

2021/22 Month 1 Financial Performance

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Trust Board paper J5

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	26/05/21	Discussion
FIC		
Trust Board		

Executive Summary

Context:

This paper updates the Trust Board on the financial performance of the Trust at Month 1 of 2021/22.

The Trust's half year plan has been set using national guidance based on Quarter 3 2020/21 actual spend, plus inflation less cost improvement plans (CIP).

Questions:

1. What is the financial performance for the period ending 30th April 2021?

The actual position including Top Up funding is a £0.1m surplus, which is £0.3m favourable to plan.

Input Sought:

The Trust Board is asked to:

- **Note** the Month 1 (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		

- Scheduled date for the **next paper** on this topic: 1st July 2021
- Executive Summaries should not exceed **5 sides** [My paper does/~~does not~~ comply]



Financial Performance Report

April 2021

One team shared values



Exec Summary

- The Trust has reported a month 1 surplus of £0.1m which is £0.3m favourable to plan.
- The April plan reflects national guidance based on quarter 3 2020/21 actual spend, plus inflation, less CIP and the approval of System Headroom funding.
- 2021/22 budget and forecast meetings have taken place with CMG operational teams and Corporate Directorates week commencing 17th of May. Follow up sign off meetings will take place to confirm approved CMG and Directorate budgets.
- The month 1 favourable performance against plan reflects an underspend in expenditure offset by income underperformance.
- The Trust's cash position was £97.4m at the end of April, an increase of £7.4m compared with 31st March 2021, largely explained by the Quarter 1 LDA contract payment received. It is expected that cash will reduce over the course of the year as the NHS gradually transitions from the pandemic funding regime and enters business as usual. The Trust is developing its monthly rolling daily cash forecast, as part of the financial improvement and grip and control plan implementation, to ensure that a resilient forecast process is in place in preparation for a more challenging cash position later in the financial year.

Summary Financial Position (M1)

	Apr-21		
	Plan	Actual	Variance to Plan
	£'000	£'000	£'000
NHS Patient-Rel Income	80,561	81,516	956
Other Operating Income	22,660	21,114	(1,546)
Total Income	103,221	102,630	(591)
Pay	(59,861)	(59,950)	(88)
Agency Pay	(1,377)	(1,794)	(417)
Non Pay	(37,308)	(35,854)	1,454
Total Costs	(98,546)	(97,597)	949
EBITDA	4,675	5,033	358
Non Operating Costs	(4,667)	(4,934)	(266)
Retained Surplus/(Deficit)	8	99	91
Donated Assets	(200)	47	247
Net Surplus/(Deficit)	(192)	146	338

I&E

CMG Summary Financial Position (M1)

	Apr-21		
	Plan	Actual	Variance to Plan
	£'000	£'000	£'000
CHUGGS	(10,941)	(11,663)	(722)
CSI	(8,081)	(8,167)	(86)
ESM	(13,216)	(14,264)	(1,048)
ITAPS	(7,847)	(7,709)	137
MSS	(6,331)	(6,187)	144
RRCV	(12,247)	(13,494)	(1,246)
W&C	(10,949)	(11,078)	(129)
R&I	9	527	519
CORPORATE (Excl Facilities)	(6,740)	(7,207)	(467)
FACILITIES	(5,122)	(5,447)	(326)
CENTRAL	83,089	86,512	3,423
ALLIANCE	(1,613)	(1,723)	(111)
Trust Med Pharmacy	(2)	1	3
Retained Surplus/(Deficit)	8	99	91
Donated Assets	(200)	47	247
Net Surplus/(Deficit)	(192)	146	338

The CMG variance to plan reflects national guidance based on quarter 3 X 2 - 2020/21 actual spend, plus inflation, less CIP.

Follow up sign off meetings will take place to confirm approved CMG and Directorate budgets and updated for month 2 reporting.

Statement of Financial Position

	Balance at 31 March 2021 £000	Current Month	
		30/04/2021 £000	Movement £000
Non current assets			
Intangible assets	6,988	6,737	(251)
Property, plant and equipment	554,415	555,472	1,057
Other non-current assets	5,454	5,446	(8)
Total non-current assets	566,857	567,654	797
Current assets			
Inventories	20,837	20,845	9
Trade and other receivables	39,672	45,134	5,461
Cash and cash equivalents	90,033	97,405	7,372
Total current assets	150,542	163,384	12,842
Current liabilities			
Trade and other payables	(117,889)	(117,313)	576
Borrowings / leases	(4,613)	(4,613)	0
Accruals	(10,073)	(14,655)	(4,582)
Deferred income	(1,862)	(11,676)	(9,814)
Provisions < 1 year	(10,647)	(10,790)	(142)
Total current liabilities	(145,084)	(159,046)	(13,962)
Net current assets / (liabilities)	5,458	4,337	(1,120)
Non-current liabilities			
Borrowings / leases	(1,951)	(1,529)	422
Provisions for liabilities & charges	(5,954)	(5,954)	0
Total non-current liabilities	(7,905)	(7,483)	422
Total assets employed	564,410	564,509	99
Public dividend capital	742,817	742,817	0
Revaluation reserve	168,342	168,342	0
Income and expenditure reserve	(346,750)	(346,651)	99
Total taxpayers equity	564,410	564,509	99

The Statement of Financial Position (SOFP) at 30th April 2021 is presented in the table opposite, together with movements from the previous month.

The key in month changes are summarised as follows:

- **Non Current Assets**
 - PPE and intangibles increased in value by a net £0.8m, as capital programme spend of £4.1m was offset by in month depreciation and amortisation costs incurred of £3.3m.
- **Working Capital**
 - **Trade and other Receivables** - increased by £5.5m in month mainly as a consequence of accrued April COVID 19 top income.
 - **Cash Balances** – increased by £7.4m (refer to cash flow slide).
 - **Accruals** – increased by £4.6m including the April PDC Dividend of £1.5m.
 - **Deferred Income balances** – Increased by £9.8m mainly associated with the quarter 1 education and training LDA funding received.
- **Reserves**
 - The cumulative deficit on the I&E reserve reduced in line with the in month surplus of £0.1m generated in April.

Cashflow

	Actual YTD
Monthly cash flow £000	Apr
Receipts	
SLA block payments	74,308
COVID-19 top up	5,976
Health education payments	12,821
Other NHS income	4,243
Asset Disposal Proceeds	10,550
TMP	2,890
Other non-NHS income	4,840
Total receipts	115,628
Salaries and wages	(58,416)
Creditor payments	(46,458)
TMP	(3,376)
Total payments	(108,250)
Month end balance	7,378
Balance brought forward	90,027
Balance carried forward	97,405
Month end cash balance	97,405

Cash balances increased by £7.4m to £97.4m at the end of April, driven by in month cash receipts of £115.6m, which exceeded cash outgoings of £108.3m. Cash receipts included the continuation of the commissioner block funding arrangements (albeit no longer paid a month in advance) and NHSI Top Up funding. The Trust also received the advanced quarter 1 LDA contract payment, with May and June elements included within deferred income.

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 fully understand the underlying cash position level and to 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.

Working Capital

	Total	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Percentage over 90 days
April 2021	£000	£000	£000	£000	£000	%
Non-NHS receivables	8,017	2,207	1,551	182	4,077	51%
NHS receivables	1,154	539	294	33	288	25%
Total receivables	9,171	2,746	1,845	215	4,365	48%
Bad debt provision						
Non-NHS payables	17,136	11,761	2,470	1,029	1,876	11%
NHS payables	3,602	1,931	558	22	1,091	30%
Total payables	20,738	13,692	3,028	1,051	2,967	14%

March 2021						
Non-NHS receivables	8,277	2,972	787	989	3,529	39%
NHS receivables	2,179	1,695	125	94	265	12%
Total receivables	10,456	4,667	912	1,083	3,794	33%
Bad debt provision						
Non-NHS payables	19,375	15,491	1,626	918	1,340	7%
NHS payables	4,938	1,970	399	597	1,972	40%
Total payables	24,313	17,461	2,025	1,515	3,312	14%

Aged Debt (Sales Ledger)

Sales ledger debt reduced by £1.3m in April, mainly associated with NHS debt, a pattern we normally observe in April, as organisations settle balances following the year end agreement of balances exercise.

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 going forward, 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.

Working Capital

	Mar-21	Apr-21
Debtor and creditor days		
Debtor days	17	18
Creditor days	97	75
BPPC (cumulative)		
Value %	92%	93%
Volume %	91%	96%
BPPC (SMEs) paid within 30 days		
Value %	91%	85%
Volume %	86%	80%

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	M1 Budget	M1 Actuals	Under/Overspend
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reconfiguration	Reconfiguration main programme	33,017	804	22,113		10,100		1,754	394	1,360
	Reconfiguration precommitment - nephrology relocation	1,491	1,491					25	1	24
	Reconfiguration precommitment - ICU	2,258	2,258					184	541	(357)
	Reconfiguration precommitment - EMCHC	2,498	0		2,498			1,055	1,337	(282)
Total Reconfiguration		39,264	4,553	22,113	2,498	10,100	0	3,018	2,273	745
MEE	MEE - precommitment	3,768	3,768					0	0	0
	MEE Medical Equipment Executive	1,626	1,626					306	64	242
Total MEE		5,394	5,394	0	0	0	0	306	64	242
MES	MES Replacement	5,400	5,400					0	294	(294)
	MES Enabling Costs of MES	1,000	1,000					0	0	0
Total MES		6,400	6,400	0	0	0	0	0	294	(294)
IM&T	IM&T eHospital	1,200	1,200					100	13	87
	eQuip	1,136	1,136					95	0	95
	IM&T schemes	5,239	4,639	600				320	0	320
Total IM&T		7,575	6,975	600	0	0	0	515	13	501
Estates and Facilities	Backlog maintenance	11,144	11,144					512	940	(428)
	Estates schemes	8,413	7,591				822	181	498	(317)
Total Estates and Facilities		19,557	18,735	0	0	0	822	693	1,438	(744)
Corporate / other	Optimed	800	800					0	0	0
	Other medical equipment	194	194					78	0	78
	Other corporate schemes	591	591					49	0	49
	Other Charity funded schemes	500			500			40	0	40
Total Corporate / Other		2,085	1,585	0	500	0	0	167	0	167
Total Capital Programme		80,275	43,642	22,713	2,998	10,100	822	4,699	4,083	616

Capital Position M1

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 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 1 expenditure committed was £4.1m against a YTD plan of £4.7m, representing an underspend against plan of £0.6m.