

Trust Board Meeting ('Part 1') - Formal meeting, which is open to members of the public (to observe)

Mon 20 March 2023, 11:00 - 12:00

Virtually, via Webconference

Agenda

Please note that members of the public will be able to observe the meeting, as it will be broadcast live on the internet, via the Trust's YouTube channel (www.youtube.com/channel/UCBV9L-3FLrluzYSc29211EQ).

03-1

To receive apologies for absence

David Highton

03-2

To declare interests relevant to agenda items

David Highton

Planning and strategy

03-3

To approve the Trust's final 2023/24 planning submission

Rachel Jones and Steve Orpin

 To approve the Trust's final 2023-24 planning submission.pdf (27 pages)

03-4

To consider any other business

David Highton

03-5

To respond to any questions from members of the public

David Highton

Questions should relate to one of the agenda items above, and be submitted in advance of the Trust Board meeting, to Kevin Rowan, Trust Secretary, via kevinrowan@nhs.net.

Members of the public should also take note that questions regarding an individual's patient's care and treatment are not appropriate for discussion at the Trust Board meeting, and should instead be directed to the Trust's Patient Advice and Liaison

**To approve the Trust's final 2023/24
planning submission**

**Director of Strategy, Planning and Partnerships
and Deputy Chief Executive/Chief Finance Officer**

The enclosed report provides information on the annual Operating Plan submission which is due to the NHS Kent and Medway Integrated Care Board (ICB) on 22/03/23. The plan details the Trust's submission on activity and finance underpinned by a broad set of assumptions and current information on requirements. Whilst this was originally the final submission date it is possible that further iterations will be requested due to the national and system position.

Which Committees have reviewed the information prior to Trust Board submission?

- An update on the planning process, and the draft submission, was considered at the Finance and Performance Committee in January 2023; and the 'Part 2' Trust Board meeting in February 2023.
- The updated draft submission was then submitted to the Executive Team Meeting (ETM) on 14/03/23.

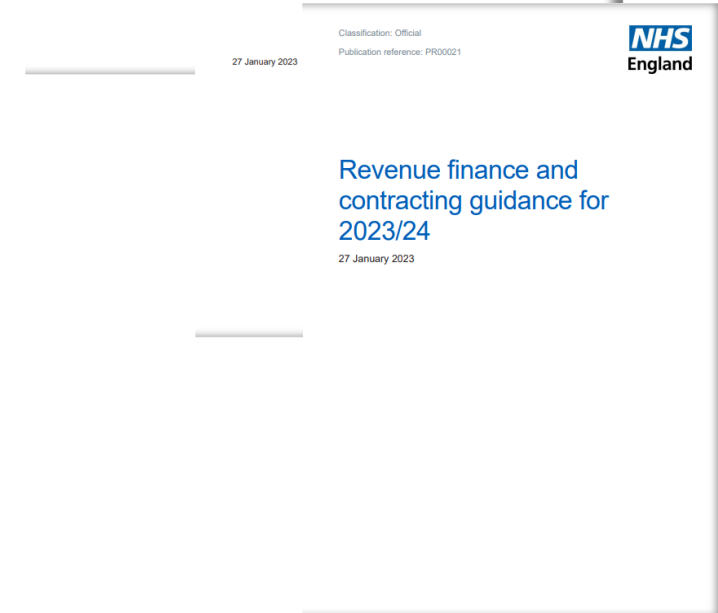
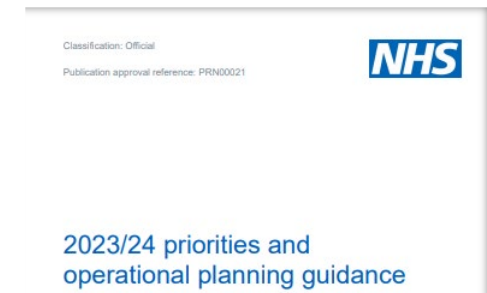
Reason for submission to the Trust Board (decision, discussion, information, assurance etc.)¹

The Trust Board is asked to approve the Trust's submission to the ICB.

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

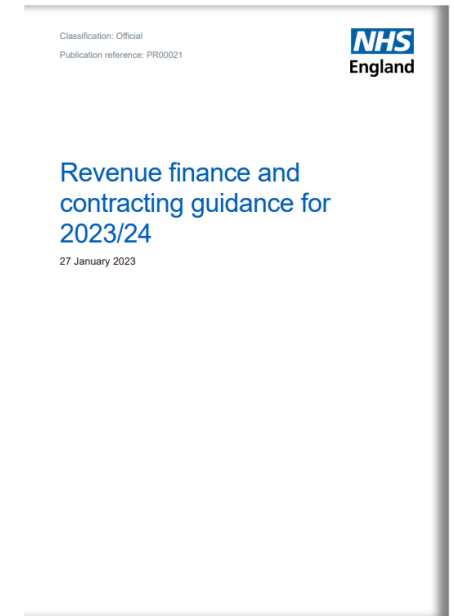
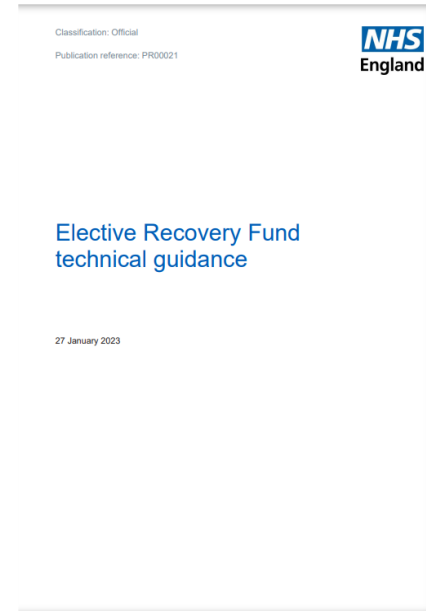
2023 – 2024 Operational Planning

MTW submission March 2023



Content

- Introduction & Overview
- Activity Update
- Finance Update
- Risk & Opportunities



MTW and K&M ICB must reach an Aligned Payment and Incentive (API) agreement

- The overall contract value, which will include **payment for elective activity on a 100% NHS Payment Scheme** (NHSPS) unit **price basis**.
- For **other activity**, the value of the **fixed payment** to fund these services.
- The **contract** should **document the activity target** which has been **agreed** with the provider, which will **contribute to the commissioner activity target**.

NHSPS payment, within scope of activity target	NHSPS payment, outside scope of activity target	Within fixed payment
Elective ordinary and day case	Chemotherapy	Outpatient follow ups
Outpatient procedures	Diagnostic Imaging	Critical care
First outpatient attendances	Nuclear medicine	Radiotherapy
	Excluded drugs, devices and procedures	Other activity incl. all non elective & wider elective pathways of care

- There is **no floor or baseline** level of activity funding guaranteed in contracts – **payment is entirely dependent on elective activity delivery**.
- K&M system elective activity target for **23/24 is 109% of 2019/20**.
 - The **MTW elective activity baseline has yet to be proposed by commissioners**, but **NHSE have indicated 108.9% of 19/20 with a target of 114%** (on a value basis).

**Worked example in appendix*

The first K&M ICB submission was a £217.4M deficit plan (£55.4M ICB, £162M aggregate of 5 providers) with planned activities in scope of ERF just below out turn, significantly below target.

Trust value weighted plans (NHPS activities within scope)

Provider/provider type	23/24 baseline £	23/24 target £	Target %	23/24 Plan £	Plan %
DGT	49,337,888	57,127,685	115.8%	52,193,416	105.8%
EKHUFT	144,277,223	154,725,382	107.2%	142,161,397	98.5%
MTW	94,865,586	107,890,893	113.7%	98,901,168	104.3%
MFT	58,609,339	63,605,083	108.5%	48,197,859	82.2%
Acute subtotal	347,090,035	383,349,041		341,453,841	98.4%
IS	56,323,055	61,321,726	108.9%	61,955,360	110.0%
LVA	2,307,156	3,018,813	130.8%	2,446,544	106.0%
Tertiary	63,132,736	68,934,070	109.2%	60,734,117	96.2%
Total	815,943,018	899,972,692		808,043,702	99.0%

Since our first activity submission the core capacity plan for 23/24 has improved, equating to **107%** of 19/20 in value terms for activities in scope of ERF. It is our understanding that ERF thresholds are being revised downwards by NHS E.

Activity

Total Elective (IP, DC and All First OP)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	97%	107%	117%	102%	119%	106%	103%	111%	108%	103%	110%	127%	109%
23/24 Plan as % of 22/23 Actuals	98%	98%	107%	109%	105%	96%	103%	96%	92%	100%	105%	89%	100%
All Cons and Non-Cons First OP Total	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	99%	112%	119%	102%	122%	109%	105%	115%	110%	106%	113%	127%	111%
23/24 Plan as % of 22/23 Actuals	100%	99%	102%	102%	101%	101%	102%	102%	99%	101%	102%	99%	101%
Elective IP	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	93%	94%	109%	98%	103%	97%	97%	94%	95%	94%	92%	114%	98%
23/24 Plan as % of 22/23 Actuals	118%	106%	97%	103%	109%	106%	108%	100%	96%	104%	108%	94%	104%
Elective DC	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	88%	93%	108%	99%	107%	95%	95%	100%	102%	93%	98%	128%	100%
23/24 Plan as % of 22/23 Actuals	93%	102%	105%	101%	95%	89%	97%	88%	86%	95%	99%	83%	94%

Income Assessment

	2019/20 Baseline @ 23/24 Prices	*2023/24 Target %	Revised Activity Plan Flexed to 22/23 Casemix	Variance from Baseline	ERF Achievement %
NHS Kent and Medway ICB	94,865,372	114%	101,339,441	6,474,069	107%
NHS Sussex ICB	7,842,393	109%	8,073,305	230,912	103%
NHS South East London ICB	324,354	111%	344,392	20,038	106%
NHS Surrey Heartlands ICB	136,031	103%	90,693	-45,338	67%
NHSE Spec Comm	5,785,260	116%	7,297,649	1,512,388	126%
NHSE Direct Commissioning	167,508	103%	129,762	-37,746	77%
Total	109,120,918	113%	117,275,242	8,154,324	107%

Risk(s)/Assumptions:

- No baseline adjustments will be applied.
- March 19/20 counterfactual has not been applied. If NHSE previous methodology applied activity performance reduced by 3%
- Radiotherapy activity is not included (as per technical guidance).
- The plan assumes no impact of an additional BH in 23/24
- Potential for continuation of industrial action impacting on capacity
- KOC activity is not in the activity plan

Our RTT trajectory shows 1.9% deterioration in performance over the financial year, with zero patients waiting longer than 52 weeks, against a target of eliminating 65 week waits

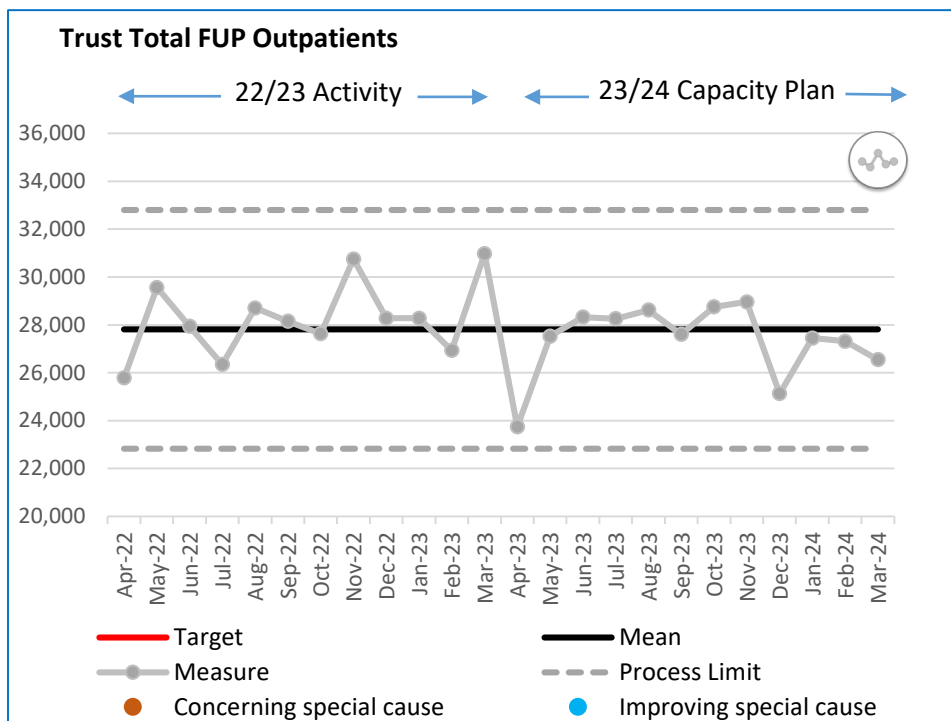
Submitted RTT Trajectory	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Total Waiting List	43596	44604	44785	44907	45029	45078	45226	45359	45444	45516	45624	45721	45816
Total Backlog	13582	13787	13892	13978	14094	14205	14333	14482	14607	14751	14897	15031	15179
Total %	68.8%	69.1%	69.0%	68.9%	68.7%	68.5%	68.3%	68.1%	67.9%	67.6%	67.3%	67.1%	66.9%

Risk(s)/Assumptions:

- Projected Trajectory assumes the level of activity in the plan for each specialty is delivered
- Performance has not had any uplift applied for RTT validation – which can be up to 3% higher
- Assumes no 52 wk waiters for 2023/24

OP follow up activity is within the fixed element of the contract. Our OP follow up plan does not move us towards the national ambition of 25% reduction, and therefore represents both a risk and an opportunity for the trust.

All Cons and Non-Cons Follow Up OP Total	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	91%	101%	114%	103%	116%	108%	100%	105%	108%	95%	107%	114%	105%
23/24 Plan as % of 22/23 Actuals	101%	102%	103%	104%	102%	102%	102%	101%	101%	102%	103%	100%	102%



Key Question:

- Should we re-set our ambition and approach to reduce OP follow rates, releasing capacity for other elective PODs/organisational priorities?
- Could the OP transformation programme be repurposed to drive this ambition?

All points for delivery will be compliant with the Diagnostics Waiting Times (DM01) performance target of 99% compliance by March 24.

Submitted Trajectory	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Waiting	8271	8271	8120	7829	7872	7943	7759	7616	7565	7428	7359	7275	7222
Patients waiting >6wks	1195	1145	1125	1101	1071	1027	963	878	757	606	435	255	66
Total %	85.6%	86.2%	86.1%	85.9%	86.4%	87.1%	87.6%	88.5%	90.0%	91.8%	94.1%	96.5%	99.1%

Risk(s)/Assumptions:

Recovery plan trajectory for challenged service lines

		Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Cardiology	Total Patients Waiting	1,541	1,541	1,576	1,611	1,646	1,681	1,716	1,751	1,786	1,821	1,856	1,891	1,926
	Patients waiting >6wks	1,096	1,046	1,031	1,011	986	946	886	806	691	545	380	205	20
	Performance %	28.9%	32.1%	34.6%	37.2%	40.1%	43.7%	48.4%	54.0%	61.3%	70.1%	79.5%	89.2%	99.0%

Recovery plan required for Echocardiography as well Gastroscopy (Paediatric element only) and Cystoscopy in order for them to achieve 99% compliance by March 24

		Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Gastroscopy	Total Patients Waiting	283	283	299	197	230	302	283	240	289	286	277	277	277
	Patients waiting >6wks	38	38	35	32	29	26	23	20	16	12	8	4	2
	Performance %	86.6%	86.6%	88.3%	83.8%	87.4%	91.4%	91.9%	91.7%	94.5%	95.8%	97.1%	98.6%	99.3%

		Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Cystoscopy	Total Patients Waiting	64	64	60	55	60	85	94	81	78	85	90	85	83
	Patients waiting >6wks	4	4	4	4	3	3	3	2	2	2	1	1	-
	Performance %	93.8%	93.8%	93.3%	92.7%	95.0%	96.5%	96.8%	97.5%	97.4%	97.6%	98.9%	98.8%	100.0%

Cancer Waiting Times Trajectories 2023/24 – All areas will be compliant throughout 2023/2024

Cancer 2WW (93%)	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	1920	1610	2016	1756	1812	2027	2026	1967	2213	1761	1920	1829	2103
Not in Target	125	105	131	114	118	132	132	128	144	114	125	119	137
Total %	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%
Cancer 62 days (85%)	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	121	102	145	106	115	108	134	111	118	141	121	115	132
Not in Target	17	15	21	16	17	16	20	16	17	21	18	17	19
Total %	85.5%	85.3%	85.5%	85.4%	85.7%	85.6%	85.4%	85.6%	85.6%	85.5%	85.5%	85.7%	85.6%
Cancer Faster Diagnosis 28 Days	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	1749	1492	1841	1623	1693	1843	1790	1737	2017	1619	1749	1665	1915
Not in Target	437	372	460	405	423	460	447	434	504	404	437	416	478
Total %	75.0%	75.1%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.1%	75.0%	75.0%	75.0%

Risk(s)/Assumptions:

- Increase in demand beyond planning assumptions

We will continue to see growth in A&E attendances. We will be compliant with A&E Percentage <4 hours performance targets throughout the year.

A&E Type 1 & Type 3	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	18235	19292	20919	20161	21092	19732	19551	20021	19279	19919	18949	18301	20313
>4hr Wait	2546	2262	2630	1973	2277	2301	2574	2653	2684	3585	3032	2562	2322
Total %	86.0%	88.3%	87.4%	90.2%	89.2%	88.3%	86.8%	86.7%	86.1%	82.0%	84.0%	86.0%	88.6%

A&E Type 1 only	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	17031	17031	18393	17680	18450	17268	17093	17696	17153	17716	16925	16261	18079
>4hr Wait	17	2238	2606	1949	2253	2277	2550	2629	2660	3561	3008	2538	2298
Total %	99.9%	86.9%	85.8%	89.0%	87.8%	86.8%	85.1%	85.1%	84.5%	79.9%	82.2%	84.4%	87.3%

Total A&E Attendances	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	123%	125%	126%	119%	120%	117%	121%	118%	118%	117%	120%	171%	123%
23/24 Plan as % of 22/23 Actuals	108%	103%	102%	106%	105%	104%	100%	97%	92%	104%	104%	101%	102%

Non-Elective Activity & Bed Occupancy 2023/24. Our forecast bed occupancy is higher than the national ambition of 92.5%

Total Non-Elective	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	128%	130%	126%	118%	135%	130%	129%	127%	122%	125%	129%	170%	130%
23/24 Plan as % of 22/23 Actuals	112%	102%	101%	104%	105%	104%	105%	102%	113%	105%	109%	103%	105%

Total Non-Elective - Zero LOS	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	170%	164%	153%	142%	176%	165%	162%	160%	155%	156%	168%	229%	165%
23/24 Plan as % of 22/23 Actuals	117%	104%	100%	104%	106%	106%	107%	104%	125%	107%	113%	106%	108%

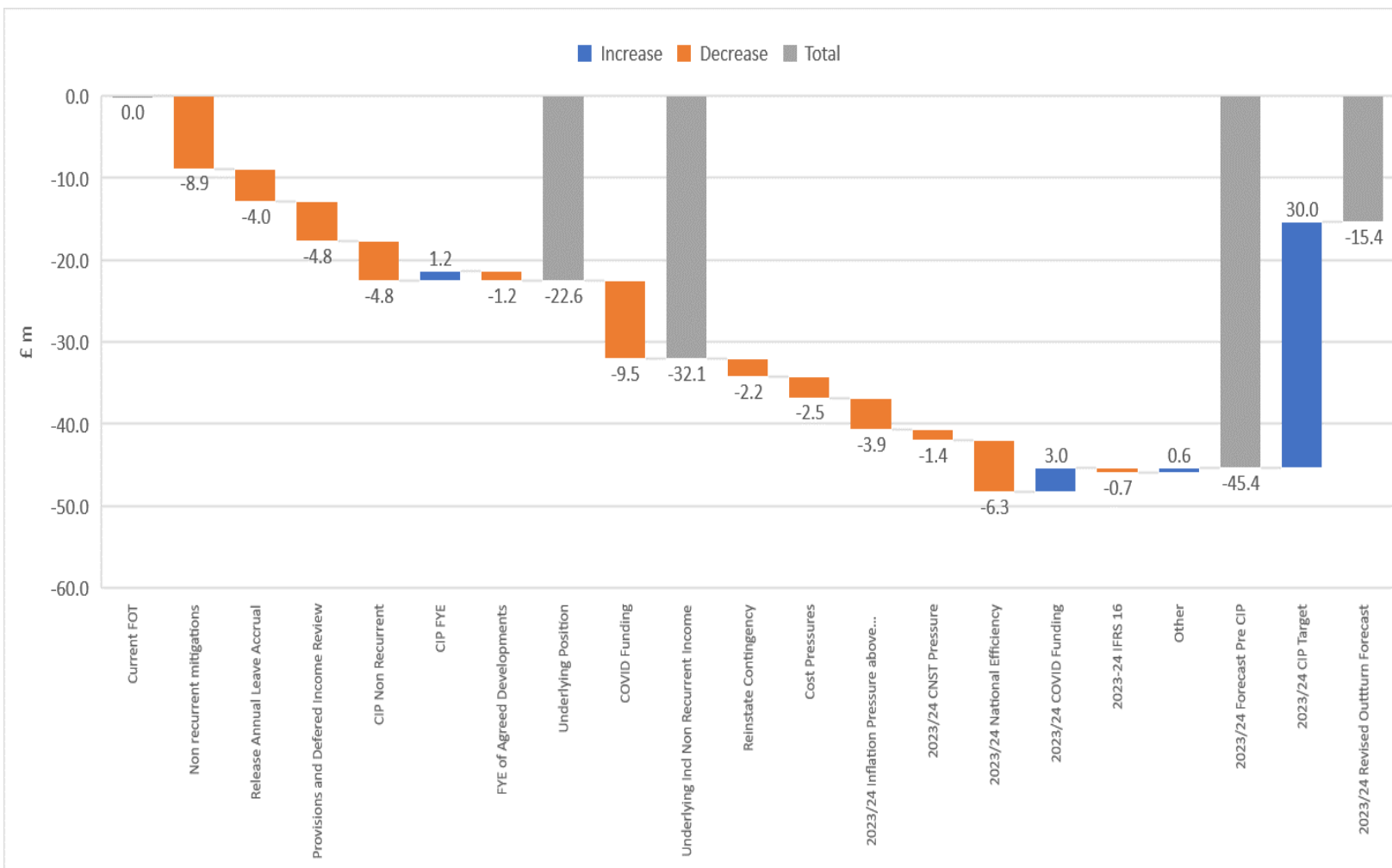
Total Non-Elective - +1 Day LOS	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	98%	101%	102%	96%	101%	100%	100%	99%	94%	98%	98%	124%	101%
23/24 Plan as % of 22/23 Actuals	106%	101%	102%	103%	105%	101%	102%	99%	100%	101%	105%	99%	102%

General & Acute Beds	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
Average number of G&A Beds occupied per day	647	647	646	635	630	636	654	665	657	689	705	662	656
Average number of G&A Beds available per day	715	715	696	666	666	666	687	717	717	736	736	715	703
Bed Occupancy	90.5%	90.5%	92.8%	95.3%	94.5%	95.5%	95.1%	92.8%	91.6%	93.6%	95.8%	92.6%	93.4%

Risk(s)/Assumptions:

- Significant increase in zero LOS due to changes in pathways and introduction of SDEC areas
- Similar level in +1 day LOS

Financial Bridge (2022/23 Outturn to 2023/24 Plan)



- The Trust is forecasting a breakeven position in 2022/23 but has a underlying deficit position of £32.1m due to non recurrent measures implemented in 2022/23 and non recurrent COVID funding.
- The forecast for 2023/24 is predicting a deficit of £45.4m, a CIP target has been set at £30m which if fully delivered will result in a £15.4m deficit.
- The £13.3m increase in the deficit is mainly due to:
 - National Efficiency Target = £6.3m
 - Reinstatement of Contingency and Cost Pressure reserve = £4.8m
 - Inflation pressures above national funding £3.9m (Mainly related to PFI)
 - CNST Increase = £1.4m
 - Additional IFRS16 Leases = £0.7m

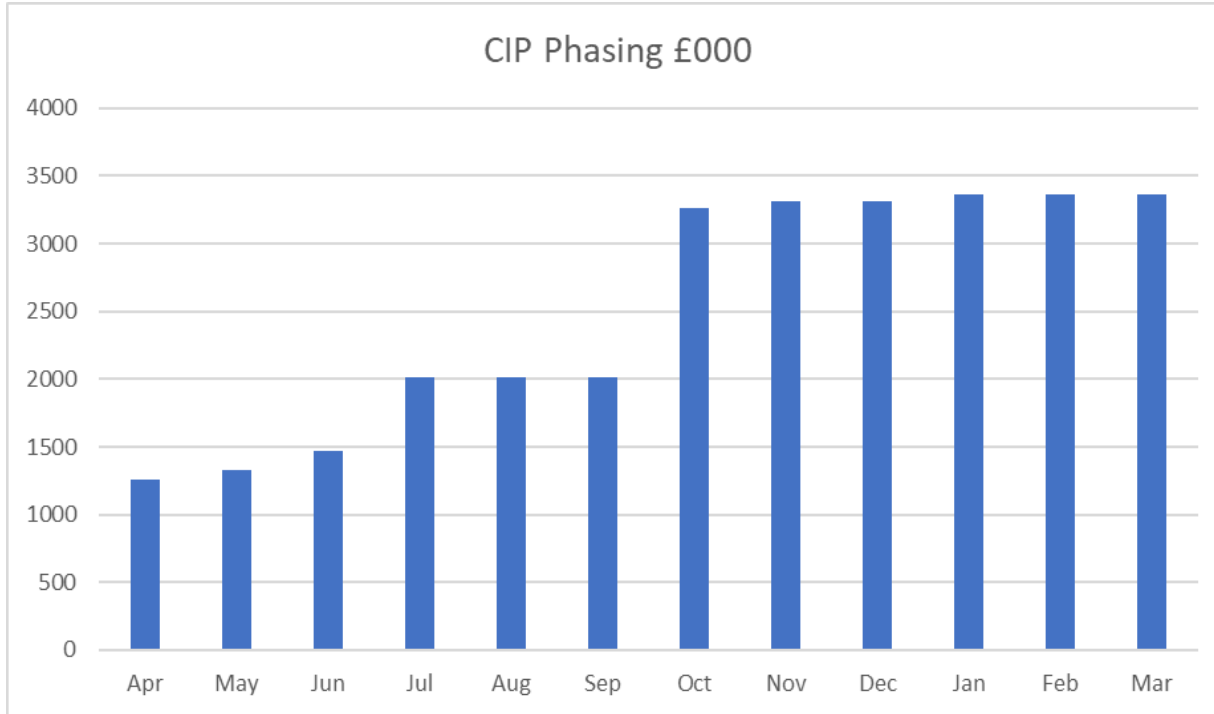
Income and Expenditure Summary

	2022/23			2023/24
	Forecast	Plan	Variance	Plan
Income - Patient Care Activity	598.1	590.8	-7.3	608.9
Other Income	51.4	45.5	-5.9	52.2
Total Income	649.5	636.2	-13.2	661.0
A&C/Sen Man Staff	-36.7	-36.6	0.0	-41.2
Medical Staff	-116.3	-111.6	4.7	-116.2
Nursing	-109.0	-113.0	-4.0	-119.2
Qualified Ambulance + Paramed	-0.5	-0.6	-0.1	-0.4
Scientific Therap & Tech Staff	-48.2	-49.1	-0.9	-52.6
Support Staff	-18.9	-17.9	1.1	-17.4
Support to Clinical Staff	-64.5	-64.9	-0.4	-59.4
Apprenticeship Levy	-1.6	-1.3	0.3	-1.6
Total Pay	-395.6	-395.0	0.6	-408.1
Clinical Negligence	-18.7	-19.4	-0.7	-20.2
Drugs & Medical Gases	-67.4	-60.7	6.7	-66.6
Purch healthcare from non NHS	-22.5	-22.9	-0.4	-21.1
Supplies and Servcies	-44.2	-46.2	-2.0	-47.6
Other Non Pay (Including Contingency)	-56.7	-45.0	11.7	-61.4
Total Non Pay	-209.4	-194.2	15.2	-216.9
Depreciation	-23.0	-24.7	-1.7	-25.5
Public Dividends Payable	-5.8	-5.8	0.0	-6.9
Other Finance Costs	-15.7	-16.5	-0.9	-19.0
Total Other Finance Costs	-44.5	-47.0	-2.6	-51.4
Total (Surplus (+) / Deficit (-))	0.0	0.0	0.0	-15.4

Income and Expenditure Trend

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Income - Patient Care Activity	49.2	50.5	51.4	50.9	51.5	50.9	51.4	51.5	49.6	51.1	50.5	50.4	608.9
Other Income	3.8	3.8	3.8	3.8	3.9	4.0	4.4	4.5	4.3	4.6	4.9	6.4	52.2
Total Income	52.9	54.3	55.2	54.7	55.4	54.9	55.8	56.0	53.9	55.7	55.4	56.8	661.0
A&C/Sen Man Staff	-3.4	-3.4	-3.5	-3.4	-3.4	-3.4	-3.4	-3.4	-3.4	-3.5	-3.5	-3.5	-41.2
Medical Staff	-9.7	-9.7	-9.7	-9.4	-9.5	-9.6	-9.6	-9.5	-9.7	-9.8	-9.9	-10.2	-116.2
Nursing	-9.8	-9.9	-9.9	-9.6	-9.6	-9.7	-9.7	-9.8	-10.2	-10.3	-10.4	-10.3	-119.2
Qualified Ambulance + Paramed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4
Scientific Therap & Tech Staff	-4.3	-4.3	-4.4	-4.4	-4.3	-4.3	-4.4	-4.4	-4.4	-4.5	-4.5	-4.5	-52.6
Support Staff	-1.5	-1.5	-1.5	-1.4	-1.4	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-17.4
Support to Clinical Staff	-5.1	-5.1	-5.0	-4.8	-4.8	-4.8	-4.8	-4.9	-4.9	-5.0	-5.0	-5.2	-59.4
Apprenticeship Levy	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-1.6
Total Pay	-33.9	-34.1	-34.0	-33.3	-33.2	-33.4	-33.5	-33.6	-34.3	-34.6	-34.9	-35.3	-408.1
Clinical Negligence	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-20.2
Drugs & Medical Gases	-5.8	-5.8	-5.6	-5.5	-5.5	-5.5	-5.5	-5.5	-5.5	-5.5	-5.5	-5.5	-66.6
Purch healthcare from non NHS	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.6	-1.6	-1.6	-21.1
Supplies and Servcies	-4.1	-4.1	-3.9	-3.8	-3.8	-3.8	-4.1	-4.1	-3.8	-3.8	-3.8	-4.3	-47.6
Other Non Pay (Including Contingen	-5.1	-5.1	-5.1	-5.0	-5.0	-5.0	-5.1	-5.1	-5.2	-5.2	-5.2	-5.4	-61.4
Total Non Pay	-18.5	-18.5	-18.1	-17.8	-17.8	-17.8	-18.1	-18.2	-18.0	-17.7	-17.7	-18.6	-216.9
Depreciation	-2.0	-2.0	-2.0	-2.0	-2.0	-2.1	-2.1	-2.1	-2.1	-2.2	-2.4	-2.4	-25.5
Public Dividends Payable	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-6.9
Other Finance Costs	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.7	-1.7	-19.0
Total Other Finance Costs	-4.2	-4.2	-4.2	-4.2	-4.2	-4.2	-4.2	-4.3	-4.3	-4.4	-4.6	-4.6	-51.4
Total (Surplus (+) / Deficit (-)	-3.6	-2.4	-1.2	-0.5	0.1	-0.5	-0.1	0.0	-2.6	-1.1	-1.8	-1.7	-15.4

Cost Improvement Plans



Efficiency Plan Risk

£'000				
	Pay	Non Pay	Income	Total
High Risk	9,592	5,329	1,440	16,361
Medium risk	137	2,411	287	2,835
Low Risk	8,778	2,032	60	10,870
Total Efficiencies	18,507	9,772	1,787	30,066

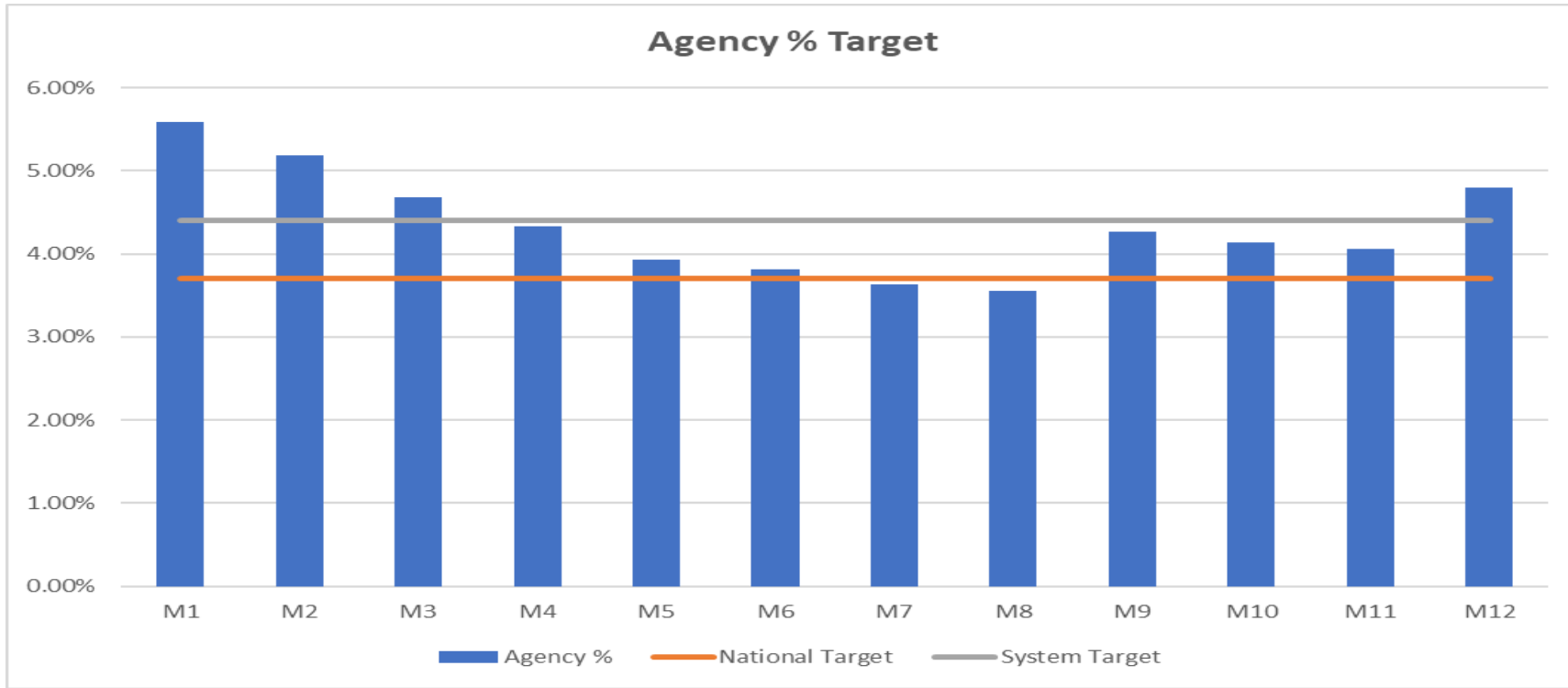
Efficiency Plan Status

£'000				
	Pay	Non Pay	Income	Total
Fully Developed	137	2,662	287	3,086
Plans in Progress	3,665	1,529	815	6,009
Opportunity	10,097	3,178	266	13,541
Unidentified	4,608	2,403	419	7,430
Total Efficiencies	18,507	9,772	1,787	30,066

- The Trust has set a £30m savings target for 2023/24, which is 4.4% of operating expenses.
- Currently there are £7.5m of schemes which are unidentified which have been phased from October 2023.
- The Trust has identified potential income opportunities of c£6m which are being reviewed and explored. If this opportunity could be materialised this would help to mitigate most of the unidentified value.

Agency Target

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Total
Total Pay £m	33.9	34.1	34.0	33.3	33.2	33.4	33.5	33.6	34.3	34.6	34.9	35.3	408.1
Agency Spend £m	1.9	1.8	1.6	1.4	1.3	1.3	1.2	1.2	1.5	1.4	1.4	1.7	17.7
Agency %	5.58%	5.19%	4.68%	4.33%	3.93%	3.81%	3.63%	3.56%	4.26%	4.13%	4.06%	4.79%	4.33%
National Target	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%
System Target	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%



- The Trust is currently forecasting to spend 4.3% (£17.7m) of the total pay spend on agency which is 0.63% more than the target set by NHSE.
- The Kent and Medway System has set a local target for the Trust to use a maximum of 4.4% of agency. The Trust is currently forecasting to achieve this target.
- This is an improvement of 1.67% compared to the draft plan which previously forecasted 6% agency spend.
- The increase towards the end of the financial year is due to additional costs associated with winter and the Kent and Medway Elective Orthopaedic Unit
- The average agency % in 2022/23 (11 months) was 6.4% however in February 2023 this has reduced to 5.24%

Key Assumptions

C	
Pay	AFC Staffing – 2.1% inflation uplift which incorporates pay award and incremental drift – As per Planning Guidance
Non Pay	Drugs 1.3% and Other non pay (5.5%) – As per Planning Guidance PFI
CNST	CNST based on notified levels (£1.4m increase to 2022/23 core charge)
Reserves	Assumes £2.2m contingency reserve plus £2.5m cost pressures reserve
Depreciation and PDC	Depreciation and PDC charges are based on 2023/24 planned levels
PFI	Increase is estimated based on January RPI however contract is based upon February RPI published on 22nd March.
CIP	The Trusts total CIP target for 2023/24 is £30m which if delivered will lead to a £15.4m deficit in 2023/24
Capitalised Leases	The plan does assume leases of buildings and land which are not yet at business case approval stage. This is to ensure there is potential capital coverage for the capital element of the lease as per IFRS16. HMT has not yet confirmed the value of any IFRS16 allocation to the DHSC

Capital Plan 2023/24

1. The Trust's capital plan for 2023/24 (and 2024/25) is required to meet the ICB control total resource for MTW. The baseline £9.278m remains below the Trust's actual internal resource of £11.225m generating an immediate baseline pressure against capital replacement demand.
2. The baseline control total has been subject to two adjustments from the ICB:
 1. A reduction of £0.258m to balance the ICB's overall allocation. All providers in the system have had a similar % reduction applied;
 2. An allocation of £4.996m from system held funds for the HASU reconfiguration project. This is an increase from the original plan of £4.175m and takes into account the increased costs of the scheme.

Therefore the planned capital control total for 2023/24 is £13.019m.

3. Following discussion with the ICB, the plan for 2023/24 assumes that MTW funds the additional cost of the K&M Elective Orthopaedic Centre (the Barn) over and above the national funding. This is a total of £6.411m.
4. Therefore the Trust is left with only an available sum of £2.6m to cover all other capital spend in 2023/24 on Estates, ICT and Equipment requirements.
5. In agreement with the ICB, the CDC capital that is required in 2023/24 of £5.72m, following slippage in the 2022/23 plan, has been included assuming an additional national programme capital source of funding. This is a key risk to both the MTW and the ICB capital plan.
6. Additionally, the Trust has included national funding of £22.465m for the Barn project, and an £88k of digital diagnostics funding already agreed for 2023/24.

Capital Plan 2023/24

7. The Trust also has an expectation of further digital funding, related to EPR optimisation. The anticipated figure is £2.9m but this is subject to business case review and confirmation from NHS England. As such we are not permitted to include this assumption within the plan.
8. The capital regime has a mechanism for additional national capital that can be earned by systems under a “fair share” approach. The capital is linked to revenue performance by the whole ICB system against either breakeven or a stretch deficit control total. For the K&M ICB this potential additional capital is c. £7m for 2023/24 but it is subject to audited accounts demonstrating that the system has achieved the agreed control total.
9. This additional resource cannot therefore be included in planning submissions. Discussion with the ICB CFO has indicated that the significant impact of the Barn additional costs on MTW’s capital resource levels for 2023/24 will be taken into account in the ICB agreeing the use of the £7m across the system if it becomes available from achieving the 2022/23 performance requirements. The Trust is submitting bids against this potential funding.
10. The level of any national IFRS 16 capital lease resource is not yet confirmed by HMT to the DHSC for 2023/24. Trusts have been asked to include planned use of leases in the plans without any confirmation of approval. MTW has included its key commitment of the KMMS accommodation that has slipped into 2023/24, and also some “broad” headings of other potential schemes in order to stake a claim to resource. Further work is being undertaken at present in respect of CDC leases and additional residential accommodation – depending on what is possible to complete by the 22/23 year end, there may be further planned IFRS 16 leases in the final return.
11. Changes to rental costs from rent reviews or inflation impacts lead to a “remeasurement” of the IFRS 16 right to use assets, which is also a charge to capital and has been included where known from our register of leases.

Capital Plan 2023/24 – purchased capital

Capital Spend Plan - all figures £000	2023/24	2024/25	2025/26	2026/27	2027/28
Estates					
Estates Projects - b/f commitments	300				
Backlog maintenance	542	2,078	3,147	3,259	3,100
Barn Theatre - cost over national funding	6,411				
ICT					
ICT Backlog Devices		1,000	1,000	750	1,000
ICT Clinical Applications	350		750	1,000	750
ICT Infrastructure	500	1,000	1,200	1,000	1,000
Equipment					
Linear Accelerator replacements		3,000	3,000		
Backlog equipment replacement	917	2,200	1,828	3,909	3,226
System PDC funded projects					
HASU stroke	4,996				
System control total (issued for 2023/24 and 2024/25)	14,016	9,278	10,925	9,918	9,076
Nationally financed projects					
TWH - Lifecycle (IFRIC 12 PFI capital)	1,503	1,563	2,330	3,071	3,444
Barn Theatre	22,465				
Digital Pathology - I-Refer	88				
Community Diagnostic Hub - Build and Equipment - PDC	5,723				
Total planned capital	43,795	10,841	13,255	12,989	12,520

Capital Plan 2023/24 – leased capital

Capital Spend Plan - all figures £000	2023/24	2024/25	2025/26	2026/27	2027/28
IFRS 16 new Leased "Right to Use" Assets					
Kent Medical School Accommodation	14,649				
CDC Additional Land Lease	tbc				
CDC Unit A additional lease	tbc				
Cardiology Equipment	1,501				
Portakabin - Transport	17				
Residential accommodation	4,335				
SFS Printers	46				
Cardiology Building	8,359				
Urology Investigation Unit Building	5,016				
IFRS 16 Remeasurements of lease liabilities					
32 High Street, Pembury accommodation	820				
EK Bunker	11				
Larkfield Health Ctre	10				
Springwood Accommodation	1702				
Subtotal - IFRS 16 Leases	36,466	0	0	0	0
Total Capital Spend Plans	80,261	10,841	13,255	12,989	12,520

Risks & Opportunities

Risks & Opportunities

1. Fixed envelope may not cover our costs or reflect risks around growth in demand in 23/24 in activity out of scope for NHSPS, such as Non elective care.
2. Given the system financial position further local efficiency factor has been requested of the Trust to support achieving a system balanced financial plan.
3. Adding WLI costs into our position to support delivery of Elective IP and DC activity will create additional financial challenge to our position of circa £2.4M, in the context of a £15.2M deficit plan
4. CIP delivery assumption of £30M
5. 19/20 baseline does not reflect pathway changes
6. System activity target vs. 22/23 FOT presents a risk and opportunity to MTW
7. OP Follow up run rate and overperformance risk

Worked example

		Total (£m)
A	Opening baseline	250
B	2023/24 Growth + ERF money	265
C	Elective target for 23/24 @ 107% of 19/20	107
D	Deductions for unbundled activity	5
E	Value of 23/24 Fixed payment (= B – C – D)	153

In this example, a provider has a contract with a commissioner which has an opening baseline (post baseline reset exercise) of £250m. In 2019/20 they delivered £100m of elective activity within the definition of the ERF target.

- Discussions for 2023/24 has increased the opening baseline to £265m, because of additional growth and ERF funding, net of efficiency and convergence.
- In order to help deliver the ICB's ERF target, they have agreed to deliver 107% (£107m) of in scope of ERF target activity. They have also agreed to deliver £5m of activity within scope of the variable payment.
- This leaves a fixed payment for 2023/24 of £153m out of an expected annual contract value of £265m.
- This is then transacted in the usual way. Where elective activity is below the amount documented in the contract, the monthly payment will be adjusted down.
- For example, if the provider delivers £97m of elective activity, it will receive £246m overall (£10m less than plan)