year budget. This compares to 39% at the same stage in 21/22. Primary care spend was £25m meaning total CDEL spend was £2,627m to month 8. Based on provider and commissioner reports at Month 8 we are currently forecasting expenditure to be £314m below the CDEL allocation for the year.