

2021/22 Month 2 Financial Performance

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Sponsor: Simon Lazarus - Chief Financial Officer

Trust Board paper G revised

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)		
FRB	23.06.21	Discussion
FIC	29.06.21	Discussion
Trust Board		

Executive Summary

Context:

This paper updates the Trust Board on the financial performance of the Trust at Month 2 of 2021/22.

NHSE&I are continuing the temporary arrangement of block payment. Block funding is based on 20/21 Quarter 3 levels of spend/activity/workforce i.e. October to December 2020 (multiplied by two) to create our H1 funding envelope.

Questions:

1. What is the financial performance for the period ending 31st May 2021?

The actual position including Top Up funding is a £3.8m surplus, which is £0.1m favourable to forecast and plan.

2. What are the main issues of note in the Month 1-6 financial performance?

- The Trust is forecasting the delivery of its H1 plan of breakeven and is currently forecasting a surplus of £1m. The assumptions behind the forecast exclude the following items:
 - 3rd wave Covid-19 impact
 - No Elective Recovery Funds (ERF) have currently been assumed
 - 21/22 Agenda for Change, pay awards have been excluded as per national guidance

Input Sought:

The Trust Board is asked to **note**:

- **Note** the Month 2 (2021/22) reported financial position.

For Reference:

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

1. Quality priorities

Safe, surgery and procedures
Safely and timely discharge
Improved Cancer pathways
Streamlined emergency care
Better care pathways
Ward accreditation

Not applicable
Not applicable
Not applicable
Not applicable
Not applicable
Not applicable

2. Supporting priorities

People strategy implementation
Estate investment and reconfiguration
e-Hospital
More embedded research
Better corporate services
Quality strategy development

Not applicable
Not applicable
Not applicable
Not applicable
Not applicable
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 Principal Risk on the BAF?	X	Principal Risk 4 – Financial Sustainability
Organisational: Does this link to an Operational/Corporate Risk on Datix Register		
New Risk identified in paper: What type and description ?		
None		

5. Scheduled date for the **next paper** on this topic: 2 September 2021

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



NHS

**University Hospitals
of Leicester**
NHS Trust

Caring at its best

Financial Performance Report

May 2021

One team shared values



Executive Summary

- The Trust has reported a YTD surplus of £3.8m. This is a £0.1m favourable variance to the forecast surplus of £3.7m. (Page 10 breaks this down by category of expenditure).
- The Trust has recognised a gain of £0.45m on the disposal of Hospital Close. This gain is excluded from the overall Trust control total position.
- Approved budget changes above the H1 baseline have been allocated to CMGs and Directorates. The basis of this allocation has been the month 1 forecast. The funding for this has been provided through the non-recurrent System Headroom of £21m.
- The Trust is forecasting a half year breakeven position in-line with plan. The assumptions behind the forecast exclude the following items:
 - 3rd wave Covid-19 impact
 - No Elective Recovery Funds (ERF) have currently been assumed
 - 2021/22 pay awards have been excluded from the year to date financial position and forecast, as per national guidance
- The forecast assumes Health Education England income of £20.4m. This is subject to formal confirmation.
- In relation to the Elective Recovery Fund (ERF), the LLR CFOs approved the system plan resubmission (15th June 2021) to include an amount of £6.4m, with matching expenditure, based on planned activity. Of this £6.4m, £3.3m has been identified for UHL and was reflected in an updated Trust plan submission on 22nd June 2021.

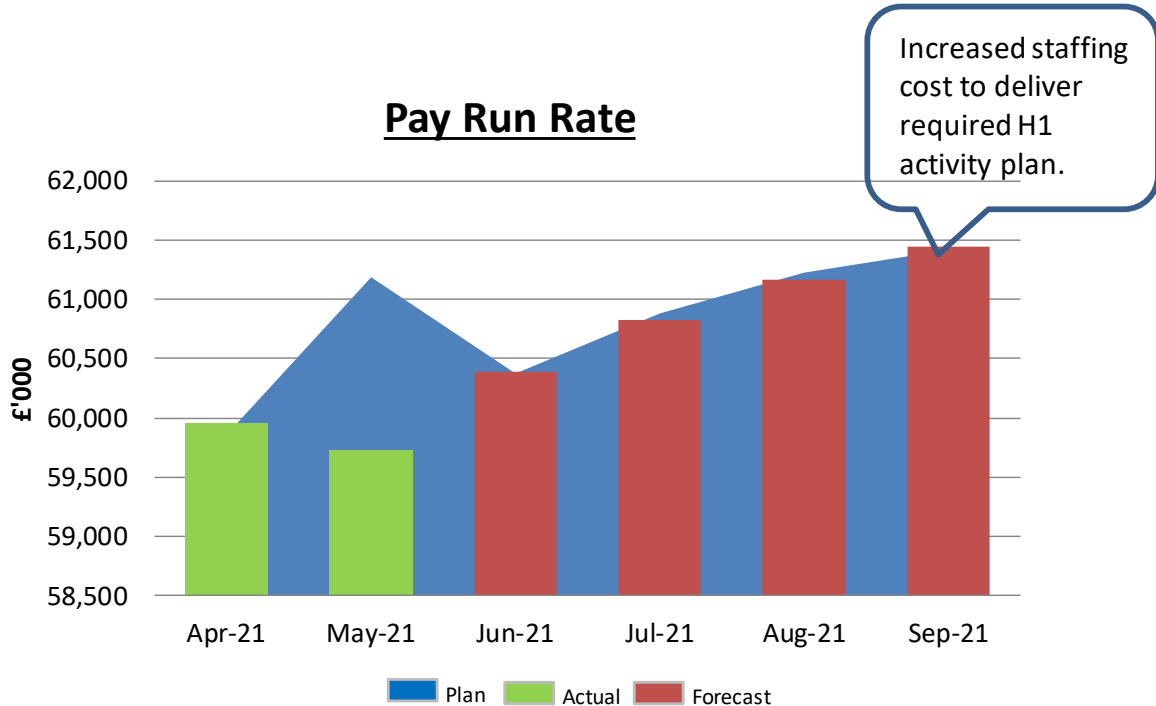
Executive Summary

Caring at its best

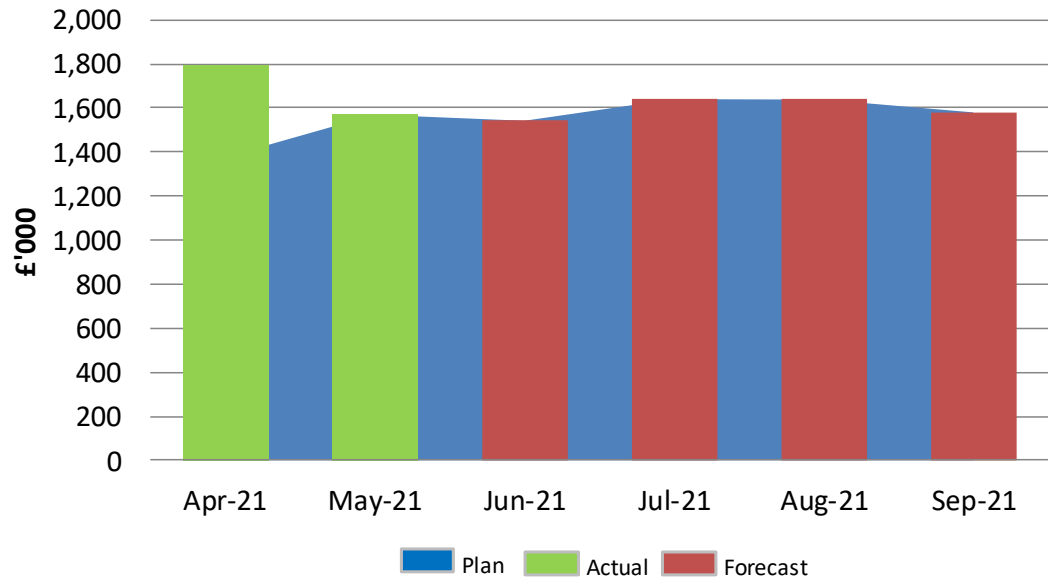
- The following items have not resulted in an initial budget change and are subject to actual expenditure being incurred on a monthly basis and the review of the overall Trust financial position, this will determine whether funding will be received from System Headroom:
 - Marginal Costs - £3.31m
 - Overseas Nursing - £3.0m
 - Tollerton Cardiology - £0.65m
 - Oncology Junior Doctors - £0.08m
 - Bowel Cancer Screening Spire - £0.26m
 - Critical Care additional ITU beds - £0.80m
- The Trust has reported a risk adjusted first half (H1) CIP cash releasing position of £7m against an £4.8m CIP target. (Page 11 details CIP delivery).
- The Trust's cash position was £106.7m at the end of May, an increase of £9.2m compared to 30th April 2021, reflecting the timing of supplier payments.
- A Cash Committee has been established, whose main role will be to continually monitor and approve the annual and monthly cash forecasts, ensuring these are aligned to the income and expenditure forecast, including modelling the sensitivity of assumptions.

Key Highlights

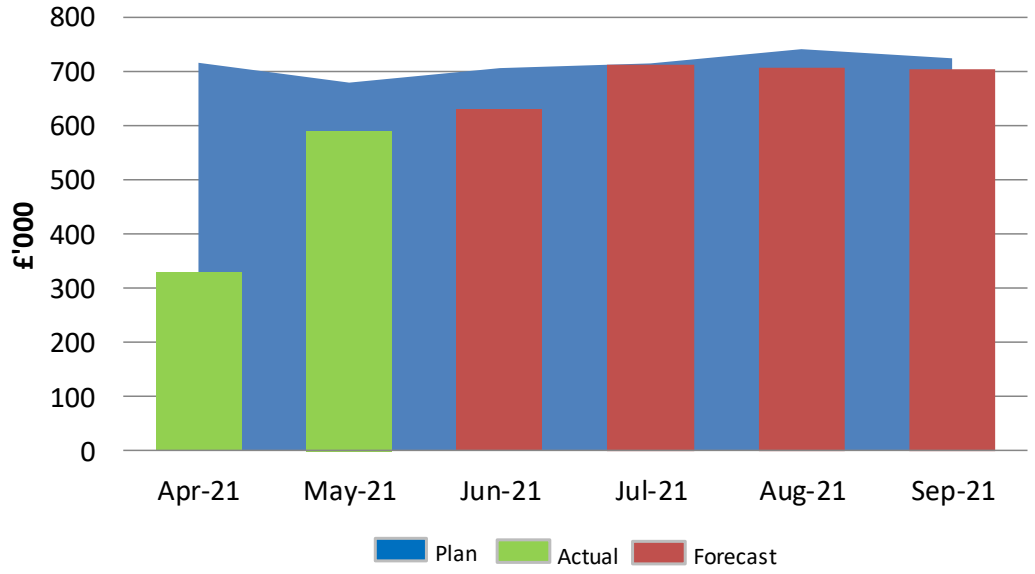
Pay Run Rate



Agency Run Rate



WLIs



	Actual	Actual	Forecast	Forecast	Forecast	Forecast	In month		
	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Actual M1	Actual M2	Variance
Total - WTE									
Substantive	14303	14248	14428	14497	14553	14584	14303	14248	-55
Bank	717	717	721	667	675	726	717	717	0
Agency	399	318	362	368	374	383	399	318	-81
Total	15420	15283	15511	15531	15602	15694	15420	15283	-137

Summary Financial Position (M1-M6)

	In month			YTD			(M1 - M6)			FOT		
	Forecast	Actual	Variance	Forecast	Actual	Variance	Plan	Forecast	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Patient Care Income	80,655	79,970	(686)	162,172	161,486	(686)	485,686	485,746	60	486,387	485,746	(641)
Other Income	24,625	22,596	(2,029)	45,739	43,710	(2,029)	138,813	136,625	(2,188)	136,100	136,625	525
Total Income	105,280	102,566	(2,715)	207,911	205,196	(2,715)	624,499	622,371	(2,128)	622,487	622,371	(116)
Pay Costs	(61,803)	(61,297)	506	(123,547)	(123,041)	506	(374,297)	(373,271)	1,027	(374,616)	(373,271)	1,346
Non-Pay Costs	(36,004)	(33,905)	2,099	(71,858)	(69,759)	2,099	(222,984)	(221,067)	1,917	(219,765)	(221,067)	(1,301)
Total Costs	(97,807)	(95,202)	2,605	(195,405)	(192,800)	2,605	(597,281)	(594,337)	2,944	(594,382)	(594,337)	44
EBITDA	7,473	7,363	(110)	12,506	12,396	(110)	27,218	28,034	816	28,105	28,034	(71)
Non-Operating Costs	(3,806)	(3,359)	447	(8,740)	(8,292)	447	(26,506)	(26,058)	448	(26,503)	(26,058)	445
Retained Surplus/(Deficit)	3,668	4,005	337	3,766	4,103	337	712	1,976	1,264	1,602	1,976	373
Donated Assets	(128)	108	235	(81)	154	235	(712)	(477)	235	(712)	(477)	235
Net Surplus/(Deficit)	3,540	4,112	572	3,685	4,258	572	(0)	1,499	1,499	890	1,499	609
Surplus/(Deficit)	3,540	4,112	572	3,685	4,258	572	(0)	1,499	1,499	890	1,499	609
Less Profit On Disposal		(450)	(450)	0	(450)	(450)	0	(450)	(450)	0	(450)	(450)
Surplus/(Deficit) Including Disposal	3,540	3,662	122	3,685	3,808	122	(0)	1,049	1,049	890	1,049	159

Comments – Year To Date (YTD)

- Patient Care Income reflects the cost and volume element of Excluded Drugs and Devices in relation to specialised drugs offset by Non Pay underspend.
- Other Income reflects income deferral relating to the timing of expenditure being incurred e.g. Marginal Cost, Tollerton Cardiology Scheme, Oncology Junior Doctors and Overseas nurse recruitment.
- Pay position reflects lower recruitment levels than planned.
- Non Pay position relates to Corporate £1.7mF, reflecting the timing of expenditure e.g. Overseas nurse recruitment and £0.5mF relating to the cost and volume element of Excluded Drugs and Devices.
- Non-Operating Costs reflects £0.45m favourable benefit from the sale proceeds relating to Hospital Close site.

Comments – Forecast Outturn (FoT)

- Pay £1mF from substantive pay, relating to recruitment slippage and £0.35mF relating to reduced agency spend.
- Non Pay reflects £1.2mA, relating to Excluded Drugs and Devices linked to increased activity.
- Non-Operating Costs reflects £0.45m favourable benefit from the sale proceeds relating to Hospital Close site.

Appendix 1: Total 2021/22 Forecast (M1-M6)

	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	In month			YTD			FOT		
	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	H1	Forecast	Actual	Variance	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Patient Care Income	81,516	79,970	80,814	81,111	81,111	81,224	485,746	80,655	79,970	(686)	162,172	161,486	(686)	486,387	485,746	(641)
Other Income	21,114	22,596	24,907	22,325	23,092	22,592	136,625	24,625	22,596	(2,029)	45,739	43,710	(2,029)	136,100	136,625	525
Total Income	102,631	102,566	105,721	103,435	104,202	103,816	622,371	105,280	102,566	(2,715)	207,911	205,196	(2,715)	622,487	622,371	(116)
Pay Costs	(61,744)	(61,297)	(61,928)	(62,467)	(62,810)	(63,025)	(373,271)	(61,803)	(61,297)	506	(123,547)	(123,041)	506	(374,616)	(373,271)	1,346
Non-Pay Costs	(35,854)	(33,905)	(38,323)	(37,950)	(36,113)	(38,921)	(221,067)	(36,004)	(33,905)	2,099	(71,858)	(69,759)	2,099	(219,765)	(221,067)	(1,301)
Total Costs	(97,598)	(95,202)	(100,251)	(100,417)	(98,923)	(101,946)	(594,337)	(97,807)	(95,202)	2,605	(195,405)	(192,800)	2,605	(594,382)	(594,337)	44
EBITDA	5,033	7,363	5,470	3,018	5,279	1,870	28,034	7,473	7,363	(110)	12,506	12,396	(110)	28,105	28,034	(71)
Non-Operating Costs	(4,934)	(3,359)	(4,377)	(4,459)	(4,463)	(4,465)	(26,058)	(3,806)	(3,359)	447	(8,740)	(8,292)	447	(26,503)	(26,058)	445
Retained Surplus/(Deficit)	99	4,005	1,093	(1,441)	816	(2,596)	1,976	3,668	4,005	337	3,766	4,103	337	1,602	1,976	373
Donated Assets	47	108	(158)	(158)	(158)	(158)	(477)	(128)	108	235	(81)	154	235	(712)	(477)	235
Net Surplus/(Deficit)	145	4,112	935	(1,599)	658	(2,753)	1,499	3,540	4,112	572	3,685	4,258	572	890	1,499	609
Surplus/(Deficit)	145	4,112	935	(1,599)	658	(2,753)	1,499	3,540	4,112	572	3,685	4,258	572	890	1,499	609
Less Profit On Disposal	0	(450)	0	0	0	0	(450)	0	(450)	(450)	0	(450)	(450)	0	(450)	(450)
Surplus/(Deficit) Including Disposal	145	3,662	935	(1,599)	658	(2,753)	1,049	3,540	3,662	122	3,685	3,808	122	890	1,049	159

The forecast at M2 has marginally improved from the forecast reported at M1.

Points to note and assumptions behind the forecast:

- No costs have been included for the impact of a 3rd wave of COVID-19
- No income from the ERF has currently been assumed in the forecast position
- The forecast does not include the impact of pay awards as these are yet to be agreed nationally
- Income and costs of the ITU beds has been included
- The pay and non-pay profile reflects forecast workforce changes and delivery of the H1 activity plan
- The forecast does not include any impact from the continuing review of the 2019/20 and 2020/21 annual accounts as part of the audit process, and there remains a risk that this will impact on the 2021/22 financial position.

Appendix 2: Break Down of Total Forecast (1/3)

	In month			YTD			FOT		
	Forecast	Actual	Variance	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Baseline Forecast									
Patient Care Income	80,655	79,970	(686)	162,172	161,486	(686)	486,387	485,480	(907)
Other Income	22,865	20,671	(2,194)	43,478	41,284	(2,194)	131,005	131,248	243
Total Income	103,520	100,641	(2,879)	205,649	202,770	(2,879)	617,391	616,727	(664)
Pay Costs	(61,442)	(61,081)	361	(122,727)	(122,365)	361	(371,491)	(371,159)	332
Non Pay Costs	(35,327)	(33,398)	1,929	(70,797)	(68,868)	1,929	(218,435)	(220,241)	(1,806)
Total Costs	(96,769)	(94,479)	2,290	(193,524)	(191,234)	2,290	(589,926)	(591,400)	(1,474)
EBITDA	6,751	6,162	(589)	12,126	11,536	(589)	27,465	25,327	(2,138)
Non-Operating Costs	(3,806)	(3,359)	447	(8,740)	(8,292)	447	(26,503)	(26,058)	445
Retained Surplus/(Deficit)	2,946	2,803	(142)	3,386	3,244	(142)	962	(731)	(1,693)
Donated Assets	(128)	108	235	(81)	154	235	(712)	(477)	235
Net Surplus/(Deficit)	2,818	2,911	93	3,305	3,398	93	250	(1,208)	(1,458)
Surplus/(Deficit)	2,818	2,911	93	3,305	3,398	93	250	(1,208)	(1,458)
COVID									
Patient Care Income	0	0	0	0	0	0	0	0	0
Non NHS patient care	0	0	0	0	0	0	0	0	0
Other Income	609	773	164	1,055	1,219	164	3,683	3,891	208
Total Income	609	773	164	1,055	1,219	164	3,683	3,891	208
Pay Costs	(586)	(549)	36	(1,273)	(1,237)	36	(4,048)	(3,506)	543
Non Pay Costs	(574)	(535)	39	(918)	(879)	39	(2,864)	(2,702)	162
Total Costs	(1,160)	(1,084)	75	(2,191)	(2,116)	75	(6,912)	(6,207)	705
EBITDA	(551)	(311)	239	(1,136)	(897)	239	(3,229)	(2,316)	913
Non-Operating Costs	0	0	0	0	0	0	0	0	0
Retained Surplus/(Deficit)	(551)	(311)	239	(1,136)	(897)	239	(3,229)	(2,316)	913
Donated Assets	0	0	0	0	0	0	0	0	0
Net Surplus/(Deficit)	(551)	(311)	239	(1,136)	(897)	239	(3,229)	(2,316)	913
Provider sustainability fund	0	0	0	0	0	0	0	0	0
Surplus/(Deficit)	(551)	(311)	239	(1,136)	(897)	239	(3,229)	(2,316)	913

Appendix 2: Break Down of Total Forecast (2/3)

	In month			YTD			FOT		
	Forecast	Actual	Variance	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Restoration and Recovery									
Patient Care Income	0	0	0	0	0	0	0	266	266
Non NHS patient care	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0
Total Income	0	0	0	0	0	0	0	266	266
Pay Costs	(20)	0	20	(25)	(4)	20	(370)	(350)	20
Non Pay Costs	(240)	(217)	23	(466)	(443)	23	(1,511)	(1,448)	63
Total Costs	(260)	(217)	43	(491)	(448)	43	(1,881)	(1,798)	83
EBITDA	(260)	(217)	43	(491)	(448)	43	(1,881)	(1,532)	349
Non-Operating Costs	0	0	0	0	0	0	0	0	0
Retained Surplus/(Deficit)	(260)	(217)	43	(491)	(448)	43	(1,881)	(1,532)	349
Donated Assets	0	0	0	0	0	0	0	0	0
Net Surplus/(Deficit)	(260)	(217)	43	(491)	(448)	43	(1,881)	(1,532)	349
Provider sustainability fund	0	0	0	0	0	0	0	0	0
Surplus/(Deficit)	(260)	(217)	43	(491)	(448)	43	(1,881)	(1,532)	349
Winter Presuures									
Patient Care Income	0	0	0	0	0	0	0	0	0
Non NHS patient care	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0
Total Income	0	0	0	0	0	0	0	0	0
Pay Costs	(54)	(53)	2	(109)	(107)	2	(274)	(272)	2
Non Pay Costs	(26)	(26)	0	(52)	(52)	0	(156)	(156)	0
Total Costs	(80)	(79)	2	(161)	(159)	2	(430)	(428)	2
EBITDA	(80)	(79)	2	(161)	(159)	2	(430)	(428)	2
Non-Operating Costs	0	0	0	0	0	0	0	0	0
Retained Surplus/(Deficit)	(80)	(79)	2	(161)	(159)	2	(430)	(428)	2
Donated Assets	0	0	0	0	0	0	0	0	0
Net Surplus/(Deficit)	(80)	(79)	2	(161)	(159)	2	(430)	(428)	2
Provider sustainability fund	0	0	0	0	0	0	0	0	0
Surplus/(Deficit)	(80)	(79)	2	(161)	(159)	2	(430)	(428)	2

Appendix 2: Break Down of Total Forecast (3/3)

	In month			YTD			FOT		
	Forecast	Actual	Variance	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000	£000	£000	£000
CIP Savings									
Patient Care Income	0	0	0	0	0	0	0	0	0
Non NHS patient care	0	0	0	0	0	0	0	0	0
Other Income	1,151	1,152	1	1,206	1,207	1	1,412	1,486	74
Total Income	1,151	1,152	1	1,206	1,207	1	1,412	1,486	74
Pay Costs	299	385	86	586	673	86	1,568	2,017	449
Non Pay Costs	164	271	108	375	483	108	3,200	3,480	280
Total Costs	463	657	194	961	1,155	194	4,768	5,496	728
EBITDA	1,613	1,808	195	2,168	2,363	195	6,180	6,983	802
Non-Operating Costs	0	0	0	0	0	0	0	0	0
Retained Surplus/(Deficit)	1,613	1,808	195	2,168	2,363	195	6,180	6,983	802
Donated Assets	0	0	0	0	0	0	0	0	0
Net Surplus/(Deficit)	1,613	1,808	195	2,168	2,363	195	6,180	6,983	802
Provider sustainability fund	0	0	0	0	0	0	0	0	0
Surplus/(Deficit)	1,613	1,808	195	2,168	2,363	195	6,180	6,983	802
Total Forecast									
Patient Care Income	80,655	79,970	(686)	162,172	161,486	(686)	486,387	485,746	(641)
Non NHS patient care	0	0	0	0	0	0	0	0	0
Other Income	24,625	22,596	(2,029)	45,739	43,710	(2,029)	136,100	136,625	525
Total Income	105,280	102,566	(2,715)	207,911	205,196	(2,715)	622,487	622,371	(116)
Pay Costs	(61,803)	(61,297)	506	(123,547)	(123,041)	506	(374,616)	(373,271)	1,346
Non Pay Costs	(36,004)	(33,905)	2,099	(71,858)	(69,759)	2,099	(219,765)	(221,067)	(1,301)
Total Costs	(97,807)	(95,202)	2,605	(195,405)	(192,800)	2,605	(594,382)	(594,337)	44
EBITDA	7,473	7,363	(110)	12,506	12,396	(110)	28,105	28,034	(71)
Non-Operating Costs	(3,806)	(3,359)	447	(8,740)	(8,292)	447	(26,503)	(26,058)	445
Retained Surplus/(Deficit)	3,668	4,005	337	3,766	4,103	337	1,602	1,976	373
Donated Assets	(128)	108	235	(81)	154	235	(712)	(477)	235
Net Surplus/(Deficit)	3,540	4,112	572	3,685	4,258	572	890	1,499	609
Surplus/(Deficit)	3,540	4,112	572	3,685	4,258	572	890	1,499	609
Less Profit On Disposal	0	(450)	(450)	0	(450)	(450)	0	(450)	(450)
Surplus/(Deficit) Including Disposal	3,540	3,662	122	3,685	3,808	122	890	1,049	159

Appendix 4: Update on CIP (M1-M6)

Planned	Planned £'000						H1 Year to Date £'000	H1 Forecast Outturn £'000
	Apr	May	Jun	Jul	Aug	Sep		
1. CIP Budget Reduction - Current year new schemes	428	1,514	730	544	1,011	777	1,942	5,004
2. CIP Budget Reduction - Prior Year Full Year Effect	72	73	75	79	79	79	146	458
5. Other Run Rate Reduction	50	95	19	19	19	19	145	219
Total Cash Releasing	551	1,682	823	642	1,109	874	2,233	5,681
3. Cost Avoidance	143	16	23	23	23	23	160	252
4. Productivity Improvement	100	102	105	106	107	110	202	629
Total Non - Cash Releasing	244	118	127	129	130	133	362	881
Total All	795	1,800	951	770	1,238	1,007	2,595	6,562

Actual / Forecast	Actual / Forecast £'000						H1 Year to Date £'000	H1 Forecast Outturn £'000
	Apr	May	Jun	Jul	Aug	Sep		
1. CIP Budget Reduction - Current year new schemes	253	1,452	374	361	742	520	1,705	3,702
2. CIP Budget Reduction - Prior Year Full Year Effect	75	70	71	76	76	76	145	443
5. Other Run Rate Reduction	226	286	237	190	1,956	193	512	3,089
Total Cash Releasing	554	1,808	682	627	2,774	788	2,362	7,234
3. Cost Avoidance	187	31	37	37	37	37	217	365
4. Productivity Improvement	17	17	20	23	25	31	35	133
Total Non - Cash Releasing	204	48	56	60	62	68	252	498
Total All	758	1,857	738	687	2,837	856	2,614	7,732

Actual / Forecast (Risk Adjusted)	Actual / Forecast (Risk Adjusted) £'000						H1 Year to Date £'000	H1 Forecast Outturn £'000
	Apr	May	Jun	Jul	Aug	Sep		
1. CIP Budget Reduction - Current year new schemes	253	1,452	341	306	693	428	1,705	3,473
2. CIP Budget Reduction - Prior Year Full Year Effect	75	70	71	72	72	72	145	433
5. Other Run Rate Reduction	226	286	234	188	1,954	190	512	3,077
Total Cash Releasing	554	1,808	646	566	2,719	689	2,362	6,983
3. Cost Avoidance	187	31	10	10	10	10	217	257
4. Productivity Improvement	17	17	17	17	17	17	35	105
Total Non - Cash Releasing	204	48	27	27	27	27	252	362
Total All	758	1,857	673	594	2,747	717	2,614	7,345

The risk adjusted schemes figures are valued in the above table at 100% (Green), 25% (Amber) and 0% (Red)

Variance to Plan (Risk Adjusted)	Variance to Plan (Risk Adjusted) £'000						H1 Year to Date £'000	H1 Forecast Outturn £'000
	Apr	May	Jun	Jul	Aug	Sep		
1. CIP Budget Reduction - Current year new schemes	(176)	(62)	(389)	(238)	(318)	(349)	(238)	(1,531)
2. CIP Budget Reduction - Prior Year Full Year Effect	2	(3)	(4)	(7)	(7)	(7)	(1)	(25)
5. Other Run Rate Reduction	176	192	215	169	1,935	171	368	2,858
Total Cash Releasing	3	126	(177)	(76)	1,611	(185)	129	1,302
3. Cost Avoidance	43	14	(13)	(13)	(13)	(13)	58	6
4. Productivity Improvement	(83)	(84)	(87)	(88)	(89)	(93)	(167)	(525)
Total Non - Cash Releasing	(40)	(70)	(100)	(101)	(102)	(105)	(110)	(519)
Total All	(37)	56	(277)	(177)	1,508	(290)	19	783

Appendix 5: Activity and SLA Income

	FY19/20 YTD (M1-6)	Activity YTD (H1)			Activity FOT (H1)			Income YTD £000 (H1)
Point of delivery	Activity	Plan	Actual	Variance	Plan	Actual	Variance	Actual
Emergency department	44,226	42,902	41,462	(1,440)	129,917	128,077	(1,840)	6,627
Day cases	18,024	12,474	14,125	1,651	41,913	43,684	1,771	7,434
Elective	3,462	2,093	2,406	313	7,459	7,780	321	9,767
Non elective	20,359	19,503	18,207	(1,296)	59,328	57,767	(1,561)	44,478
Outpatient – first	42,629	39,117	35,452	(3,666)	126,551	119,131	(7,420)	6,271
Outpatient – follow up	97,188	85,357	99,466	14,110	270,553	285,421	14,868	6,596
Outpatient procedures	24,956	20,303	20,128	(175)	69,831	67,727	(2,104)	3,096
Critical care services	9,387	8,278	7,688	(590)	28,235	27,645	(590)	8,332
Renal dialysis and transplant	31,539	30,058	32,537	2,479	97,110	99,589	2,479	5,034
Other central SLA income	1,445,267	1,084,306	1,392,246	307,939	3,935,765	4,257,443	321,678	22,328
Excluded devices & Medicines	5,169	-	3,465	3,465	-	3,666	3,666	20,571
Block Contract	-	-	-	-	-	-	-	20,950
Total SLA Income	1,742,205	1,344,392	1,667,181	322,790	4,766,661	5,097,930	331,269	161,486

The 19/20 activity data has been used as a comparator as compared to 20/21 due to the Covid-19 impact on performance during 20/21.

Elective activity over performing against plan mainly with Day Cases. The specialties which are significantly over performing include Medical Oncology, Clinical Haematology and Urology.

Emergency Department and Non-elective activity are considerably under-plan with Acute Integrated Medicine, Respiratory Medicine and Accident & Emergency specialties underperforming.

Outpatient, Follow-Up appointments are showing a favourable variance to plan with the majority of this due to Non Face-to-Face appointments. Ophthalmology, Dermatology are the main drivers for this.

Some of the over performance is offset by the under-performance in New appointments (Non Face-to-Face) within Rheumatology and Dermatology.

Direct Access Pathology (included in Other central SLA income) and Renal Dialysis and Transplant are showing a significant activity over performance.

Appendix 6: Financial Performance By CMG and Directorate (1/2)

	Trust overall					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	207,911	205,196	(2,715)	622,487	622,371	(116)
Total Pay	(123,547)	(123,041)	506	(374,616)	(373,271)	1,346
Non Pay	(71,858)	(69,759)	2,099	(219,765)	(221,067)	(1,301)
Total Expenditure	(195,405)	(192,800)	2,605	(594,382)	(594,337)	44
EBITDA	12,506	12,396	(110)	28,105	28,034	(71)
Non Operating Costs	(8,740)	(8,292)	447	(26,503)	(26,058)	445
Donated Assets	(81)	154	235	(712)	(477)	235
Net Surplus	3,685	4,258	572	890	1,499	609
Less Profit On Disposal	0	(450)	(450)	0	(450)	(450)
Surplus/(Deficit) Including Disposal	3,685	3,808	122	890	1,049	159

	CHUGGS					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	1,333	1,341	8	3,907	3,915	8
Total Pay	(11,299)	(11,194)	106	(34,002)	(33,787)	215
Non Pay	(13,399)	(12,598)	800	(40,169)	(38,728)	1,441
Total Expenditure	(24,698)	(23,792)	906	(74,171)	(72,515)	1,656
EBITDA	(23,365)	(22,451)	914	(70,264)	(68,600)	1,664

	ESM					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	1,435	1,431	(3)	4,304	4,304	(0)
Total Pay	(20,993)	(21,081)	(87)	(63,518)	(63,518)	(0)
Non Pay	(8,444)	(8,411)	33	(26,687)	(26,687)	0
Total Expenditure	(29,438)	(29,492)	(54)	(90,205)	(90,205)	(0)
EBITDA	(28,003)	(28,061)	(58)	(85,901)	(85,901)	(0)

	CSI					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	4,334	4,489	155	11,465	11,749	284
Total Pay	(17,472)	(17,646)	(173)	(53,048)	(53,486)	(437)
Non Pay	(2,233)	(2,188)	45	(7,331)	(7,197)	134
Total Expenditure	(19,705)	(19,833)	(128)	(60,379)	(60,683)	(304)
EBITDA	(15,371)	(15,344)	27	(48,914)	(48,934)	(20)

	ITAPS					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	680	676	(4)	2,017	2,014	(4)
Total Pay	(12,786)	(12,730)	56	(39,397)	(39,341)	56
Non Pay	(3,621)	(3,615)	6	(11,395)	(11,389)	6
Total Expenditure	(16,407)	(16,344)	63	(50,792)	(50,729)	63
EBITDA	(15,727)	(15,668)	59	(48,775)	(48,716)	59

Appendix 6: Financial Performance By CMG and Directorate (2/2)

	MSS					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	772	762	(10)	2,369	2,319	(50)
Total Pay	(9,668)	(9,650)	18	(29,554)	(29,741)	(187)
Non Pay	(3,847)	(3,782)	65	(12,894)	(12,641)	253
Total Expenditure	(13,516)	(13,433)	83	(42,448)	(42,381)	66
EBITDA	(12,744)	(12,671)	73	(40,078)	(40,062)	16

	RRCV					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	845	866	22	2,614	2,635	22
Total Pay	(15,057)	(15,050)	7	(45,143)	(45,174)	(32)
Non Pay	(12,245)	(11,903)	342	(36,259)	(35,919)	340
Total Expenditure	(27,302)	(26,954)	349	(81,402)	(81,093)	308
EBITDA	(26,457)	(26,087)	370	(78,788)	(78,458)	330

	W&C					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	1,315	1,268	(47)	3,914	3,927	13
Total Pay	(16,253)	(16,212)	41	(48,650)	(48,815)	(165)
Non Pay	(7,207)	(6,978)	230	(21,847)	(21,253)	594
Total Expenditure	(23,460)	(23,189)	271	(70,497)	(70,068)	429
EBITDA	(22,146)	(21,921)	224	(66,583)	(66,140)	443

	Estates and facilities					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	2,714	2,739	25	8,057	8,255	198
Total Pay	(7,239)	(7,061)	178	(21,799)	(21,376)	423
Non Pay	(6,508)	(5,885)	623	(18,177)	(17,001)	1,176
Total Expenditure	(13,747)	(12,946)	801	(39,976)	(38,377)	1,599
EBITDA	(11,033)	(10,207)	826	(31,919)	(30,122)	1,797

	Corporate					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	1,970	1,988	19	6,086	5,798	(288)
Total Pay	(6,935)	(6,861)	74	(21,414)	(21,115)	298
Non Pay	(10,060)	(8,400)	1,660	(31,674)	(31,684)	(11)
Total Expenditure	(16,995)	(15,261)	1,734	(53,087)	(52,800)	288
EBITDA	(15,026)	(13,273)	1,752	(47,001)	(47,001)	0

	R&I					
	YTD			(M1-M6) - H1		
	Forecast	Actual	Variance	Forecast (M1)	Outturn (M2)	Variance
	£000	£000	£000	£000	£000	£000
Total Income	6,344	6,698	354	18,332	18,800	468
Total Pay	(2,588)	(2,605)	(16)	(7,818)	(7,859)	(40)
Non Pay	(3,478)	(3,786)	(308)	(10,429)	(10,857)	(428)
Total Expenditure	(6,067)	(6,391)	(324)	(18,248)	(18,716)	(468)
EBITDA	277	307	30	84	84	0

Statement of Financial Position

£000	Balance at 31 March 2021	Current Month		
		30-Apr-21	31-May-21	Movement
Non current assets				
Intangible assets	6,988	6,737	6,580	(156)
Property, plant and equipment	554,415	555,472	555,545	73
Other non-current assets	5,454	5,446	5,341	(104)
Total non-current assets	566,857	567,654	567,467	(188)
Current assets				
Inventories	20,837	20,845	21,140	295
Trade and other receivables	39,672	45,134	44,618	(515)
Cash and cash equivalents	90,033	97,405	106,653	9,248
Total current assets	150,542	163,384	172,412	9,028
Current liabilities				
Trade and other payables	(117,889)	(117,313)	(121,192)	(3,879)
Borrowings / leases	(4,613)	(4,613)	(4,613)	(0)
Accruals	(10,073)	(14,655)	(18,721)	(4,067)
Deferred income	(1,862)	(11,676)	(9,188)	2,488
Provisions < 1 year	(10,647)	(10,790)	(10,549)	241
Total current liabilities	(145,084)	(159,046)	(164,263)	(5,217)
Net current assets / (liabilities)	5,458	4,337	8,148	3,811
Non-current liabilities				
Borrowings / leases	(1,951)	(1,529)	(1,147)	382
Provisions for liabilities & charges	(5,954)	(5,954)	(5,954)	0
Total non-current liabilities	(7,905)	(7,483)	(7,101)	382
Total assets employed	564,410	564,509	568,513	4,005
Public dividend capital	742,817	742,817	742,817	0
Revaluation reserve	168,342	168,342	168,342	0
Income and expenditure reserve	(346,750)	(346,651)	(342,646)	4,005
Total taxpayers equity	564,410	564,509	568,513	4,005

The Statement of Financial Position (SOFP) at 31st May 2021 is presented in the table opposite.

The key in month on month movements in the balance sheet were as follows:

- **Non Current Assets**

PPE and intangibles reduced by £0.1m, as capital programme spend of £2.5m was offset by in month depreciation and amortisation costs incurred of £2.6m.

- **Working Capital**

- **Cash Balances** – increased by £9.2m (refer to cash flow slide).

- **Trade and other payables and accruals** - increased by £7.9m mirroring the increase in cash and explained by the timing of payments at month end, as both revenue (£2.6m) and capital expenditure (£1.6m) pending payment on the purchase ledger, and accrued expenditure (£2.9m) increased. Accruals also increased by a further £1.1m in relation to May's PDC dividend provision.

- **Deferred Income balances** – reduced by £2.5m mainly associated with the release of May's education and training LDA SLA income into the position (following receipt of the Q1 payment in April).

- **Reserves**

- The cumulative deficit on the I&E reserve reduced in line with the retained surplus.

Cash Flow

Monthly cash flow £000	Actual YTD	
	Apr	May
Receipts		
SLA block payments	74,308	74,271
COVID-19 top up	5,976	22,138
Health education payments	12,821	0
Other NHS income	4,243	4,308
PDC - capital	10,550	0
TMP	2,890	4,040
Other non-NHS income	4,840	3,447
Total receipts	115,628	108,204
Salaries and wages	(58,416)	(58,761)
Creditor payments	(46,458)	(37,068)
TMP	(3,376)	(3,145)
Total payments	(108,250)	(98,974)
Month end balance	7,378	9,230
Cash in transit and cash in hand	(6)	18
Balance carried forward	90,033	97,405
Month end cash balance	97,405	106,653

Cash balances increased by £9.2m to £106.7m at the end of May, driven by lower in month supplier payments (£29m compared to April supplier payments of £37m). Cash receipts included the continuation of the commissioner block funding arrangements (albeit no longer paid a month in advance) and NHSI Top Up funding. Cash receipts were actually £7.4m lower than April, as a result of the Hospital Close sale proceeds (£10.6m) and the Q1 LDA SLA contract payment (£12.8m) received in M1; offset by the additional top up payments received (£16.2m) in May compared with April.

The Trust will continue to benefit from top up funding through to the end of the second quarter. It is expected that cash will gradually reduce as the NHS transitions to the normal funding regime and the Top Up funding phases out.

Further work is being undertaken to develop and refine the 12 month rolling daily cash forecasting process, as part of the financial improvement and grip and control plan implementation. This will include a monthly capital cash forecast, built up scheme by scheme. A Cash Committee has been established to oversee and direct the cash forecasting and reporting process. The Committee will approve the annual and monthly cash forecasts, prior to monthly financial reporting, ensuring these are aligned to the I&E forecast, including modelling the sensitivity of underlying assumptions.

Working Capital

Analysis of debtors and creditors by days

	Total	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Percentage over 90 days
May 2021	£000	£000	£000	£000	£000	%
Non-NHS receivables	8,188	2,516	925	880	3,867	47%
NHS receivables	2,404	1,271	586	263	284	12%
Total receivables	10,592	3,787	1,511	1,143	4,151	39%
Non-NHS payables	20,296	11,664	2,470	1,029	1,876	9%
NHS payables	3,454	1,091	558	22	1,091	32%
Total payables	23,750	12,755	3,028	1,051	2,967	12%

April 2021						
Non-NHS receivables	8,017	2,207	787	989	3,529	39%
NHS receivables	1,154	539	125	94	265	12%
Total receivables	9,171	2,746	912	1,083	3,794	33%
Non-NHS payables	17,136	11,761	1,626	918	1,340	7%
NHS payables	3,602	1,931	399	597	1,972	40%
Total payables	20,738	13,692	2,025	1,515	3,312	14%

Aged Debt (Sales Ledger)

Sales ledger debt increased by £1.4m in May, mainly associated with NHS debt, relating to service charges to LPT (£0.3m) and NHS England (£0.3m) and recovery of M1 contract over payments by local commissioners (£0.5m). Non NHS debt remained largely unchanged from M1.

A work stream has commenced, an action plan developed and additional resources allocated to retrospectively recover and strengthen processes to reduce overseas and private patient debt, as part of the Financial Improvement Plan. Capacity has been identified within the Accounts Receivable team with effect from 1st June 2021 to strengthen recovery of Private Patients debt.

All other categories of aged debt are subject to application of appropriate debt collection protocols and escalation processes, although strengthened 'grip and control' measures will be implemented to improve financial control and reduce prevailing levels of debt in support of the cash position during 2021/22.

Working Capital

	Mar-21	Apr-21	May-21	Q1 YTD
Debtor and creditor days				
Debtor days	10	16	15	15
Creditor days	110	120	120	120

BPPC (cumulative)				
Value %	92%	93%	94%	93%
Volume %	91%	96%	92%	96%

BPPC (SMEs) paid within 30 days				
Value %	79%	88%	91%	89%
Volume %	85%	83%	89%	86%

BPPC (SMEs) paid within 5 days				
Value %	17%	14%	16%	15%
Volume %	21%	20%	32%	26%

The increase in debtor and creditor days since year end reflects the movement of receivables and payables presented in the balance sheet.

BPPC

Performance of 92% for volume and 94% for value of invoices processed was achieved in May. Procure to pay financial improvement grip and control actions will be taken over the next 6 months to improve and maintain performance to target levels. A Purchase to Pay (P2P) group has been re-established to oversee the implementation of these actions, and these include actions that are needed across the Trust including the prompt receipting of orders. This includes the finalisation of a No PO No Pay Policy, subject to sign off by the P2P Transformation Group, FRB and FIC, with a view to rolling out to the trust by the end of Quarter 2.

Capital Programme

Application of funds			Source of funds					YTD Position		
Area	Scheme	Total	Internally funded	PDC	Charitable Funds	Proceeds from asset disposal	Carry forward PDC - EUC	M2 YTD Forecast	M2 YTD Actuals	Under/Over spend
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reconfiguration	Reconfiguration main programme	33,017	804	22,113		10,100		3,323	1,115	2,208
	Reconfiguration precommitment - nephrology relocation	1,491	1,491					50	24	26
	Reconfiguration precommitment - ICU	2,258	2,258					548	637	(90)
	Reconfiguration precommitment - EMCHC	2,498	0		2,498			2,494	1,838	656
Total Reconfiguration		39,264	4,553	22,113	2,498	10,100	0	6,415	3,614	2,800
MEE	MEE - precommitment	3,768	3,768					70	0	70
	MEE Medical Equipment Executive	1,626	1,626					406	84	322
Total MEE		5,394	5,394	0	0	0	0	476	84	392
MES	MES Replacement	5,400	5,400					0	0	0
	MES Enabling Costs of MES	1,000	1,000					0	321	(321)
Total MES		6,400	6,400	0	0	0	0	0	321	(321)
IM&T	IM&T eHospital	1,200	1,200					200	173	27
	eQuip	1,136	1,136					189	0	189
	IM&T schemes	5,239	4,639	600				1,221	0	1,221
Total IM&T		7,575	6,975	600	0	0	0	1,610	173	1,437
Estates and Facilities	Backlog maintenance	11,144	11,144					823	1,772	(949)
	Estates schemes	8,413	7,591				822	372	678	(306)
Total Estates and Facilities		19,557	18,735	0	0	0	822	1,195	2,451	(1,256)
Corporate / other	Optimed	800	800					0	0	0
	Other medical equipment	194	194					78	0	78
	Other corporate schemes	591	591					99	0	99
	Other Charity funded schemes	500			500			80	0	80
Total Corporate / Other		2,085	1,585	0	500	0	0	257	0	257
Total Capital Programme		80,275	43,642	22,713	2,998	10,100	822	9,953	6,644	3,309

Capital Position M2

The Trust's capital plan in 2021/22 is £80.3m, funded from a combination of internally generated funding (depreciation) (£43.6m), centrally funded PDC (£22.7m), assets disposal (Hospital Close) (£10.1m) and Charitable Funds (£3m). The programme has been signed off by NHSEI and the LLR financial System. A summary of the capital plan, showing the funding sources for each element of the programme is set out in the table above. Month 2 year to date expenditure committed was £6.6m against a YTD forecast of £10m, representing an underspend against forecast of £3.3m. A review of forecasts for each sub group is being undertaken, which will be reviewed by CMIC w/c 28th June, in preparation for quarter 1 reporting. The capital programme position at month 2 is the subject of a separate report to FIC and FRB.