



**Reference:** FOI.ICB-2324/291

**Subject:** ICS Medium-Term Financial Plan

*I can confirm that the ICB **does hold the information requested**; please see responses below:*

QUESTION	RESPONSE
Please could I receive a copy of the medium-term financial plan for the ICS, which I understand was required to be completed by the end of quarter two of 23/24. Please provide this document in full.	Please see attached

***The information provided in this response is accurate as of 7 November 2023 and has been approved for release by Sarah Truelove, Deputy Chief Executive and Chief Finance Officer for NHS Bristol, North Somerset and South Gloucestershire ICB.***

# **BNSSG Medium-Term Financial Plan**

## **2023/24 – 2027/28**

**BNSSG ICB Board**

**7<sup>th</sup> September 2023**

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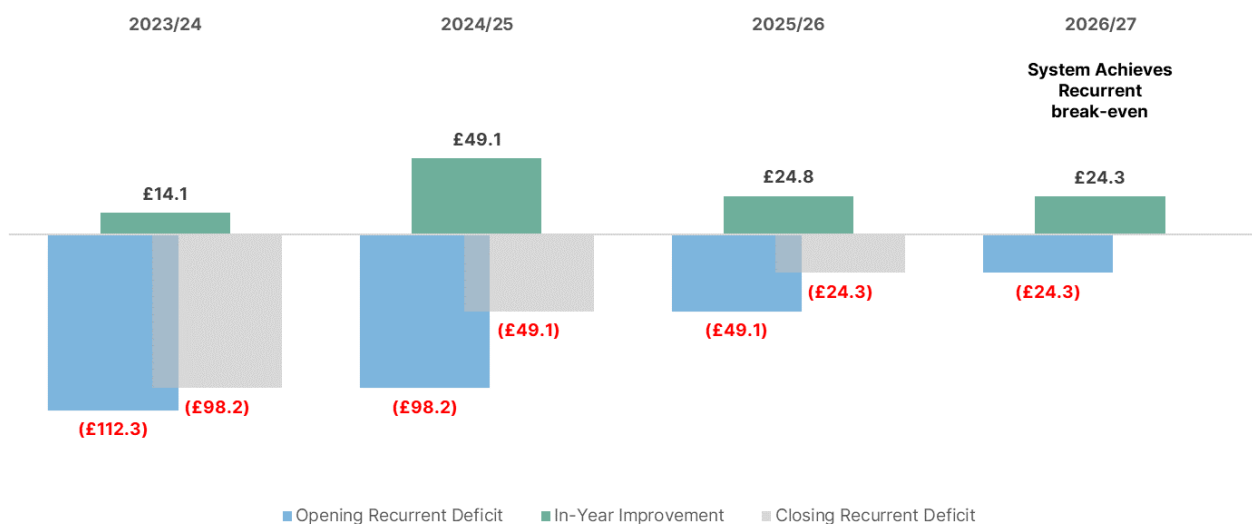
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## 1. Executive Summary & Key Metrics

### 1.1. Executive Summary

- At the start of this financial year (2023/24), the systems recurrent deficit is £112.3m, which has accrued entirely since 2019/20, when structural deficits were fully funded. Of this, £94m relates to increased provider costs, and reduced productivity, £18m relates to delayed transformational savings.
- We have invested significantly in services over the last three years, and we need to realise the benefits of that investment for our population.
- The Medium-Term Financial Plan (MTFP) represents a challenging, but deliverable route to financial sustainability for the system, but is contingent upon successful transformation in the delivery of certain key services, in order to deliver the level of recurrent savings required to achieve the planned trajectory to financial sustainability.
- Under the proposed recovery trajectory, the system (BNSSG ICB- including Primary Care and Sirona- and NHS provider organisations) would return to a combined recurrent break-even at the end of 2026/27 (Year 4), achieved through a combination of savings over and above the national efficiency ask, and part withholding allocation growth.

Figure 1.1a – BNSSG System Financial Improvement Trajectory 2023/24 to 2026/27



- Ensuring delivery of Year 1 (current financial year, 2023/24) is key to our combined success, in terms of a maintaining a deliverable trajectory over the medium-term and ensuring write-off of historic CCG debt inherited by the ICB (£117m). This is reliant on robust benefits tracking of significant investment such as Home First / Urgent & Emergency Care, Primary Care Networks, and the Community Mental Health Framework.
- It is imperative that as part of delivering this year's (2023/24) financial plan, recurrent savings of £74.4m are identified in full. Failure to do so will result in significant risk to the ability of the system to maintain the financial recovery trajectory outlined above.
- Delivery of a break-even plan in Year 2 (2024/25) requires £49m of non-recurrent actions. Of this, £31.6m (approximately 1% of the total system resource) is currently unidentified. A break-even plan in Year 3 (2024/25) requires £24.3m of non-recurrent actions. Of this, £16.5m (approximately 0.5% of the total system resource) is currently unidentified.

- All future, real-terms allocation growth (over and above demographic growth) in the first four-years of the MTFP (until 2027/28) is committed to either mandated and targeted investments (*Section 4.3*) or is partly withheld by the system as a contribution to improving the underlying deficit.
- BNSSGs Needs Index is 99/100, broadly equivalent to the All-England average; and whilst historically the ICB has been below fair-shares funding, by 24/25 the overall system funding allocation (to include specialist commissioning) will be close to target fair-share allocations, therefore the local financial challenge is equivalent to the All-England challenge.
- The MTFP meets NHS published business rules, and policy objectives, such as meeting the Mental Health Investment Standard, achieving financial balance in each year and meeting performance expectations in NHSE Urgent & Emergency Care and the Elective Recovery Plan. The plan is self-assessed to meet NHSE highest scoring criteria of a 'good' MTFP.
- The MTFP is not an Operational Plan, but will be the key starting point for the assumptions that need to be modelled into detailed annual planning rounds. It has not been fully triangulated with strategy, activity, workforce, quality, outcomes & performance, digital and capital plans. However, key assumptions in these specific areas are outlined in *Section 3.3 Triangulation with other planning assumptions* below:

## 1.2. Consequences of non-delivery

### i. Increased Debt Repayment:

The ICB was established with a brought-forward debt of £117m derived from net historical clinical commissioning group (CCG) overspends. If the system and ICB achieve breakeven in 2023/24 (having achieved this in 2022/23), the historic debt will be written off. Failure to deliver this breakeven requirement will have the balance reinstated and it will therefore become repayable, which would increase the savings requirement by 0.5% per year, c.£9m per annum and c.£36m over the lifecycle of this MTFP.

### ii. Loss of Autonomy & Regulator intervention:

In-Year deterioration from the planned break-even position triggers several conditions for both ICB and providers within the system:

- **Provider: double-lock sign-off process for any investments above £50,000** with sign-off required by the organisation and the system.
- **System: triple-lock sign-off process for any investments above £100,000** with sign-off required by the organisation, system and NHSE regional team.
  - Additional reporting requirements to NHSE/I.
  - Further restrictions on recruitment, agency, consultancy, and bank usage may be imposed at the discretion of the regional team.

### iii. Capital funding restrictions:

- C. £5m reduction in system capital funding.
- reduced access to national capital funding streams.

### iv. Insufficient cash:

In year deficits will lead to insufficient cash to meet contractual liabilities and replacement capital requirements within the five-year timeframe of this MTFP; including compliance with Better Payment Practise Code and ultimately, organisation's ability to meet monthly payroll costs.

### v. Longer period of financial recovery:

Delaying progress towards new strategic priorities and access to growth funding from 27/28 onwards.

### 1.3. Key Metrics (System)

**Note** – Years 2-4 of the plan (2024/25 – 2026/27) has been shown in a separate column to explicitly identify the three-year period of financial recovery to break-even and assumes that this years (2023/24) plan is delivered in line with the submitted operational and financial plan, including recurrent efficiency delivery of £74.4m.

Table 1.3a – Medium-Term Financial Plan (MTFP) Key Metrics

	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Year 2 - 4 24/25 - 26/27
<b>Underlying Surplus / (Deficit) start of year</b>	<b>(£112.3)</b>	<b>(£98.2)</b>	<b>(£49.1)</b>	<b>(£24.3)</b>	-	<b>(£98.2)</b>
Uncommitted Growth	£7.6	£8.8	£6.8	£18.5	(£1.0)	£34.1
Transformational Savings requirement	£44.6	£40.3	£18.0	£5.8	£1.0	£64.1
Unfunded Inflationary Cost Pressure	(£38.0)	-	-	-	-	-
<b>Improvement in recurrent Deficit</b>	<b>£14.1</b>	<b>£49.1</b>	<b>£24.8</b>	<b>£24.3</b>	<b>£0.0</b>	<b>£98.2</b>
<b>Underlying Surplus / (Deficit) on exit</b>	<b>(£98.2)</b>	<b>(£49.1)</b>	<b>(£24.3)</b>	-	-	<b>£0.0</b>
Identified non-recurrent actions	£98.2	£17.5	£7.8	-	-	
<b>Further non-recurrent actions required</b>	<b>(£0.0)</b>	<b>£31.6</b>	<b>£16.5</b>	-	-	
<b>In-Year Surplus / (Deficit)</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>	

**MEMO A) Improvement in recurrent deficit delivered through:**

Uncommitted Growth	15%	18%	27%	76%	-	35%
Transformational Savings requirement	85%	82%	73%	24%	-	65%

**MEMO B) Total Savings Requirement, Growth and & Net Investment (£)**

National (Core efficiency) £	(£25.3)	(£26.4)	(£27.0)	(£27.6)	(£28.3)	(£81.1)
<b>Additional Savings Requirement £</b>						
- Transformational Savings requirement	(£44.6)	(£40.3)	(£18.0)	(£5.8)	(£1.0)	(£64.1)
- ICB Efficiency to mitigate growth	(£4.6)	(£4.9)	(£5.0)	(£5.2)	(£5.3)	(£15.1)
- ICB Running Cost Reduction	£0.0	(£3.4)	(£1.4)	£0.0	£0.0	(£4.8)
<b>Total Recurrent Efficiency Requirement (£)</b>	<b>(£74.5)</b>	<b>(£75.0)</b>	<b>(£51.4)</b>	<b>(£38.6)</b>	<b>(£34.6)</b>	<b>(£165.1)</b>
Growth (£)	£116.3	£60.9	£58.6	£50.8	£75.9	£170.3
<b>Net Investment (£)</b>	<b>£41.9</b>	<b>(£14.0)</b>	<b>£7.1</b>	<b>£12.1</b>	<b>£41.3</b>	<b>£5.2</b>

**MEMO C) Total Savings Requirement, Growth and & Net Investment (%)**

National (Core efficiency) %	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)
Additional Savings Requirement %	(2.1%)	(2.0%)	(1.0%)	(0.4%)	(0.2%)	(1.1%)
<b>Total Recurrent Efficiency Requirement (%)</b>	<b>(3.2%)</b>	<b>(3.1%)</b>	<b>(2.1%)</b>	<b>(1.5%)</b>	<b>(1.3%)</b>	<b>(2.2%)</b>
Growth as %	5.1%	2.5%	2.4%	2.0%	3.0%	2.3%
<b>Net Investment (%)</b>	<b>1.8%</b>	<b>(0.6%)</b>	<b>0.3%</b>	<b>0.5%</b>	<b>1.6%</b>	<b>0.1%</b>

### 1.4. MTFP Year 2-4 financial recovery by organisation

The organisational breakdown of the underlying deficits by organisation is shown in Table 1.4a (below). At the end of 2026/27, each constituent provider organisation would remain in recurrent financial deficit, off-set by a recurrent surplus in the ICB. A year-on-year breakdown by organisation is provided in *Appendix B*.

Future iterations of the MTFP will consider further actions possible to eliminate recurrent deficits at individual providers, which has the potential to free up resource for further investment in proactive and preventative care.

Table 1.4a –MTFP Year 2-4 cumulative by Organisation

	Year 2-4 Cumulative	Year 2-4 Cumulative	Year 2-4 Cumulative	Year 2-4 Cumulative	Year 2-4 Cumulative
	BNSSG ICB	AWP	UHBW	NBT	Total
<b>Recurrent Underlying Surplus / (Deficit)</b>	<b>£0.8</b>	<b>(£14.8)</b>	<b>(£54.9)</b>	<b>(£29.3)</b>	<b>(£98.2)</b>
<b>Allocation / Funding Growth</b>					
Inflation	£40.7	£12.9	£41.2	£36.1	£130.9
Provider Efficiency Factor	(£24.9)	(£9.0)	(£25.2)	(£22.1)	(£81.1)
Convergence Factor	£6.9	(£0.0)	(£9.6)	(£6.3)	(£9.1)
Growth	£108.5	£1.1	£38.2	£39.5	£187.3
Discharge & Capacity Funding	£3.5	-	£1.5	£1.3	£6.3
<b>Total Allocation / Funding Growth</b>	<b>£134.7</b>	<b>£5.0</b>	<b>£46.1</b>	<b>£48.5</b>	<b>£234.3</b>
<b>Core Savings Requirement</b>					
Core Efficiency	£24.9	£9.0	£25.2	£22.1	£81.1
ICB Efficiency to mitigate growth	£15.1	-	-	-	£15.1
ICB Running Cost Reduction	£4.8	-	-	-	£4.8
<b>Total Core Savings Requirement</b>	<b>£44.8</b>	<b>£9.0</b>	<b>£25.2</b>	<b>£22.1</b>	<b>£101.0</b>
<b>Price / Demand Growth</b>					
Inflation Costs	(£40.7)	(£12.9)	(£41.2)	(£36.1)	(£130.9)
General Demographic growth in Acute & children's service	(£8.3)	-	(£8.9)	(£9.0)	(£26.2)
Mental Health Investment Standard	(£13.3)	-	-	-	(£13.3)
Better Care Fund Mandated Uplift	(£4.2)	-	-	-	(£4.2)
Delegated PMS & Other PC Services	(£26.3)	-	-	-	(£26.3)
Demand Growth (CHC / Prescribing / LD)	(£34.7)	-	-	-	(£34.7)
Targetted Specialist Commissioning Growth	-	(£0.5)	(£13.3)	(£9.4)	(£23.3)
CNST Premium Uplift	-	(£0.2)	(£4.6)	(£3.6)	(£8.3)
High Cost Drugs	-	-	(£2.5)	(£5.0)	(£7.5)
Mandated Uplifts to Inter-System Contracts	(£0.4)	-	-	-	(£0.4)
Other Recurrent Cost Pressures	-	-	-	-	£0.0
<b>Total Price / Demand Growth</b>	<b>(£127.8)</b>	<b>(£13.6)</b>	<b>(£70.5)</b>	<b>(£63.1)</b>	<b>(£275.1)</b>
<b>Strategic Investments</b>					
Home First & UEC Investments	(£2.0)	-	(£1.5)	(£1.3)	(£4.8)
Mental Health Discharge Costs	-	(£1.3)	-	-	(£1.3)
Anticipatory Care, Prevention and Inequalities	(£7.8)	-	-	-	(£7.8)
Digital Investments	(£6.0)	-	-	-	(£6.0)
Elective Centre	-	-	-	(£6.2)	(£6.2)
<b>Total Strategic Investments</b>	<b>(£15.8)</b>	<b>(£1.3)</b>	<b>(£1.5)</b>	<b>(£7.5)</b>	<b>(£26.1)</b>
<b>Uncommitted Growth</b>	<b>£35.8</b>	<b>(£0.9)</b>	<b>(£0.7)</b>	<b>(£0.1)</b>	<b>£34.1</b>
<b>Transformational Savings Programme</b>	<b>£8.9</b>	<b>£4.6</b>	<b>£27.7</b>	<b>£22.9</b>	<b>£64.1</b>
<b>Improvement in Underlying Position</b>	<b>£44.7</b>	<b>£3.7</b>	<b>£27.0</b>	<b>£22.8</b>	<b>£98.2</b>

Note – Where organisation positions are described, these relate to statutory NHS organisations within the ICS, therefore Primary Care and Sirona Care & Health CiC financial positions are captured within the ICB financial plan.

Sirona is not assessed to have an underlying financial deficit and therefore savings and investments to date are not expected to either adversely, or favourably impact Sirona's financial position, however Sirona will have its own organisational challenge to deliver core 1.1% efficiency and recover and current year budget pressures.

### 1.5. Year 2-4 Total financial benefit requirement (by organisation)

The total recurrent financial improvement the system needs to deliver of Years 2-4 of the MTFP is £199.2m. As described above, this is delivered through a combination of cash releasing savings (£165.1m) and retained growth (£34.1m).

The total cash releasing savings requirement in Years 2-4 of the MTFP is a function of savings required to meet that national efficiency target (1.1% per annum), to off-set growth in ICB continuing healthcare and prescribing, to reduce ICB running cost expenditure in line with reduced allocations (£101m combined), and savings required to recover the underlying deficit (£64.1m).

**Table 1.4a – Total financial improvement requirement (system)**

	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Year 2 - 4 24/25 - 26/27
National (Core efficiency) £	£25.3	£26.4	£27.0	£27.6	£28.3	£81.1
<b>Additional Savings Requirement £</b>						
- Transformational Savings requirement	£44.6	£40.3	£18.0	£5.8	£1.0	£64.1
- ICB Efficiency to mitigate growth	£4.6	£4.9	£5.0	£5.2	£5.3	£15.1
- ICB Running Cost Reduction	£0.0	£3.4	£1.4	£0.0	£0.0	£4.8
<b>Total Recurrent Efficiency Requirement (£)</b>	<b>£74.5</b>	<b>£75.0</b>	<b>£51.4</b>	<b>£38.6</b>	<b>£34.6</b>	<b>£165.1</b>
Uncommitted Growth	£7.6	£8.8	£6.8	£18.5	(£1.0)	£34.1
<b>Total Financial Improvement</b>	<b>£82.0</b>	<b>£83.8</b>	<b>£58.3</b>	<b>£57.1</b>	<b>£33.6</b>	<b>£199.2</b>

In addition, under the national finance regime for recovery of elective services, systems are receiving additional funding to increase elective activity levels to approximately 120% of 2019/20 activity levels by March 2025, therefore reducing waiting list backlogs. This equates to an average increase of 0.75% per month, which would see the system reach 107% by the end of 2023/24.

Funding to deliver this level of activity has been received by systems in full in 2023/24, to acknowledge the lower levels of productivity that were present over the period of the pandemic, and effectively subsidising the associated increase in costs. As activity levels are expected to increase, this subsidy will taper off over the period to March 2025, to be replaced by an equivalent productivity improvement, with activity levels rising at marginal additional cost.

**Table 1.4b – Year 2-4 financial benefit requirement (by organisation)**

	Year 2 - 4 System	Year 2 - 4 ICB	Year 2 - 4 AWP	Year 2 - 4 UHBW	Year 2 - 4 NBT
<b>Cash Releasing Savings</b>					
National Efficiency Ask	£81.1	£24.9	£9.0	£25.2	£22.1
ICB running costs reduction	£4.8	£4.8	-	-	-
ICB Efficiency to mitigate growth	£15.1	£15.1	-	-	-
Underlying Deficit Reduction	£64.1	£8.9	£4.6	£27.7	£22.9
<b>Total Cash Releasing Savings</b>	<b>£165.1</b>	<b>£53.7</b>	<b>£13.6</b>	<b>£52.9</b>	<b>£44.9</b>
<b>Retained Growth</b>					
ICB retained growth	£18.6	£18.6	-	-	-
Spec Comm 40% retained growth	£15.5	-	£0.4	£8.9	£6.3
<b>Total Retained Growth</b>	<b>£34.1</b>	<b>£18.6</b>	<b>£0.4</b>	<b>£8.9</b>	<b>£6.3</b>
<b>Recurrent Financial Benefit Requirement</b>	<b>£199.2</b>	<b>£72.3</b>	<b>£13.9</b>	<b>£61.7</b>	<b>£51.2</b>
<b>Additional non-recurrent actions</b>	<b>£73.4</b>	<b>£22.5</b>	<b>£8.1</b>	<b>£22.8</b>	<b>£20.0</b>
<b>TOTAL Cash Improvement</b>	<b>£272.6</b>	<b>£94.8</b>	<b>£22.1</b>	<b>£84.5</b>	<b>£71.2</b>
<b>Implied Productivity Improvement</b>					
Elective services productivity 9.4% per annum	£33.2			£16.6	£16.6
<b>TOTAL Financial Benefit</b>	<b>£305.8</b>	<b>£94.8</b>	<b>£22.1</b>	<b>£101.1</b>	<b>£87.8</b>



as a %

	Year 2 - 4 System	Year 2 - 4 ICB	Year 2 - 4 AWP	Year 2 - 4 UHW	Year 2 - 4 NBT
Total Cash Releasing Savings	2.2%	2.4%	1.7%	2.3%	2.2%
Total Retained Growth	0.5%	0.8%	0.0%	0.4%	0.3%
<b>Recurrent Financial Improvement</b>	<b>2.7%</b>	<b>3.2%</b>	<b>1.7%</b>	<b>2.7%</b>	<b>2.6%</b>
Non Recurrent additional actions	1.0%	1.0%	1.0%	1.0%	1.0%
<b>Total Cash Improvement (%)</b>	<b>3.7%</b>	<b>4.2%</b>	<b>2.7%</b>	<b>3.7%</b>	<b>3.5%</b>
Implied Productivity Improvement	0.5%	0.0%	0.0%	0.7%	0.8%
<b>TOTAL Financial Improvement (%)</b>	<b>4.1%</b>	<b>4.2%</b>	<b>2.7%</b>	<b>4.4%</b>	<b>4.4%</b>

**N.B.** the split at organisational level of the additional non-recurrent actions required to deliver in-year break-even position is illustrative only at this stage.

## 2. Future Planning Context

The NHS is at a pivotal moment.

- The period of the Long-Term Plan (and associated 5-year Primary Care contract settlement) ends in March 2024. There is unlikely to be a new long-term settlement before a general election.
- The Covid pandemic severely disrupted the NHS, and the financial and performance position is significantly worse than anticipated. However, the Government has responded with additional funding to back three key 'recovery plans' for Urgent & Emergency Care, Elective Care and Primary Care.
- Integrated Care Partnerships have been established by NHS England on a statutory basis; and the local and national priorities for Integrated Care Systems and Integrated Care Boards are becoming better defined.
- The pandemic response and the subsequent cost of living crisis have severely harmed public finances, so a sustained period of low growth and austerity seems likely; as well as impacting industrial relations and workforce supply. These factors seem as mutually concerning for local government and the NHS.

At a time of such macro-level uncertainty, it is more important than ever to provide some medium-term planning parameters, shared by partners across the system, which is the key purpose of the Medium-Term Financial Plan (MTFP).

The MTFP serves both as a local plan to enable decision-making, but also a tool to engage and negotiate with national leaders.

Following conclusion of the 23/24 Planning Round, NHS England requested that all Integrated Care Systems developed a Medium-Term Financial Plan, approved by their Boards, by the end of Quarter 2.

## 3. How We Got Here & Purpose

### 3.1. How we got here

BNSSG system has been maintaining a system medium term financial plan since 2019. This has been subject to annual refresh and updated in line with changes to the NHS financial framework and allocations:

- Long Term Plan 2019 – approved BNSSG CCG GB and Healthier Together CEOs.
- Refresh November 2021 – approved Healthier Together CEOs and Partnership Board.
- Basis for 22/23 Operational Plan – approved BNSSG ICB Board and Healthier Together Executive Group.

- External peer review of investments commissioned and re-affirming the financial challenge and trajectory were appropriate, deliverable, and consistent with national financial planning assumptions – June 2023.
- Updated to reflect changes to NHS financial framework:
  - Move to ICS, incorporating NHS financial recovery funding in baseline (effectively funding 2019/20 underlying deficit).
  - Trajectories changed to reflect impact of Covid and consequent backlogs.
  - Fundamentals remain the same.
- The pandemic and immediate post-pandemic period have been a significant disruptor:
  - Productivity of service delivery has deteriorated compared to 2019/20
  - Unfunded inflationary costs has increased the cost base by £38m

### 3.2. MTFP Purpose

The Medium-Term Financial Plan is not a formal annual budget or contract payment settlement; however, it provides the financial framework to enable:

- annual budget & operational planning to take place.
- to set context for ICS Strategy, each organisational strategy, and the 5-year Joint Forward Plan
- and judge affordability of medium-term financial commitments such as capital expenditure; multi-year contracts for clinical services, for goods and services and workforce planning

The MTFP serves both as a local plan to enable decision-making, but also a tool to engage and negotiate with national leaders.

The focus of the plan is to control and deliver on factors within the ICS control and prevent operational and commissioning teams being distracted by external factors outside of their control; notably, the impact of inflation, and new unfunded or unannounced government spending commitments.

### 3.3. Triangulation with non-financial planning assumptions

The MTFP is not an Operational Plan and has not been fully triangulated with strategy, activity, workforce, quality, outcomes & performance, digital and capital plans. However, key assumptions in these specific areas are outlined below:

#### Quality, Outcomes & Performance

- Resources are higher than 2019/20 and investments should be expected to delivery improved Quality, Outcomes & Performance compared to a 2019/20 pre-pandemic baseline.
- Full year impact of investment is expected to improve Urgent Care and Primary Care in line with national Recovery Plans.
- Ongoing Elective Services Recovery Funding (ESRF) and a 9.4% productivity improvement is expected to increase overall levels of elective activity to c.120% compared to 2019/20 by March 2025, therefore reducing the Elective Care backlog to 2019/20 levels, in line with the national Recovery Plan.
- Mental Health & Learning Disabilities are funded for 2.5% real terms growth to deliver improved outcomes.

- That said, after the real-terms investment over the last 4 years, 2024/25 will be challenging with a real terms cost reduction of 0.4% compared with 2023/24, so it is unrealistic to expect significant performance gains other than those set out in the recovery plans above.

## Strategy

- The plan allows for recurrent strategic investment in Anticipatory Care/Prevention of c.£18m (1% of the ICBs recurrent allocation) by 2025/26, of which £11.6m is currently earmarked for Anticipatory Care, and £4.8m in data and digital investment, in line with Hewitt Review recommendations.
- Anticipatory Care investment is required to meet the challenge of rising co-morbidity. Local modelling of a 'do-nothing trajectory' predicts demand for current healthcare provision rising at 6% per annum (double the affordable allocation growth rate), primarily driven by the acceleration of escalating patients care needs.
- An earmarked reserve of £3.2m has been set aside for Reducing Health Inequalities. This should be targeted at under-served communities that are not addressed by specific CORE20 initiatives, or the five specific (PLUS5) areas funded by NHS England.
- In all other circumstances, reducing health inequalities, moving to 'fair shares' resources by locality and enhancing the role of VCSE would be expected to require re-allocation of existing resources.
- Provider collaboration, as well as other joint commissioning and provider integration models, is expected to deliver cash releasing efficiencies.

## Digital & Data

- Ongoing revenue costs and recurrent savings are included in the plan in line with the Digital Strategic Outline Business Case; real terms increase in use of data and digital leading to a net cost reduction across all sectors.
- Investment in digital workforce and technology leading to reduced demand for clinical workforce and improved productivity.
- Whilst outline business cases are developed, this has been modelled at system (as opposed to specific provider) level and reported via the ICB financial plan.
- £30m-£40m of one-off investment is expected to be funded from external sources, which is expected to be a mix of capital and revenue investment. At the time of writing, the level of national funding available is not known (see risks, Section 7)

## Capital

- Capital allocations and budgets will be subject to a further iteration of MTFP once the 10-year capital prioritisation exercise is undertaken.
- The MTFP allows for revenue implications of ongoing depreciation & PDC for operational capital and known major strategic investments, the 2-year capital plan as approved by the ICB Board, and major strategic investments:
  - Southmead Elective Centre
  - North Bristol & Weston Community Diagnostic Centres
  - SW North Learning Disabilities Assessment Unit
  - AWP Callington Road service reconfiguration

- The MTFP does not anticipate significant new capital investments, nor assume any significant revenue costs or benefits arising from further capital investment.
- A breakdown of the system Operational Capital allocation and it's planned use is shown in *Appendix E*. It should be noted that Years 3-5 are shown for presentational purposes, whilst the outcome of system strategic prioritisation is completed.

### **Workforce**

- as set out in NHS Long Term Workforce Plan there is no anticipated increase in workforce supply for the duration of MTFP, and this aligns with no real terms increases in the cost base, and recovery of the deficit.
- Current costs of agency and international recruitment are captured in the underlying cost base.
- Workforce productivity improvement will be required and will represent a significant contribution to the 1.1% core efficiency requirement for all providers, as well as the ICB running cost reduction.

### **Medicines Optimisation**

- The plan assumes ongoing real-terms growth in primary care prescribing of just 0.3% per annum. Medicines optimisation projects have demonstrated significant success in mitigating the cost of new medicines and demand growth, and this is expected to continue for the duration of the MTFP.
- Real-terms growth in high-cost secondary care medicines & devices, including new medicines and medical technology mandates, has been projected at £2.5m per annum (4.7%). This is lower than recent trends. This investment is also expected to cover additional delivery costs and to leverage efficiencies and cash releasing savings in existing models of care.

### **Activity**

- Underlying demographic demand is funded in line with weighted population growth of 0.7% per annum. Non-demographic pressures are then mitigated through transformation plans funded within medium term plan.

### **Primary Care Medical & Other (dental, pharmacy and optometry) Services**

- The MTFP does not make any assumptions regarding the outcome of new contract negotiations for 24/25 and beyond for General Practice and other primary care services.
- The plan is on a 'revenue neutral' basis on Primary Care, including protection of Dental Service 'ring fence', and assuming ongoing recurrent funding for existing Primary Care Direct Enhanced Services (DES) and the Additional Roles Reimbursement Scheme (ARRS) in line with 23/24 plan.

## 4. Key Medium-Term Financial Plan (MTFP) Assumptions

### 4.1. BNSSG ICB Allocations

2-year allocations for financial years 2023/24 and 2024/25 were published by NHS England on the 27th of January 2023, covering allocations for the following funding streams.

- ICB Core Services
- ICB Primary Care Medical
- ICB Running Costs

The recurrent ICB allocation for 2023/24 is £1.95bn, growing to £2.22bn in 2027/28 (average real-terms growth excluding inflation of 2.5% per annum). A detailed breakdown of the total growth for each funding stream is included in *Appendix C – BNSSG ICB Allocations*.

Table 4.1a – ICB Recurrent Allocation Summary 2023/24 – 2027/28

	Published		Year 2 Extrapolated for planning		
	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>ICB Allocations Summary</b>					
ICB Core Allocation	£1,654,833	£1,709,415	£1,765,795	£1,824,035	£1,884,197
Additional discharge allocation	£7,198	£8,492	£8,492	£8,492	£8,492
Physical / Virtual Capacity funding	£17,108	£20,910	£20,910	£20,910	£20,910
<b>TOTAL ICB Core Services Allocation</b>	<b>£1,679,139</b>	<b>£1,738,817</b>	<b>£1,795,197</b>	<b>£1,853,437</b>	<b>£1,913,599</b>
ICB running costs	£18,900	£15,491	£14,120	£14,120	£14,120
ICB primary medical services	£172,185	£179,272	£186,650	£194,332	£202,330
ICB other primary care (pharmacy, optometry, dental)	£82,951	£84,479	£86,035	£87,620	£89,235
<b>TOTAL Recurrent ICB Allocation</b>	<b>£1,953,175</b>	<b>£2,018,059</b>	<b>£2,082,002</b>	<b>£2,149,509</b>	<b>£2,219,284</b>
TOTAL Recurrent ICB Allocation Growth		<b>£64,884</b>	<b>£63,943</b>	<b>£67,507</b>	<b>£69,775</b>
TOTAL Recurrent ICB Allocation Growth (%)		<b>3.3%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.2%</b>
Provider Efficiency Factor %		<b>(1.1%)</b>	<b>(1.1%)</b>	<b>(1.1%)</b>	<b>(1.1%)</b>
Inflation %		<b>1.8%</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.8%</b>
Real-terms Growth %		<b>2.6%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.5%</b>

#### 4.1.1. ICB Core Services Allocation

- Gross inflation is funded at 2.9% (pre final 2023/24 pay award agreements) in Year 1, and at 1.8% in all future years.
- National provider Efficiency Factor for each year of the model is -1.1%.
- Real-terms growth of 2.5% per annum in future years.
- In addition to funding general inflationary increases and demographic growth across all services, ICB Core Allocation growth covers specific mandated uplifts for the Mental Health Investment Standard (MHIS), Better Care Fund (BCF), Clinical Negligence Schemes for Trusts (CNST).
- The published ICB core allocations for year 2 (2024/25) leaves the ICB 1.5% below fair share target allocations, and therefore it is assumed that the ICB will continue to benefit from an annual convergence adjustment (to fair shares allocation) of 0.1% in each year of the model.

Table 4.1b – ICB Core Allocation % uplifts

ICB Core Allocation	Published		Year 2 Extrapolated for planning		
	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
Base Growth	5.2%	3.2%	3.2%	3.2%	3.2%
Convergence Adjustment	0.1%	0.1%	0.1%	0.1%	0.1%
<b>Post Convergence Growth</b>	<b>5.4%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.3%</b>
<b>of which</b>					
Inflation %	2.9%	1.8%	1.8%	1.8%	1.8%
Provider Efficiency Factor %	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)
Convergence Adjustment %	0.1%	0.1%	0.1%	0.1%	0.1%
Growth %	3.4%	2.5%	2.5%	2.5%	2.5%
<b>Recurrent Allocation Growth</b>	<b>5.4%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>3.3%</b>
Net Tariff %	1.8%	0.7%	0.7%	0.7%	0.7%

#### 4.1.2. ICB Running Costs Allocation

ICB running costs allowances will reduce over a two-year period by 30% in real-terms, from £18.9m in 2023/24 to £14.1m in 2026/27. This represents a total reduction of £4.8m:

- 20% reduction in 2024/25 (£3.4m)
- further 10% reduction in 2025/26 (£1.4m)

#### 4.1.3. Specialist Commissioning Allocations

- Gross Inflation is funded at 2.9% (pre final 2023/24 pay award agreements) in Year 1, and at 1.8% in all future years.
- National provider Efficiency Factor for each year of the model is (-1.1%).
- Real- terms growth (excluding 0.7% net inflation and efficiency factor) of 2.5% per annum (in line with ICB allocation).
- The model is calculated on a provider basis, and therefore the opening 2023/24 underlying position baseline assumes income in line with the 2023/24 operating plan submission, with no opening underlying surplus or deficit in specialist commissioning budgets attributable to the BNSSG system.
- Savings & Investments in High-Cost Drugs and Devices is excluded from the model, i.e., assumed revenue neutral for BNSSG system.
- Savings & Investments for MH Provider Collaborative is excluded from the model, i.e., assumed revenue neutral for BNSSG system (after accounting for gross inflation & efficiency above).
- Early information shared on specialist commissioning spend by population suggests that BNSSG access more specialist services than average. In the MTFP we have assumed no move to population-based allocations over the lifecycle of the MTFP. However, continuing convergence factor on current basis in future years is as follows:
  - 24/25 -1.09%
  - 25/26 -1.09%
  - 26/27 -0.6% (national convergence back to target)
  - 27/28 Nil

Table 4.1c – Specialist Commissioning Allocation % uplifts

Spec Comm / inter-System	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
Base Growth	3.2%	3.2%	3.2%	3.2%	3.2%
Convergence Adjustment %	(0.7%)	(1.1%)	(1.1%)	(0.6%)	-
<b>Post Convergence Growth</b>	<b>2.5%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>2.6%</b>	<b>3.2%</b>
<b>of which</b>					
Inflation %	2.9%	1.8%	1.8%	1.8%	1.8%
Provider Efficiency Factor %	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)
Convergence Adjustment %	(0.7%)	(1.1%)	(1.1%)	(0.6%)	-
Growth %	1.4%	2.5%	2.5%	2.5%	2.5%
<b>Recurrent Allocation Growth</b>	<b>2.5%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>2.6%</b>	<b>3.2%</b>
Net Tariff %	1.8%	0.7%	0.7%	0.7%	0.7%

## 4.2. Recurrent Savings Requirement

To deliver the financial improvement trajectory which attains system-level recurrent break-even by the end of Year 4 (2026/27), the system has set a challenging but deliverable savings ask over the medium-term. The combined provider and ICB savings ask is outlined below, totalling £274m over the five-year planning period (including £74.5m in the current financial year).

In percentage terms, over the planning period, this equates to an average of 2.3% of the controllable cost base (1.2% higher than the national efficiency ask imposed by NHS England) per year. The full breakdown of opportunities by year is detailed in *Appendix D*.

Years 1 and 2 (2023/24 and 2024/25) represent the most challenging years in terms of the totality of savings required (c.3.2% in each year), which reflects the need for the system to leverage the benefits of significant real-terms investment in services that has been evident since 2019/20.

Delivery of the recurrent savings plan in these first two years will result in a significant taper to the level of savings required in future years, as the underlying deficit is reduced, and savings targets are brought closer in line with the National efficiency requirement of 1.1%.

Table 4.2a – System Savings Requirement by Year

	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Year 2-4 TOTAL
National (Core efficiency)	£25.3	£26.4	£27.0	£27.6	£28.3	£81.1
Additional Savings Requirement	£49.1	£48.6	£24.4	£11.0	£6.3	£84.0
<b>Total Savings Requirement (£)</b>	<b>£74.5</b>	<b>£75.0</b>	<b>£51.4</b>	<b>£38.6</b>	<b>£34.6</b>	<b>£165.1</b>
National (Core efficiency)	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)	(1.1%)
Additional Savings Requirement	(2.1%)	(2.0%)	(1.0%)	(0.4%)	(0.2%)	(1.1%)
<b>Total Savings Requirement (%)</b>	<b>(3.2%)</b>	<b>(3.1%)</b>	<b>(2.1%)</b>	<b>(1.5%)</b>	<b>(1.3%)</b>	<b>(2.2%)</b>

A high-level categorisation of savings plan has been undertaken to classify savings opportunities into the following categories (summarised in table 6.2b below)

Scheme Type / Status	Description	Maturity Level of Savings Plan
Underlying Recovery	Recovery of savings under-delivery / increased costs associated with prior financial years (2023/24 only).	High

Benefits Realisation	Cash releasing savings opportunities associated with ICB Board approved strategic, outline or full business cases and/or 23/24 operational plan investments, with defined benefits and cash releasing savings opportunities.	High
ICB running costs	Nationally mandated reduction to ICB running cost allocations, which represents a 30% reduction in resource.	Medium
Core Efficiency	1.1% core National efficiency ask – applied to all controllable costs within both ICB and providers	Medium
Transformation Opportunity	Savings opportunities identified, and linked to specific areas of benchmarking / national policy	Low

**Table 4.2b – Assessment of Savings Plans Maturity**

Status	Maturity of Savings Plan	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28	Year 2-4 TOTAL
Transformation Opportunity	Low	£13.5	£24.9	£13.8	£8.0	£5.3	£46.8
Core Efficiency	Medium	£25.3	£26.4	£27.0	£27.6	£28.3	£81.1
ICB Running Costs	Medium	£0.0	£3.4	£1.4	£0.0	£0.0	£4.8
Benefits Realisation	High	£16.9	£20.2	£9.2	£3.0	£1.0	£32.4
Underlying Recovery	High	£18.7	£0.0	£0.0	£0.0	£0.0	£0.0
<b>Total Savings Requirement (£)</b>		<b>£74.5</b>	<b>£75.0</b>	<b>£51.4</b>	<b>£38.6</b>	<b>£34.6</b>	<b>£165.1</b>

### 4.3. Recurrent Strategic Investments

Table 4.3 (below) details the strategic investments embedded into the MTFP, and outlines the significant up-front investment made in improving discharge, expanding out of hospital care, and increasing urgent & emergency care capacity this financial year.

**Table 4.3 – Recurrent Strategic Investments**

	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>Home First &amp; UEC Investments</b>					
Improving Discharge	(£11.3)				
Expanding Care Outside Hospital	(£9.7)				
Increasing UEC capacity	(£13.1)				
Mental Health Discharge Costs		(£1.3)			
Physical / Virtual Capacity funding		(£4.8)			
<b>Investments linked to emerging strategy</b>					
Anticipatory Care, Prevention and Wellbeing investment	(£5.3)	(£5.8)	(£2.0)		
Health Inequalities	(£3.2)				
Shared Data & Planning Platform (net)	(£0.4)	(£0.6)	(£0.7)		
Elective Centre			(£6.2)		
Digital SOC		(£1.6)	(£1.5)	(£1.6)	(£0.5)
<b>Discretionary Applications of Growth Funding</b>	<b>(£43.1)</b>	<b>(£14.1)</b>	<b>(£10.4)</b>	<b>(£1.6)</b>	<b>(£0.5)</b>
<b>Uncommitted Growth / Affordability Gap</b>					
Uncommitted Growth				£0.0	(£25.2)
<b>Discretionary Applications of Growth Funding</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>	<b>(£25.2)</b>



#### 4.4. Non-Recurrent Actions / Requirement

Whilst the MTFP sets the trajectory for the system to return to recurrent break-even, it will still need to demonstrate a credible route to meeting the statutory requirement for delivery of in-year break-even in each year of the planning period.

The non-recurrent requirement to achieve this in Years 2 (and 3) of the plan is £49.1m (£24.3m in Year 3), of which £17.5m (£7.8m in Year 3) of actions have already been identified.

System Directors of Finance have judged that the remaining level of unidentified non-recurrent requirement in each year does not expose to the system to significant financial risk.

This challenge is expected to be met by actions such as:

- 0.5% non-recurrent savings (e.g. holding vacancies)
- Slippage on investments funded in the MTFP
- Withholding additional non-recurrent allocations

#### 4.5. Other Key Assumptions

- BNSSG cost weighted population is expected to grow at 0.7% in 2024/25 (NHS England projections). General growth funding in line with this population growth is factored into each year of the MTFP, and applied to all Acute, Children's and Community services.
- The MTFP achieves the Mental Health Investment Standard in each year of the MTFP (equivalent to 2.5% per annum real-terms growth).
- Growth has been applied to Learning Disabilities and Autism budgets at the same rate as the Mental Health Investment
- Growth in the Better Care Fund of 5.7% per annum as per 2024/25 requirement.
- 2.1% per annum growth (inclusive of inflation) in Primary Care prescribing.
- 4.2% per annum growth (inclusive of inflation) in Continuing Healthcare (including Funded Nursing Care).
- £2.5m per annum growth (inclusive of inflation) in ICB commissioned High Cost drugs and devices, to include MedTech funding mandates and implementation costs

### 5. Risks / Sensitivity Analysis

#### 5.1. Delivery Risks

- 23/24 Outturn adverse to plan triggering repayment of historic accumulated debt.**
  - Estimated at additional savings challenge of £8.9m per annum (0.5% of ICB allocation). There two key risks emerging, ICB Funded Care overspend and impact of Industrial Action on provider costs and ability to earn elective recovery income.
  - Risk Rating – **Low**
  - Mitigated by robust operational management, local deferral of strategic investments and HM Government response to Industrial Action.
- Recurrent Exit run-rate from this year is adverse to planned £98m deficit.**
  - 1% savings shortfall would be equivalent to £23m additional deficit per annum.
  - Risk Rating – **Medium**

- Mitigated by robust operational management.
  
- iii. **Risk-adjusted future savings opportunities**
  - 25% of current savings opportunities are high risk. A 1% savings shortfall would be equivalent to £23m additional deficit per annum.
  - Risk Rating – **Medium**
  - Mitigated through robust programme management and identifying future savings pipeline.
  
- iv. **Delivery of investment and benefits in line with for major business cases**
  - Risk Rating – **Medium**
  - mitigated through robust programme management.

## 5.2. Risks associated with key assumptions.

Next financial year (2024/25) represents the last year of the known funding settlement for the NHS. Therefore, in taking an approach to medium-term planning, there is inherent exposure to risk around the assumptions embedded into future years. In the absence of any national solution, materialisation of any of the risks outlined below would result in the need for mitigations through reduced investments or increasing savings.

- i. Digital investment assumes access to c£33m national revenue and capital funds.
- ii. Lack of certainty on Service Development Funding and elective recovery performance targets beyond 2024/25, and continued funding, leading to risk of unfunded recurrent capacity and costs e.g. stranded costs arising from Stroke Service reconfiguration and ongoing ISTC capacity.
- iii. Specialist Commissioning shift to population-based allocations at a faster rate than the assumed convergence to fair shares allocations, reducing the level of retained growth set out in the plan.
- iv. Critical Infrastructure Risks e.g., fire safety requirements creates additional recurrent revenue commitment.
- v. 'Right to Choose' commissioning policy and 'Any Qualified Provider' procurement policy creates excess capacity and stranded fixed costs in existing providers, notable examples include ADHD, Ophthalmology, Elective Recovery activity in ISTCs, and Southmead Elective Centre & Healthy Weston phase 3 plans.
- vi. The plan assumes investment and transformation in some providers and sectors lead to benefits and savings in other sectors:
  - a. ICS partner organisations e.g. NHS providers, ICB and Sirona – risk mitigated through system working and funding /resource sharing arrangements
  - b. ICP partner organisation e.g. local authorities, SWAST, VCSE, Primary Care- risk mitigated through system working
  - c. NHSE Specialised Commissioning – risk mitigated through delegation and partnership working
  - d. Other commissioners e.g. neighbouring ICBs, Welsh commissioners, Health Education England and NIHR – risk mitigated through partnership working

### 5.3. Risks associated with external factors.

- i. Changes to the national funding model, nationally mandated performance expectations or new policy mandates placed upon the ICS.
- ii. LA transfer costs and burden to NHS, in response to LA funding pressures caused by inflation and underfunded social care reforms.
- iii. Cost of living crisis generates further demand growth, as it is well established that that health needs increases in line with higher deprivation.
- iv. Costs of achieving Net Zero (Green Plan), beyond £6m capital investment prioritised over next 2 year.
- v. Costs of meeting on-going needs of 'Assuring Transformation Cohort' greater than funding transfer from NHSE.
- vi. Unfunded Inflation pressures- a 1% increase in costs over and above funded inflation levels would equate to a cost pressure of circa £30m.
  - a. Pay- NHS pay award funding vs actual cost; National minimum wage and national living wage higher than NHS pay inflation.
  - b. Workforce supply & demand leads to higher temporary staffing premiums for bank and agency.
  - c. Contracts indexed to an RPI/CPI that is currently higher than GDP deflator used by OBR and HM Treasury to fund public spending such as NHS e.g., PFI/LIFTCO contracts.
  - d. Drugs market factors leading to higher prices e.g., unwinding of rebate schemes, increases in NCSO.
  - e. Impact of Net Zero policies on prices e.g., carbon tax, higher costs.

## 6. Appendices

### Appendix A – Medium Term Financial Plan Detail (Base-Case)

BNSSG MTFP Refresh	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>Recurrent Underlying Surplus / (Deficit)</b>	<b>(£112.3)</b>	<b>(£98.2)</b>	<b>(£49.1)</b>	<b>(£24.3)</b>	<b>£0.0</b>
<b>Allocation Growth</b>					
ICB Allocation Growth (Programme)	£125.0	£59.7	£56.4	£58.2	£60.2
ICB Allocation Growth (Primary Medical Services)	£9.9	£7.1	£7.4	£7.7	£8.0
ICB Allocation Growth (Other Primary Care)	£2.1	£1.5	£1.6	£1.6	£1.6
Delegation of NHSE/I Primary Care Services	£80.8	-	-	-	-
ICB Allocation Growth (Running Costs)	-	(£3.4)	(£1.4)	-	-
Allocation Growth (NHSE/I)	£15.6	£12.0	£11.0	£12.9	£16.6
Allocation Growth (Inter-System ICBs)	£5.1	£0.8	£0.6	£0.6	£0.6
<b>Total Allocation Growth</b>	<b>£238.6</b>	<b>£77.7</b>	<b>£75.6</b>	<b>£81.1</b>	<b>£87.0</b>
<b>System Savings Requirement</b>					
Transformation Savings	£44.6	£40.3	£18.0	£5.8	£1.0
National Efficiency Ask	£25.3	£26.4	£27.0	£27.6	£28.3
ICB Efficiency to mitigate growth	£4.6	£4.9	£5.0	£5.2	£5.3
ICB Running Cost Reduction	-	£3.4	£1.4	-	-
<b>Total System Savings Requirement</b>	<b>£74.5</b>	<b>£75.0</b>	<b>£51.4</b>	<b>£38.6</b>	<b>£34.6</b>
<b>Mandated Applications of Growth Funding</b>					
Ring-Fenced growth (e.g. MHIS / BCF)	(£15.8)	(£5.7)	(£5.8)	(£5.9)	(£6.0)
Delegation of NHSE/I Primary Care Services	(£80.8)	-	-	-	-
Other Mandated Applications of Growth	(£12.7)	(£8.4)	(£9.0)	(£9.4)	(£9.7)
<b>Mandated Applications of Growth Funding</b>	<b>(£109.3)</b>	<b>(£14.1)</b>	<b>(£14.8)</b>	<b>(£15.3)</b>	<b>(£15.8)</b>
<b>Demand / Price Growth</b>					
Inflation	(£101.8)	(£42.6)	(£43.6)	(£44.6)	(£45.7)
Demand / Price Growth	(£30.8)	(£25.0)	(£25.5)	(£26.1)	(£26.7)
Inter-System Contract Growth	(£5.6)	-	-	-	-
Targetted Specialist Commissioning Growth	-	(£7.8)	(£7.8)	(£7.8)	(£7.8)
Other Emerging Cost Pressures	(£8.3)	-	-	-	-
<b>Total Demand / Price Growth</b>	<b>(£146.5)</b>	<b>(£75.4)</b>	<b>(£76.9)</b>	<b>(£78.5)</b>	<b>(£80.2)</b>
<b>Prioritised Investments</b>					
Home First & UEC Investments	(£34.2)	-	-	-	-
Investments linked to emerging strategy	(£8.9)	(£8.0)	(£10.4)	(£1.6)	(£0.5)
Mental Health Discharge Costs	-	(£1.3)	-	-	-
Physical / Virtual Capacity funding	-	(£4.8)	-	-	-
<b>Uncommitted Growth / Affordability Gap</b>					
Uncommitted Growth	-	-	-	£0.0	(£25.2)
<b>Total Investments</b>	<b>(£43.1)</b>	<b>(£14.1)</b>	<b>(£10.4)</b>	<b>(£1.6)</b>	<b>(£25.7)</b>
<b>Improvement in Underlying Position</b>	<b>£14.1</b>	<b>£49.1</b>	<b>£24.8</b>	<b>£24.3</b>	<b>£0.0</b>
<b>Exit Recurrent Underlying Surplus / (Deficit)</b>	<b>(£98.2)</b>	<b>(£49.1)</b>	<b>(£24.3)</b>	<b>£0.0</b>	<b>£0.0</b>

*Appendix B – 5-Year Improvement Trajectory by Organisation & Key Metrics*

	AWP				
	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>Opening Recurrent Underlying Surplus / (Deficit)</b>	<b>(£18.1)</b>	<b>(£14.8)</b>	<b>(£12.4)</b>	<b>(£10.0)</b>	<b>(£9.8)</b>
<b>Savings Delivery over and above National Efficiency Target</b>					
National Efficiency	-	-	-	-	-
Additional Savings / Underlying Deficit Recovery	£8.4	£2.3	£2.3	£0.1	-
<b>Retained Growth</b>					
Retained Growth (ICB)	£0.6	-	-	-	-
Retained Growth (NHSE)	(£0.0)	£0.1	£0.1	£0.1	£0.1
Convergence to Fair Shares allocations	£0.0	(£0.0)	(£0.0)	£0.0	£0.0
Inflationary Cost Pressures	(£4.0)	-	-	-	-
Other Recurrent Cost Pressures	(£1.8)	-	-	-	-
<b>In-Year Improvement in Underlying Position</b>	<b>£3.2</b>	<b>£2.4</b>	<b>£2.4</b>	<b>£0.2</b>	<b>£0.2</b>

UHBW				
Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>(£56.4)</b>	<b>(£54.9)</b>	<b>(£34.0)</b>	<b>(£30.0)</b>	<b>(£27.9)</b>
-	-	-	-	-
£19.0	£21.5	£4.5	£1.6	-
£1.5	-	-	-	-
£3.7	£3.0	£3.0	£3.0	£3.0
(£2.4)	(£3.6)	(£3.6)	(£2.4)	(£0.3)
(£10.7)	-	-	-	-
(£9.6)	-	-	-	-
<b>£1.6</b>	<b>£20.9</b>	<b>£3.9</b>	<b>£2.1</b>	<b>£2.7</b>

NBT				
Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>(£33.1)</b>	<b>(£29.3)</b>	<b>(£16.1)</b>	<b>(£8.1)</b>	<b>(£6.5)</b>
-	-	-	-	-
£17.2	£13.5	£8.3	£1.1	-
£0.9	-	-	-	-
£2.5	£2.1	£2.1	£2.1	£2.1
(£1.6)	(£2.4)	(£2.4)	(£1.6)	(£0.1)
(£15.2)	-	-	-	-
-	-	-	-	-
<b>£3.8</b>	<b>£13.2</b>	<b>£8.0</b>	<b>£1.6</b>	<b>£2.0</b>

**Closing Recurrent Underlying Surplus / (Deficit)**    **(£14.8)**    **(£12.4)**    **(£10.0)**    **(£9.8)**    **(£9.7)**

**(£54.9)**    **(£34.0)**    **(£30.0)**    **(£27.9)**    **(£25.2)**

**(£29.3)**    **(£16.1)**    **(£8.1)**    **(£6.5)**    **(£4.5)**

**Total Savings Requirement (£)**

National (Core efficiency) £	£2.6	£3.0	£3.0	£3.0	£3.0
<b>Additional Savings Requirement £</b>					
- Transformational Savings requirement	£8.4	£2.3	£2.3	£0.1	-
- ICB Efficiency to mitigate growth	-	-	-	-	-
- ICB Running Cost Reduction	-	-	-	-	-
<b>Total Recurrent Efficiency Requirement (£)</b>	<b>£11.0</b>	<b>£5.3</b>	<b>£5.3</b>	<b>£3.1</b>	<b>£3.0</b>

£8.1	£8.3	£8.4	£8.5	£8.6
£19.0	£21.5	£4.5	£1.6	-
-	-	-	-	-
-	-	-	-	-
<b>£27.1</b>	<b>£29.8</b>	<b>£12.9</b>	<b>£10.1</b>	<b>£8.6</b>

£7.0	£7.2	£7.3	£7.5	£7.6
£17.2	£13.5	£8.3	£1.1	-
-	-	-	-	-
-	-	-	-	-
<b>£24.2</b>	<b>£20.7</b>	<b>£15.6</b>	<b>£8.6</b>	<b>£7.6</b>

**Total Savings Requirement (%)**

National (Core efficiency) %	1.1%	1.1%	1.1%	1.1%	1.1%
<b>Additional Savings Requirement %</b>					
- Transformational Savings requirement	3.6%	0.8%	0.8%	0.0%	0.0%
- ICB Efficiency to mitigate growth	0.0%	0.0%	0.0%	0.0%	0.0%
- ICB Running Cost Reduction	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Recurrent Efficiency Requirement (%)</b>	<b>4.7%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.1%</b>	<b>1.1%</b>

1.1%	1.1%	1.1%	1.1%	1.1%
2.6%	2.9%	0.6%	0.2%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%
<b>3.7%</b>	<b>4.0%</b>	<b>1.7%</b>	<b>1.3%</b>	<b>1.1%</b>

1.1%	1.1%	1.1%	1.1%	1.1%
2.7%	2.0%	1.2%	0.2%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%
<b>3.8%</b>	<b>3.1%</b>	<b>2.3%</b>	<b>1.3%</b>	<b>1.1%</b>

Appendix C – BNSSG ICB Allocations

ICB Core Allocation	Published		Year 2 Extrapolated for planning		
	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>Recurrent Baseline</b>	£1,577,187	£1,647,846	£1,709,415	£1,765,795	£1,824,035
<b>Known Baseline Adjustments</b>					
Transfer of GP access to primary medical	(£5,472)				
ICB Programme Allocation – Additional Funding	£9,210				
Additional health inequalities funding	£3,206				
2022/23 Other pay funding	£1,317				
Contract rebasing exercise	(£21,295)				
Covid Funding to Baseline		£6,987			
<b>Total Baseline Adjustments</b>	<b>(£13,034)</b>	<b>£6,987</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Adjusted Recurrent Baseline</b>	<b>£1,564,153</b>	<b>£1,654,833</b>	<b>£1,709,415</b>	<b>£1,765,795</b>	<b>£1,824,035</b>
Inflation %	£45,360	£29,787	£30,769	£31,784	£32,833
Provider Efficiency Factor %	(£17,206)	(£18,203)	(£18,804)	(£19,424)	(£20,064)
Convergence Adjustment %	£1,713	£1,707	£1,763	£1,821	£1,881
Growth %	£53,826	£41,291	£42,652	£44,059	£45,512
<b>Recurrent Allocation</b>	<b>£1,647,846</b>	<b>£1,709,415</b>	<b>£1,765,795</b>	<b>£1,824,035</b>	<b>£1,884,197</b>
<b>Allocations applied after growth</b>					
Covid Funding	£6,987	£0			
Additional discharge allocation	£7,198	£8,492	£8,492	£8,492	£8,492
Physical / Virtual Capacity funding	£17,108	£20,910	£25,556	£31,236	£38,177
<b>TOTAL Allocation</b>	<b>£1,679,139</b>	<b>£1,738,817</b>	<b>£1,799,843</b>	<b>£1,863,763</b>	<b>£1,930,866</b>
<b>Projected ICB Population</b>	<b>1,067,330</b>	<b>1,074,951</b>	<b>1,082,583</b>	<b>1,090,269</b>	<b>1,098,010</b>
<b>Demographic growth</b>		<b>0.71%</b>	<b>0.71%</b>	<b>0.71%</b>	<b>0.71%</b>
<b>Recurrent allocation £/head population</b>	<b>£1,544</b>	<b>£1,590</b>	<b>£1,631</b>	<b>£1,673</b>	<b>£1,716</b>
<b>Post-convergence distance from target (%)</b>	<b>(1.5%)</b>	<b>(1.4%)</b>	<b>(1.4%)</b>	<b>(1.3%)</b>	<b>(1.2%)</b>

ICB running cost allowance	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
ICB running cost allowance	£18,900	£15,491	£14,120	£14,120	£14,120
In-Year Allocation Change	£0	(£3,409)	(£1,371)	£0	£0
In-Year Allocation Change (%)		-18%	-9%	£0	£0

Allocations (primary medical care)	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>Recurrent Baseline</b>	<b>£155,873</b>	<b>£172,185</b>	<b>£179,272</b>	<b>£186,650</b>	<b>£194,332</b>
<b>Known Baseline Adjustments</b>					
Recurrent 20/21 transfers	£321				
Transfer of GP access from core	£5,472				
Transfer of GP access from SDF	£584				
<b>Total Baseline Adjustments</b>	<b>£6,377</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Adjusted Recurrent Baseline</b>	<b>£162,250</b>	<b>£172,185</b>	<b>£179,272</b>	<b>£186,650</b>	<b>£194,332</b>
Convergence Adjustment	£626	£501	£521	£543	£565
Growth	£9,309	£6,586	£6,857	£7,139	£7,433
<b>Recurrent Allocation</b>	<b>£172,185</b>	<b>£179,272</b>	<b>£186,650</b>	<b>£194,332</b>	<b>£202,330</b>

*Appendix D – BNSSG System Savings Opportunities (theme, status, and risk)*

Scheme	Status	Maturity of Savings Plan	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>MTFP transformation Programme</b>							
Discharge to Assess (Acute)	Benefits Realisation	High	£12.9	£3.8			
Frailty / Ageing Well Programme incl Virtual Wards	Benefits Realisation	High	£11.0	£2.5			
Same Day Emergency Care	Benefits Realisation	High	£2.7				
Ambulance Handover Delays	Benefits Realisation	High		£0.9	£0.9		
Re-Investment in Improved Occupancy	Benefits Realisation	High	(£12.1)				
Healthy Weston (phase 1)	Benefits Realisation	High		£3.3			
<b>System Transformational Savings Programme</b>			<b>£14.5</b>	<b>£10.4</b>	<b>£0.9</b>	<b>£0.0</b>	<b>£0.0</b>
<b>Provider Transformation</b>							
Mental Health	Benefits Realisation	High	£1.3	£2.5	£1.3		
OP Transformation & Demand Management	Transformation Opportunity	Low	£3.8	£7.5	£3.8		
One T&O - Southmead Elective Centre	Benefits Realisation	High			£4.2		
Acute Service Review - Other	Transformation Opportunity	Low		£7.5			
UHBW merger benefits	Benefits Realisation	High	£1.2	£2.8			
Healthy Weston (phase 2 & 3)	Benefits Realisation	High		£1.5			
MH underlying deficit reduction (BNSSG)	Transformation Opportunity	Low	£3.0				
AWP underlying deficit reduction (BSW)	Transformation Opportunity	Low	£2.2	£2.2	£2.2		
Transformational Savings Programme (Spec Comm)	Transformation Opportunity	Low	£0.0	£2.8	£2.8	£2.8	£0.0
<b>Transformational Savings Programme (Provider)</b>			<b>£11.4</b>	<b>£26.8</b>	<b>£14.2</b>	<b>£2.8</b>	<b>£0.0</b>
<b>Core Efficiency</b>							
Provider Core Efficiency (ICB income)	Core Efficiency	Medium	£9.8	£10.3	£10.5	£10.8	£11.0
Provider Core Efficiency (NHSE/I income)	Core Efficiency	Medium	£5.7	£5.7	£5.7	£5.7	£5.7
Provider Core Efficiency (OOA ICB income)	Core Efficiency	Medium	£2.2	£2.5	£2.5	£2.5	£2.5
<b>Core Efficiency (Provider)</b>			<b>£17.7</b>	<b>£18.5</b>	<b>£18.7</b>	<b>£19.0</b>	<b>£19.2</b>
<b>Other</b>							
Unmet recurrent savings from previous year	Underlying Recovery	High	£15.5				
Other Underlying Deterioration clawback	Underlying Recovery	High	£3.2				
<b>Other Efficiency (Provider)</b>			<b>£18.7</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>	<b>£0.0</b>
<b>Total Efficiency (Provider)</b>			<b>£62.3</b>	<b>£55.8</b>	<b>£33.8</b>	<b>£21.8</b>	<b>£19.2</b>
<b>Savings Summary (ICB)</b>							
Provider Efficiency Factor	Core Efficiency	Medium	£17.5	£18.2	£18.8	£19.4	£20.1
less Total ICB efficiency impacting providers inside s	Core Efficiency	Medium	(£9.8)	(£10.3)	(£10.5)	(£10.8)	(£11.0)
<b>Net ICB Core Efficiency</b>			<b>£7.6</b>	<b>£7.9</b>	<b>£8.3</b>	<b>£8.7</b>	<b>£9.1</b>
Continuing Care Services	Transformation Opportunity	Low	£2.0	£2.0	£2.1	£2.2	£2.3
Prescribing	Transformation Opportunity	Low	£2.6	£2.9	£3.0	£3.0	£3.1
<b>ICB Efficiency to mitigate growth</b>			<b>£4.6</b>	<b>£4.9</b>	<b>£5.0</b>	<b>£5.2</b>	<b>£5.3</b>
Digital SOC	Benefits Realisation	High		£3.0	£2.9	£3.0	£1.0
ICB Running Costs	ICB Running Costs	Medium		£3.4	£1.4		
<b>ICB Transformation Savings</b>			<b>£0.0</b>	<b>£6.4</b>	<b>£4.3</b>	<b>£3.0</b>	<b>£1.0</b>
<b>Total Efficiency (ICB)</b>			<b>£12.2</b>	<b>£19.2</b>	<b>£17.6</b>	<b>£16.9</b>	<b>£15.4</b>
<b>Total Efficiency (System)</b>			<b>£74.5</b>	<b>£75.0</b>	<b>£51.4</b>	<b>£38.6</b>	<b>£34.6</b>

## Appendix E – System Operational Capital Allocation – Sources & Applications

		Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
<b>1) System Allocation</b>						
Depreciation less PFI/ Finance Lease Payments	80% System	£51,619	£51,619	£51,619	£51,619	£51,619
Total Gross Assets	System	£9,852	£9,852	£9,852	£9,852	£9,852
Backlog Maintenance	System	£7,066	£7,066	£7,066	£7,066	£7,066
<b>Sub Total - Core Allocation</b>		<b>£68,536</b>	<b>£68,536</b>	<b>£68,536</b>	<b>£68,536</b>	<b>£68,536</b>
Indicative Prior year revenue performance allocation	System	£5,000	£5,000	£5,000	£5,000	£5,000
ICB Operational Capital Allocation	Primary Care	£1,660	£1,661	£1,661	£1,661	£1,661
Op Cap Funding - Maternity Programme	Provider Specific	-	-£2,200	-	-	-
<b>Total System Operational Allocation</b>		<b>£75,292</b>	<b>£72,997</b>	<b>£75,197</b>	<b>£75,197</b>	<b>£75,197</b>

### 2) Revised Allocation into 'pots'

Provider Retained funding (80% Depreciation)		£41,295	£41,295	£41,295	£41,295	£41,295
System Funding (20% Depreciation, Gross Assets + Backlog + Revenue Performance)		£32,337	£32,241	£32,241	£32,241	£32,241
Primary Care Operational Allocation		£1,660	£1,661	£1,661	£1,661	£1,661
Op Cap Funding - Maternity Programme		£0	-£2,200	£0	£0	£0
<b>Total Funding Sources pre System Prioritisation</b>		<b>£75,292</b>	<b>£72,997</b>	<b>£75,197</b>	<b>£75,197</b>	<b>£75,197</b>

### Memo - Use of System Prioritisation Pot

System Prioritisation		£13,300	£20,180	£6,300	£0	£0
Gross Asset Basis Distribution		£0	£7,024	£15,107	£18,776	£18,776
Backlog Maintenance Distribution		£19,037	£5,037	£10,834	£13,466	£13,466
<b>Total System Funding Allocation</b>		<b>£32,337</b>	<b>£32,241</b>	<b>£32,241</b>	<b>£32,241</b>	<b>£32,241</b>

### 3) Allocation of System Operational Allocation to Providers

AWP		£3,239	£7,512	£6,408	£7,177	£7,177
NBT		£29,366	£28,940	£30,508	£34,623	£34,623
UHBW		£39,228	£25,004	£30,321	£31,736	£31,736
Sirona		£1,500	£1,000	£0	£0	£0
Primary Care		£1,960	£7,541	£4,961	£1,661	£1,661
System Retained		£0	£3,000	£3,000	£0	£0
<b>Total Allocation of Operational Capital</b>		<b>£75,292</b>	<b>£72,997</b>	<b>£75,197</b>	<b>£75,197</b>	<b>£75,197</b>

### System Prioritised Strategic Investments

BNSSG Elective Care Centre	NBT	£7,500	£7,500			
Callington Road Redevelopment (BNSSG STP wave 3)	AWP		£2,800			
Net Zero projects - to be prioritised by Green Plan Steering Group	System Retained		£3,000	£3,000		
Minor Improvement Grants (MIGs)	Primary Care	£300	£300	£300		
Additional capacity in Connexus PCN	Primary Care		£3,000	£3,000		
New GP facility on Central Weston Rugby Club site	Primary Care		£2,580			
New health facility on Central Weston Rugby Club site	Sirona	£1,500	£1,000			
Adult ICU	UHBW	£4,000				
<b>TOTAL</b>		<b>£13,300</b>	<b>£20,180</b>	<b>£6,300</b>	<b>£0</b>	<b>£0</b>