

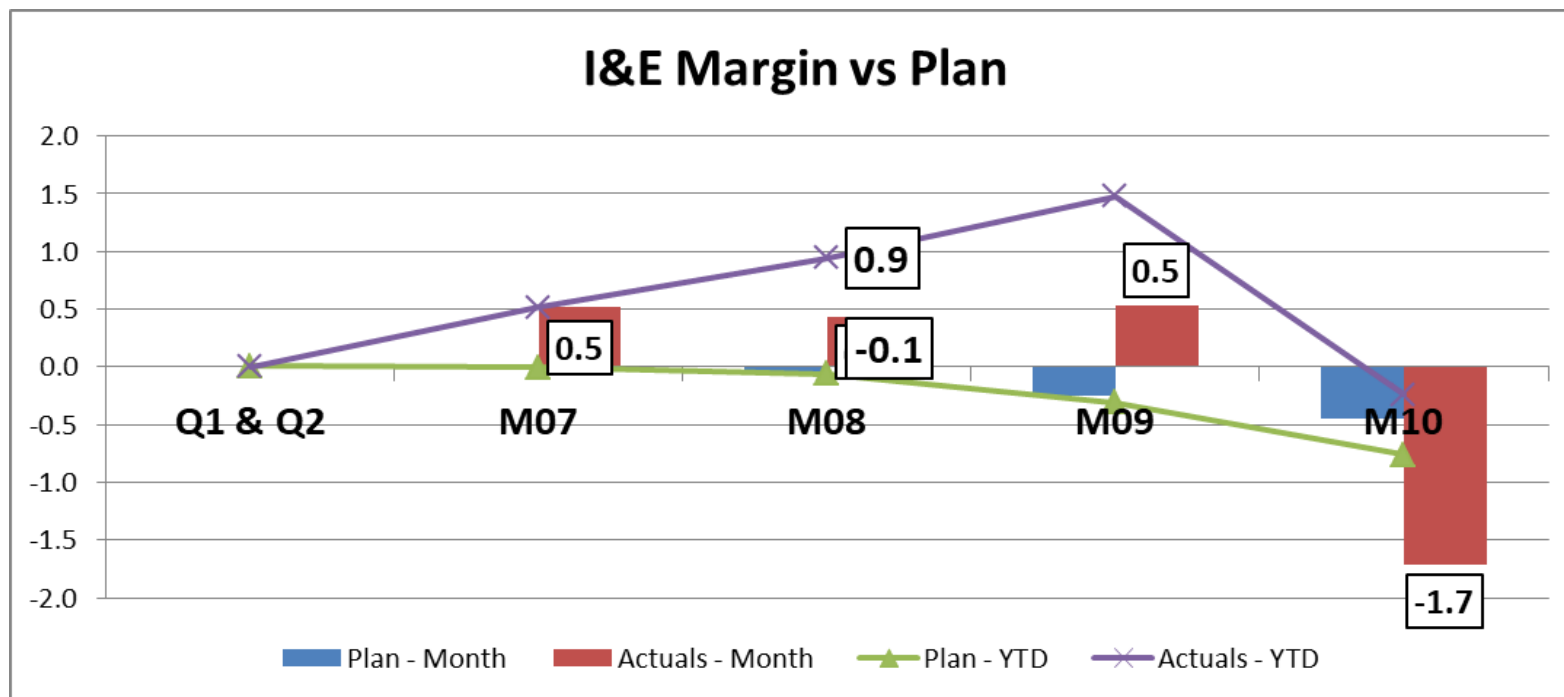
REGULATION COMMITTEE 17 FEBRUARY 2021

FINANCE REPORT – MONTH 10

RC.2.21.25

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 10 is a deficit of £0.8m. The Trust is reporting a cumulative deficit of £0.3m resulting in a YTD favourable variance of £0.5m
- There has been an adverse movement in month due to *one off* impacts of an agreement to support the Bradford system through a contract variation reducing income from Bradford CCG by £1.3m, an increase to the accrual for outstanding annual leave and the inclusion of an expenditure provision for the national 'Flowers' legal case (£0.9m).
- It is currently projected that the Trust will deliver a year end deficit of £1.5m which is £0.3m better than the plan
- The key risks to this forecast are set out in the final slide

2. Month 10 Financial Position vs Plan

Details	Cumulative Plan - Month 9	In Month Plan - Month 10	Cumulative Plan 10	Cumulative Actuals Month 9	In Month Actuals - Month 10	Cumulative Actual 10	Cumulative Variance Month 10
Income							
NHS Block	298.1	36.5	334.6	297.1	35.6	332.7	-1.9
Other Income	27.4	3.2	30.6	27.9	3.4	31.3	0.8
Top Up Months 1-6	17.4	0.0	17.4	17.4	0.0	17.4	0.0
PCR & Independent Sector	1.2	0.4	1.6	0.5	0.3	0.7	-0.9
Total Income	344.1	40.1	384.1	342.9	39.2	382.1	-2.0
Expenditure							
Pay	-222.2	-25.6	-247.9	-222.6	-26.9	-249.5	-1.6
Non Pay	-122.8	-10.2	-132.9	-118.4	-11.3	-129.7	3.3
PCR & Independent Sector	-1.2	-0.4	-1.6	-0.5	-0.3	-0.7	0.9
CIP / Efficiency	1.8	-4.3	-2.5	0.0	-2.5	-2.5	0.0
Total Expenditure	-344.4	-40.5	-384.9	-341.4	-41.0	-382.4	2.5
Margin	-0.3	-0.5	-0.8	1.5	-1.7	-0.2	0.5

- The cumulative plan for Month 10 is the sum of the actual income and expenditure for Quarters 1 & 2 and the in-month plans for months 7 - 10
- Top up and COVID funding for Q3 & Q4 is now consolidated in an increased NHS block payment.
- £2.0m shortfall against NHS Block . This is due to the Bradford CCG contract variation and recoverable Independent Sector expenditure being lower than planned which results in offsetting income and non-pay expenditure variances.
- £0.6m expenditure on COVID PCR tests is reimbursed on a pound for pound basis.
- Other income which includes R&D income is £0.8m above the plan.
- Expenditure £2.5m below plan mainly due to drugs, independent sector and the curtailment of elective /outpatient activity re-start
- COVID expenditure after month 10 is £1.4m lower than planned (£6.6m actual vs £8.0m plan).

3. Month 10 Plan & Actuals vs Month 1 – 9 Monthly Average

Details	Cumulative Actuals to Month 9	Average Actuals Months 1 - 9	In Month Plan Month 10	In Month Actuals Month 10	Change M10 Plan vs M1-9 Ave	Change - M10 Actuals vs M1-9 Ave
Income						
NHS Block	297.1	33.0	36.5	35.6	3.5	2.5
Other Income	27.9	3.1	3.2	3.4	0.1	0.3
Top Up Months 1-6	17.4	1.9	0.0	0.0	-1.9	-1.9
PCR & Independent Sector	0.5	0.1	0.4	0.3	0.3	0.2
Total Income	342.9	38.1	40.1	39.2	2.0	1.1
Expenditure						
Pay	-222.6	-24.7	-25.6	-26.9	-0.9	-2.1
Non Pay	-118.4	-13.2	-10.2	-11.3	3.0	1.8
PCR & Independent Sector	-0.5	-0.1	-0.4	-0.3	-0.3	-0.2
CIP / Efficiency	0.0	0.0	-4.3	-2.5	-4.3	-2.5
Total Expenditure	-341.4	-37.9	-40.5	-41.0	-2.6	-3.0
Margin	1.5	0.2	-0.5	-1.7	-0.6	-1.9

- Funding planned to increase by £2.0m in Month 10 vs Months 1-9 average
- Expenditure planned to increase by £2.6m.
- In month income was £0.9m behind plan in Month 10 due mainly to the one off contract variation
- Expenditure increased by £3.0m rather than £2.6m, due chiefly to one off in month items.
- Net impact is £1.9m deterioration vs Months 1-9 average compared to the planned £0.6m deterioration
- Planned NHS Block funding for Month 10 is £1.3m lower than Months 1-9 average due to contract variation.
- Top Up funding has ceased
- Stretch target to improve “other income” by £0.1m per month as per national ask was met in month 10, chiefly due to Research income
- Expenditure on the BRI and community vaccination centres of £0.3m is offset by £0.3m accrued income

4. Year End Forecast

- The plan is a year end deficit of £1.8m. The year end forecast at M10 has improved by £0.3m to a deficit of £1.5m.
- This forecast includes an expectation that the organisation will be able to absorb increased annual leave accruals and a provision for the Flowers case within the current run rate.
- 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 not anticipated that elective work will increase sufficiently in Q4 to reverse the related underspends.
- There remains a degree of confidence that the current underlying run rate will allow the Trust to successfully deliver the income and expenditure plan in 2020/21.

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 absence 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 has been no formal communication on this issue, therefore the risk is considered minimal.
- 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.
- 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. This risk has materialised in Month 10, resulting in a contract variation reducing BTHFT's funding from Bradford CCG by £1.3m.
- There is a risk that BTHFT may not recover all of its expenditure on the vaccination programme from NHSE/I. The Trust has appropriate governance processes in place and is actively engaging with local and regional partners to ensure record keeping and expenditure reporting is compliant with guidance.
- 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.