

2020/21 Financial Performance

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Trust Board paper H4

Purpose of Report:

This paper is for:	Description	Select (X)
Decision	To formally receive a report and approve its recommendations OR a particular course of action	
Discussion	To discuss, in depth, a report noting its implications without formally approving a recommendation or action	X
Assurance	To assure the Board that systems and processes are in place, or to advise a gap along with treatment plan	
Noting	For noting without the need for discussion	

Previous Consideration:

Meeting	Date	Please clarify the purpose of the paper to that meeting using the categories above
CMG Board (specify which CMG)		
Executive Performance Board	22.09.20	Discussion
Trust Board Committee		
Trust Board		

Executive Summary

Context:

This paper updates the Trust Board on the financial performance of the Trust at Month 5 of 2020/21.

To support Trusts during the COVID-19 crisis, the NHS is providing Top Up funding via NHSE&I. This consists of an upfront Top Up payment that is an estimate of the additional funding required by an individual Trust to meet their breakeven duty from April 2020 to July 2020 and is based on each Trust's underlying financial position, and a retrospective adjustment in line with the actual reported financial position.

The Month 5 report shows actual financial performance including the impact of COVID-19 and the position excluding COVID-19 expenditure and the reduction in income due to COVID-19.

As only draft operational plans have been submitted to NHSE&I to date and consistent with the basis of the calculation of the Top Up payment, planned income and expenditure for the Trust in the monthly NHSE&I monitoring return is as calculated by NHSE&I. Whilst this does not impact upon the reporting of actuals, it does mean that the variance to plan reported externally is different to the variance to plan reported internally by the Trust against its interim budget.

The Trust has set interim budgets for Months 1 to 4 of 2020/21, in order to establish control totals based on existing income and expenditure levels. These interim budgets are the basis for the Trust's planned performance for internal reporting purposes. Final Trust budgets for the second half of the financial year will be confirmed in accordance with national operational planning guidance, following Trust agreement to continue with interim budgets for Months 5 and 6.

Questions:

1. What is the financial performance for the period ending 31st August 2020?

The actual position including Top Up funding of £39.9 is breakeven. The financial position excluding Top Up funding is a deficit of £39.9m, which is £11.7m favourable to plan.

2. What are the main issues to note in the Month 5 financial performance?

The main issues are as follows:

- Breakeven has been achieved as a result of Top Up income
- Excluding Top Up income, reported performance is a £39.9m deficit, £11.7m favourable to plan
- Patient care income is £0.6m above plan at Month 5, reflecting an increase in the Maternity Pathway movement value
- Under recovery of other income is likely to continue in future months due to the impact of COVID-19

3. What are the risks to financial performance in the remainder of the year?

- Cost improvement plans need to be finalised and implemented to deliver savings and reduce the Trust's underlying deficit
- The level of Top Up funding is subject to confirmation in the second half of the financial year
- The delivery of restoration and recovery plans within funding to be agreed with NHSE&I

- The scale and duration of the impact of COVID-19 on patient activity, income and expenditure is uncertain and will require ongoing refinement to forecasting of financial performance throughout the year aligned to restoration and recovery.

Input Sought:

The Trust Board is asked to:

- **Note** the 2020/21 Month 5 reported financial position and the impact of Top Up funding
- **Note** the risks to financial forecasting and financial performance for the remainder of the year

For Reference:

This report relates to the following UHL quality and supporting priorities:

1. Quality priorities

Safe, surgery and procedures	Not applicable
Safely and timely discharge	Not applicable
Improved Cancer pathways	Not applicable
Streamlined emergency care	Not applicable
Better care pathways	Not applicable
Ward accreditation	Not applicable

2. Supporting priorities

People strategy implementation	Not applicable
Estate investment and reconfiguration	Not applicable
e-Hospital	Not applicable
More embedded research	Not applicable
Better corporate services	Not applicable
Quality strategy development	Not applicable

3. Equality Impact Assessment and Patient and Public Involvement considerations

- What was the outcome of your Equality Impact Assessment (EIA)? **Not applicable**
- Briefly describe the Patient and Public Involvement (PPI) activities undertaken in relation to this report, or confirm that none were required. **None required**
- How did the outcome of the EIA influence your Patient and Public Involvement? **Not applicable**
- If an EIA was not carried out, what was the rationale for this decision? **Not applicable**

4. Risk and Assurance

Risk Reference:

Does this paper reference a risk event?	Select (X)	Risk Description:
Strategic: Does this link to a <i>Principal Risk</i> on the BAF?	X	Principal Risk 4 – Financial Sustainability
Organisational: Does this link to an <i>Operational/Corporate Risk</i> on Datix Register		
New Risk identified in paper: What <i>type</i> and <i>description</i> ?		
None		

5. Scheduled date for the **next paper** on this topic: 5th November 2020

6. Executive Summaries should not exceed **5 sides** [My paper does/~~does not~~ comply]

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Executive Summary

Financial performance

Financial Performance

- Deficit of £39.9m, £11.7m favourable to the Trust's interim plan, reflecting the impact of Covid-19 expenditure (£20.1m) and a reduction in income (£5.1m) due to Covid-19, offset by reduced income and expenditure due to lower activity of £36.9m.
- After Top Up income (£39.9m): Break-even.
- Note the position excludes £1.4m of pay expenditure relating to the medical pay award. This will be rectified in the M6 report.

Main areas of variance YTD

- **Patient Care Income (PCI), £0.6mF to Plan:** primarily due to an increase in the Maternity Pathway movement value.
- **Other income, £7.9mA to plan:** reflecting the impact of Covid-19 (£4.6m).
- **Top Up income £39.9mF:** This is additional income provided to all Trusts to achieve breakeven on income and expenditure.
- **Total Pay Costs: £301.1m, £1.5mA** reflecting Covid-19 expenditure of £8.8m offset by lower underlying expenditure of £7.3m. This excludes £1.4m of expenditure referred to above.
- **Non-Pay: £154.2m, £19.3F** reflecting significant underspends in CHUGGS £3.1m, MSS £5m and RRCV £3.6m resulting from reduced activity as a consequence of Covid-19.
- This mainly relates to Drugs £2.8m, Clinical Supplies £7.4m and General Supplies £5.9m.

Cash

Cash Bridge:

- Closing cash balance of £122.5m.
- We have achieved a YTD breakeven position; and have funded £18.2m of capital expenditure from internal sources. No external loans have been received in the year to date. We have received £350m of PDC in August which was used to repay an equivalent value of external loans.
- The closing cash balance includes £102.4m of payments that have been received in advance and the underlying cash position excluding these payments is £20m.

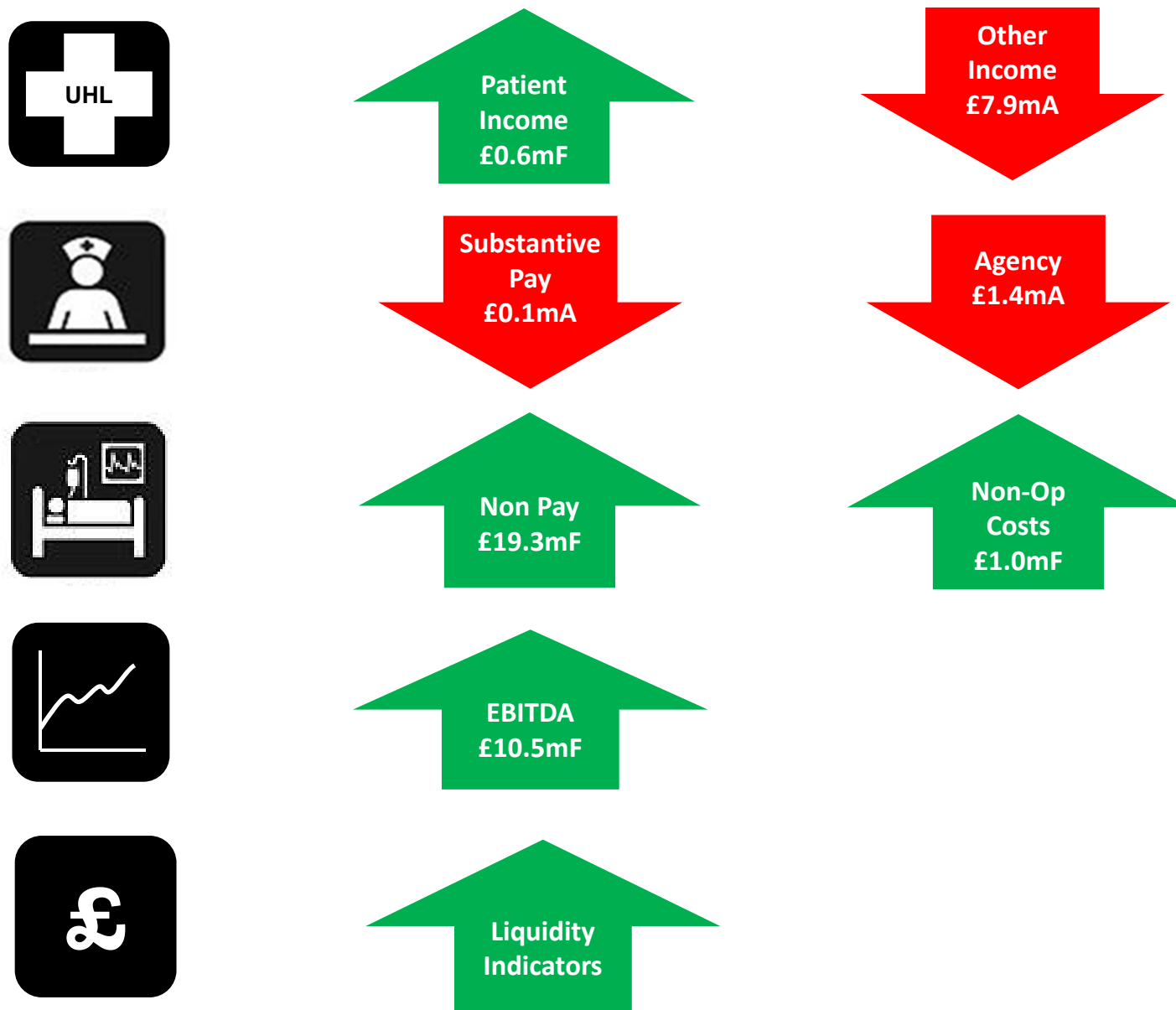
Capital

- The Trust's total capital spend at August was £18.2m.

Key

F refers to a Favourable variance to plan, A refers to an Adverse variance to plan

August 2020: Key Facts



Key

- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
- Colour indicates status of variance on planned position (Green is Favourable/In Line and Red is Adverse)
- Number relates to variance YTD

Financial Performance: Break even after £39.9m Top Up income

	Aug-20			YTD		
	Plan	Actual	Variance	Plan	Actual	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Patient Care Income	77,755	78,784	1,029	388,775	389,402	627
Non Patient Care Income	190	135	(55)	1,762	677	(1,085)
Other Operating Income	10,059	8,942	(1,117)	50,503	43,641	(6,862)
Total Income	88,004	87,861	(143)	441,039	433,720	(7,320)
Pay Costs	(58,458)	(57,674)	784	(292,088)	(292,237)	(149)
Pay Costs: Agency	(1,511)	(1,581)	(70)	(7,501)	(8,851)	(1,350)
Non Pay	(34,330)	(31,033)	3,297	(173,444)	(154,163)	19,281
Total Operating Costs	(94,299)	(90,288)	4,011	(473,033)	(455,250)	17,782
EBITDA	(6,296)	(2,428)	3,868	(31,993)	(21,530)	10,463
Non Operating Costs	(3,931)	(3,410)	522	(19,660)	(18,621)	1,039
Surplus / (Deficit)	(10,227)	(5,837)	4,390	(51,653)	(40,152)	11,502
Adjustments for Donated Assets	14	(29)	(43)	73	242	169
Underlying Surplus/(Deficit)	(10,213)	(5,867)	4,346	(51,580)	(39,910)	11,670
Net Top up Income		5,867	5,867	0	39,910	39,910
Actual Surplus / (Deficit)	(10,213)	0	10,213	(51,580)	0	51,581

I&E £'000

NHS Patient Care Income: £389.4m, £0.6mF primarily due to an increase in the Maternity Pathway movement value, which reflects that the Maternity Pre-payment value has decreased.

Other Income : £44.3m, £7.9A to plan reflecting the impact of Covid-19, with significant variances reported in Facilities, due to £3.5m loss of income from car parking, and catering and shuttle bus, R&D (£1.4m) due to lower research income and Corporate (£0.4m) adverse reflecting the loss of training and Occupational Health income.

- **Total Pay Costs: £301.1m, £1.5A.** After adjusting for the impact of Covid-19, the Trust is reporting a £7.3m favourable pay position, reflecting vacancies. This position excludes £1.4m pay expenditure relating to the medical pay award. This will be rectified in the M6 report.
- **Non-Pay: £154.2m, £19.3mF,** reflecting significant underspends in CHUGGS £3.1m, MSS £5m and RRCV £3.6m resulting from reduced activity as a consequence of Covid-19.

EBITDA: deficit of £21.5m, £10.5mF

- **Non-Operating Costs: £18.6m, £1mF,** lower PDC expenditure following the conversion of loans to PDC, resulting in an £0.8m benefit.
- **Top Up funding: The Trust's deficit at month 5 is £39.9m.** After the receipt of national Top Up income of £39.9m a breakeven position is reported.

Key

- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation
- F refers to a Favourable variance to plan
- A refers to an Adverse variance to plan

Financial Performance: Covid-19

	Aug-20 COVID Impact £'000	YTD COVID Impact £'000
Patient Care Income	846	186
Non Patient Care Income	(134)	(692)
Other Operating Income	(753)	(4,580)
Total Income	(41)	(5,087)
Pay Costs	(705)	(7,197)
Pay Costs: Agency	(312)	(1,573)
Non Pay	(535)	(11,360)
Total Operating Costs	(1,552)	(20,129)
EBITDA	(1,593)	(25,216)
Surplus / (Deficit)	(1,593)	(25,216)
Covid -19 Top Up	1,593	25,216
Actual Surplus / (Deficit)	0	0

Activity Performance

Activity Type	YTD	YTD	Difference	Difference
	(19/20)	(20/21)		
	Activity	Activity	Activity	%
Day Case	45,642	22,581	(23,061)	-51%
Elective Inpatient	8,394	4,059	(4,335)	-52%
Emergency / Non-elective Inpatient	50,055	40,282	(9,773)	-20%
Emergency Department	108,568	66,399	(42,169)	-39%
Outpatient	423,237	315,510	(107,727)	-25%
Critical Care Services	24,658	19,080	(5,578)	-23%
Renal Dialysis and Transplant	78,959	80,809	1,850	2%
Other Activity	3,622,762	1,977,955	(1,644,807)	-45%

Key

- EBITDA refers to Earnings Before Interest, Taxes, Depreciation and Amortisation

Patient Care Income: £0.2m YTD, reflecting the reduction on the Trust's work in progress adjustment (WIP), which estimates the value of activity not yet discharged from hospital compared to the previous year end. The trend in WIP movement value reflects the reduction in admissions in April and then beginning to recover in May through to August.

Other Income: £5.3m YTD, reflecting the impact reported in Facilities, due to £3.5m loss of income from car parking, catering and shuttle bus, R&D £1.3m due to lower research income, and CSI £0.9m reflecting lower pathology income.

Total Pay and Agency Costs: £8.8m YTD, predominantly relating to medical, nursing and additional Covid-19 support staff. The CMGs in the main that this relates to include ESM £2.5m, ITAPS £1.6m, Trust wide workforce support £2.2m, RRCV £0.4m and Estates & Facilities £0.7m.

Non-Pay: £11.4m YTD, relating to PPE, consumable, cleaning supplies, Covid-19 testing kits, Trust signage etc. These CMGs include, CSI £2.8m, ITAPS £2.2m, Trust wide supplies £1.8m, Estates and Facilities £1.9m, ESM £0.6m, R&I £0.5m and W&C £0.4m.

Covid-19 top up funding. As a result of the interim financial arrangements in place during Covid-19, all NHS providers are paid a block payment from commissioners at values set nationally by NHSE&I. After the receipt of national top up income a breakeven position is reported.

Activity Performance

Although income is blocked, the Trust is reporting significant reductions in activity due to Covid-19. The table shows August year to date activity compared to the same period of last financial year, as an indication of the impact of Covid-19 on activity.

Elective services such as day case, elective inpatient and outpatients have been impacted most significantly, with emergency inpatients and critical care impacted to a lesser degree. Renal Dialysis and Transplant is the only service with activity in line with last year's performance. GP direct access and screening services have also seen significant reductions compared to the same period last year, these are included in Other Activity.

Performance by CMG and Directorates: Year to Date

	CHUGGS			
	Plan	YTD	COVID Impact	YTD - Underlying Variance
	£'m	£'m	£'m	£'m
PCI	74.1	74.1	0.0	(0.0)
Other Income	3.5	3.4	0.0	(0.1)
Total Income	77.6	77.5	0.0	(0.1)
Total Pay	(27.5)	(26.8)	0.2	0.8
Total Non-Pay	(27.7)	(24.6)	0.0	3.1
EBITDA	22.5	26.1	0.2	3.8

	CSI			
	Plan	YTD	COVID Impact	YTD - Underlying Variance
	£'m	£'m	£'m	£'m
PCI	19.5	19.5	0.0	(0.0)
Other Income	4.7	4.5	(0.9)	0.6
Total Income	24.3	24.0	(0.9)	0.6
Total Pay	(40.9)	(40.4)	0.3	0.8
Total Non-Pay	(4.4)	(4.1)	2.8	3.1
EBITDA	(21.1)	(20.5)	4.0	4.6

	ESM			
	Plan	YTD	COVID Impact	YTD - Underlying Variance
	£'m	£'m	£'m	£'m
PCI	83.0	83.0	0.0	(0.0)
Other Income	4.1	3.7	0.0	(0.4)
Total Income	87.2	86.7	0.0	(0.4)
Total Pay	(49.7)	(52.3)	2.5	(0.0)
Total Non-Pay	(22.7)	(20.1)	0.6	3.1
EBITDA	14.8	14.3	3.1	2.7

	ITAPS			
	Plan	YTD	COVID Impact	YTD - Underlying Variance
	£'m	£'m	£'m	£'m
PCI	15.6	15.6	0.0	0.0
Other Income	1.6	1.5	(0.0)	(0.0)
Total Income	17.1	17.1	(0.0)	(0.0)
Total Pay	(31.4)	(32.2)	1.6	0.8
Total Non-Pay	(10.3)	(9.7)	2.2	2.8
EBITDA	(24.6)	(24.8)	3.9	3.7

	MSS			
	Plan	YTD	COVID Impact	YTD - Underlying Variance
	£'m	£'m	£'m	£'m
PCI	48.6	48.6	0.0	(0.0)
Other Income	2.0	1.8	0.0	(0.2)
Total Income	50.6	50.4	0.0	(0.2)
Total Pay	(25.3)	(23.9)	0.3	1.8
Total Non-Pay	(12.2)	(7.1)	0.3	5.3
EBITDA	13.1	19.4	0.6	6.8

	RRCV			
	Plan	YTD	COVID Impact	YTD - Underlying Variance
	£'m	£'m	£'m	£'m
PCI	84.6	84.6	0.0	0.0
Other Income	3.0	2.4	(0.6)	(0.0)
Total Income	87.5	86.9	(0.6)	(0.0)
Total Pay	(37.4)	(36.9)	0.4	1.0
Total Non-Pay	(27.5)	(23.9)	0.3	3.9
EBITDA	22.6	26.1	1.3	4.8

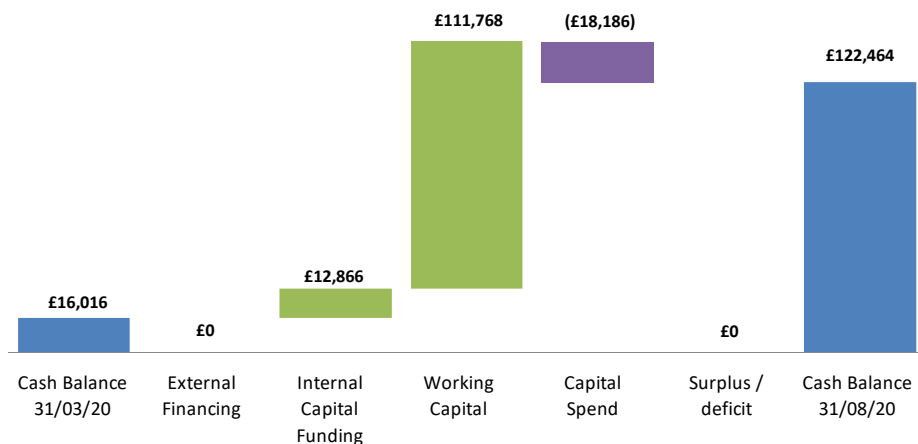
	W&C			
	Plan	YTD	COVID Impact	YTD - Underlying Variance
	£'m	£'m	£'m	£'m
PCI	72.6	72.6	0.0	(0.0)
Other Income	3.6	3.1	0.0	(0.5)
Total Income	76.3	75.7	0.0	(0.5)
Total Pay	(39.7)	(39.7)	0.2	0.1
Total Non-Pay	(16.9)	(15.6)	0.4	1.7
EBITDA	19.7	20.4	0.6	1.3

	ESTATES			
	Plan	YTD	COVID Impact	YTD - Underlying Variance
	£'m	£'m	£'m	£'m
PCI	0.0	0.0	0.0	0.0
Other Income	9.2	5.7	(3.5)	0.0
Total Income	9.2	5.7	(3.5)	0.0
Total Pay	(16.2)	(16.8)	0.7	0.1
Total Non-Pay	(16.4)	(15.6)	1.9	2.8
EBITDA	(23.4)	(26.7)	6.2	2.9

	CORPORATE			
	Plan	YTD	COVID Impact	YTD - Underlying Variance
	£'m	£'m	£'m	£'m
PCI	0.0	0.0	0.0	0.0
Other Income	2.9	2.5	0.0	(0.4)
Total Income	2.9	2.5	0.0	(0.4)
Total Pay	(16.3)	(15.9)	0.0	0.4
Total Non-Pay	(19.7)	(20.0)	0.5	0.3
EBITDA	(33.1)	(33.4)	0.5	0.3

August 2020: Cash movement

Year to Date Cash Bridge £'000



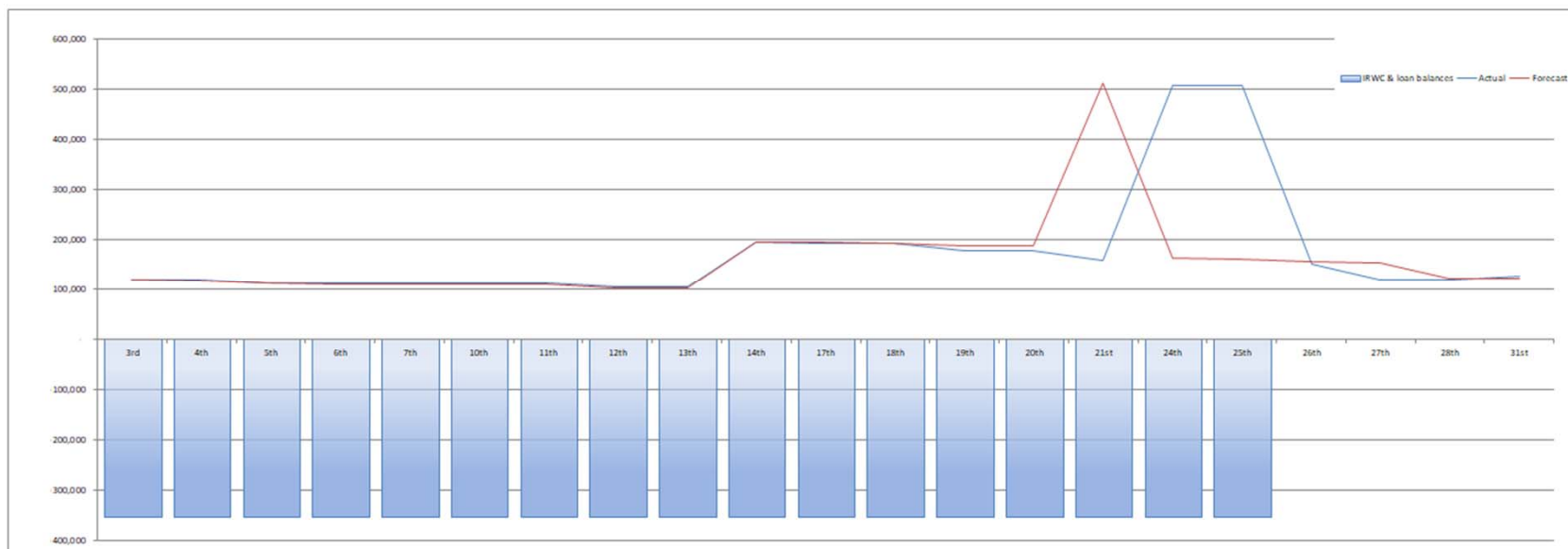
Cash Bridge:

- Closing cash balance of £122.5m.
- We have achieved a YTD breakeven position; and have funded £18.2m of capital expenditure from internal sources. No external loans have been received in the year to date. We have received £350m of PDC in August which was used to repay an equivalent value of external loans.

Daily Cash Balance

- In line with forecast, the mid-month peak is driven by receipt of SLA income and reduction on 27th of August due to the monthly payroll run.

Daily Cash Balance – August 2020



Liquidity as at 31st August 2020

	Liquidity			Ageing				Total	
	Opening	YTD	Movement	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Over 90 Days	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	
Accounts Receivable	NHS receivables - revenue	26,756	16,921	(9,835)	15,011	219	569	1,122	7%
	Non-NHS receivables - revenue	19,057	32,703	13,646	27,898	378	138	4,289	13%
	Provision for the impairment of receivables	(3,072)	(3,301)	(229)	(3,301)				
	Non-NHS prepayments and accrued income	8,399	12,805	4,406	12,805				
	VAT	1,715	1,623	(92)	1,623				
	Other receivables	332	601	269	601				
	TOTAL	53,187	61,352	8,165	54,637	597	707	5,411	
Accounts Payable	NHS payables - revenue	(13,959)	(9,074)	4,885	(4,329)	(1,063)	(100)	(3,582)	39%
	Non-NHS payables - revenue	(15,727)	(12,402)	3,325	(7,783)	(2,003)	(1,684)	(932)	8%
	Non-NHS payables - capital	(3,132)	(1,036)	2,096	(650)	(167)	(141)	(78)	8%
	Non-NHS accruals and deferred income	(26,626)	(27,707)	(1,081)	(27,707)				
	Social security costs	(7,571)	(7,871)	(300)	(7,871)				
	Tax	(6,173)	(6,510)	(337)	(6,510)				
	Other	(14,851)	(20,374)	(5,523)	(20,374)				
	Payments received on account	(12,991)	(102,416)	(89,425)	(102,416)				
TOTAL	(101,030)	(187,389)	(86,359)	(177,639)	(3,233)	(1,925)	(4,592)		
Total Liquidity	(47,843)	(126,037)	(78,194)						

Liquidity: movement of £78.2m from opening position due to:

- Accounts receivable: increase of £8.2m
- Accounts payable: increase of £86.4m

Ageing: NHSI target of 5% or less within over 90 days, key areas of under-performance:

- NHS receivables: 7% - £1.1m over 90 days
- Non-NHS receivables: 13% - £4.3m over 90 days
- NHS payables-revenue: 39% - £3.6m over 90 days
- Non-NHS payables-revenue: 8% - £0.9m over 90 days

YTD Better Payments Practice Code: Non-compliant

BPPC Performance

Better Payment Practice Code - Measure of Compliance	August YTD		Prior Month YTD	
	Number	£000s	Number	£000s
All				
Total Invoices Paid in the Year	60,688	341,656	45,287	276,326
Total Invoices Paid Within Target	56,228	312,967	41,800	253,085
Percentage of Invoices Paid Within Target	92.7%	91.6%	92.3%	91.6%
Non-NHS Payables				
Total Non-NHS Invoices Paid in the Year	58,391	291,203	43,307	232,211
Total Non-NHS Invoices Paid Within Target	55,062	272,857	40,795	218,100
Percentage Invoices Paid Within Target	94.3%	93.7%	94.2%	93.9%
NHS Payables				
Total Invoices Paid in the Year	2,297	50,453	1,980	44,115
Total Invoices Paid Within Target	1,166	40,110	1,005	34,985
Percentage of Invoices Paid Within Target	50.8%	79.5%	50.8%	79.3%

Average payment days

All suppliers			SME Suppliers		
Average Payment days	By volume	By value	Average Payment days	By volume	By value
0-5	15%	25%	0-5	6%	4%
6-21	50%	51%	6-21	13%	16%
22-30	22%	15%	22-30	4%	4%
Over 30	13%	9%	Over 30	76%	75%

- Overall compliance is 93% by volume and 92% value which is consistent with the previous month. The Trust has achieved 94% compliance against the 95% target by volume and value for non-NHS suppliers in the YTD.
- Guidance has been discussed previously at FIC in relation to the public sector payment policy, which states the government commitment to pay 90% of undisputed and valid invoices from SMEs within 5 days and 100% of all undisputed and valid invoices within 30 days.
- Under our current methodology we are only achieving 6% compliance by volume and 4% by value for this target.
- As reported previously, 90% performance is achievable but 100% compliance is not easy to meet without significant improvements across several areas. Increasing the use of accurate purchase orders, and ensuring there is on-time goods receipting is vital to speed up payments. Ensuring invoices are raised promptly and cash is collected quickly will ensure sufficient levels of cash are maintained.
- We are reviewing our methodology and approach, particularly how we classify SME suppliers, to ensure we are reporting accurately. This will be informed by an internal audit review to be undertaken over two stages in quarters 3 and 4 of 2020/2021. The first stage will be for internal audit to review the design of our new processes in this area and the second stage will be for them to review the operational effectiveness and performance against these processes.

Capital: August £18.2m YTD spend

Scheme Name	YTD Plan	YTD Actual	YTD Variance
Pre-commitments	4,730	2,615	(2,115)
ICU	6,298	6,462	164
Estates and Facilities Schemes	3,744	2,491	(1,253)
IT Schemes	1,854	1,884	30
Business cases and Reconfiguration Schemes	1,182	747	(435)
Medical Equipment Schemes	3,907	87	(3,820)
Covid - 19 capital expenditure	5,225	3,496	(1,729)
Other Corporate / Other Schemes	936	404	(532)
Total capital spend YTD	27,876	18,186	(9,690)

- We have spent £18.2m on capital against a year to date plan of £27.9m. The £9.7m variance is predominantly a timing issue due to the planned expenditure being split into equal 12ths, which will be updated for month 6 reporting.
- Expenditure includes £3.5m on Covid-19 projects.
- We have received additional funding of £7.1m in relation to Critical Infrastructure Risk.

August 2020: Statement of Financial Position

Statement of Financial Position

	Jul-20 £000's Actual	Aug-20 £000's Actual	Movement £000's Actual
Non Current Assets			
Property, plant and equipment	535,572	534,043	(1,529)
Intangible assets	5,860	5,682	(178)
Trade and other receivables	750	3,757	3,007
TOTAL NON CURRENT ASSETS	542,182	543,482	1,300
Current Assets			
Inventories	21,542	21,365	(177)
Trade and other receivables	26,260	28,982	2,722
Cash and cash equivalents	121,240	122,464	1,224
TOTAL CURRENT ASSETS	169,042	172,811	3,769
Current Liabilities			
Trade and other payables	(152,896)	(160,200)	(7,304)
Borrowings / Finance Leases	(355,471)	(3,063)	352,408
Other Liabilities	(27,148)	(27,707)	(559)
Provisions for liabilities and charges	(6,709)	(6,709)	0
TOTAL CURRENT LIABILITIES	(542,224)	(197,678)	344,546
NET CURRENT ASSETS (LIABILITIES)	(373,182)	(24,868)	348,314
TOTAL ASSETS LESS CURRENT LIABILITIES	169,000	518,615	349,615
Non Current Liabilities			
Borrowings / Finance Leases	(1,192)	(1,192)	0
Provisions for liabilities and charges	(6,126)	(6,126)	(0)
TOTAL NON CURRENT LIABILITIES	(7,318)	(7,318)	(0)
TOTAL ASSETS EMPLOYED	161,682	511,297	349,615
Public dividend capital	370,119	719,705	349,586
Revaluation reserve	168,557	168,557	(0)
Retained earnings	(376,995)	(376,966)	29
TOTAL TAXPAYERS EQUITY	161,681	511,296	349,615

- **Total Assets Employed:** Movement of £350m due to replacement of loans with PDC.
- **Non-Current Assets:** increased by £1.3m.
- **Working capital:**
 - Trade receivables have increased by £2.7m.
 - Trade payables have increased by £4.2m.
 - PDC dividends payable have increased by £3.1m following the conversion of £350m of loans to PDC.
- **Cash:**
 - August balance at £122.5m reflects patient care income received in advance.
- **Current liabilities:**
 - Decrease of £345m due to PDC loans conversions following the receipt of £350m PDC.

CMG Financial Performance (Appendix 1)

CHUGGS

	Aug-20			YTD			
	Plan	Actual	Variance	Plan	Actual	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
I & E £'000	Patient Care Income	14,842	14,842	(0)	74,108	74,108	(0)
	Non Patient Care Income	56	26	(30)	280	52	(227)
	Other Operating Income	639	658	19	3,219	3,352	133
	Total Income	15,536	15,525	(11)	77,607	77,512	(94)
	Pay Costs	(5,280)	(5,274)	6	(26,427)	(25,970)	457
	Pay Costs: Agency	(203)	(173)	30	(1,040)	(836)	204
	Non Pay	(5,417)	(5,622)	(205)	(27,650)	(24,590)	3,061
	Total Operating Costs	(10,900)	(11,068)	(168)	(55,117)	(51,396)	3,721
	Actual Surplus / (Deficit)	4,637	4,457	(179)	22,490	26,116	3,627

CSI

	Aug-20			YTD			
	Plan	Actual	Variance	Plan	Actual	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
I & E £'000	Patient Care Income	3,917	3,917	0	19,531	19,531	(0)
	Non Patient Care Income	35	18	(16)	173	102	(71)
	Other Operating Income	910	1,111	201	4,548	4,349	(198)
	Total Income	4,861	5,046	185	24,252	23,982	(269)
	Pay Costs	(8,039)	(8,049)	(10)	(40,184)	(39,704)	481
	Pay Costs: Agency	(151)	(103)	48	(744)	(707)	37
	Non Pay	(892)	(407)	484	(4,401)	(4,082)	318
	Total Operating Costs	(9,082)	(8,559)	522	(45,329)	(44,493)	836
	Actual Surplus / (Deficit)	(4,221)	(3,513)	707	(21,077)	(20,510)	567

CHUGGS

Patient Care Income: Balanced position including a £21.8m block contract adjustment for under-performance against plan as a result of Covid.

Other Income: Under by £0.1m due to a drop in private patient activity

Pay: £0.7m favourable to plan, mainly due to limited use of WLI sessions (£0.4m) and vacancies across medical staff (£0.11m) and non clinical staffing (£0.1m)

Non Pay: £3.1m favourable. EDD underspend (£1m), non use of Medinet in Endoscopy (£0.5m), activity related savings on drugs and consumables (£1.9m).

CSI

PCI: Although the income is balanced, this is due to the COVID19 settlement value which currently stands at £9m

Other Income: £0.3m adverse, inclusive of lost income due to COVID of £0.9m.

Pay: costs, including agency, £0.5m favourable. This includes £0.3m for COVID costs giving an underlying surplus of £0.8m. This reflects reduced premium pay linked to reduced activity.

Non Pay: costs are £0.3m favourable to plan. Within this is £2.8m of COVID costs giving a position excluding COVID costs of £3.1m favourable. This reflects reduced outsourcing and consumable costs due to lower activity.

CMG Financial Performance

ESM

	Aug-20			YTD			
	Plan	Actual	Variance	Plan	Actual	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
I&E £'000	Patient Care Income	16,590	16,590	0	83,047	83,047	(0)
	Non Patient Care Income	22	(14)	(36)	112	(14)	(126)
	Other Operating Income	801	713	(88)	4,003	3,716	(287)
	Total Income	17,413	17,289	(124)	87,162	86,750	(413)
	Pay Costs	(9,190)	(9,520)	(330)	(46,201)	(47,979)	(1,778)
	Pay Costs: Agency	(717)	(874)	(157)	(3,540)	(4,343)	(803)
	Non Pay	(4,591)	(3,977)	613	(22,660)	(20,116)	2,544
	Total Operating Costs	(14,498)	(14,372)	126	(72,401)	(72,438)	(37)
	Actual Surplus / (Deficit)	2,916	2,917	2	14,761	14,311	(450)

ITAPS

	Aug-20			YTD			
	Plan	Actual	Variance	Plan	Actual	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
I&E £'000	Patient Care Income	3,196	3,196	0	15,552	15,552	0
	Non Patient Care Income	4	0	(4)	18	5	(13)
	Other Operating Income	307	327	20	1,537	1,536	(1)
	Total Income	3,507	3,524	16	17,107	17,093	(14)
	Pay Costs	(6,190)	(6,397)	(208)	(30,943)	(31,686)	(743)
	Pay Costs: Agency	(96)	(102)	(7)	(472)	(519)	(47)
	Non Pay	(2,082)	(1,533)	549	(10,276)	(9,685)	591
	Total Operating Costs	(8,367)	(8,033)	334	(41,691)	(41,891)	(200)
	Actual Surplus / (Deficit)	(4,860)	(4,509)	351	(24,584)	(24,798)	(214)

ESM

Patient Care Income: in line with plan linked to the block arrangement. Under-performance across most points of delivery but largely within emergency pathway (ED and emergency inpatients).

Other Income: Teaching, LDA and staff recharges are down against plan or within block, totalling £0.4m

Pay: £2.6m adverse to plan. Excluding COVID a YTD deficit of £41k. Medical costs are overspent, offset by underspends in nursing

Non Pay: £2.5m favourable to plan. Excluding COVID a YTD surplus of £3.1. This is driven by underspends across NICE drugs and devices (£1.7m) in addition to a reduction in consumables linked to reduced activity

ITAPS

Patient Care Income: in line with plan linked to the block contract for M1-M5. Under-performance across most points of delivery except ECMO. Block related adjustment £0.8m.

Other Income: £14k adverse to plan. Under-performance £13k due to private patient/overseas income and £1k due to other income.

Pay: £0.8m adverse to plan. Additional medical staff and nursing premium to cover ITU, of which £1.5m is Covid related. August has seen an increase in baseline WLI activity.

Non Pay: £0.6m favourable to plan. Covid spend on consumables and supplies of £2.2m offsets the underspends on theatre related consumables.

CMG Financial Performance

MSS

	Aug-20			YTD			
	Plan	Actual	Variance	Plan	Actual	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
I & E £'000	Patient Care Income	9,725	9,725	(0)	48,588	48,588	(0)
	Non Patient Care Income	12	(1)	(14)	61	3	(57)
	Other Operating Income	396	388	(9)	1,982	1,808	(174)
	Total Income	10,134	10,111	(22)	50,630	50,399	(231)
	Pay Costs	(4,935)	(4,537)	398	(24,671)	(23,192)	1,479
	Pay Costs: Agency	(136)	(133)	3	(671)	(697)	(26)
	Non Pay	(2,277)	(1,605)	672	(12,160)	(7,112)	5,048
	Total Operating Costs	(7,348)	(6,275)	1,073	(37,501)	(31,001)	6,501
	Actual Surplus / (Deficit)	2,786	3,836	1,051	13,129	19,398	6,270

RRCV

	Aug-20			YTD			
	Plan	Actual	Variance	Plan	Actual	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
I & E £'000	Patient Care Income	16,699	16,699	(0)	84,560	84,560	0
	Non Patient Care Income	119	18	(101)	620	105	(514)
	Other Operating Income	466	410	(56)	2,363	2,251	(112)
	Total Income	17,285	17,128	(157)	87,542	86,916	(626)
	Pay Costs	(7,402)	(7,273)	128	(36,859)	(36,078)	781
	Pay Costs: Agency	(119)	(172)	(52)	(589)	(848)	(259)
	Non Pay	(5,446)	(5,063)	382	(27,540)	(23,914)	3,626
	Total Operating Costs	(12,967)	(12,508)	459	(64,988)	(60,840)	4,148
	Actual Surplus / (Deficit)	4,318	4,620	302	22,554	26,077	3,522

MSS

Patient Care Income: The CMG is operating on average between 51-55% capacity. The referral rate increased by 10% on last month however, YTD its still 52% of last year. The allocation of theatre lists is having a positive impact on backlog clearance particularly in Elective Surgery at the LGH.

Pay: Pay has been well managed, 6% better than plan (£1.5m). The key driver for this is vacancies within medical staffing which is being offset by the use of medical locums. Low WLI's for M5, but expected to increase as service begin to restore and recover to clear backlog. Agency spend is £26k adverse to plan. This is mainly driven by Nursing agency staff.

Non Pay is showing an underspend of £5m against plan. The underspend is due to Drugs £1.4m (primarily Ophthalmology) and Clinical Supplies £3.1m (Medical/Surgical Consumables, Instrument Equipment, Prosthesis, Patient Appliances).

RRCV

Patient Care Income in line with plan linked to the block arrangement. Under-performance across most points of delivery but largely within inpatient activity. Block related adjustment, £22.9m year to date.

Other Income: £0.6m adverse to plan. Under-performance linked to the under delivery against private patient/overseas income.

Pay: £0.5m favourable to plan, driven by underspends across pay, primarily within nursing.

Non Pay: £3.6m favourable to Plan, driven by underspends across specialties due to reduced levels of activity.

CMG Financial Performance

W&C

	Aug-20			YTD			
	Plan	Actual	Variance	Plan	Actual	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
I & E £'000	Patient Care Income	14,593	14,593	0	72,638	72,638	(0)
	Non Patient Care Income	100	20	(80)	498	149	(349)
	Other Operating Income	626	595	(31)	3,129	2,935	(194)
	Total Income	15,318	15,207	(111)	76,265	75,722	(543)
	Pay Costs	(7,973)	(8,041)	(67)	(39,537)	(39,653)	(117)
	Pay Costs: Agency	(27)	101	128	(137)	(92)	44
	Non Pay	(3,358)	(3,052)	306	(16,880)	(15,609)	1,272
	Total Operating Costs	(11,359)	(10,992)	367	(56,554)	(55,355)	1,199
	Actual Surplus / (Deficit)	3,960	4,216	256	19,711	20,368	656

R&I

	Aug-20			YTD			
	Plan	Actual	Variance	Plan	Actual	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
I & E £'000	Patient Care Income	6	6	(0)	28	28	(0)
	Non Patient Care Income	1	0	(1)	7	0	(7)
	Other Operating Income	3,013	2,442	(571)	15,063	13,695	(1,367)
	Total Income	3,020	2,447	(572)	15,098	13,724	(1,374)
	Pay Costs	(1,349)	(1,294)	55	(6,743)	(6,558)	185
	Pay Costs: Agency	0	0	0	0	(0)	(0)
	Non Pay	(1,706)	(1,467)	239	(8,528)	(8,010)	518
	Total Operating Costs	(3,054)	(2,761)	293	(15,271)	(14,568)	702
	Actual Surplus / (Deficit)	(34)	(313)	(279)	(173)	(844)	(672)

W&C

Patient Care Income: Daycase/ Elective Inpatient Activity £5.2m adverse, predominantly driven by activity under performance in all theatre areas.

Emergency/ Non-Elective £4.3m adverse.

Outpatients £3.5m adverse across all specialties.

Critical Care Services £2.8m adverse, linked to PICU at Glenfield being closed for April & May and reduced Paediatric HDU activity linked to reduced surgery activity. This is offset with the block related adjustment.

Non Patient Care Income & Other Income: £0.5m adverse due to lower private patient activity, and reduced maternity pathway charges and loss of baby scan income which has been offered free during Covid restrictions.

Pay: £0.1m adverse. Covid costs equate to £0.2m, largely within nursing.

Non-Pay: £1.3m favourable including Covid costs of £0.4m. Primarily in clinical supplies.

R&I

Income: £1.4m adverse reflecting low levels of commercial income and income lost through staff working on COVID.

Expenditure: Underspend of £0.7m offsetting the adverse position on income.

CMG Financial Performance

Estates

	Aug-20			YTD		
	Plan	Actual	Variance	Plan	Actual	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Patient Care Income	0	0	0	0	0	0
Non Patient Care Income	0	1	1	0	1	1
Other Operating Income	1,835	1,331	(504)	9,173	5,666	(3,506)
Total Income	1,835	1,331	(503)	9,173	5,667	(3,506)
Pay Costs	(3,222)	(3,202)	20	(16,124)	(16,193)	(69)
Pay Costs: Agency	(6)	(90)	(83)	(31)	(584)	(553)
Non Pay	(3,289)	(2,952)	337	(16,446)	(15,593)	854
Total Operating Costs	(6,518)	(6,243)	274	(32,602)	(32,370)	232
Actual Surplus / (Deficit)	(4,683)	(4,912)	(229)	(23,429)	(26,703)	(3,274)

I & E £'000

Estates

Income: £3.5m adverse reflecting the loss of car parking, catering and shuttle bus income due to Covid, partially mitigated by reduced non pay expenditure.

Pay: £0.6m adverse. Adjusting for Covid expenditure, the position would be £47k favourable.

Non-Pay: £0.9m favourable, inclusive of £1.9m Covid costs. There are some savings on non-pay due to the reduced activity across the Trust, such as patient catering, laundry and postage.

Corporate

	Aug-20			YTD		
	Plan	Actual	Variance	Plan	Actual	Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Patient Care Income	0	0	0	0	0	0
Non Patient Care Income	0	0	(0)	0	0	(0)
Other Operating Income	579	649	70	2,897	2,510	(386)
Total Income	579	649	70	2,897	2,510	(386)
Pay Costs	(3,237)	(3,146)	91	(16,188)	(15,741)	447
Pay Costs: Agency	(18)	(28)	(10)	(92)	(170)	(78)
Non Pay	(3,947)	(4,142)	(195)	(19,733)	(19,951)	(218)
Total Operating Costs	(7,202)	(7,316)	(114)	(36,013)	(35,862)	151
EBITDA	(6,623)	(6,666)	(44)	(33,116)	(33,352)	(235)
Non Operating Costs	0	(52)	(52)	0	(64)	(64)
Surplus / (Deficit)	(6,623)	(6,718)	(96)	(33,116)	(33,415)	(299)

I & E £'000

Corporate

Other Income: £0.4m adverse reflecting the loss of training and Occupational Health income partially mitigated by reduction in non pay.

Pay: £0.4m favourable to plan due to vacancies in Operations, Corporate Medical and Quality Strategy.

Non Pay: £0.2m adverse to plan. Overspends in Finance due to Kingsgate costs currently not included in the interim plan and COVID expenditure incurred in IM&T are mitigated by underspends in other Corporate areas.

CMG Financial Performance

Alliance

	Aug-20			YTD			
	Plan	Actual	Variance	Plan	Actual	Variance	
	£'000	£'000	£'000	£'000	£'000	£'000	
I & E £'000	Patient Care Income	1,705	1,705	0	8,740	8,740	0
	Non Patient Care Income	3	0	(3)	13	3	(10)
	Other Operating Income	57	81	24	430	290	(140)
	Total Income	1,764	1,786	22	9,182	9,032	(150)
	Pay Costs	(1,089)	(1,019)	70	(5,447)	(4,861)	586
	Pay Costs: Agency	(30)	0	30	(150)	(4)	146
	Non Pay	(891)	(861)	30	(4,599)	(3,855)	744
	Total Operating Costs	(2,010)	(1,879)	131	(10,197)	(8,720)	1,476
	Actual Surplus / (Deficit)	(246)	(93)	153	(1,014)	312	1,326

Alliance

Non Patient Care Income: Deficit attributable to under recovery of private patient income. Minimal income recovered at M5.

Other Operating Income: Deficit attributable to Planned Care Team. Income deemed part of interim commissioning arrangements. Staff costs normally recovered by billing Leicester City CCG.

Pay: Current surplus driven by Covid-19. Significant underspend against UHL Medical SLA although day case activity is being restored and performance continues to improve from M4 and M5(76% delivery). No significant use of WLI spend normally used to support sessions. Agency: Your World agency not used during the interim period to deliver Endoscopy activity. Unlikely to be at pre Covid-19 levels until later in the year

Non Pay: Reduced activity across all Alliance sites has resulted in surpluses against the consumables budgets.

Appendix 2: National Cost Collection Update

Update on the arrangements for the submission of the National Cost Collection (NCC).

- 2020 sees the second mandated year of the National Cost Collection (NCC) exercise, which has replaced the Reference Cost Collection, and focuses on the reporting of costs at patient level rather than HRG unit costs
- Following the implementation of new software (Usercost), The Trust has significantly improved the quality of data in the submission, in accordance with national costing guidance
- Submission of the NCC is due on 19th October 2020. It will be authorised by the CFO and reported to FIC at the October meeting.

Appendix 3: Pay Analysis

The table below shows a comparison of total Trust pay costs for the first five months of the financial year, compared to the same period in 2019/20 and 2018/19.

The increase between June and July 2020 is driven by an adjustment to the medical pay award (£0.4m) and accruals for WTD costs (£0.8m).

	April £m	May £m	June £m	July £m	August £m
2018/19 Pay	53.0	53.1	52.1	52.5	55.9
2019/20 Pay	58.5	55.2	55.1	55.2	55.4
Medical Pay Award	0.3	0.3	0.3	0.3	0.3
Revised 2019/20 Pay	58.8	55.5	55.4	55.4	55.7
2020/21 Pay	60.6	59.4	60.0	61.8	59.3
Increase / (Decrease) in pay expenditure	1.8	3.9	4.6	6.4	3.5
Inflation	1.7	1.7	1.7	1.7	1.7
Covid-19 expenditure	1.2	2.0	2.3	2.2	1.0
Increase / (Decrease) in underlying pay expenditure	(1.1)	0.2	0.5	2.5	0.8