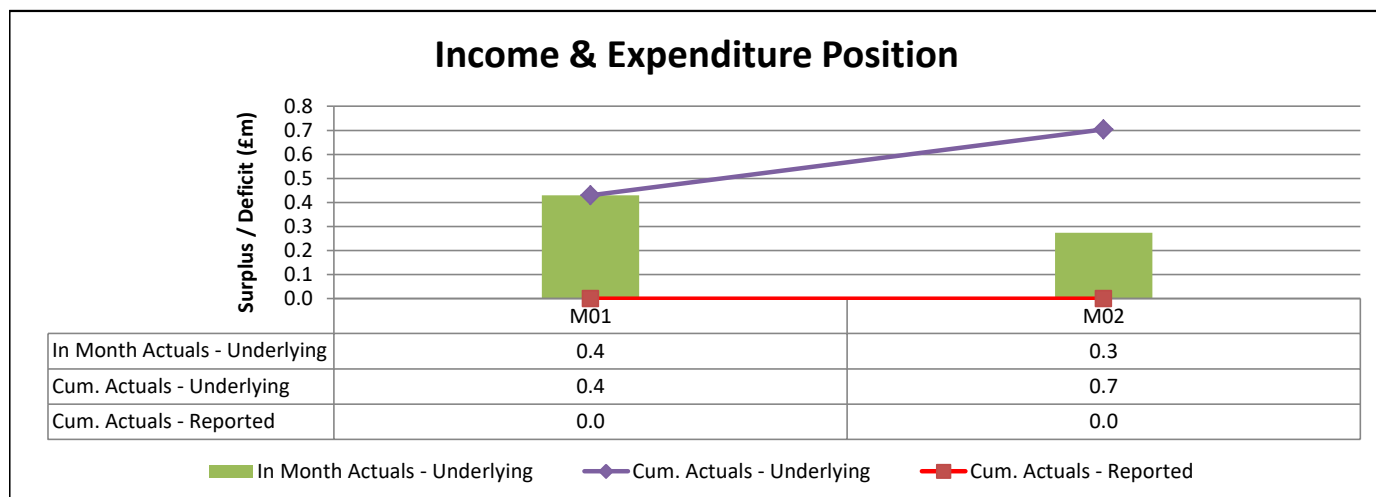


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BOARD OF DIRECTORS - FINANCE REPORT - MONTH 2

1. Summary Income & Expenditure Position

	In Month			Year to Date		
	Plan	Actual	Variance	Plan	Actual	Variance
Income	43.8	44.2	0.4	87.7	88.3	0.7
Expenditure	(43.8)	(44.2)	(0.4)	(87.7)	(88.3)	(0.7)
Surplus / (Deficit)	0.0	0.0	0.0	0.0	0.0	0.0



Commentary - Summary I&E Position

The Trust has reported a cumulative breakeven position for the year to Month 2, which is in line with the plan.

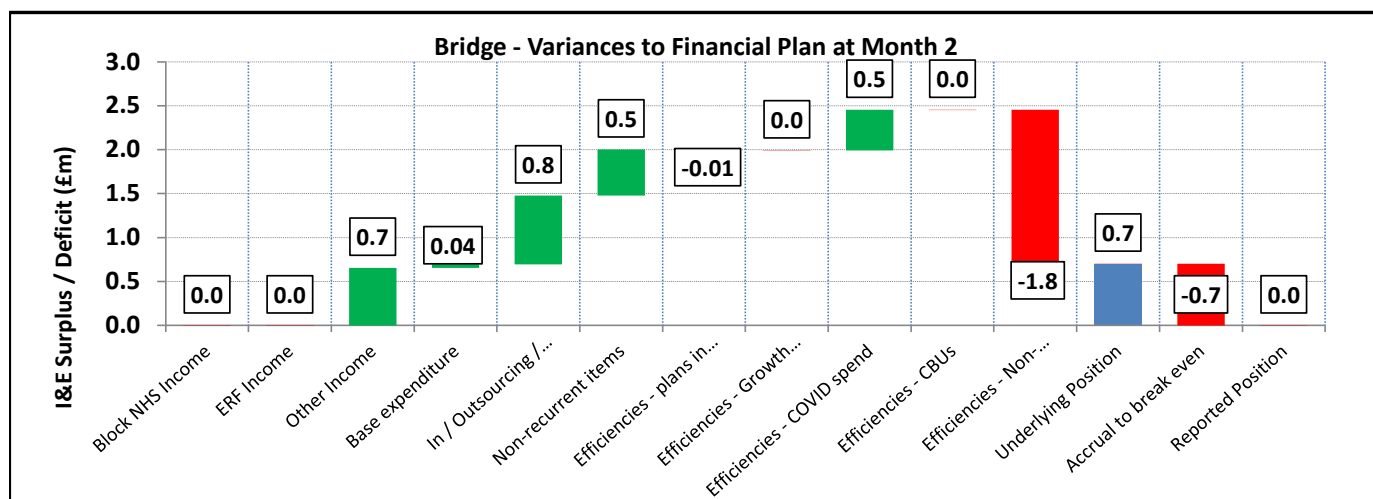
The underlying position is a cumulative surplus of £0.7m, however there is an unresolved risk relating to £2m of Elective Recovery Fund (ERF) income which is included in this position. The ERF cash has been paid by the Trust's commissioners, however it is not possible to accurately quantify actual performance against the targets and the mechanism for clawing back ERF funding in the event of underperformance remains unclear.

It is therefore considered prudent to report a position no better than breakeven pending the resolution of these issues.

Should it transpire that the ERF is not recovered consistently or is clawed back in future periods, this would result in an unmitigated financial pressure. The total annual value of ERF in the plan is £12.1m.

Uncertainty relating to the ERF is therefore currently the key risk to delivering the financial plan in 2022/23. Clear guidance from NHSEI is required to resolve this issue but this remains outstanding.

2. Bridge - Key Variances to Plan



Commentary - Key Variances to Plan

The bridge charts shows that, in the reported 100% ERF scenario (ERF variance = zero), the combined favourable variances to plan amount to a surplus of almost £2.5m. The planned delivery of non-recurrent efficiencies to supplement the Financial Improvement Programme is below plan by £1.8m but this has been fully mitigated to date by underspends in the CBUs and other budgets.

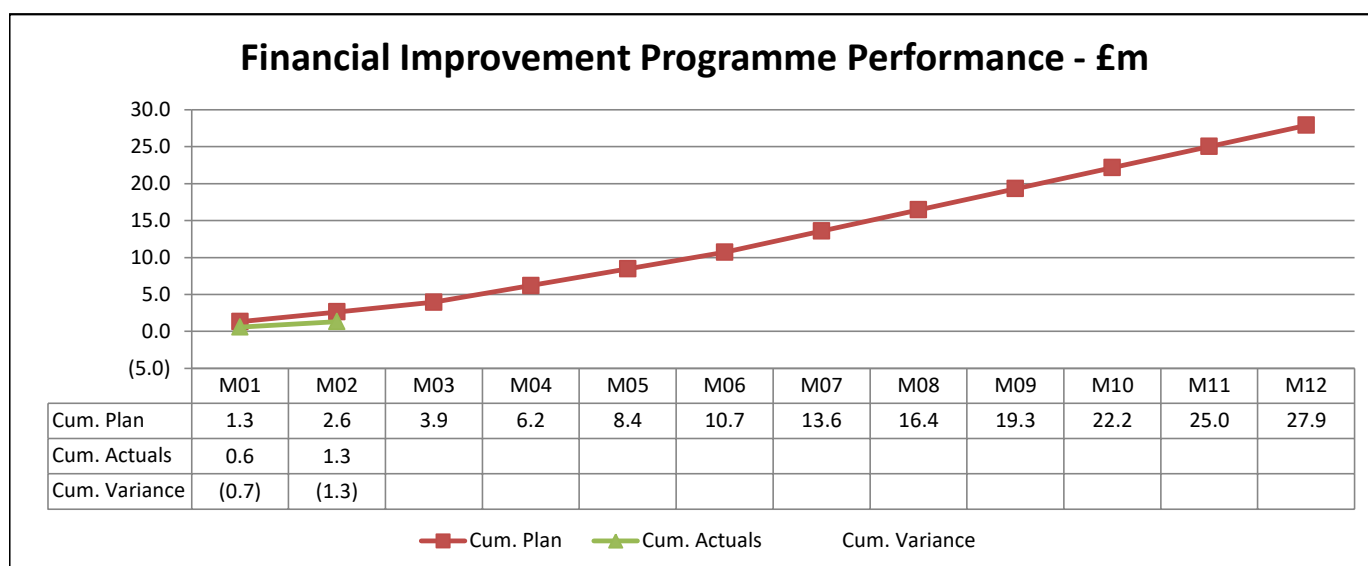
The position is supported by £0.7m of non-NHS income in excess of plan and £0.5m of non-recurrent benefits arising in the CBUs. COVID expenditure is £0.5m lower than the plan *inclusive of a £4.8m cost reduction target*, although further validation of this position will be carried out in Month 3 to ensure this is the true position.

Expenditure on insourcing and outsourcing capacity for Elective Recovery is £0.8m below budget, which suggests delivery may fall below plan, although the extent of this potential shortfall cannot be accurately quantified at present.

3. Detailed Income & Expenditure Position

	In Month			Year to Date		
	Plan	Actual	Variance	Plan	Actual	Variance
Block NHS Income	35.9	35.9	0.0	71.7	71.7	0.0
Passthrough NHS Income	1.6	1.6	(0.1)	3.3	3.1	(0.1)
ERF Income	1.0	1.0	0.0	2.0	2.0	0.0
Vaccination / PCR income	0.4	0.4	0.1	0.8	0.9	0.1
Other Income	5.0	5.3	0.4	9.9	10.6	0.7
Total Income	43.8	44.2	0.4	87.7	88.3	0.7
Base expenditure	(41.8)	(42.2)	(0.4)	(83.5)	(83.5)	0.0
Passthrough expenditure	(1.6)	(1.6)	0.1	(3.3)	(3.1)	0.1
In / Outsourcing / Locums re ERF	(1.4)	(0.9)	0.4	(2.7)	(2.0)	0.8
Vaccination / PCR expenditure	(0.4)	(0.4)	(0.1)	(0.8)	(0.9)	(0.1)
Non-recurrent items	0.0	0.4	0.4	0.0	0.5	0.5
Total Expenditure before Efficiencies	(45.1)	(44.7)	0.4	(90.3)	(89.0)	1.3
Efficiencies - plans in place	0.3	0.3	0.0	0.6	0.6	(0.0)
Efficiencies - Growth expenditure	0.0	0.0	0.0	0.0	0.0	0.0
Efficiencies - COVID spend	0.1	0.4	0.3	0.3	0.7	0.5
Efficiencies - CBUs	0.0	0.0	0.0	0.0	0.0	0.0
Efficiencies - Non-recurrent support	0.9	0.0	(0.9)	1.8	0.0	(1.8)
Total Efficiencies	1.3	0.8	(0.6)	2.6	1.3	(1.3)
Total Expenditure after Efficiencies	(43.8)	(43.9)	(0.1)	(87.7)	(87.6)	0.0
Underlying Position	0.0	0.3	0.3	0.0	0.7	0.7
Accrual to break even re ERF risk	0.0	(0.3)	(0.3)	0.0	(0.7)	(0.7)
Reported Position	0.0	0.0	0.0	0.0	0.0	0.0

4. Financial Improvement Programme



Commentary - Financial Improvement Programme

Mathematically, the Financial Improvement Plan is £1.3m below plan at Month 2. However, as described above, the shortfall on planned non-recurrent efficiencies has been mitigated to date due to underspends against other budgets.

The plans that are already in place have delivered £593k of savings, with only a £30k shortfall due to delays in the reinstatement of staff car parking charges.

The plan targets reduction in COVID expenditure of £272k to Month 2. The reported position shows COVID expenditure reduction of £733k so significantly ahead of plan. There is a suggestion that some of this improvement may relate to coding issues which will be validated in Month 3.

The plan does not require the CBUs to deliver any efficiencies until Quarter 3. However, they have been asked to develop trajectories for delivery, with a gateway of 50% to be identified by 30 June. These trajectories will be included as FIP forecasts in the June Finance report.

5. Budget Position by Group (£000s)

Care Group	In Month Budget	In Month Actual	In Month Variance	YTD Budget	YTD Actual	YTD Variance
Corporate Services	1,554	1,415	(139)	3,092	2,908	(185)
Estates & Facilities	2,495	2,697	203	5,025	5,187	162
Pharmacy	492	651	159	982	1,090	108
Planned Care	14,755	14,660	(95)	30,105	29,049	(1,056)
Unplanned Care	12,695	12,477	(218)	25,178	25,031	(147)
Grand Total	31,990	31,900	(91)	64,382	63,264	(1,118)

Commentary - Budget Position by Group

The clinical care groups remain underspent against their combined CBU budgets at Month 2, although the rate of underspend has reduced in Planned Care in Month 2. The corporate services budgets also remain underspent at Month 2.

The overspends in the Estates and Facilities and Pharmacy budgets are non-recurrent in nature and are not indicative of an expected ongoing cost pressures in future months.

Within the overall Unplanned Care group position, the key area of concern is an ongoing pay overspend in Urgent & Emergency Care. This CBU is producing a full explanation with proposals to address this trend which may include business cases to formalise additional resource requirements if appropriate.