

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	<input type="checkbox"/>	Statutory item	<input checked="" type="checkbox"/>
NHS Long Term Plan	<input type="checkbox"/>	Governance	<input type="checkbox"/>
NHS People Plan	<input type="checkbox"/>		

Executive summary:

This paper provides the Board with an update on the month 12 financial position for 2022/23, and an update on the 2023/24 planning process.

Action required:

The Board is asked to note the draft 2022/23 financial performance of the NHS, which shows that the NHS has achieved its financial targets for the year.

MONTH 12 2022/23 FINANCIAL POSITION

Headline revenue position

1. The figures in this report are based on the 2022/23 draft accounts position and are therefore subject to adjustment during the external audit period.
2. Table 1 sets out the revenue expenditure position to the end of March 2023. Compared to plan, the aggregate YTD provider and commissioner position shows expenditure to be below plan by £148m (0.09%). Of this underspend, £120m relates to ring-fenced funding received for a range of programmes including the Covid-19 vaccination programme and recently announced pay award. This leaves an underspend against core funding of £28m (0.02%).

Table 1: Financial position at month 12

Expenditure Basis	In year allocation			Under/(over) spend	
	£m	Plan	Actual	£m	%
		£m	£m	£m	£m
Systems	119,174	119,273	119,807	(534)	(0.4%)
ICB Net Expenditure		118,886	119,105	(219)	(0.2%)
Provider Expenditure		112,794	124,487	(11,694)	(10.4%)
Provider Income		(112,406)	(123,786)	11,379	(10.1%)
Specialised Commissioning	22,962	22,962	22,740	221	1.0%
Other Direct Commissioning	7,036	7,037	6,747	290	4.1%
Central Costs	9,138	9,138	8,882	256	2.8%
Transformation & Reserves	255	155	120	35	
Technical & ringfenced adjustments	(44)	(44)	196	(241)	
Total - non-ringfenced RDEL	158,521	158,521	158,493	28	0.02%
Funding restricted for specific purposes		-	(120)	120	
Total - non-ringfenced RDEL	158,521	158,521	158,373	148	0.09%

- Despite the extreme financial pressures they have faced this year, systems have overspent against plan by only £534m in aggregate, which is 0.4% of their allocation. This variance is largely caused by operational pressures, in particular higher levels of COVID and sickness absence, and also the ongoing impact of inflation. As a result, at year-end 16 systems have overspent compared to their plan. The majority of system deficits equate to less than 1% of total allocation.
- Underspends against NHS England central costs are due to the recruitment freeze as we move towards the objectives of the new NHS England programme, and also due to increased expenditure controls.

Headline capital position

- To month 12, excluding the impact of IFRS16, Providers have spent £7,034m of capital, which represents 99.4% of the full year budget. This is the same percentage of spend as that achieved in 2021/22 when 99.4% of the full year Provider CDEL budget was also spent. NHSE Mandate spend was £228m meaning total capital spend across providers and commissioning was £7,262m. Provider and commissioning spend at Month 12 was £90m (1.2%) below the CDEL allocation of £7,352m for the year.

2023/24 PLANS

- The planning process for 2023/24 has now been concluded, with final submissions having been received from all providers and systems on 4th May. Inflation has emerged as a clear cause of financial pressure for all systems.