

BOARD OF DIRECTORS

18 NOVEMBER 2021

FINANCE REPORT – MONTH 6

BO.11.21.31

Matthew Horner - Director of Finance

1. Half 2 Financial Plan – Submission Timeline

- **15 October** – Draft breakeven plan submitted to ICS
- **1 November** – Executive Team to approve high level plan for inclusion in local Place plan submission
- **9 November** – Bradford Districts & Craven Place high level plan submitted to ICS (inclusive of BTHFT plan)
- **18 November** – Seek approval from Board of Directors to delegate authority for approval of final detailed BTHFT plan to F&P Academy
- **24 November** – F&P Academy to approve final plan
- **26 November** – Provider detailed plan submitted to NHSE/I

2. High Level Summary H2 Plan

	H1 £m	H2 £m	Change £m	Change %
Income	255.8	257.1	1.2	0.5%
Expenditure	-250.8	-268.6	-17.7	7.1%
Margin before efficiencies / flexibility	5.0	-11.5	-16.5	7.6%
Non-recurrent efficiencies	0.0	5.4	5.4	-
Flexibility	-5.0	6.1	11.1	-
Reported Margin	0.0	0.0	0.0	-

- The Trust reported a break even position for H1, however this position included £5m of flexibility. This underlying £5m underspend is the starting point for the H2 high level plan submitted to the ICS on 13 October.
- Income is projected to increase by £1.2m in H2 compared to H1.
- A highly prudent projection suggests expenditure will increase by £17.7m in H2.
- The net impact is a projected £11.5m deficit, prior to the delivery of efficiencies and the deployment of balance sheet flexibility.
- Non-recurrent efficiencies totalling £5.4m have been identified with full confidence of delivery and the required flexibility has been identified to deliver a break even position in H2.
- At this stage it not considered likely that there will be any material risks to delivering this H2 plan unless the external funding envelope changes substantially.

3. Central Funding Changes H2 vs H1

	H1 £m	H2 £m	Change £m
CCG Blocks	155.7	157.6	2.0
NHSE Spec Comm Block	33.5	33.9	0.4
NHSE Spec Comm overtrade	2.5	2.5	0.0
Total Commissioner Funding	191.6	194.0	2.4
System Top Up	17.9	16.6	-1.3
COVID funding	12.0	11.4	-0.6
Growth Funding	1.8	1.8	0.0
Total ICS Funding	31.7	29.8	-1.9
Total Central Funding Allocations	223.3	223.8	0.6
UEC Capacity Funding	0.0	2.0	2.0
Elective Recovery Funding	1.3	0.0	-1.3
Total Central Funding in Plan	224.5	225.8	1.2

- The above figures are presented net of the embedded efficiency targets which are detailed on slide 5.
- The growth in commissioner blocks is in line with national guidance (1.16%) and includes a further increase relating to the WYVAS transfer.
- It is anticipated that the £2.5m H1 overtrade on variable drugs with Spec Comm will continue in H2.
- Central ICS funding has been allocated using a transparent methodology agreed by ICS DoFs.
- The ICS has nominally allocated BTHFT £2m of “Capacity Building” funding for Urgent and Emergency Care over winter. This is offset by £2m of expenditure in the H2 plan. It is anticipated that the local Place will have influence on exactly how and where this funding is spent within the patch.
- The draft plan assumes no ERF will be recovered in H2. The draft activity plan suggests the ERF thresholds may be met in some months, however the financial plan has excluded this to retain a prudent approach.
- A further £4.1m of cash will be received in Month 7 to offset the back dated pay award made in September. This figure is excluded from the H2 forecast to ensure relevant comparisons are possible.

4. Inflation and Efficiency Targets in H2 Funding Allocations

Efficiencies in Funding Allocations

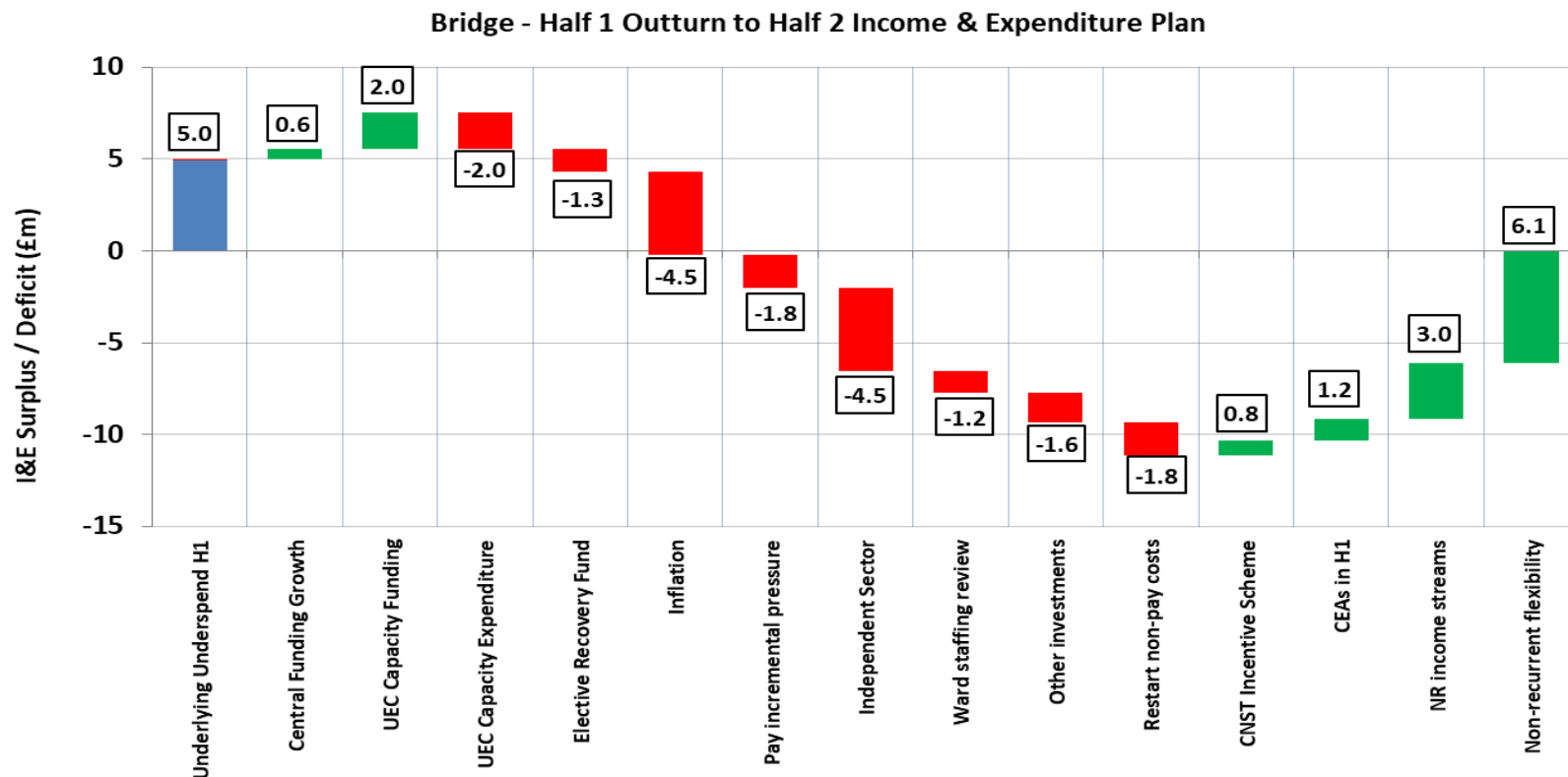
	H2 £m	% of H1 Base Income £m	Annualised £m
CCG and NHSE Blocks 0.82%	1.6	0.7%	3.1
COVID funding 6%	0.8	0.3%	1.5
ICS FIT target requirement	1.3	0.6%	2.7
Non-NHS income support	0.4	0.2%	0.7
Total	4.0	1.8%	8.0

Cost Inflation vs Funding Growth

	H2 £m	Annualised £m
Central Funding Allocation Growth	0.6	1.1
Pay Inflation	-4.3	-8.6
Non Pay Inflation	-0.7	-1.5
Inflationary Pressure	-4.5	-9.0

- A total of £4m has been removed from BTHFT's funding streams as efficiency targets for H2.
- An efficiency target of 0.82% has been levied on all commissioner block contracts for H2 (£1.6m).
- The Trusts £12m COVID funding for H2 has been reduced by 6% (£0.8m).
- The ICS was allocated a further £17m efficiency target to partially address the aggregate difference in current run rates from the original Long Term Plan Financial Improvement Trajectories. BTHFT's allocated share of this target in H2 is £1.3m.
- The Trust's ICS funding has been reduced by a further £0.4m relating to the loss of non-NHS income streams during the pandemic, the national assumption is that these income streams should no longer be affected by COVID to the same degree.
- Comparing income growth against national models for pay and non-pay inflation suggest the net impact for BTHFT is a pressure of £4.5m in H2.

5. Bridge – H1 Underlying Position to H2 Draft Plan



- If they were all to be realised in full, the cost pressures and investments included in the high level draft financial plan would require £11.5m of non-recurrent interventions to deliver a break even position. There is confidence that this could be achieved.
- However, the likelihood is that some of the planned investments will not commence as quickly as the plan anticipates and that recruitment issues may result in further delays to planned expenditure.
- The underlying run rate has improved in recent months which suggests the starting point for H2 may be more favourable than the £5m in this iteration of the plan.
- The position presented in this draft high level plan is therefore a worst case scenario which may be improved upon as Q3 and Q4 progress.

6. Month 6 Income & Expenditure Position vs Plan

Details	YTD Plan £	YTD Actual £	YTD Variance £	H1 Plan £	H1 Forecast £	H1 Variance Variance £
Income						
NHS Block	225.1	227.1	2.0	225.1	227.1	2.0
Other Income	7.1	6.5	-0.7	7.1	6.5	-0.7
ICS funding	19.7	19.7	0.0	19.7	19.7	0.0
Elective Recovery Fund	0.0	1.3	1.3	0.0	1.3	1.3
Outside System funding	0.0	1.4	1.4	0.0	1.4	1.4
Total Income	251.9	255.8	4.0	251.9	255.8	4.0
Expenditure						
Pay	-154.6	-156.6	-2.0	-154.6	-156.6	-2.0
Non Pay	-97.3	-94.4	2.9	-93.8	-94.4	-0.6
Expenditure outside system funding	0.0	-1.4	-1.4	0.0	-1.4	-1.4
CIP / Efficiency	0.0	-3.5	-3.5	-3.5	-3.5	0.0
Total Expenditure	-251.9	-255.8	-3.9	-251.9	-255.8	-4.0
Margin	0.0	0.0	0.0	0.0	0.0	0.0

- The YTD position reflects £1.3m of Elective Recovery Funding for months 1 and 2. The Trust failed to meet the threshold in months 3 to 6 resulting in the under recovery of £1.5m against planned NHS Block.
- The £0.7m YTD shortfall on “Other Income” reflects challenges in recovering a range of income streams (eg HEE, car parking etc) to pre-pandemic levels.
- BTHFT has achieved the forecast break even position for H1, in line with ICS expectations.
- H2 Planning guidance from the Centre was received in late September. Funding allocations for System Top-Up, Growth and Covid funding for H2 remain broadly consistent with H1. The Trust’s share of the ICS Financial Improvement Target (FIT) for H2 is £1.3m and the overall efficiency levied in the funding allocations is £4m.
- Current run rates and projections suggest the Trust should be able to deliver a break even position for H2 even factoring in this £4m efficiency target and the substantial investments recently approved for Elective capacity and nurse staffing.

7. Operational Budget - Summary Performance Against H1 Targets

	Half 1 Position Against Target		
	Forecast Target £000s	Month 6 Actuals £000s	Variance to Forecast Target £000s
Care Group			
Corporate Services	9,321	9,714	393
Estates & Facilities	15,226	15,080	-146
Pharmacy	2,794	2,832	38
Planned Care	87,907	87,363	-545
Unplanned Care	81,639	80,001	-1,639
Grand Total	196,887	194,989	-1,898

- The CBU and corporate departments' combined unadjusted expenditure for H1 is £195m. This reported financial position has allowed the Trust to break even in H1.
- The H1 Target has been uplifted for the budgetary impact of the backdated pay award which impacted in September. Pay expenditure has been below budget in most areas, which means this adjustment has assisted the CBUs to deliver and sometimes improve on their forecast targets.
- The YTD position at Month 6 is a £1.9m underspend against the H1 Target.
- The YTD pressure in the corporate departments is driven by a shortfall against HEE income.
- Since the Month 2 forecast targets were produced, a number of investments in Independent Sector elective capacity have been approved. Independent Sector expenditure incurred has not been to the level expected in H1 therefore the Care Group position has not deteriorated to the levels expected.