

BOARD OF DIRECTORS

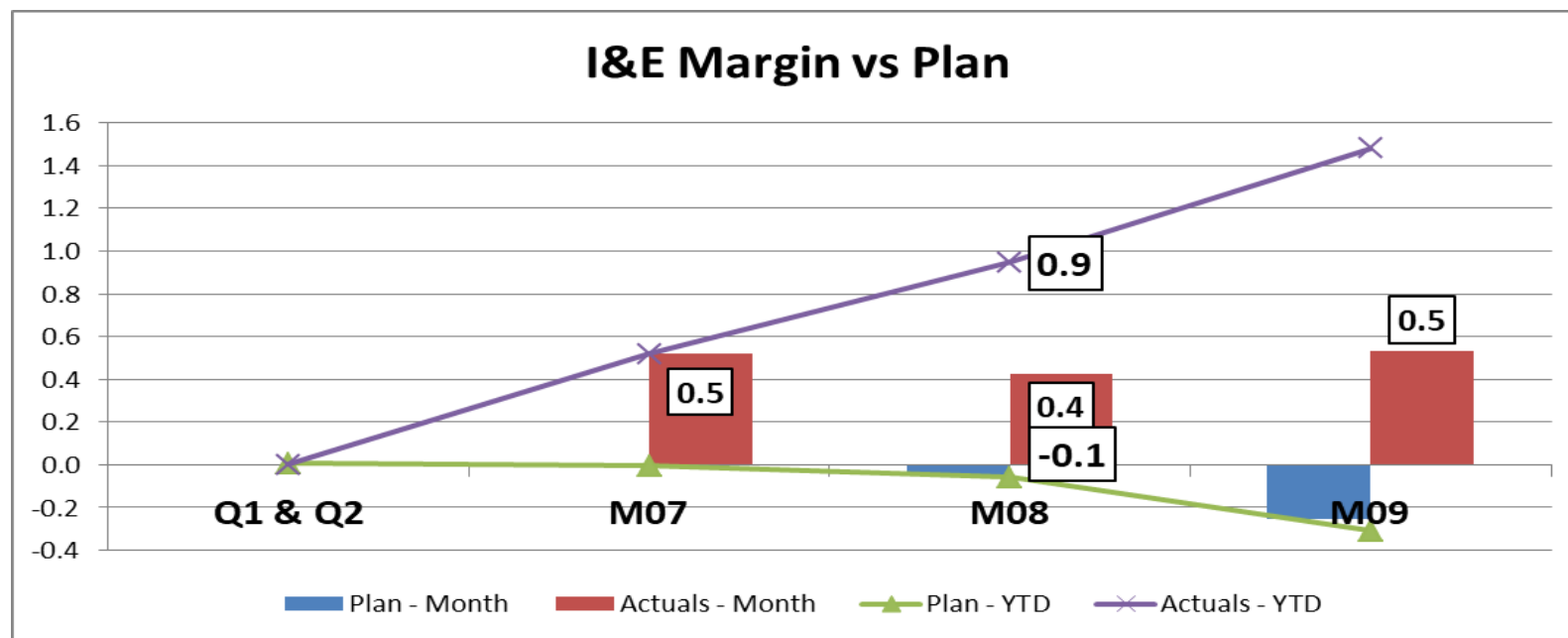
20 JANUARY 2021

FINANCE REPORT – MONTH 9

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Matthew Horner – Director of Finance

1. 2020/21 Income & Expenditure Margin vs Plan



- The Trust posted a cumulative breakeven position at the end of Quarter 2 due to the top up funding mechanism that was in place in Q1 & Q2
- The cumulative plan to Month 9 is a deficit of £0.3m
- A surplus has been posted in all three months of Q3 resulting in a cumulative surplus of £1.5m
- The Trust is therefore £1.8m ahead of plan at the end of December 2020
- It is currently projected that the Trust has a strong chance of delivering its £1.8m deficit plan at the end of the financial year
- The key risks to this forecast are set out in the final slide

2. Month 9 Financial Position vs Plan

Details	Cumulative Actuals to Month 6	Plan Months 7 -9	Cumulative Plan - Month 9	Actuals Months 7 - 9	Cumulative Actuals Month 9	Cumulative Variance Month 9
<u>Income</u>						
NHS Block	188.7	109.4	298.1	108.4	297.1	-1.0
Other Income	17.7	9.6	27.4	10.2	27.9	0.6
Top Up Months 1-6	17.4	0.0	17.4	0.0	17.4	0.0
PCR & Independent Sector	0.0	1.2	1.2	0.5	0.5	-0.7
Total Income	223.8	120.2	344.1	119.1	342.9	-1.2
<u>Expenditure</u>						
Pay	-146.6	-75.6	-222.2	-76.0	-222.6	-0.3
Non Pay	-77.2	-45.5	-122.8	-41.1	-118.4	4.4
PCR & Independent Sector	0.0	-1.2	-1.2	-0.5	-0.5	0.7
CIP / Efficiency	0.0	1.8	1.8	0.0	0.0	-1.8
Total Expenditure	-223.8	-120.5	-344.4	-117.6	-341.4	3.0
Margin	0.0	-0.3	-0.3	1.5	1.5	1.8

- The cumulative plan for Month 9 is the sum of the actual income and expenditure for Quarters 1 & 2 and the in-month plans for Quarter 3.
- Top up and COVID funding for Q3 & Q4 now consolidated in an increased NHS block payment.
- £1.0m shortfall against NHS Block due to variable payments for drugs offset by reduced spend.
- £0.5m expenditure on COVID PCR tests is reimbursed on a pound for pound basis.
- No recoverable Independent Sector expenditure to date results in £0.7m offsetting income and non-pay expenditure variances.
- Other income which includes R&D income is £0.6m above plan.
- Expenditure £3.0m below plan mainly due to drugs, independent sector and the curtailment of elective /outpatient activity re-start
- COVID expenditure after month 6 is £0.5m lower than planned (£5.5m actual vs £6m plan).

3. Month 9 Plan & Actuals vs Month 1 – 8 Monthly Average

Details	Cumulative Actuals to Month 8	Average Actuals Months 1 - 8	In Month Plan Month 9	In Month Actuals Month 9	Change M9 Plan vs M1-8 Ave	Change - M9 Actuals vs M1-8 Ave
<u>Income</u>						
NHS Block	261.3	32.7	36.5	35.8	3.8	3.1
Other Income	23.8	3.0	3.2	4.1	0.2	1.2
Top Up Months 1-6	17.4	2.2	0.0	0.0	-2.2	-2.2
PCR & Independent Sector	0.3	0.0	0.4	0.1	0.4	0.1
Total Income	302.8	37.9	40.1	40.1	2.2	2.2
<u>Expenditure</u>						
Pay	-197.5	-24.7	-25.4	-25.1	-0.7	-0.4
Non Pay	-104.0	-13.0	-15.2	-14.3	-2.2	-1.3
PCR & Independent Sector	-0.3	0.0	-0.4	-0.1	-0.4	-0.1
CIP / Efficiency	0.0	0.0	0.6	0.0	0.6	0.0
Total Expenditure	-301.9	-37.7	-40.3	-39.5	-2.6	-1.8
Margin	0.5	0.1	0.0	0.5	-0.1	0.4

- Funding planned to increase by £2.2m in Month 9 vs Months 1-8 average
- Expenditure planned to increase by £2.6m (£3.2m with a -£0.6m per month CIP required to break even)
- Income was in line with plan in Month 9
- Expenditure increased by £1.8m rather than £2.6m, CIP delivered non-recurrently
- Net impact is £0.4m improvement vs Months 1-8 average
- Planned NHS Block funding for Month 9 is £3.8m higher than Months 1-8 average
- Top Up funding has ceased
- Stretch target to improve “other income” by £0.3m per month as per national ask
- PCR / Independent Sector is a new funding stream for Q3 & Q4

4. Year End Forecast

- The plan is a year end deficit of £1.8m
- The plan assumed that delivering this £1.8m deficit would require savings of £3.8m to be delivered in Q3 and Q4.
- Lower than planned levels of elective and other re-start activity levels have resulted in non-recurrent underspends on activity related variable costs.
- It is anticipated that these underspends will reduce if elective work increases in Q4, exposing the need for efficiencies or savings to be made.
- There remains a degree of confidence that underspends in Q3 can be supplemented by non-recurrent technical measures in Q4 to successfully deliver the financial plan.

5. Year End Forecast - Risks

- Under the **Elective Incentive Scheme (EIS)**, NHSE/I could retrospectively reduce the Trust's block NHS funding by approximately £0.5m per month due to activity levels being below target.. NHSE issued additional guidance stating where organisations saw more than 15% of beds occupied with covid patients and materially higher staff absense in the relevant period, the scheme would be suspended. Covid occupancy for the Trust exceeded 15% in M8 and M9. Should covid occupancy fall below 15% in Q4 then the risk is estimated to be in the range of £1m -£1.8m
- The plan and forecast assume reimbursement for expenditure on Independent Sector capacity under the EIS. The Trust is planning to contract significant amounts of IS capacity and to reclaim the costs under the EIS. If NHSE/I do not levy the penalties for internal under-delivery, there is a risk that they may not provide reimbursement for IS spend under the same scheme.
- There is no additional funding available for day to day expenditure on the COVID response. If COVID expenditure exceeds planned levels, there is a risk this may exceed the savings from reduced elective activity.
- The Trust may be required to make provisions for liabilities relating to the national “Flowers” appeal by the unions (£0.9m) and a potential liability for increased unused annual leave costs (>£1m). BTHFT did not include these costs in its plan or forecast, in line with ICS partners and NHSE/I guidance.
- Bradford & Airedale system partners. The local place is required to deliver its plan in aggregate. If system partners fall behind their own plans, BTHFT may be required to over-perform to deliver balance across the place.
- The main **mitigation** to these risks is the availability of a number of non-recurrent measures which are being explored and may be adequate to offset some of these pressures.