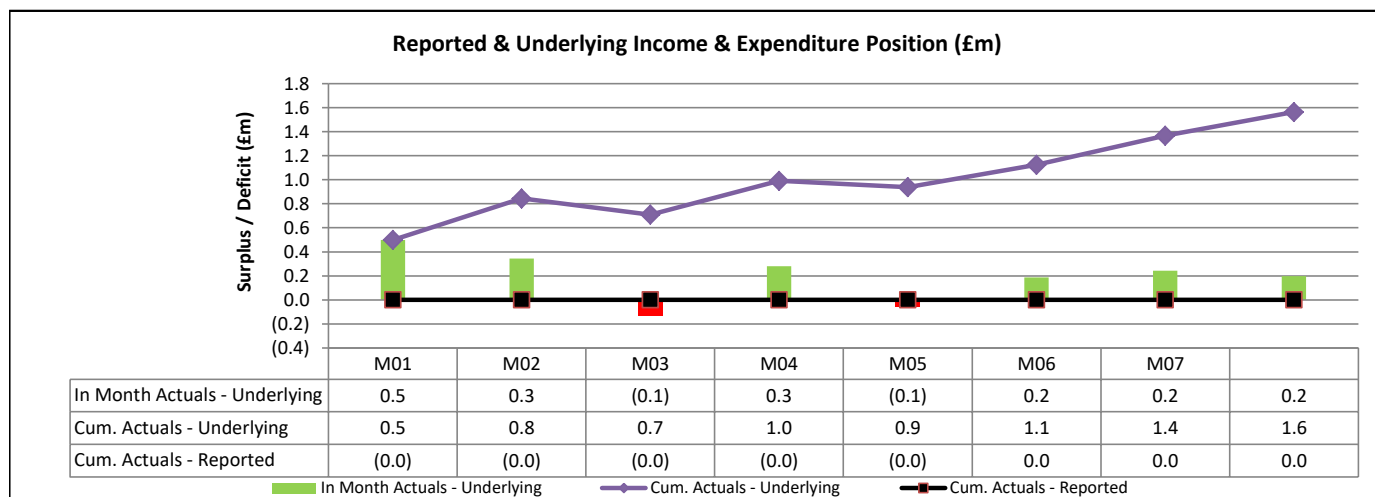


SECTION A - INCOME & EXPENDITURE - TRUST LEVEL PERFORMANCE

A1. Summary Income & Expenditure Position

	In Month £m			Year to Date £m		
	Plan	Actual	Variance	Plan	Actual	Variance
Income	44.4	44.8	0.4	355.5	358.5	3.0
Expenditure	(44.4)	(44.8)	(0.4)	(355.5)	(358.5)	(3.0)
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 8, 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 £1.6m. 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 8.

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 8. 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.

There has been no improvement in November in CSU and corporate departmental forecasts for the delivery of efficiencies in the second half of the financial year. This means the organisation will need to rely on the deployment of non-recurrent flexibilities to offset the projected increased expenditure run rate over winter in order to deliver the required break even position. It is considered that there is minimal risk to the delivery of a balanced year end position on a non-recurrent basis in 2022/23.

The annual plan requires the Trust's CSUs and corporate departments to deliver recurrent run rate improvements in Quarters 3 & 4. At 30 November, the projected level of recurrent financial improvements remains significantly below plan and the forecast exit expenditure run rate in Quarter 4 is 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

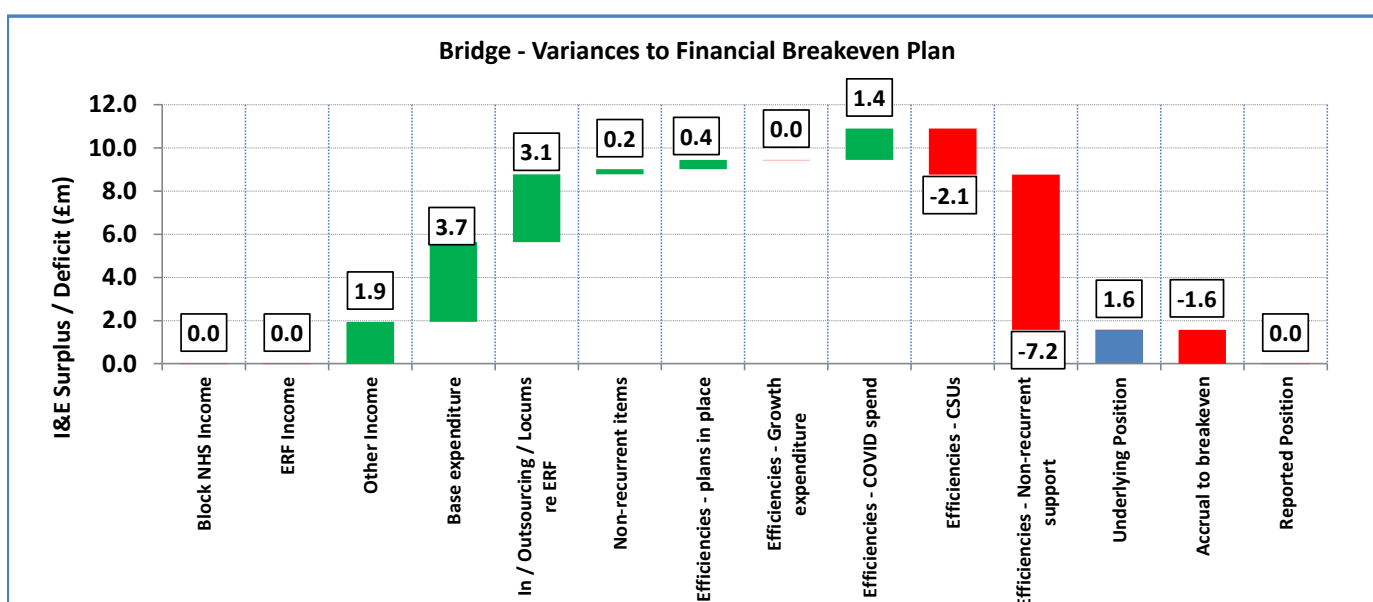
until this is formally confirmed, this is positive news which suggests the risk is largely mitigated.

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 £78m is £14.8m higher than plan at Month 8, and is forecast to remain above planned levels at year end.

Slippage on a number of major schemes means the Capital Programme is £10.3m behind plan at Month 8. The Trust is forecasting a £2.1m 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 £7.2m better than planned. In this context, it has only been necessary to deploy £0.3m of the planned flexibilities.

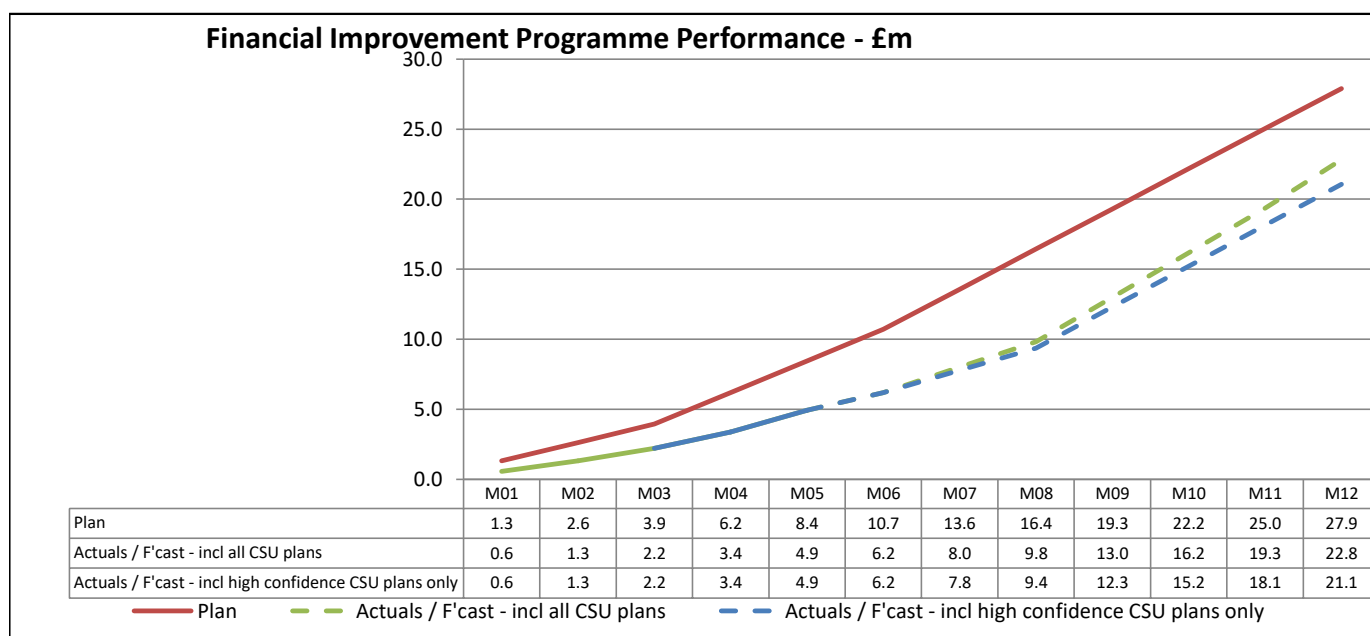
The position is supported by £1.8m of non-NHS income in excess of plan and £0.2m of non-recurrent benefits relating to the previous financial year arising in the CSUs. COVID expenditure is £1.4m lower than the plan *inclusive of a £4.8m annual cost reduction target*.

Expenditure on insourcing and outsourcing capacity for Elective Recovery is £3.1m 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	36.5	36.5	0.0	291.7	291.7	0.0
Passthrough NHS Income	1.6	1.9	0.2	13.1	14.9	1.8
ERF Income	1.0	1.0	0.0	8.1	8.1	0.0
Vaccination / PCR income	0.4	0.2	(0.2)	3.0	2.3	(0.8)
Other Income	5.0	5.3	0.4	39.7	41.6	1.9
Total Income	44.4	44.8	0.4	355.5	358.5	3.0
Base expenditure	(43.9)	(43.1)	0.8	(344.9)	(341.2)	3.7
Passthrough expenditure	(1.6)	(1.9)	(0.2)	(13.1)	(14.9)	(1.8)
In / Outsourcing / Locums re ERF	(1.4)	(0.9)	0.5	(11.0)	(7.8)	3.1
Vaccination / PCR expenditure	(0.4)	(0.2)	0.2	(3.0)	(2.3)	0.8
Non-recurrent items	0.0	0.0	0.0	0.0	0.2	0.2
Total Expenditure before Efficiencies	(47.3)	(46.0)	1.3	(372.0)	(366.0)	6.0
Efficiencies - plans in place	0.3	0.4	0.1	2.4	2.9	0.4
Efficiencies - Growth expenditure	0.3	0.3	0.0	1.6	1.6	0.0
Efficiencies - COVID spend	0.5	0.7	0.2	2.8	4.3	1.4
Efficiencies - CSUs	1.1	0.0	(1.1)	2.1	0.0	(2.1)
Efficiencies - Non-recurrent support	0.7	0.0	(0.7)	7.5	0.3	(7.2)
Total Efficiencies	2.9	1.4	(1.5)	16.4	9.0	(7.4)
Total Expenditure after Efficiencies	(44.4)	(44.6)	(0.2)	(355.5)	(357.0)	(1.4)
Underlying I&E Position	0.0	0.2	0.2	0.0	1.6	1.6
Accrual to Breakeven	0.0	(0.2)	(0.2)	0.0	(1.6)	(1.6)
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 £22.1m - £22.8m of efficiencies in 2022/23, which would nominally be £5.1m - £6.8m 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.

The CSUs and corporate departments have not recorded any additional efficiency plans in Month 8, meaning the recurrent forecast leading into 2023/24 remains a significant risk. 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 approximately £6.6m below plan at Month 8. However, as described above, £7.2m 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 non-recurrent flexibilities will be deployed in Quarters 3 & 4.

The centrally managed plans that are already in place have delivered £2.9m of savings to Month 8, which is £0.5m better than planned. This trend is projected to continue, with total forecast savings from these plans equating £4.1m which is £0.5m better than planned.

The plan targets reductions in direct COVID expenditure of £2.8m to Month 8. Actual COVID cost reductions delivered to date equate to £4.3m, meaning this element of the Financial Improvement Plan is overachieving by £1.5m. COVID cost reductions are projected to be £6.3m in total which is £1.6m 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	1,687	2,001	314	13,927	13,090	(837)
Chief Nurse	262	232	(31)	2,165	1,835	(331)
Chief Operating Officer	160	166	6	1,321	1,280	(42)
Finance	440	455	15	3,630	3,548	(82)
Human Resources	307	209	(98)	2,538	2,215	(323)
Informatics	1,045	1,226	182	8,503	8,726	223
Medical Director	227	217	(10)	1,179	1,076	(103)
Strategy and Integration	304	307	3	2,513	2,487	(26)
Training and Education	(1,058)	(812)	246	(7,923)	(8,077)	(153)
Estates & Facilities	2,585	2,664	78	21,346	21,403	57
Estates	1,067	1,093	25	8,831	8,755	(76)
Facilities	1,518	1,571	53	12,515	12,648	133
Clinical Service Units	27,888	28,328	440	229,712	229,292	(420)
MSK and Therapies	3,129	3,363	233	25,735	24,927	(808)
Surgery and Digestive Diseases	4,943	5,122	180	41,677	40,980	(697)
Theatres, Critical Care and Daycase	3,621	3,449	(173)	30,484	30,200	(284)
Children's Services	2,085	2,246	160	17,345	17,035	(310)
Urgent Care, Elderly and Intermediate Care	5,203	5,323	120	41,621	43,524	1,903
Women's Services	2,883	2,764	(119)	23,286	23,586	300
Access	476	513	37	3,934	4,010	76
Medicines Management	490	370	(121)	4,123	3,897	(226)
Radiology and Imaging	1,125	1,288	163	9,232	8,983	(249)
Specialist Medicine	3,932	3,891	(41)	32,276	32,150	(126)
Grand Total	32,161	32,993	832	264,986	263,785	(1,200)

Commentary - Budget Position by CSU / Directorate

In aggregate, the Clinical Service Units have underspent by £1.2m at Month 8. 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 corporate services budgets remain significantly underspent in aggregate at Month 8.

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 8, which represents 86% of their targets for 2022/23. **There has been no movement in Month 8, with zero additional departmental efficiency plans recorded by budget holders.**

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

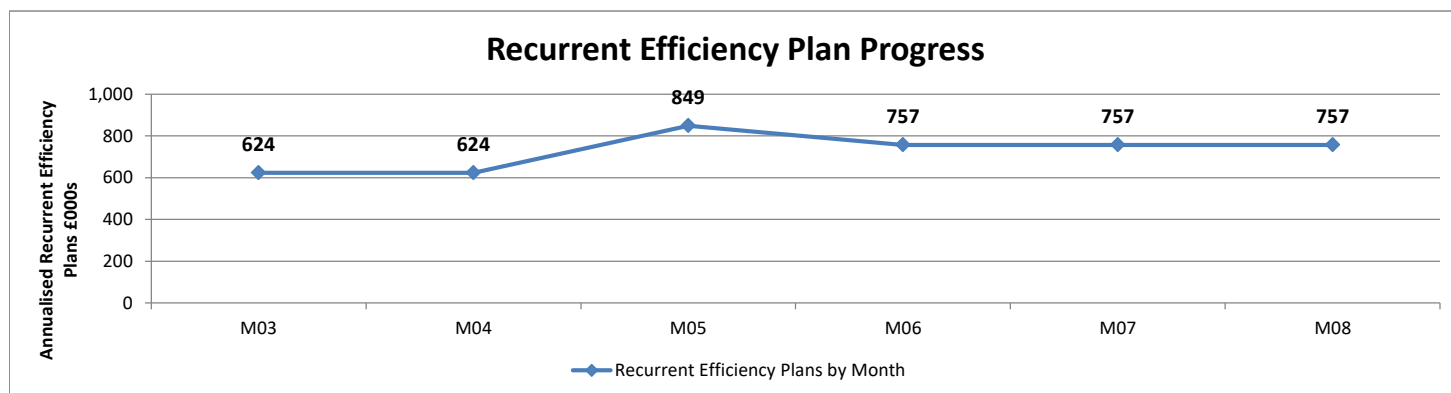
CSU	22/23 Full Year CIP Target	Plans - Recurrent	Plans - Non-recurrent	Total Plans 22/23	Variance to Target	Variance to Target %
Corporate Depts	779	89	275	363	(416)	-53%
Estates & Facilities	680	0	496	496	(184)	-27%
MSK and Therapies	974	16	888	904	(70)	-7%
Surgery & Digestive diseases	1,665	30	755	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 52% 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, **although no additional plans have been recorded since Month 6.**

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

Chart B6 shows that the recurrent identification and recording of efficiency plans by budget holders has stalled in the last 3 months, which poses a major challenge for next financial year.

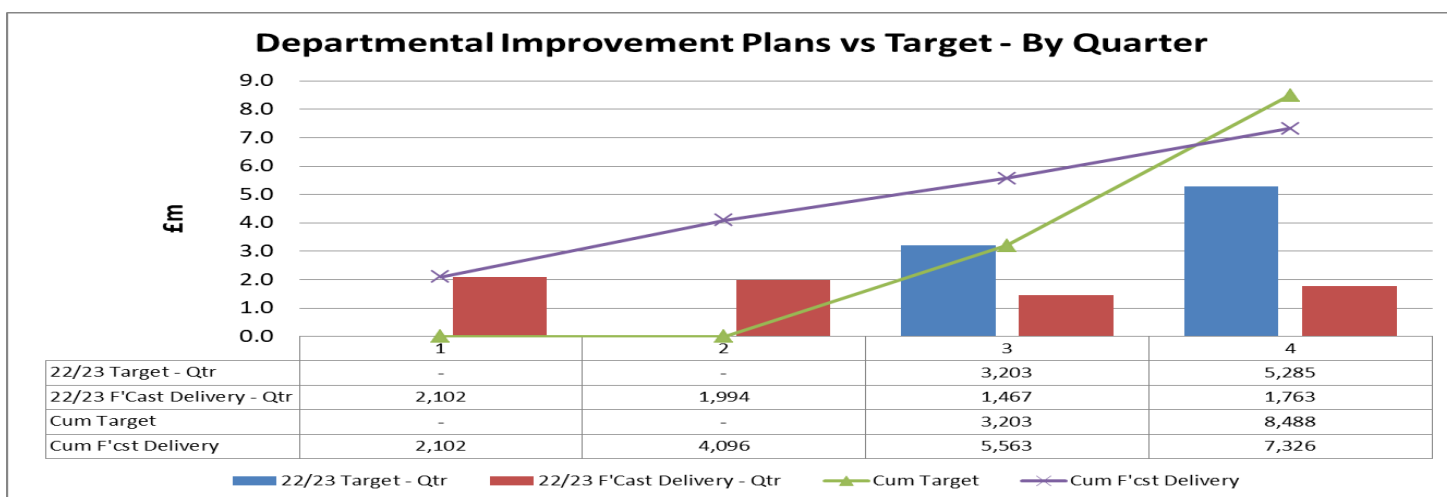
Table B6 shows that 44% of all departmental plans are based on an expectation of ongoing underspends due to vacancies in excess of negative vacancy factors allocated to their budgets. There is no suggestion that vacancies will be frozen to deliver against these projections, this seems to be a recognition 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 not improved 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. **This chart has not changed since Month 6 reporting, reflecting the lack of movement in identifying new departmental efficiency plans.**

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 chart shows that at Month 8 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 - 8 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 Quarter 4, which means the Trust retains a strong 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	Q4 FIP Plans - at Month 7	Q4 FIP Plans - at Month 8	Movement in Month £000s	Movement in Month %
Corporate Depts	87	145	108	108	108	0	0%
Estates & Facilities	0	110	115	115	115	0	0%
Clinical Service Units	1,163	1,173	1,540	1,540	1,540	0	0%
Total	1,250	1,428	1,763	1,763	1,763	0	0%

Commentary - Forecast Quarter 4 Financial Improvement Delivery Changes

Forecast delivery in Quarter 4 has not improved since last month, no changes reflected in any department's forecasts have been reported.

The risks highlighted in section B8 remain largely unmitigated at the end of November. 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.