

## Board of Directors

**25 March 2021**

<b>Paper title:</b>	Financial Report - February 2021 (Month 11)	<b>Agenda item  19</b>
<b>Presented by:</b>	Mike Woodhead, Director of Finance, Contracts and Estates	
<b>Prepared by:</b>	Claire Risdon, Deputy Director of Finance	

Purpose of the report		
The purpose of the report is to provide the Trust Board with an overview on the Financial Performance for February (Month 11) and forecast against the agreed plan for the Trust.	For approval	
	For discussion	<b>X</b>
	For information	

Executive summary
<p>1. Key Messages:</p> <ul style="list-style-type: none"> <li>• There is a high degree of confidence in hitting the trust’s control totals this year</li> <li>• There are huge uncertainties going into next year, alongside our underlying deficit and pressures in key services and contracts</li> <li>• We need to establish increased financial rigour and to re-energise CIP and transformation programmes and there needs to be whole trust ownership of this issue</li> <li>• There will be a continued focus on capital requirements at LMH and across the wider system</li> </ul> <p>2. Financial Position</p> <ul style="list-style-type: none"> <li>• Year to date (YTD) - The Trust is reporting a YTD surplus of £787k, which is £1.183m better than planned, mainly due to lower than anticipated out of area placements, additional lost other income funded centrally and delays in recruiting to development posts.</li> <li>• Forecast - The Trust is reporting a forecast deficit of £1.064m which is £683k better than planned due to the additional income from NHS England to replace non-NHS income, and also takes account of the non-recurrent investment agreed in Quarter 4.</li> </ul> <p>3. Trust Efficiency Programme –YTD achievement is £4.3m and forecast is £4.7m</p> <ul style="list-style-type: none"> <li>• YTD - the Trust has achieved the planned efficiencies with non-recurrent mitigations.</li> <li>• Forecast - the Trust is forecasting to achieve the planned efficiencies with non-recurrent mitigations of £100k for procurement savings.</li> <li>• The Trust continues to drive efficiency savings to help mitigate the overall Trust position, work is underway to develop plans for the 2021/22 programme.</li> </ul> <p>4. Agency Expenditure Cap</p> <ul style="list-style-type: none"> <li>• YTD - the Trust has spent £7.8m against the cap of £5.9m, which is a breach of £1.9m.</li> <li>• Forecast - the Trust is forecasting to spend £8.8m against the cap of £6.2m, which is a breach of £2.6m.</li> </ul>

- Increased spend relates to acuity on inpatients wards and medical locum costs for vacancies and sickness.
5. The cash balance at 28<sup>th</sup> February is £42.5m which is £18.9m higher than plan. The forecast for 31 March is £29m which is higher than planned
- The Trust cash position is better than planned largely due to March's advance block payment of £10.5m paid in February (advance payments will cease after February); YTD favourable revenue position £1.2m; in-year slippage in the capital programme; large capital schemes planned in Q4; additional contract income and additional Health Education England income.
  - The Trust is forecasting to have higher than planned cash figure of £29m at the year end.
  - Additional cash received in February for Non-NHS income shortfall of £683k; further cash anticipated for annual leave provision in 2021/22.
  - Capital - expenditure year to date is £4.127m against a plan of £3.972m. Forecast capital expenditure is £7.259m against a revised plan of £5.742m mainly due to agreed ICS overspends for ATU and additional in year funding streams (PDC funded). As part of the 2021/22 capital planning process, priority schemes have been identified that can be accelerated to 2020/21.

Do the recommendations in this paper have any impact upon the requirements of the protected groups identified by the Equality Act?	<b>State below 'Yes' or 'No'</b>	If yes please set out what action has been taken to address this in your paper
	<b>No</b>	

<b>Recommendation</b>
<p>The Board of Directors is asked to:</p> <ul style="list-style-type: none"> <li>Note the year to date and forecast financial position of the trust and the wider system</li> <li>Approve the financial forecast of nil variance to plan: this is the same as previously reported at February Board following financial support arrangements agreed across the wider NHS system</li> </ul>

<b>Strategic vision</b>				
Please mark those that apply with an X				
Providing excellent quality services and seamless access	Creating the best place to work	Supporting people to live to their fullest potential	Financial sustainability growth and innovation	Governance and well-led
X	X	X	X	X

<b>Care Quality Commission domains</b>				
Please mark those that apply with an X				
Safe	Effective	Responsive	Caring	Well Led
X	X	X	X	X

<b>Relationship to the Board Assurance</b>	<p>The work contained with this report links to many of the strategic risks as identified in the BAF, particularly:</p> <ul style="list-style-type: none"> <li>1.1. If demand exceeds capacity, then service quality, safety and performance could deteriorate</li> </ul>
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<p><b>Framework (BAF)</b></p>	<ul style="list-style-type: none"> <li>• 2.1 If regulatory standards are not met, then we will experience intervention from regulators and/or damage our reputation</li> <li>• 2.2 If we fail to recruit and retain a skilled workforce, then the quality of our services may deteriorate, and our agency costs increase</li> <li>• 3.1 If we do not develop an engaged and motivated workforce, then the quality of our services may deteriorate</li> <li>• 4.2 If we do not provide a positive service user/carer experience, then we may not support recovery, enable wellbeing or respond to commissioners' requirements</li> <li>• 5.1 If we do not meet financial objectives, then we will not be able to provide sustainable services</li> <li>• 6.1 Impact of Covid-19 on the Trust's ability to operate and maintain safe, high quality services during the pandemic period</li> </ul>
<p><b>Links to the Corporate Risk Register (CRR)</b></p>	<p>The work contained with this report links to the following corporate risks as identified in the CRR:</p> <ul style="list-style-type: none"> <li>• Risk 1821: Failure to forecast and mitigate in year pressures</li> <li>• Risk 1825: Demands on the Trust's community services</li> <li>• Risk 1826: Case for investment in mental health</li> <li>• Risk 1831: Recruitment, retention and engagement of a diverse workforce</li> <li>• Risk 2102: Service user harm through ligatures within inpatient and CMHT environments.</li> <li>• Risk 2370: Impact of COVID</li> </ul>
<p><b>Compliance and regulatory implications</b></p>	<p>The following compliance and regulatory implications have been identified as a result of the work outlined in this report:</p> <ul style="list-style-type: none"> <li>• The NHS Oversight Framework requires providers to report performance against national requirements including quality of care, financial performance and sustainability, and delivery of national standards (though some reporting is suspended during the Covid-19 pandemic)</li> </ul>