

Meeting title:	Trust Board	Public Trust Board paper K
Date of the meeting:	Thursday 9th June 2022	
Title:	2022-23 Month 1 Financial Performance	
Report presented by:	Lorraine Hooper - Chief Financial Officer	
Report written by:	Sean Ceres - Deputy Director of Finance – Financial Management	

Action – this paper is for:	Decision/Approval	Assurance	x	Update	x
Where this report has been discussed previously	Finance and Investment Committee (26 th May 2022)				

To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which
This paper updates the Trust Board on the financial performance of the Trust at Month 1 of 2022/23.

Impact assessment
This paper impacts on the financial performance of the Trust.

Purpose of the Report

This paper updates the Trust Board on the financial performance of the Trust at Month 1 of 2022/23.

Recommendation

The Trust Board is asked to **note** the Month 1 position for revenue and capital.

Summary

The Trust is reporting a Month 1 deficit of £3.8m. This is £0.6m adverse to the April 2022 Plan of a deficit of £3.2m. The main driver of this adverse position is non-pay, which is £807k over spent against Plan.

The Trust has spent £3.9m capital, £1m less than Plan.

The Trust ended April 2022 with a cash balance of £103m.



Financial Performance Report

April 2022

One team shared values

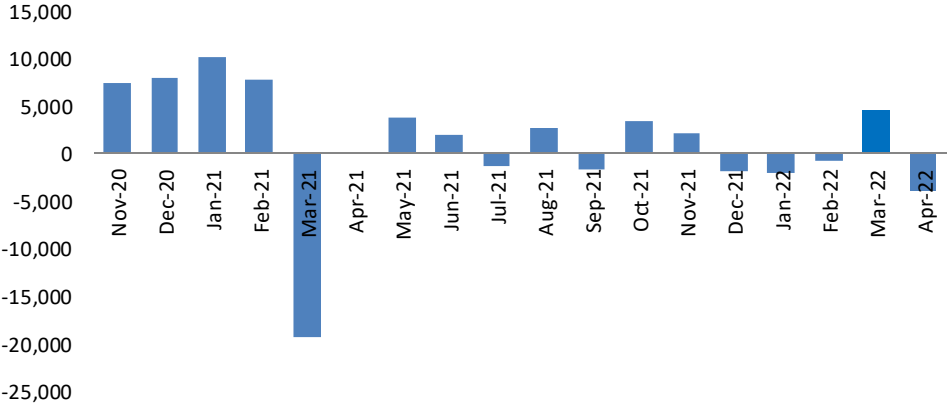


Executive Summary

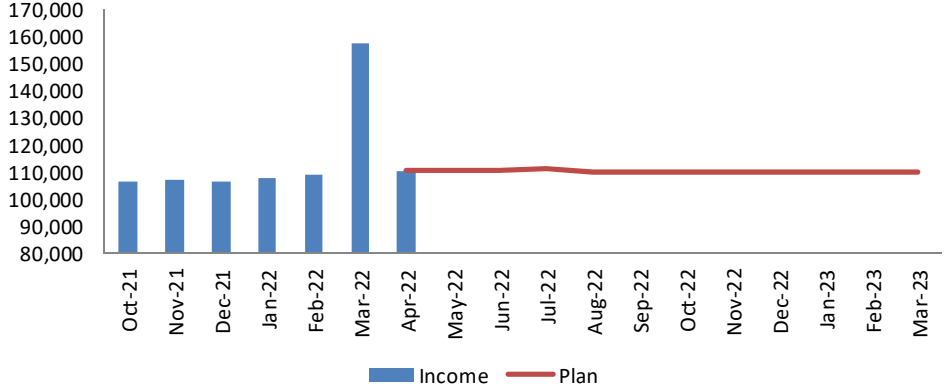
- The Trust is reporting Month 1 deficit of £3.8m. This is £0.6m adverse to the April plan of a deficit of £3.2m. The main driver of this adverse position is non-pay which is £807k over spent against plan. The detail of this variance is as follows:
 - Block EDD drugs increases: £455k
 - CIP non delivery: £303k
 - Other variances: £49k
- The forecast remains a deficit of £46.1m, as per the plan submitted to NHSEI on 28th April 2022.
- The group maintained a strong cash position at the end of April with £103.6m, representing a reduction of £6.4m on March's closing position. Receipts and outgoings in April were comparable with March, with the exception that the Trust paid the second annual installment of PDC Dividend in April (£9.4m).
- Work is ongoing with ICS to identify key programmes of work that will reduce costs at UHL and improve the financial plan. A plan resubmission will be made by the latest of 20th June 2022.

Month 1 Dashboard

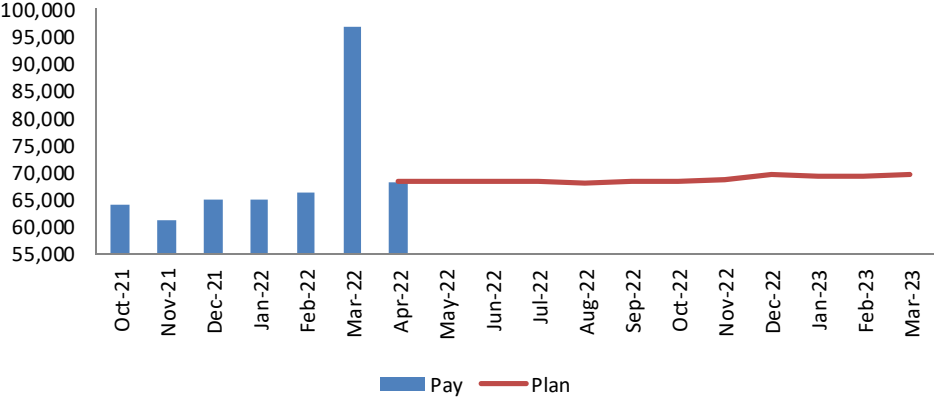
Monthly Surplus/(Deficit) £k



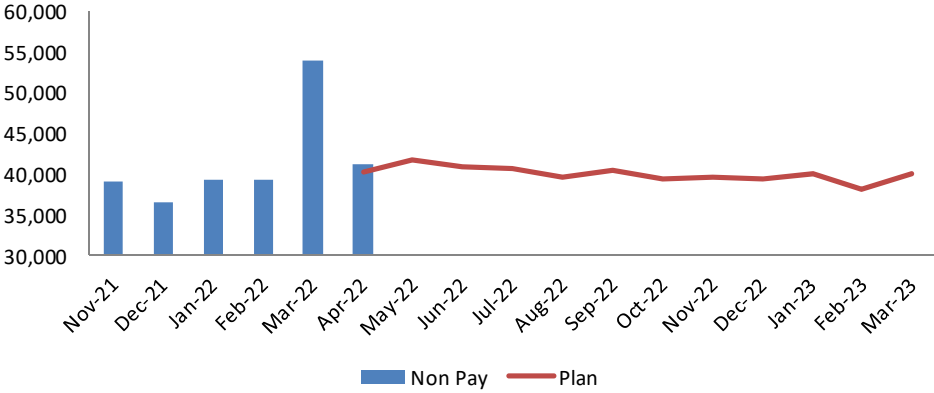
Income £k



Pay £k

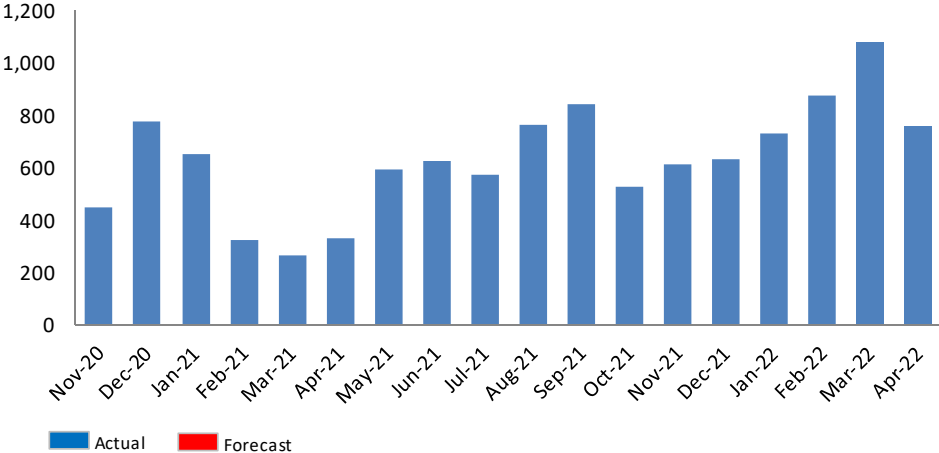


Non Pay £k

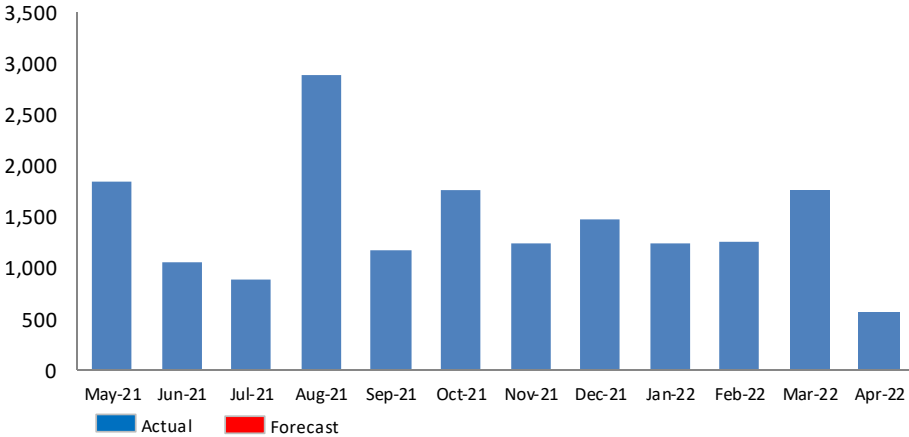


Month 1 Dashboard

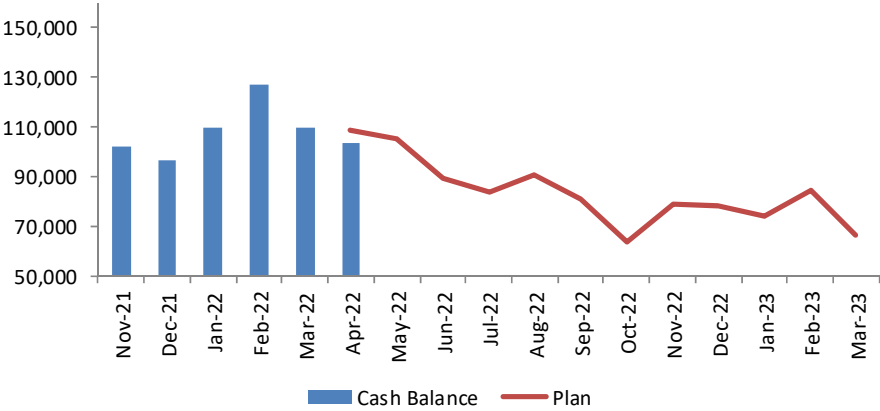
Premium Pay £k



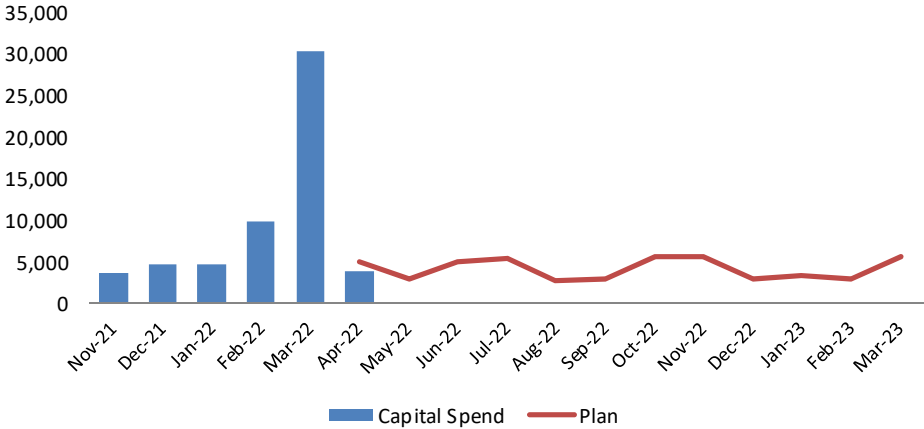
CIP Risk Adjusted Delivery £k



Cash Balance £k

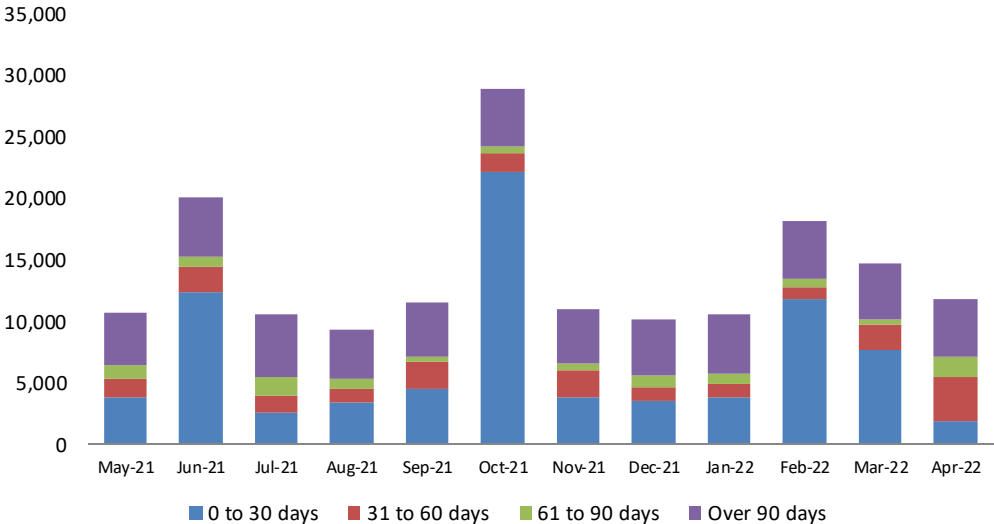


Capital Spend

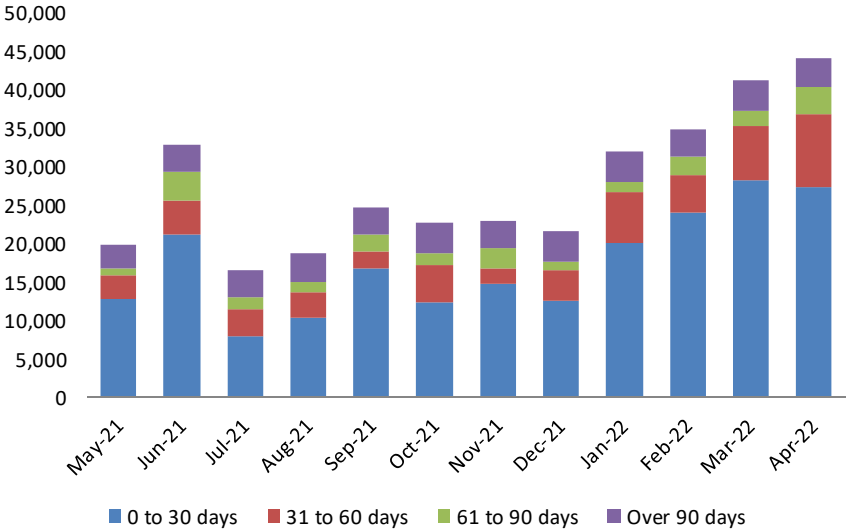


Month 1 Dashboard

Debtors £k



Creditors £k



Summary Financial Position & Forecast

	In month			M1-M12
	Plan	Actual	Variance	Plan
	£000	£000	£000	£000
Patient Care Income	98,622	98,631	9	1,187,314
Other Income	11,749	11,627	(122)	131,490
Total Income	110,371	110,258	(113)	1,318,804
Pay Costs	(68,119)	(67,942)	177	(822,508)
Non-Pay Costs	(40,306)	(41,113)	(807)	(480,226)
Total Costs	(108,425)	(109,055)	(630)	(1,302,734)
EBITDA	1,946	1,203	(743)	16,070
Non-Operating Costs	(5,223)	(5,169)	54	(62,669)
Retained Surplus/(Deficit)	(3,277)	(3,966)	(689)	(46,599)
Donated Assets	38	125	87	464
Surplus/(Deficit)	(3,239)	(3,841)	(602)	(46,135)
Less Profit On Disposal	0	0	0	0
Control Total Surplus/(Deficit)	(3,239)	(3,841)	(602)	(46,135)

Comments – In Month – Variance

- Total income is £0.1m unfavourable and reflects lower Pathology income for forensic services
- Net Pay costs are lower than plan by £177k. Substantive/Bank was £477k lower than plan due to vacancies but this was partly offset by the cost of agency cover being greater than planned by £300k
- The Non Pay overspend against plan of £807k comprises the following:
 - Block EDD drugs increases: £455k
 - CIP non delivery: £303k
 - Other variances: £49k

Statement of Financial Position

	M12 YTD		
	31-Mar-22	30-Apr-22	In month Movement
Non current assets	£000	£000	£000
Intangible assets	6,593	6,370	(223)
Property, plant and equipment	657,639	668,761	11,121
Other non-current assets	3,445	3,483	38
Total non-current assets	667,677	678,614	10,937
Current assets			
Inventories	21,126	21,042	(84)
Trade and other receivables	36,834	38,122	1,288
Cash and cash equivalents	109,960	103,570	(6,389)
Total current assets	167,920	162,734	(5,186)
Current liabilities			
Trade and other payables	(130,744)	(123,041)	7,702
Borrowings / leases	(6,481)	(18,125)	(11,644)
Accruals	(22,367)	(20,491)	1,876
Deferred income	(3,799)	(11,634)	(7,835)
Dividend payable	(0)	(0)	0
Provisions < 1 year	(15,434)	(15,520)	(86)
Total current liabilities	(178,825)	(188,811)	(9,986)
Net current assets / (liabilities)	(10,905)	(26,077)	(15,171)
Non-current liabilities			
Borrowings / leases	(13,763)	(13,494)	268
Provisions for liabilities & charges	(4,903)	(4,903)	0
Total non-current liabilities	(18,665)	(18,397)	268
Total assets employed	638,107	634,140	(3,966)
Public dividend capital	760,831	760,831	0
Revaluation reserve	184,878	184,878	0
Income and expenditure reserve	(307,603)	(311,569)	(3,966)
Total taxpayers equity	638,107	634,140	(3,966)

The Statement of Financial Position (SOFP) at 30th April 2022 is presented in the table opposite. The balance sheet fully reflects the impact of 2020/21 draft Accounts adjustments that are being finalised for audit review. The key movements in the balance sheet at M1 were as follows:

- **Non Current Assets**

PPE and intangible assets have increased by £10.9m. This is largely due to the impact of IFRS 16 coming into effect from 1st April 2022 resulting in the recognition of £10.5m additional leased assets transitioning onto the opening Statement of Financial Position.

- **Working Capital**

Cash Balances – This reduced by £6.4m, which is explained in the cash flow slide.

Trade and other payables and accruals – reduced by £9.6m mainly due to a reduction in goods received but not invoiced, as 21/22 year end capital commitments were transacted .

Borrowings/Leases – The increase in leases liabilities results from the impact of IFRS 16, as operating leases existing at 1 April 2022 came on balance sheet, mirroring the increase non current assets.

Deferred Income balances – Increased by £7.8m which related to LDA deferred income (the cash receipt can be seen under the HEE heading on the cashflow slide). As in previous years the Trust receives income quarterly in advance, which is then released into the position each month

- **Reserves**

I&E reserve - The cumulative deficit on the I&E reserve increased by £3.9m, reflecting the reported April I&E deficit .

Cash Flow

M1 Actual YTD		
Monthly cash flow(£000)	Mar	Apr
	"£000"	"£000"
Block payments-Other CCG	1,931	1,965
Block payments-Leic City CCG	18,429	29,621
Block payments-Leic West CCG	14,441	14,441
Block payments-Leic East CCG	15,317	14,752
Block payments-NHS England	29,263	31,637
System Top Up	10,800	0
COVID-19 top up	0	0
Health education payments	7,060	11,448
Other NHS income	4,511	5,854
Research	2,411	0
Capital Receipts	0	0
TMP	2,551	4,288
PDC Drawdown	8,853	0
Other non-NHS income	5,253	4,863
Total receipts	120,820	118,869
Salaries and wages	(63,981)	(62,446)
Creditor payments	(59,552)	(59,207)
PDC dividend	(9,441)	0
NHSE/I	0	0
TMP	(3,045)	(3,575)
Total payments	(136,019)	(125,228)
Month end balance	(15,199)	(6,359)
Cash in transit and cash in hand adjustment	(1,681)	5
Balance brought forward	126,840	109,959
Balance carried forward	109,959	103,606

The Trust achieved a cash balance at the end of April of £103.6m.

Cash reserves reduced by £6.4m in the month, this being the net impact cash receipts of £118.9m less £125.2m of outgoing payments.

Receipts and outgoings in April were comparable with March, with the exception that the Trust paid the second annual installment of PDC Dividend in April (£9.4m)

Cash is now included as a significant risk on the Trust's risk register (16). Although the Trust currently maintains a 'healthy' cash position, if our financial position deteriorates, this would result in reduction in cash, which year on year would ultimately compromise the Trust's ability to pay liabilities as they fall due leading to interruption of supplies to the Trust, impacting on operational performance and resulting in reputational damage. It is therefore essential that good cash management disciplines are embedded to meet these challenges ahead.

A following actions are in place:

- Daily and monthly cash monitoring and forecasting of cash balances, including explanation of the key drivers of the reported and underlying cash position and sign off of cash forecast prior to submission to EFPB and FIC.
- Active daily cash management and forecasting on a rolling 12 month basis and submission of daily cash flow reports to Chief Financial Officer.
- Actively chasing debtors and optimising working capital management to facilitate timely payments.
- Bi-weekly reporting of capital position to Cash Committee.
- Escalation through Cash Committee to EFPB, Financial Investment Committee and Trust Board.
- Implementation of the Trust's Financial Improvement Plan in relation to cash management
- Working capital management and reporting, including review of key performance target indicators, metrics and dashboard.

The cash position is forecast to reduce in 2022/23 to £52.4m at 31 March 2023, as a consequence of the Trust's deficit plan as well as updated assumptions.

Working Capital

	Total	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Percentage over 90 days
April 2022	£000	£000	£000	£000	£000	%
Non-NHS receivables	9,611	1,472	2,365	1,433	4,341	45%
NHS receivables	2,118	340	1,221	215	342	16%
Total receivables	11,729	1,812	3,586	1,648	4,683	40%
Non-NHS payables	39,149	24,386	9,089	2,862	2,812	7%
NHS payables	4,941	2,921	508	627	885	18%
Total payables	44,090	27,307	9,597	3,489	3,697	8%

March 2022	£000	£000	£000	£000	£000	%
Non-NHS receivables	10,050	3,884	1,637	336	4,193	42%
NHS receivables	4,592	3,784	331	103	374	8%
Total receivables	14,642	7,668	1,968	439	4,567	31%
Bad debt provision	19,234					
Non-NHS payables	37,883	26,808	6,291	1,616	3,168	8%
NHS payables	3,277	1,341	898	202	836	26%
Total payables	41,160	28,149	7,189	1,818	4,004	10%

	Target	Jan-22	Feb-22	Mar-22	Apr-22
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BPPC (cumulative)

Value %	95%	94%	94%	94%	95%
Volume %	95%	93%	93%	93%	94%

BPPC (SMEs) paid within 30 days

Value %	100%	83%	60%	72%	59%
Volume %	100%	81%	69%	63%	59%

BPPC (SMEs) paid within 5 days

Value %	90%	20%	2%	4%	1%
Volume %	90%	27%	9%	8%	5%

Aged Debt (Sales Ledger)

Sales Ledger Receivables

Sales Ledger Receivables

Overall sales ledger debt reduced by £2.9m. This was predominantly due to a payment of £2.2m received from NHS England. Over 90 day debt has increased by £0.1m in March.

Purchase Ledger Payables

In month trade payables increased by £2.9m, mainly as a result NHS Supply Chain invoicing for the supply of mattresses (£1.9m) received before closure of the 21/22 year end.

BPPC

The month 1 performance was 95% for value and 94% for volume of invoices processed, against the target of 95%.

We are currently undertaking a review of the way that we calculate BPPC, including for SME's and in particular looking at removing and '*stopping the clock*' for those invoices that are in query or dispute, in accordance with NHS guidelines.

The Trust has implemented a 'No PO, No Pay Policy' from 1st April 2022, one of the aims of which is to strengthen financial controls and improve the efficiency of the purchase to pay process, supported by the use of a more automated 3 way matching process. The objectives of the improvement plan reflect the current challenges of the whole purchase to pay process, especially in the invoice processing stages.

Capital Programme

	Plan	Actual	Forecast
	31/03/2023	30/04/2022	31/03/2023
	Year ending	YTD	Year ending
	£'000	£'000	£'000
Gross capital expenditure including IFRS impact	50,296	3,941	50,296
Less: Book value of asset disposals			
Less: Capital grants received			
Less: Capital donations received	(500)	0	(500)
Charge against the Capital Resource Limit (CRL) incl IFRS impact	49,796	3,941	49,796
Capital Resource Limit (CRL) incl IFRS impact	49,796	4,891	49,796
Under/(over) spend against CRL	0	950	0

The Trust has a capital programme of £50.3m, of which expenditure of £3.9m was committed in M1, which represents a underspend of £950k against the year to date profiled capital plan.

Finance colleagues will work with sub-committee leads to refine the capital expenditure forecast profile ahead of month 2 reporting, to inform monitoring and cash flow forecasting.

Insufficient capital funding represents a significant risk in 22/23 given the number of schemes which could not be prioritised potentially compromising delivery of statutory compliance, backlog maintenance requirements and patient services. It is now included on the Trust's risk register (20).

CMIC has been tasked with understanding and managing the risk of not progressing schemes not included in the plan in 2022/23. It has also has commenced a piece of work to develop a capital prioritisation and decision framework process to inform a medium term capital plan, which captures the key strategic schemes.

Area	Annual Plan	M1 Plan	M1 Actual	Under / (Over) Spend Against Plan
	£000s	£000s	£000s	£000s
Reconfiguration	4,626	1,247	692	555
MEE	1,425	119	24	95
MES	6,992	461	123	338
IM&T	6,268	1,217	167	1,050
Estates and Facilities	14,723	1,237	1,284	(47)
Corporate & Other	3,823	39	498	(459)
Leases	8,406	542	1,153	(611)
Althea Lease	4,033	29	-	29
Total	50,296	4,891	3,941	950