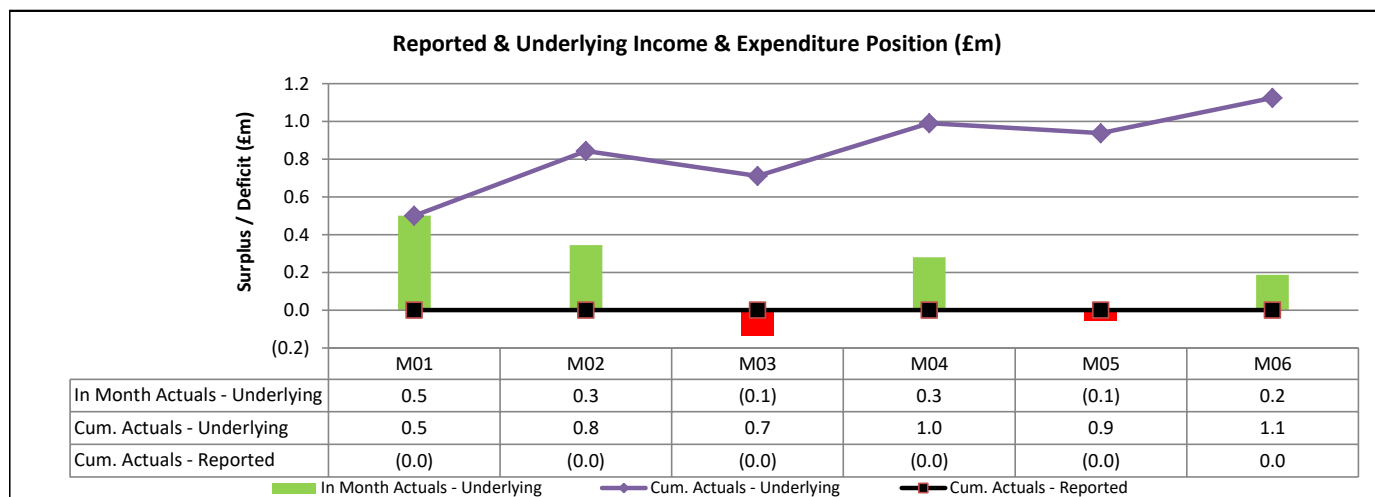


SECTION A - INCOME & EXPENDITURE - TRUST LEVEL PERFORMANCE

A1. Summary Income & Expenditure Position

	In Month £m			Year to Date £m		
	Plan	Actual	Variance	Plan	Actual	Variance
Income	47.5	48.3	0.8	266.6	269.0	2.3
Expenditure	(47.5)	(48.3)	(0.8)	(266.6)	(269.0)	(2.3)
Surplus / (Deficit)	0.0	0.0	0.0	0.0	0.0	0.0



Commentary - Summary Position

The Trust has reported a cumulative breakeven Income & Expenditure (I&E) position for the year to Month 6, which is in line with the plan. The organisation continues to forecast delivery of a breakeven position at year end.

The underlying position is a cumulative surplus of £1.1m. The underlying position is the true run rate net of any non-recurrent interventions and is important for understanding future forecasts. A moderate monthly underlying surplus has been delivered consistently to Month 6.

The underlying surplus position means that, as in previous months, the planned deployment of non-recurrent flexibilities to deliver a breakeven position has not been necessary up to Month 6. However, the rate of expenditure is expected to increase in the latter half of the year due to inflationary pressures, planned recruitment, winter pressures and approved investments coming on line.

Commissioner contracts were increased by £7.4m in Month 6 to provide funding for the national pay award costs in excess of the original national planning assumptions. It is estimated that there is an annualised shortfall of approximately £0.5m between the funding and the total cost of the pay award. Although this does not impact on the forecast breakeven position for 2022/23, it potentially constitutes a cost pressure for future financial years.

The annual plan requires the Trust's CSUs and corporate departments to deliver recurrent run rate improvements in Quarters 3 & 4. At at 30 September, the projected level of recurrent financial improvements remains significantly below plan and the forecast exit expenditure run rate in Quarter 4 significantly higher than the planned sustainable level. The lack of recurrent solutions developed to date will present a major financial challenge in the next financial year if it is not addressed in the coming months.

The Finance department is reviewing the existing approach and will be engaging with the new CSU management teams to reinvigorate the process in the latter half of the year. A key focus for cost reductions will be on identifying strategies to maximise activity delivery within core budgets and minimising increased variable expenditure without impacting on core establishments - primary examples would be the reliance on insourcing and outsourcing which has been funded non-recurrently in 2022/23.

The Trust was notified in August that NHSEI has imposed an annual ceiling for agency spend of £9.1m, which is a reduction on 2021/22 agency spend. The current forecast is full year agency spend of £10.7m. It is not clear what the consequences of breaching the ceiling would be, although the waiting list recovery plan and safe staffing will not be compromised to comply with it.

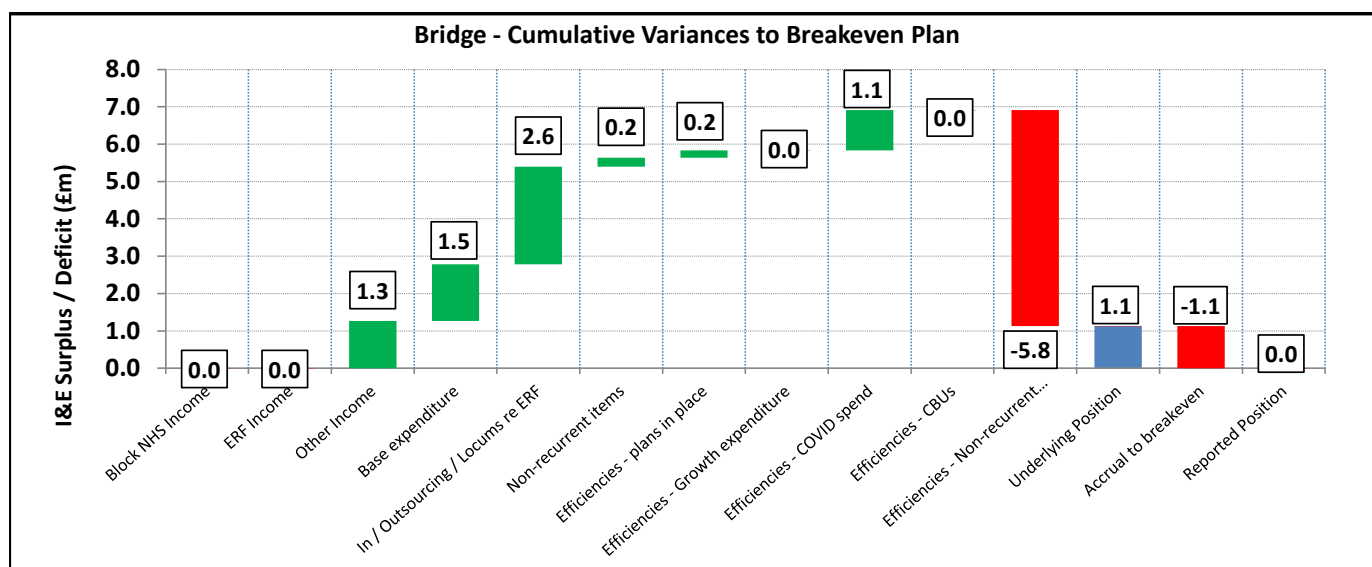
NHSEI have informally communicated that there will be no clawback of the £6.1m ESRF funding in Half 2. While clawback remains a risk until this is formally confirmed, this is positive news which suggests the risk is largely mitigated.

The year end breakeven forecast is subject to the satisfactory resolution of the ESRF funding risk and an improvement in departmental contributions to the Financial Improvement Programme, together with a requirement for winter pressures and growth investments not to exceed planned levels.

The Trust's cash balance of £81.9m is £13.6m higher than plan at Month 6, and is forecast to remain above planned levels at year end.

Slippage on a number of major schemes means the Capital Programme is £7m behind plan at Month 6. The Trust is forecasting a £1m capital underspend at year end, although the scale of the required delivery by March 2023 means it should be recognised that there is a risk this slippage may increase.

A2. Bridge - Key Variances to Plan



Commentary - Key Variances to Plan

The bridge charts shows that the combined favourable variances to plan excluding the deployment of non-recurrent support amount to an underlying position approximately £7m better than planned. In this context, it has only been necessary to deploy £0.3m of the £6.1m planned flexibilities (in Month 5).

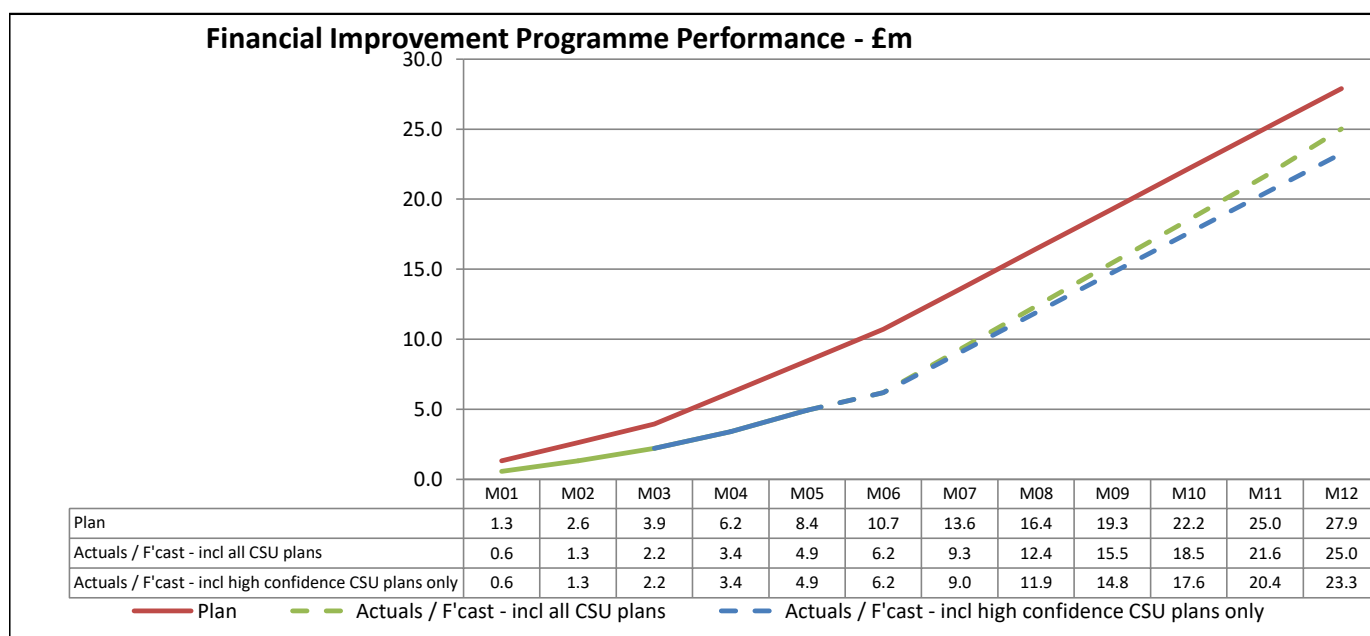
The position is supported by £1.3m of non-NHS income in excess of plan and £0.2m of non-recurrent benefits relating to the previous financial year arising in the CBUs. COVID expenditure is £1.1m lower than the plan *inclusive of a £4.8m annual cost reduction target*.

Expenditure on insourcing and outsourcing capacity for Elective Recovery is £2.6m below budget, which suggests delivery may fall below plan, although the extent of this potential shortfall cannot be accurately quantified at present.

A3. Detailed Income & Expenditure Position

	In Month			Year to Date		
	Plan	Actual	Variance	Plan	Actual	Variance
Block NHS Income	39.5	39.5	0.0	218.8	218.8	0.0
Passthrough NHS Income	1.6	2.5	0.8	9.8	11.2	1.4
ERF Income	1.0	1.0	0.0	6.1	6.1	0.0
Vaccination / PCR income	0.4	0.2	(0.2)	2.3	1.9	(0.4)
Other Income	5.0	5.2	0.2	29.7	31.0	1.3
Total Income	47.5	48.3	0.8	266.6	269.0	2.3
Base expenditure	(46.3)	(46.0)	0.3	(257.0)	(255.5)	1.5
Passthrough expenditure	(1.6)	(2.5)	(0.8)	(9.8)	(11.2)	(1.4)
In / Outsourcing / Locums re ERF	(1.4)	(0.7)	0.7	(8.2)	(5.6)	2.6
Vaccination / PCR expenditure	(0.4)	(0.2)	0.2	(2.3)	(1.9)	0.4
Non-recurrent items	0.0	0.0	0.0	0.0	0.2	0.2
Total Expenditure before Efficiencies	(49.7)	(49.4)	0.3	(277.4)	(274.1)	3.3
Efficiencies - plans in place	0.3	0.4	0.1	1.8	2.0	0.2
Efficiencies - Growth expenditure	0.3	0.3	0.0	0.9	0.9	0.0
Efficiencies - COVID spend	0.5	0.6	0.1	1.9	2.9	1.1
Efficiencies - CSUs	0.0	0.0	0.0	0.0	0.0	0.0
Efficiencies - Non-recurrent support	1.2	0.0	(1.2)	6.1	0.3	(5.8)
Total Efficiencies	2.3	1.3	(1.0)	10.7	6.2	(4.5)
Total Expenditure after Efficiencies	(47.5)	(48.1)	(0.6)	(266.6)	(267.9)	(1.2)
Underlying I&E Position	0.0	0.2	0.2	0.0	1.1	1.1
Accrual to Breakeven	0.0	(0.2)	(0.2)	0.0	(1.1)	(1.1)
Reported I&E Position	0.0	0.0	0.0	0.0	0.0	0.0

A4. Financial Improvement Programme Summary



Commentary - Financial Improvement Programme

The current forecast is the delivery of £23.3m - £25.0m of efficiencies in 2022/23, which would nominally be £2.9m - £4.6m below plan.

It must be noted that a significant proportion of CSU proposals related to ongoing underspends related to vacancies and to incidental but substantial underspends due to activity shortfalls vs budgets. As such, the total projected efficiencies in chart A4 include substantial non-recurrent elements which will not sustainably support the organisation in future years.

Particular note should be given to the phasing analysis in section B7 & B8 which highlight the key FIP risk.

The Finance department is reviewing the approach to Financial Improvement Plans in the latter half of the year, with the focus on a revised ask of budget holders focusing purely on recurrent run rate improvements, supported by a more substantial specialty level use of resources review to signpost opportunities.

Mathematically, the Financial Improvement Plan is £4.5m below plan at Month 6. However, as described above, £5.8m of planned non-recurrent support has not been required to date due to the underlying run rate. The above forecast assumes the full £8.2m of NR measures will be deployed in Quarters 3 & 4.

The centrally managed plans that are already in place have delivered £2m of savings to Month 6, which is £0.2m better than planned. This trend is projected to continue, with total savings from these plans equating £4.1m which is £0.5m better than planned.

The plan targets reductions in direct COVID expenditure of £1.9m to Month 6. Actual COVID cost reductions delivered to date equate to £2.9m, meaning this element of the Financial Improvement Plan is overachieving by £1m. COVID cost reductions are projected to be £6.3m in total which is £1.5m more than planned.

The forecast presented assumes the Trust will not commit £2.8m of growth funding as per the annual plan. The level of investments approved via business cases in-year will be kept under review to monitor performance against this target.

SECTION B - INCOME & EXPENDITURE - CSU AND DIRECTORATE PERFORMANCE

B1. Budget Position by CSU / Directorate (£000s)

Care Group	In Month Budget	In Month Actual	In Month Variance	YTD Budget	YTD Actual	YTD Variance
Corporate Services	2,140	2,147	7	10,646	9,834	(812)
Chief Nurse	315	257	(57)	1,638	1,378	(260)
Chief Operating Officer	188	178	(10)	1,000	954	(46)
Finance	521	515	(6)	2,746	2,652	(94)
Human Resources	380	344	(36)	1,921	1,732	(189)
Informatics	1,157	1,215	58	6,433	6,683	249
Medical Director	160	140	(20)	820	734	(86)
Strategy and Integration	356	386	30	1,902	1,855	(47)
Training and Education	(937)	(889)	49	(5,814)	(6,153)	(339)
Estates & Facilities	3,200	3,147	(53)	16,148	16,119	(29)
Estates	1,260	1,264	4	6,681	6,650	(31)
Facilities	1,939	1,883	(57)	9,467	9,469	3
Clinical Service Units	33,235	34,451	1,216	173,529	172,192	(1,337)
MSK and Therapies	3,663	4,864	1,201	19,422	18,856	(566)
Surgery and Digestive Diseases	5,906	5,849	(57)	31,466	30,827	(639)
Theatres, Critical Care and Daycase	4,210	3,990	(220)	23,107	22,714	(394)
Children's Services	2,570	2,391	(179)	13,115	12,612	(503)
Urgent Care, Elderly and Intermediate Care	6,070	6,226	157	31,247	32,427	1,180
Women's Services	3,304	3,408	103	17,484	17,791	306
Access	636	723	87	2,977	3,001	24
Medicines Management	622	547	(75)	3,137	3,059	(79)
Radiology and Imaging	1,457	1,390	(67)	7,029	6,770	(259)
Specialist Medicine	4,798	5,062	264	24,545	24,136	(408)
Grand Total	38,574	39,744	1,170	200,323	198,145	(2,178)

Commentary - Budget Position by CSU / Directorate

In aggregate, the Clinical Service Units have underspent by £1.3m at Month 6. This position is supported by ongoing underspends due to vacancies and lower than planned variable non-pay costs linked to clinical activity levels in elective services, such as Ophthalmology and Orthopaedics.

The ongoing pay overspend in Urgent & Emergency Care has continued at the same rate. The level of overspend in those departments is masked to some degree in the new organisational structure as the new CSU includes Elderly and Intermediate Care services, which have significant underspends against ward budgets due to vacancies.

The adverse £1.2m in-month swing in the MSK & Therapies CSU is due to increased drugs expenditure for Dermatology & Rheumatology which is not offset by passthrough income growth. The cumulative position for this CSU remains an underspend.

The corporate services budgets remain significantly underspent in aggregate at Month 6.

B2. Clinical Service Units - Variance Trends (£000s)

Row Labels	Variance - Qtr 1	Variance - M04	Variance - M05	Variance - M06	Cumulative Variance	Notes
MSK and Therapies	(542)	(515)	(710)	1,201	(566)	The adverse variance in Month 6 is due to increased non-passthrough drugs expenditure in Dermatology & Rheumatology. Orthopaedic prostheses budgets remain materially underspent.
Surgery and Digestive Diseases	(311)	(50)	(222)	(57)	(639)	The key drivers for this CSU's underspend is lower than budgeted activity levels in some areas, although this trend is slowing - high cost cochlear implant activity was increased in month 6, for example.
Theatres, Critical Care and Daycase	(259)	67	18	(220)	(394)	Substantial vacancies, particularly in Theatres, are being offset by insourcing, which is funded from central budgets outside the CSU. A key objective for financial sustainability is recruitment into these vacancies and the reduced reliance on insourcing.
Children's Services	(201)	(107)	(15)	(179)	(503)	Underspend on nursing vacancies across all wards including ANPs and net of vacancy factor £445k YTD. Admin & Clerical mainly within Medical Secretaries Paeds £88k YTD. Overspends in medical staffing Paeds (locum & clinical fellows) £100k YTD. Neonates (SpR & clinical fellows) £113k YTD. Drugs underspend net of passthrough income £179k YTD.
Urgent Care, Elderly and Intermediate Care	485	296	242	157	1,180	The key driver of the overspend in the CSU is the SpR bank and premium rate expenditure supporting the medical workforce across both A&E and Acute Medicine £1,400k YTD. The CBU is in the process of reviewing its medical workforce requirements and has been asked to produce a detailed analysis including rota plans of junior doctors explaining the ongoing pay overspend. Underspends in Virtual Ward vacancies account for £492k YTD. The remaining balance relates to additional activity associated with diagnostics.
Women's Services	46	149	7	103	306	Nursing & Midwives underspends across most wards mainly M3 & M4 £44k YTD net of vacancy factor. A&C across patient administration and labour wards £163k YTD. Medical staff overspends due to premium rate activity, SpR bank and clinical fellows covering consultant vacancies £133k YTD. Imaging costs overspend of £175k YTD due to patient pathway GP direct access changes (budget virement from Radiology CSU to be confirmed). Medical & surgical equipment overspends across all wards £85k YTD. Blood & Pathology overspends of £86k YTD. Drugs overspends net of passthrough income £32k YTD respectively.
Access	(108)	(90)	134	87	24	Recent monthly overspends have been largely driven by increased invoicing from the Trust's automated postage supplier. Work is ongoing to determine the reasons for this.
Medicines Management	261	(10)	(254)	(75)	(79)	The non-recurrent impact of Quarter 1 costs has ceased in Quarter 2. The run rate is now an underspend.
Radiology and Imaging	(98)	(44)	(51)	(67)	(259)	Over recovery on Imaging recharge £175k YTD of costs sit within Womens due to GP direct access changes, requirement for budget virement between CSUs to be confirmed. Other changes are due to an increase in requests for examinations within existing capacity.
Specialist Medicine	(341)	(366)	34	264	(408)	Medical staffing underspends across all specialities £245k YTD, chiefly in Histopathology. Nursing staffing vacancies across the wards net of vacancy factor (mainly W27 & W23) £851k YTD. F8 is overspent by £325k YTD due to agency spend covering vacancies. Drugs overspends net of passthrough income across all specialities £106k YTD. Overspends on Medical & Surgical mainly within Cardio respiratory £144k YTD, Diabetes Pumps £71k YTD and Cardiac MR tests sent to LHT £42k YTD.
Grand Total	(1,067)	(670)	(816)	1,216	(1,337)	

B3. Pay Variances and Impact of Vacancy Factor by CBU / Directorate (£000s)

CBU / Directorate	Substantive	Bank	Agency	Vacancy Factor	Net Pay Variance	Variance %
Corporate Services	(1,833)	23	309	1,274	(228)	-1.4%
Chief Nurse	(262)	6	(1)	223	(33)	-2.3%
Chief Operating Officer	(222)	0	0	255	34	3.6%
Finance	(498)	1	131	274	(91)	-4.5%
Human Resources	(168)	13	1	6	(148)	-8.4%
Informatics	(495)	0	178	152	(165)	-5.4%
Medical Director	(170)	0	0	152	(17)	-2.1%
Strategy and Integration	(203)	0	0	211	7	0.5%
Training and Education	185	2	0	0	187	4.3%
Estates & Facilities	(1,713)	338	1,175	497	297	3.2%
Estates	(142)	0	68	0	(74)	-3.7%
Facilities	(1,571)	338	1,108	497	372	5.2%
Clinical Service Units	(17,038)	7,719	2,836	5,445	(1,038)	-0.8%
MSK and Therapies	(1,690)	392	76	808	(413)	-2.8%
Surgery and Digestive Diseases	(3,178)	1,144	551	1,264	(219)	-1.0%
Theatres, Critical Care and Daycase	(2,761)	746	298	1,283	(434)	-3.1%
Children's Services	(1,012)	519	48	132	(313)	-2.7%
Urgent Care, Elderly and Intermediate Care	(3,862)	3,088	946	925	1,098	4.1%
Women's Services	(851)	760	11	2	(77)	-0.6%
Access	(455)	19	0	326	(111)	-4.1%
Medicines Management	(329)	37	36	117	(139)	-4.6%
Radiology and Imaging	(439)	215	44	313	133	1.5%
Specialist Medicine	(2,462)	797	826	276	(563)	-3.1%
Grand Total	(20,584)	8,079	4,321	7,216	(968)	-0.6%

Commentary - Pay Variances and Impact of Vacancy Factor

The majority of CSUs and departments were allocated a negative "vacancy factor" budget for 2022/23 to reflect 80% of the expected difference between fully established pay budgets and actual run rate pay expenditure. Four departments were excluded from the vacancy factor - Urgent & Emergency Care, Women's Services and Estates due to existing run rate pay overspends and Training & Education because their pay variances are mostly offset by income variances.

Pay budget in excess of £13m was distributed to all departments in Month 6 to uplift establishments for the pay award. The vacancy factors were increased by £0.7m in Month 6 to reflect the level of vacancies which obviously do not incur pay award costs.

The budgetary pay position for each CSU will be kept under review to ensure the vacancy factors remain appropriate and to inform amendments for the 2023/24 budget setting process.

For the first six months of the financial year, the Trust's clinical and support departments underspent against pay budgets by a net £1m or 1.8%. Out of 20 departments in the new structure, 14 have underspent against pay budgets and 6 have overspent.

Excluding UEC, the departments with the most substantial pay overspends are Estates and Facilities with a combined £297k overspend after four months (3.2%). Agency usage in Facilities has increased substantially since Q4 of 2021/22 and the department are investigating the coding of expenditure which may be COVID related.

Specialist Medicine continues to see significant underspends against its pay budget. This is driven chiefly by substantial underspends against the COVID staffing establishments the wards which are no longer required in full. Reducing budget adjustments to align the ward budgets to agreed establishments are required in Month 7.

B4. Financial Improvement Plans - Plans vs Target by CSU (All Confidence Levels)

CSU	22/23 Full Year CIP Target	Plans - Recurrent	Plans - Non-recurrent	Total Plans 22/23	Variance to Target	Variance to Target %
Corporate Depts	779	233	275	507	(272)	-35%
Estates & Facilities	680	0	496	496	(184)	-27%
MSK and Therapies	974	16	888	904	(70)	-7%
Surgery & Digestive diseases	1,665	71	1,474	1,545	(120)	-7%
Theatres,Critical Care & Daycase	819	0	1,037	1,037	218	27%
Children's Services	594	0	395	395	(199)	-34%
Urgent Care, Elderly & Intermediate Care	519	0	633	633	114	22%
Women's Services	750	0	598	598	(152)	-20%
Access	123	0	123	123	0	0%
Medicines Management	131	131	0	131	0	0%
Radiology and Imaging	275	11	242	253	(22)	-8%
Specialist Medicine	1,179	296	408	704	(475)	-40%
Total	8,488	757	6,569	7,326	(1,162)	-14%

Commentary - Plans vs Target by CSU (Plans with all confidence levels)

In aggregate, the Trust's corporate and clinical departments have identified £7.3m of financial efficiencies at Month 6, which represents 86% of their targets for 2022/23.

The subsequent analysis confirms that the majority of these savings are non-recurrent in nature and that budget holders have limited confidence in delivery against a substantial element of those plans that have been identified.

B5. Departmental Financial Improvement Plans - High Confidence Plans only

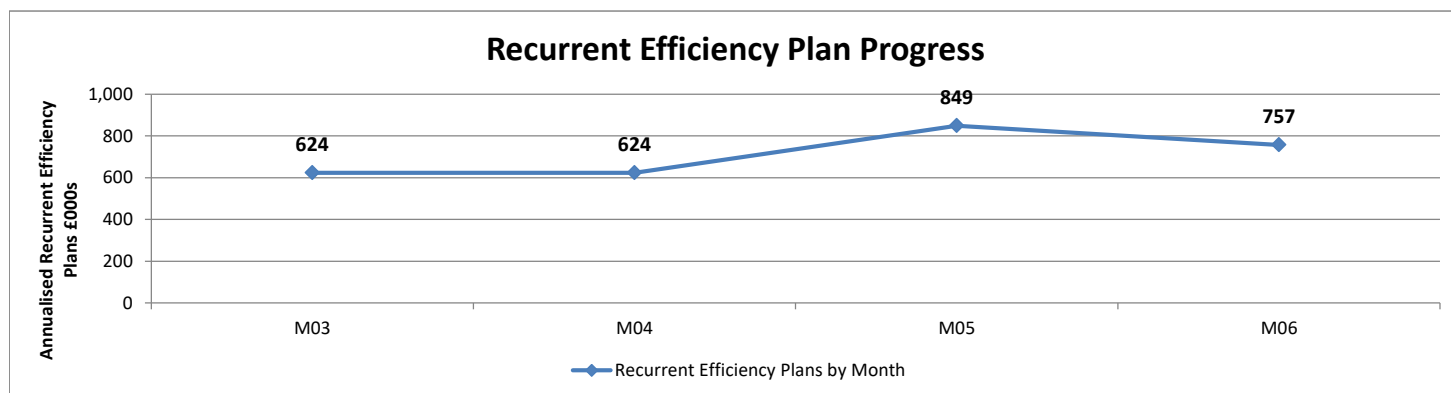
CSU	22/23 Full Year CIP Target	Plans - Recurrent	Plans - Non-recurrent	Total Plans 22/23	Variance to Target	Variance to Target %
Corporate Depts	779	89	275	363	(416)	-53%
Estates & Facilities	680	0	496	496	(184)	-27%
MSK and Therapies	974	16	888	904	(70)	-7%
Surgery & Digestive diseases	1,665	30	755	785	(880)	-53%
Theatres,Critical care and day case	819	0	398	398	(421)	-51%
Children's Services	594	0	0	0	(594)	-100%
Urgent Care, Elderly & Intermediate Care	519	0	208	208	(311)	-60%
Women's Services	750	0	126	126	(625)	-83%
Access	123	0	123	123	0	0%
Medicines Management	131	81	0	81	(50)	-38%
Radiology and Imaging	275	11	242	253	(22)	-8%
Specialist Medicine	1,179	94	231	325	(854)	-72%
Total	8,488	320	3,741	4,061	(4,427)	-52%

Commentary - B5. Departmental Financial Improvement Plans - High Confidence Plans only

Table B5 confirms that budget holders have expressed high confidence in delivery of plans worth just over £4m, equating to 48% of their targets for 2022/23. It is to be expected that budget holder confidence and plan identification will increase once the new management teams become more established.

B6. Departmental Improvement Plans by Theme - Recurrent vs Non-Recurrent

Theme	Plans - Recurrent	Plans - Non-recurrent	Total Plans 22/23	% of Total
Vacancies	59	3,136	3,194	44%
Non-pay underspends due to lower activity	166	2,179	2,345	32%
Other Pay	53	442	496	7%
Other Non-pay	463	739	1,203	16%
Income over recovery	16	73	89	1%
Total	757	6,569	7,326	100%
	10%	90%	100%	



Commentary - Departmental Improvement Plans by Theme - Recurrent vs Non-Recurrent

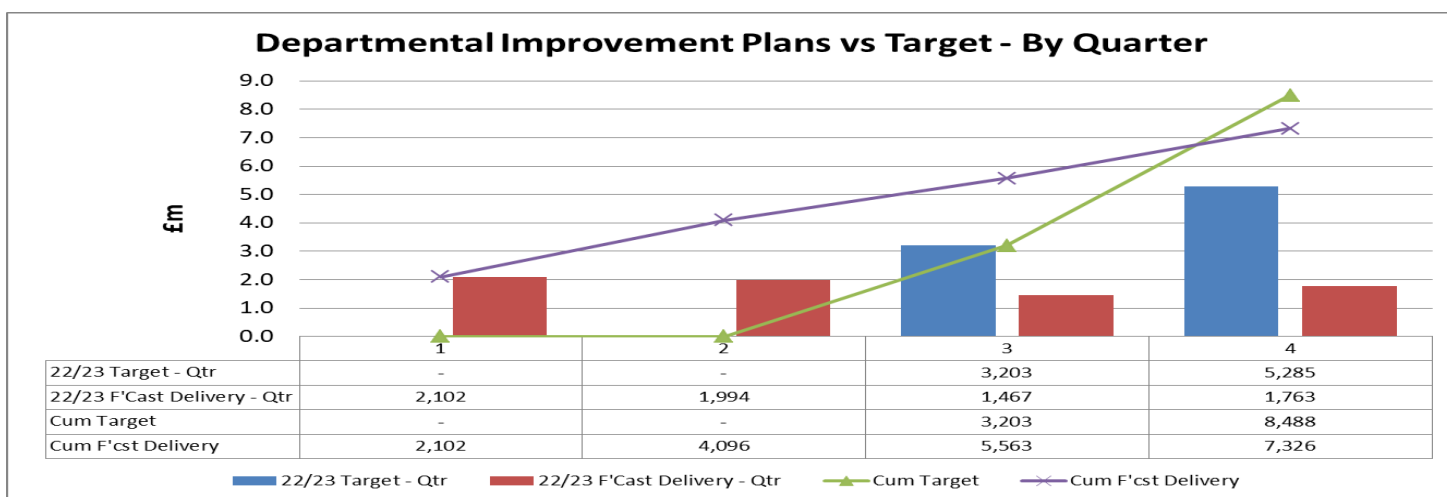
Table B6 shows that 44% of all departmental plans are based on an expectation of ongoing underspends due to vacancies in excess of negative vacancy factors allocated to their budgets. There is no suggestion that vacancies will be frozen to deliver against these projections, this seems to be a recognition from budget holders that recruitment to a substantial number of posts is highly unlikely in the short to medium term. This does not represent a sustainable route to managing departmental finances on a recurrent basis.

Similarly, a number of departments have identified substantial underspends against variable non-pay budgets as a consequence of elective activity levels being below levels anticipated in expenditure budgets (32% of total savings plans). These underspends have been badged as Financial Improvement contributions. It is questionable whether these budget "savings" should be realised in these CSUs or whether the budget should be recycled to address pressures in areas experiencing higher activity demand.

In totality, the savings from vacancies and activity shortfalls contribute 76% of the total plans put forward at Gateway 4. **A revised approach will be introduced in Half 2 to ensure vacancies and activity related non-pay underspends are not included in the Financial Improvement Plans recorded by CSUs. A more fundamental use of resources review will be carried out with each specialty to identify opportunities.**

It should be noted that only £0.8m (10%) of all plans developed to date are recurrent in nature and that this position has actually deteriorated since last month. If this over-reliance on non-recurrent measures is not addressed, this will pose significant financial challenges for the majority of departments in the next financial year. This risk is discussed in more detail in later sections of this report.

B7. Departmental Financial Improvement Plans by Quarter vs Targets



Commentary - Phasing of Departmental Plans by Quarter vs Targets

Chart B7 plots the phasing of the plans put forward by budget holders at Gateway 4 against the phasing of the Financial Improvement Targets. This provides an important view of the future impact of the plans put forward to date on the Trust's outlook for Quarters 3 & 4 and in 2023/24.

The budget holders' focus on vacancies and variable non-pay underspends rather than transformational efficiencies to provide 76% of their Gateway 4 plans means they are proposing to rely on underspends already incurred in Months 1 - 6 to deliver £4.1m of their £8.5m targets in 2022/23. The departments are projecting these underspends to reduce in future quarters.

The annual plan does not require the CSUs and corporate departments to deliver any efficiencies in Quarters 1 & 2. The chart shows that at Gateway 4 these departments are projecting an over-performance of efficiencies in the early part of the year and an underperformance in Quarters 3 & 4. Even if further plans are developed at future gateways to address the full £8.5m target in 2022/23, this will still leave a shortfall for CSU budgets in the latter months of the year. These departments may be able to cumulatively balance their budgets non-recurrently this year on an annual basis due to the contribution of Quarter 1 & 2 underspends, but their run rates will not have improved sufficiently to exit 2022/23 in a sustainable way.

It was planned for the Trust to deploy £8.2m of non-recurrent measures in Quarters 1 & 2 to allow the CBUs time to plan and put in place efficiencies in Quarters 3 & 4 to exit 2022/23 with a reduced and sustainable run rate. The underlying expenditure run rate in Months 1 - 6 has been lower than anticipated, and these central non-recurrent measures have not been required in full. The Trust will be able to deploy these non-recurrent measures to offset a degree of underperformance against departmental targets in Quarters 3 & 4, which means the Trust retains a reasonable probability of delivering its financial plan non-recurrently in 2022/23.

However, it can be seen from the difference between the blue target column and the red forecast delivery column in Q4 of the chart that the current forecast exit run rate would cause significant problems in the next financial year. The phasing of the annual plan has effectively been inverted, with departmental expenditure increasing in the latter half of the year and non-recurrent measures deployed in Quarters 3 & 4 to offset this rather than in Quarter 1 & 2.

This forecast metric will be kept under review on a regular basis in Section B8 as this is a key indicator of longer term financial risk. It is anticipated that budget holders will take advantage of the revised approach to Financial Improvement being introduced to improve on this forecast.

B8. Forecast Quarter 4 Financial Improvement Delivery Changes

Group	Q4 FIP Plans - at Month 4	Q4 FIP Plans - at Month 5	Q4 FIP Plans - at Month 6	Movement £000s	Movement %
Corporate Depts	87	145	108	(37)	-26%
Estates & Facilities	0	110	115	5	5%
Clinical Service Units	1,163	1,173	1,540	367	31%
Total	1,250	1,428	1,763	335	23%

Commentary - Forecast Quarter 4 Financial Improvement Delivery Changes

Forecast delivery in Quarter 4 has improved by only £335k since last month, with the majority of departments' forecasts remaining unchanged.

The risks highlighted in section B8 remain largely unmitigated at the end of September. This highlights the importance of the more fundamental use of resources review proposed for each specialty to support the new CSU management teams with their Financial Improvement Targets.

SECTION C - BALANCE SHEET, CASH & CAPITAL EXPENDITURE

C1. Balance Sheet Summary

	Year to date			Forecast		
	Plan £m	Actual £m	Variance £m	Plan £m	Actual £m	Variance £m
Intangible assets	13.0	9.4	(3.6)	16.4	11.8	(4.6)
Property, plant and equipment	207.7	204.4	(3.3)	211.3	215.9	4.6
Right of use assets (leases)	10.8	11.5	0.7	13.1	14.1	1.0
Trade and other receivables	1.9	1.9	0.0	1.9	1.9	0.0
Total Non-Current Assets	233.4	227.2	(6.2)	242.7	243.7	1.0
Inventories	7.9	8.0	0.1	8.0	8.0	0.0
Cash	66.7	77.0	10.3	42.8	42.3	(0.5)
Trade and other receivables	19.4	25.9	6.5	15.0	15.0	0.0
Total Current Assets	94.0	110.9	16.9	65.8	65.3	(0.5)
Trade and other payables	(70.3)	(78.1)	(7.8)	(48.9)	(48.3)	0.6
Borrowings	(5.1)	(4.4)	0.7	(7.1)	(4.4)	2.7
Deferred Income	(16.7)	(18.9)	(2.2)	(16.7)	(16.7)	0.0
Provisions	(1.0)	(1.6)	(0.6)	(1.0)	(1.0)	0.0
Total Current Payables	(93.1)	(103.0)	(9.9)	(73.7)	(70.4)	3.3
Total Net Current Assets	0.9	7.9	7.0	(7.9)	(5.1)	2.8
Borrowings	(23.9)	(25.2)	(1.3)	(22.8)	(26.4)	(3.6)
Deferred Income	(4.4)	(3.9)	0.5	(4.4)	(4.4)	0.0
Provisions	(4.3)	(4.3)	0.0	(4.3)	(4.3)	0.0
Total Non-Current Payables	(32.6)	(33.4)	(0.8)	(31.5)	(35.1)	(3.6)
Total Assets Employed	201.7	201.7	0.0	203.3	203.5	0.2
Public Dividend Capital	151.2	151.2	0.0	153.0	153.2	0.2
Revaluation Reserve	52.9	52.2	(0.7)	52.9	51.3	(1.6)
	(2.4)	(1.7)	0.7	(2.6)	(1.0)	1.6
Total Taxpayers Equity	201.7	201.7	0.0	203.3	203.5	0.2

Commentary - Balance Sheet

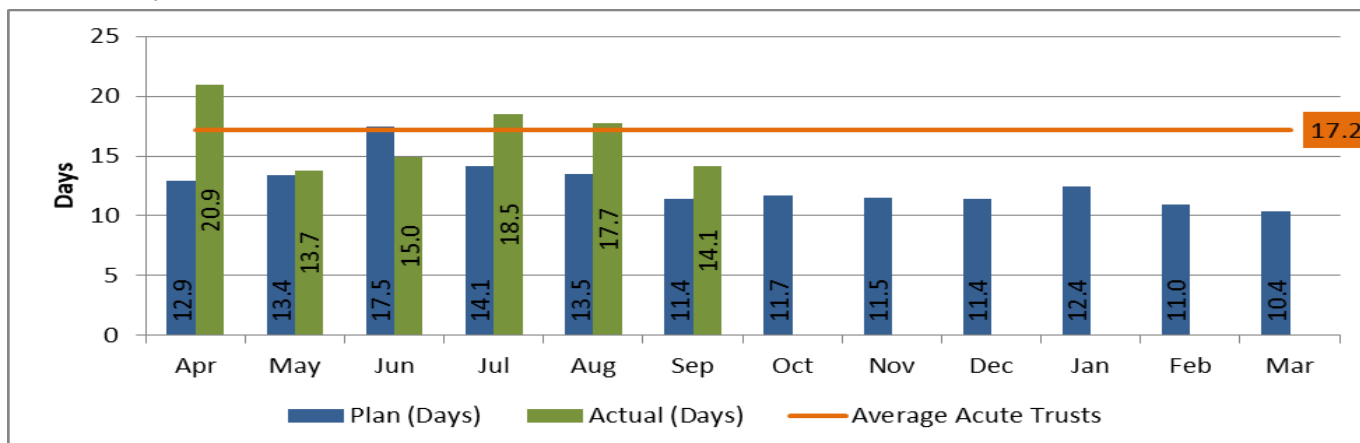
Total non-current assets is £226.8m as at 30 September 2022. Variance from plan (£6.1m) is mainly due to capital expenditure being behind plan by £7.2m. Forecast non-current asset is expected to be broadly in line with plan.

Total current assets are £110.5m which is £17.9m higher than plan. Trade and other receivables are higher than plan by £4.2m which is mainly due to amounts owed to the Trust from other NHS bodies. Forecast current assets are expected to be higher than plan due to an increase in forecast cash balance.

Total current payables are £102.2m which is £10.8m higher than plan. The Trust reported trade payables (£79.5m) being higher than plan (£68.6m) by £10.9m.

Forecast taxpayers equity is forecasted to be £2.3m higher than plan due to the additional PDC funding the Trust will receive to support capital projects such as the SLH Day Case Unit

C2. Debtor Days



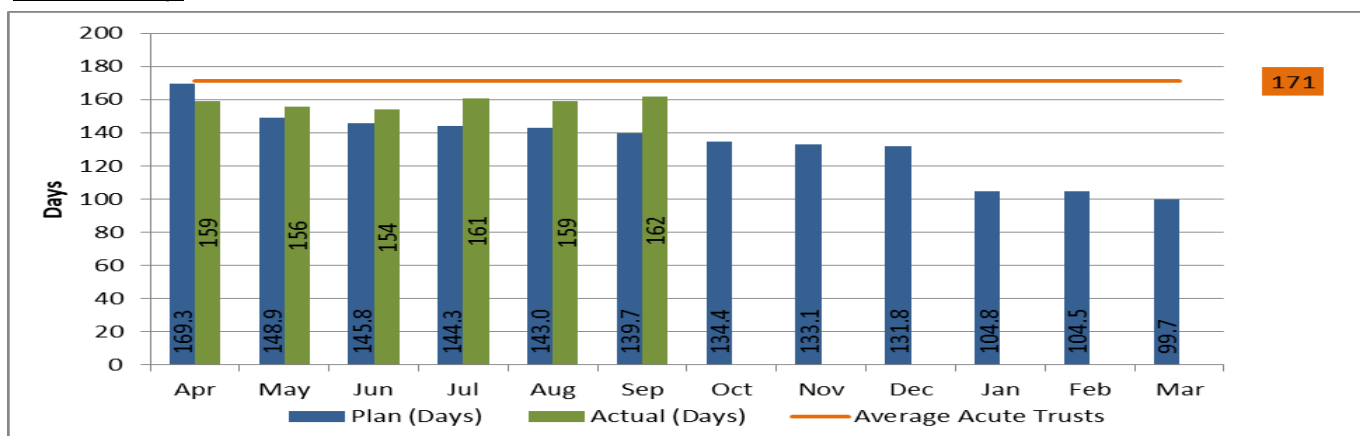
Commentary - Debtor Days

Debtor days are an indication of the average number of days it takes customers to pay the Trust for the services it provided.

Debtor days are currently higher than plan (11.4 days) by 2.7 days due to invoices from other NHS Trusts, in particular NHSE, not being paid within 30 days terms.

Overall the number of debtor days is near the average number of days for Acute Trusts.

C3. Creditor Days



Commentary - Creditor Days

Creditor days is an indication of the average number of days it takes the Trust to pay suppliers.

Creditor days is currently higher than plan (162 days) by 22 days due to the Trust reporting an increase in trade payables. Overall the reported creditor day is lower than the average number of days across the Acute Trusts.

C4. Better Payment Practice Code (BPPC)

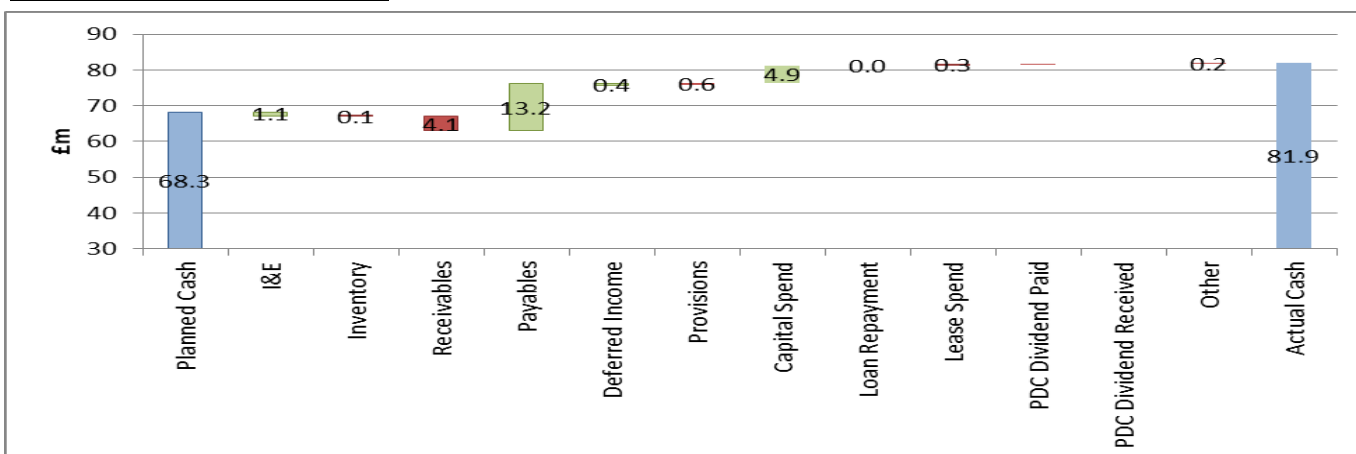
	In Month		Year to Date	
	No. of invoices	£000s	No. of invoices	£000s
Total non-NHS trade invoices paid in-year	4,873	22,149	25,683	137,573
Total non-NHS trade invoices paid within target	4,367	20,834	23,453	127,935
Percentage of non-NHS trade invoices paid within target	90%	94%	91%	93%
Total NHS trade invoices paid in-year	79	1,398	704	8,003
Total NHS trade invoices paid within target	70	1,395	654	7,652
Percentage of NHS trade invoices paid within target	89%	100%	93%	96%

Commentary - BPPC

The Better Payment Practice Code ("BPPC") requires the Trust to pay 95% of its invoices, by number and value, within 30 days payment terms.

The Trust is achieving 91% and 93% for number of invoices YTD and 93% and 96% for volume of invoices YTD. The finance department are working with CSUs to ensure invoices are approved in a timely manner.

C5. Cash Position vs Plan - Year to Date

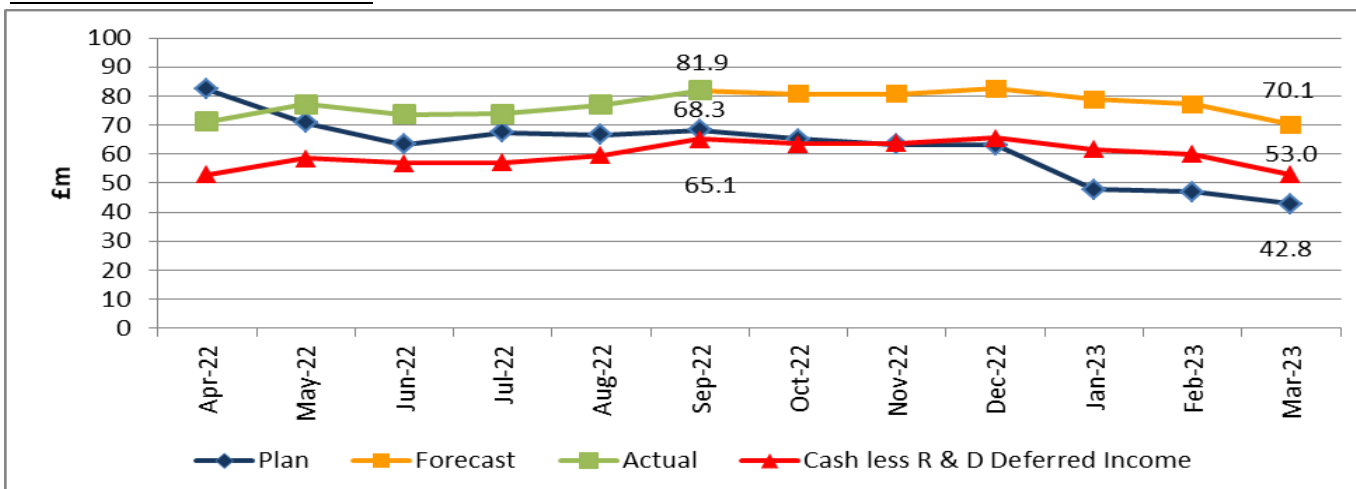


Commentary - Year to Date Cash Position vs Plan

The main reasons for September 2022 cash (£81.9m) to be £13.6m higher than plan (£68.3m) are:

- Capital expenditure lower than plan by £7.1m and capital payables lower than plan by £2.4m.
- Higher than planned receivables balance (£4.1m). This is due to NHSE invoices not paid within 30 days payment terms.
- Higher than plan payables balance of £13.2m which includes brought forward accrual for annual leave (£8.3m).

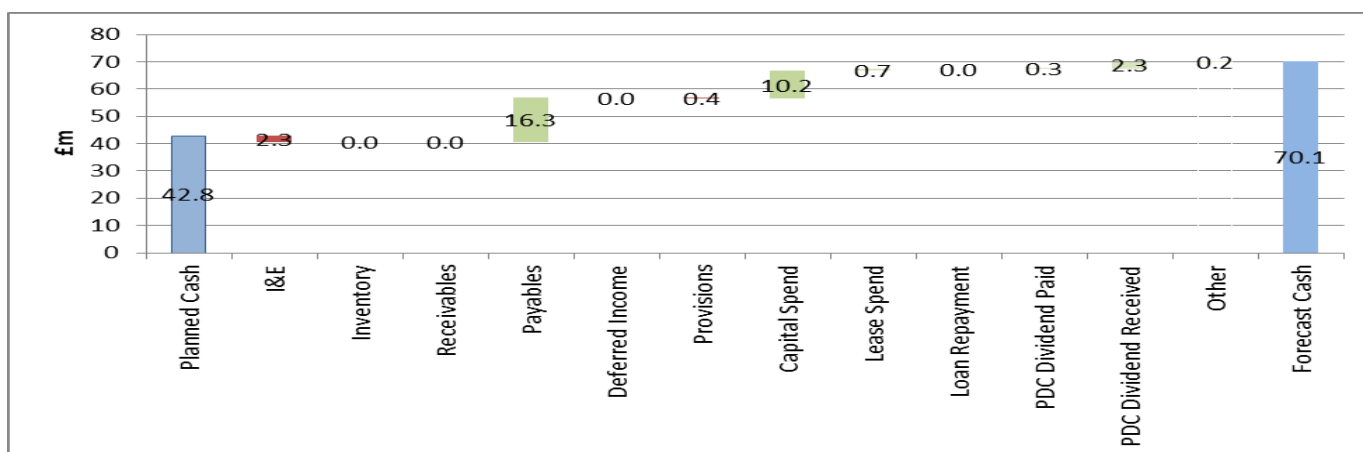
C6. Forecast Year End Cash Position 1



Commentary - Forecast Year End Cash Position

Cash is currently £13.6m higher than plan. For the remainder of the year cash is expected to remain approx. £10.0m higher than plan mainly due to the changes made to the phasing of the capital programme. At 31 March 2023 cash is projected to be higher than plan with a closing cash forecast of £70.1m. Cash balance includes approx. £17.0m cash held in bank on behalf of Research and Development Department. At the end of the year the Trust is forecasting to hold £57.3m cash in the bank excluding R&D deferred income.

C7. Forecast Year End Cash Position 2



Commentary - Forecast Year End Cash Position 2

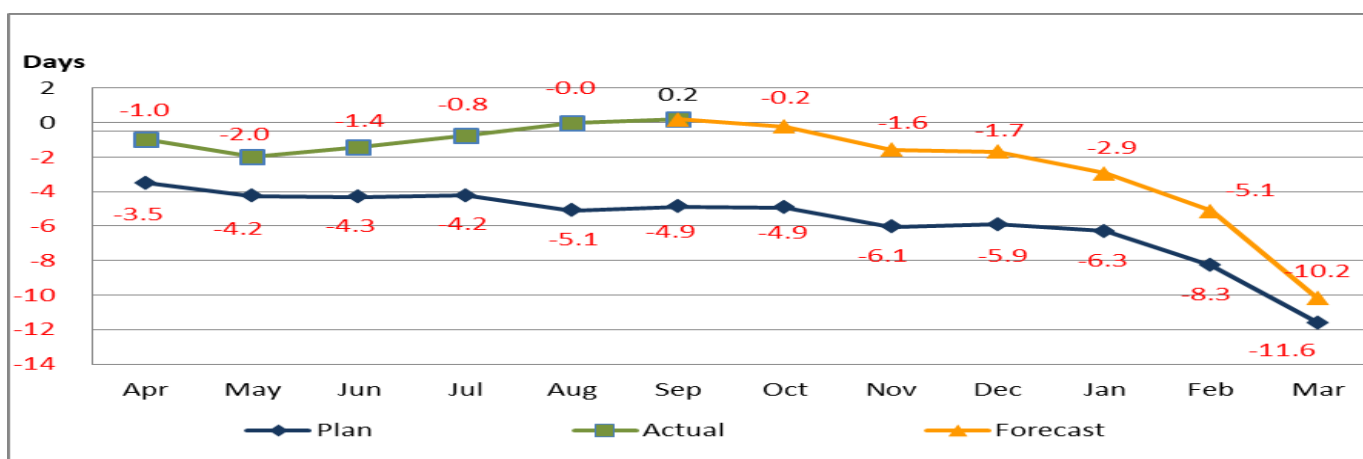
Closing Cash forecast Variance from Plan

The higher than planned cash forecast of £27.3m is due to

- Increase in trade creditors £16.3m
- Increase in capital payables and capex £10.2m
- Increase of PDC of £2.3m

Offset by the £2.3m reduction in I & E

C8. Liquidity

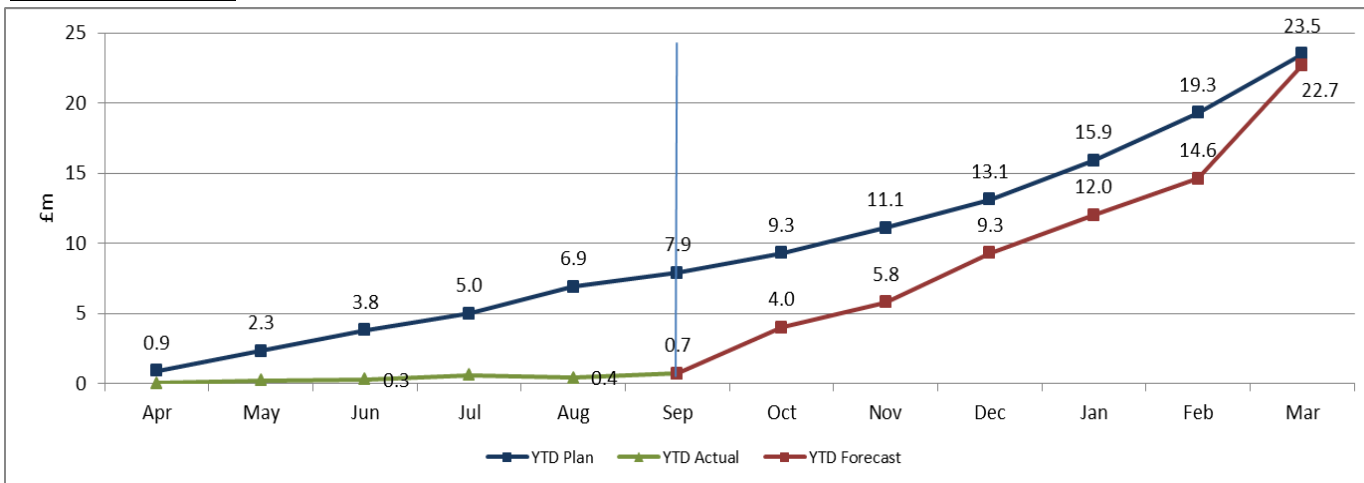


Commentary - Liquidity

Liquidity is a way of calculating how easily the Trust can settle short-term liabilities such as invoices, tax, and loans with its current assets. A positive liquidity indicates that the Trust has a stronger liquidity position to settle its short-term liabilities.

Liquidity is currently higher than plan due to capital spend being behind plan but is expected to decline to -10.2 days at 31 March 2023 as investment is made to the capital programme for the remainder of the year.

C9. Capital Programme



Commentary - Capital Programme

Through the ICS the Trust has agreed a 2022/23 capital budget of £23.5m.

As at September 2022 capital expenditure is £0.7m which is £7.2m behind plan (£7.9m). This is mainly due to the following schemes being behind plan:

- Maternity Theatres (£1.5m),
- Cardiology Digital Systems (£1.0m),
- Radiology Room 6 Equipment (£1.3m)
- TIF Digital Programmes (£1.1m)
- Estates Rolling Backlog (£0.6m)

SECTION D - APPENDICES

Appendix 1 - Budget Position by Expense Type (£000s)

Details	Annual Budget	In Month Budget	In Month Actual	In Month Variance	YTD Budget	YTD Actual	YTD Variance
INCOME	(532,389)	(47,783)	(49,237)	(1,454)	(266,878)	(270,223)	(3,345)
Commissioner Income	(469,763)	(42,183)	(42,960)	(777)	(234,881)	(236,282)	(1,400)
Other Income	(62,626)	(5,599)	(6,277)	(677)	(31,996)	(33,941)	(1,945)
PAY	340,124	33,977	30,660	(3,317)	170,416	167,804	(2,612)
Consultants	59,314	6,004	5,140	(863)	29,663	28,189	(1,474)
Premium Rate Sessions	1,756	146	413	267	880	2,157	1,277
Other Medical Staff	36,595	3,331	3,640	309	18,506	21,189	2,683
Nursing, Midwifery & HCA	119,618	11,937	10,147	(1,790)	59,793	55,743	(4,050)
Allied Health Professions	30,594	2,997	2,695	(302)	15,272	14,889	(383)
Professional & Technical (PTB)	9,082	977	687	(290)	4,540	3,829	(711)
Health Sciences	15,486	1,567	1,102	(466)	7,742	5,933	(1,809)
Non Clinical Support Staff	17,542	1,902	1,503	(398)	8,770	7,556	(1,214)
Admin & Clerical / Mgmt	64,685	6,468	5,351	(1,117)	32,333	29,062	(3,271)
Other Pay Budgets	(65)	138	(16)	(154)	159	(742)	(901)
Vacancy Factor	(14,483)	(1,489)	0	1,489	(7,241)	0	7,241
NON-PAY	192,265	13,806	18,576	4,770	96,462	102,418	5,956
Drugs	43,825	3,647	3,680	33	21,915	22,956	1,041
Bloods	4,931	411	389	(22)	2,466	2,441	(24)
Pathology Tests	11,918	993	847	(147)	5,959	5,786	(173)
Clinical Supplies	29,383	2,450	2,856	406	14,738	15,251	514
Implants & Prostheses	10,168	847	400	(447)	5,084	3,207	(1,877)
Wheelchairs & Patient Appliances	2,192	193	206	13	1,155	1,249	94
Insourcing / Outsourcing	17,120	753	767	13	5,935	6,034	99
Non-Clinical Supplies & Services	71,045	5,882	7,459	1,577	35,644	34,401	(1,242)
Reserves - inflation & approved invests	3,332	(1,381)	0	1,381	1,618	1	(1,618)
Depreciation	15,687	1,307	1,602	295	7,843	8,860	1,017
PDC Dividend	4,848	404	371	(33)	2,424	2,232	(192)
Financial Improvement Target	(22,184)	(1,701)	0	1,701	(8,319)	0	8,319
NET POSITION	0	0	(0)	(0)	0	0	(0)

Commentary - Budget Position by Expense Type

In excess of £13m of budget was distributed from central reserves to pay budgets in Month 6. The residual non-pay reserves are allocated to agreed investments.

Commissioner income increased in month for the new pay award funding and increased passthrough income.

Premium rate sessions relating to elective recovery and covering consultant vacancies are £1.2m higher than planned.

The overspend on "other medical staff" chiefly reflects the cost pressure in Urgent & Emergency Care.