

Trust Board Meeting

9th September 2021

Agenda Item 18: Finance Report

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Director of Finance, Contracting and Estates

1. Key Messages

- High degree of confidence in hitting control totals in Half 1.
- Exit run rate risks in Half 2 for Mental Health Care Group, COVID and expected increase in NHS efficiency requirement in H2 is significant. Half 2 planning guidance expected mid-September with financial plan due in November. Indicative efficiency requirement of 3% c£3m for Half 2 (c£7m - £10m full year).
- Governance and reporting arrangements have been established for the 'Together We Create Improve and Sustain' (TWICS) Programme which will provide assurance and oversight on the sustainability programme, with first meeting held in August. FBIC will have oversight of the financial benefits; QSC for quality benefits and Workforce Committee will oversee the 'best place to work' benefits.
- Continued focus on capital requirements at LMH and across the wider system.
- Further transformation funding has been secured in Half 1 for Mental Health Community transformation (£556k) and LD (£11k).

2. Financial Position – YTD surplus £17k and Forecast Half 1 Breakeven

- Year to date (YTD) - The Trust is reporting a YTD surplus of £17k, which is £17k better than planned.
- Forecast - The Trust is reporting a forecast breakeven position for Half 1 which is as per the plan.

3. Trust Efficiency Programme –YTD achievement is £422k and forecast is £673k

- YTD - the Trust has exceeded the planned efficiencies by £16k with non recurrent mitigations supporting the position of £153k.
- Forecast - the Trust is forecasting to achieve the planned efficiencies inclusive of non recurrent mitigations of £193k.
- The Trust continues to drive efficiency savings to help mitigate the overall Trust position, work is underway to scope the schemes that will support the 'Together We Improve Create and Sustain' Programme in delivering sustainability efficiencies.

4. Agency Expenditure Cap

- YTD - the Trust has spent £2.8m against the cap of £2.0m, which is a breach of £0.8m.
- Forecast - the Trust is forecasting to spend £4.2m for Half 1 against the cap of £3.1m, which is a breach of £1.1m.

5. Cash – balance as at 31st July is £31.1m; Forecast as at 31st March is £30.1m

6. Capital - YTD costs of £1.7m are lower than plan by £0.6m; forecast out-turn is £6.0m

- YTD capital expenditure underspend is mainly due to underspends within Estates schemes.
- The capital programme is expected to achieve its forecast out-turn of £6.0m
- Expressions of Interest invited for next phase of national Hospital Improvement Plan; a "bid" will be submitted for Lynfield Mount.

Financial Performance

Care Group & Directorate Position

Financial Position by Service						
£000's	YTD Budget	Revised YTD Actual	Revised YTD Variance	Half 1 Budget	Revised Half 1 FOT Actual	Revised Half 1 FOT Variance
Mental Health Care Group	22,492	25,795	(3,303)	33,721	38,193	(4,472)
Adults and Children's Comm. Care Group	17,152	16,075	1,077	25,728	24,024	1,704
Central Reserves & Developments	9,642	7,927	1,715	14,464	12,289	2,176
Contract Income	(58,747)	(59,202)	455	(88,121)	(88,643)	522
Estates & Facilities	3,875	3,644	231	5,825	5,511	314
Finance	482	497	(16)	722	745	(22)
Human Resources	998	998	(1)	1,496	1,488	8
Informatics	1,374	1,489	(115)	2,061	2,259	(198)
Research & Development	130	151	(22)	195	228	(33)
Trust General Management	932	932	1	1,402	1,399	2
Nursing, Quality and Gov	1,127	1,141	(14)	1,690	1,684	6
Performance, Kaizen & Business Development	544	535	9	816	822	(6)
Grand Total	0	(17)	17	0	0	(0)
Memo - Corporate Services	9,461	9,388	73	14,207	14,137	71

Mental Health Care Group

£3.3m YTD overspend; £4.5m H1 FOT overspend

Demand and acuity on inpatient wards is reflected in elevated costs for staffing and out of area placements, with this picture being mirrored nationally. IPC controls are still in place throughout the Trust with impacts seen on reduced bed base and staff shortages which are compounding the financial risks. Medical Staffing capacity gaps are being covered by external Locums. The Half 1 settlement provides financial cover for these risks with the offset reported in 'central reserves'.

Adult and Children's Community Care Group

£1.1m YTD underspend; £1.7m H1 FOT underspend

Workforce planning and development is being aligned to the Transforming Community Services Programme, and the Sustainability Programme to target options/ alternatives for harder to recruit positions.

Corporate Services

£0.07m YTD underspend; £0.07m H1 FOT underspend

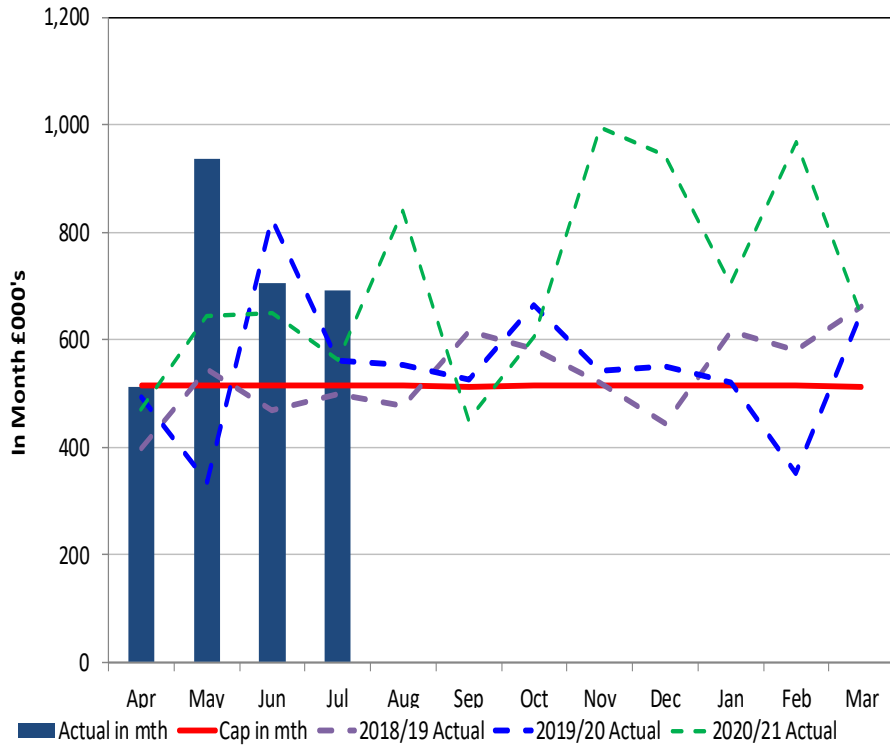
Planned estates maintenance is being managed with clinical colleagues to prioritise works whilst observing IPC requirements, which is resulting in a small underspend. Favourable energy tariffs have been secured reducing costs further and maintaining vacancies has resulted in a favourable underspend in H1. Temporary staffing cover is in place in Finance for maternity leave and long term sickness. Informatics pressure due to covering long term sickness and additional expenditure computer software.

Contract Income

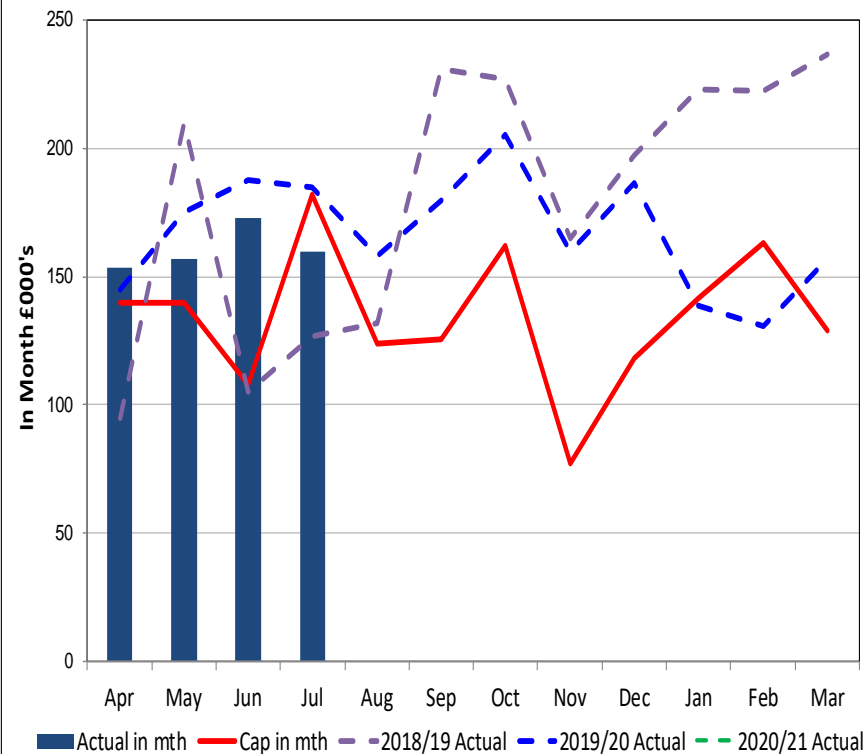
£0.5m YTD overachievement; £0.5m H1 FOT overachievement

Overachievement is mainly due to additional funding confirmed after H1 plan was agreed (Core 24, Trauma informed) offset set by some smaller under achievements which are offset by equivalent expenditure underspends.

Total Agency Expenditure Cap Performance

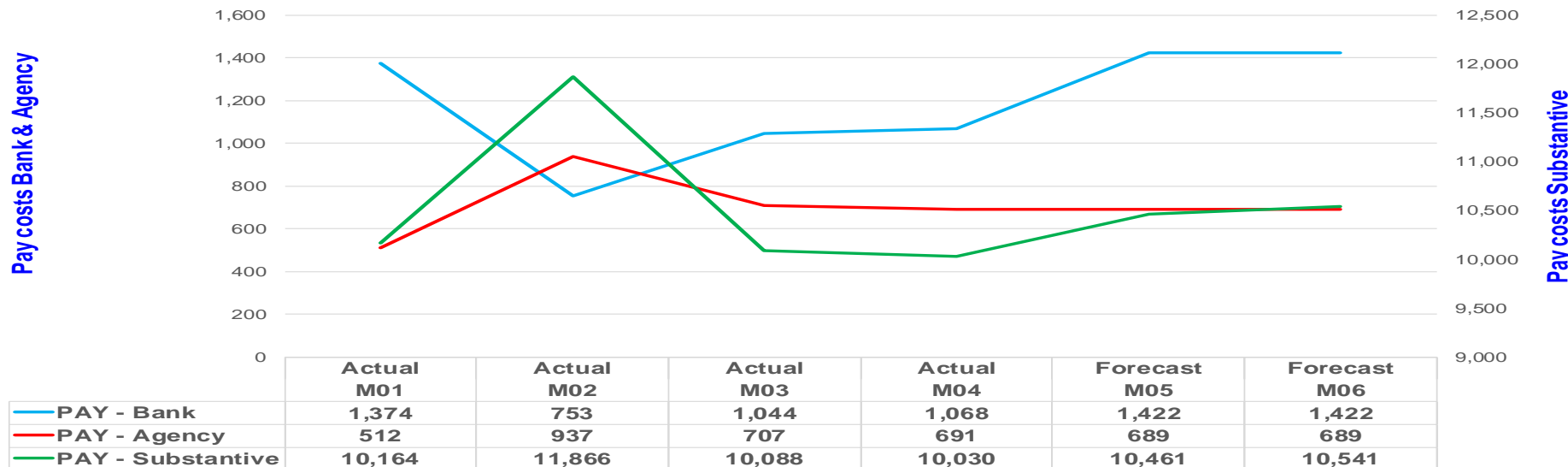


Medical Staff Agency Expenditure Cap Performance



- Total agency expenditure YTD is £2.8m which is £0.8m more than the cap of £2.0m. Forecast for Half 1 is £4.2m which is £1.1m more than the cap of £3.1m.
- Agency costs peaks are aligned with acuity and sickness.
- Total Medical Staff agency expenditure YTD is £0.6m which is £0.1m more than the cap. Forecast is £1.0m which is £0.2m more than the cap of £0.8m.
- Medical locum costs are elevated from May due to vacancies
- Agency costs at M04 are 5.8% of total pay costs
- Bank costs at M04 are £4.2m which is 8.6% of total pay costs

Pay Run Rates by Type - £000's



Financial Performance

Statement of Financial Position

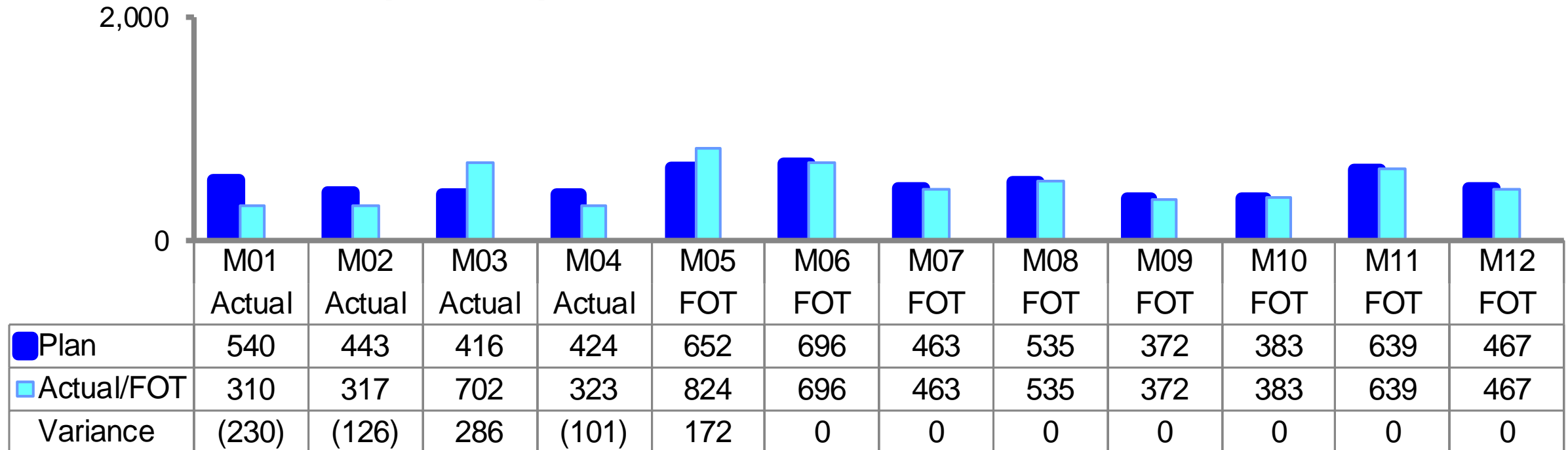
Statement of Financial Position £000's	Year to Date	
	Plan	Actual
Non-Current Assets		45,220
Current Assets		41,419
Current Liabilities		(27,090)
Non-Current Liabilities		(3,174)
Total Assets Employed	0	56,375
Public dividend capital		35,327
Income and expenditure reserve		3,254
Revaluation Reserve		7,598
Miscellaneous Other Reserves		10,196
Total Taxpayers' and Others' Equity	0	56,375

- Half 1 planning required only a cash forecast for the year.
- Half 2 planning is expected to include a full plan including Balance Sheet.

No exceptions to highlight.

Note: Non-Current Liabilities relate to the Trusts PFI lease for Horton Park Health Centre.

Capital Expenditure Plan vs Actual/Forecast



YTD capital expenditure of £1.652m; an underspend of £171k against a revised capital plan of £1.823m, mainly relates to slippage in Estates schemes that will catch up during the year.

Note: The Trust requested a change to their Capital Plan as part of the 23rd May submission to reflect updated schemes and re-phasing, the revisions were not approved for the national submission however the Trust are using the revised capital plan for the basis of internal reporting.

Financial Performance Transformation Funding

- Total investment secured in Half 1 of £4.2m, inclusive of additional investment secured for Core 24 in Month 1.
- Joint prioritisation of service investment with Trust and CCG has been agree.
- Additional transformation funding agreed for Mental Health Community Transformation and Childrens Autism Services
- Further funding anticipated during Half 1 as shown in 2nd table below.

Confirmed Investments (included in H1 plan):

£000's	Half 1	Half 2	Total
SDF: CYP Community & Crisis	387	387	774
SDF: 19-25 young adults	116	116	232
SDF: MHST waves 1-2 (2019-20 sites)	368	368	736
SDF: MHST waves 3-4 (2020-21 sites)	281	281	562
SDF: CYP Eating Disorders	70	70	140
SDF: CYP Community & Crisis	260	260	520
Total included in H1 Plan	1,482	1,482	2,964
ICS: Core24	640	640	1,280
ICS: Community MH Transformation	278	278	556
SR: Children's Autism	11		11
Total Investment Confirmed after H1 Plan	929	918	1,847
Grand Total	2,411	2,400	4,811

Key:
SDF - Service Development Funding
SR - Spending Review funding
ICS - Funding held at ICS level

Investments to be Confirmed (excluded in H1 plan):

£000's	Half 1	Half 2	Total
SR: 19-25 young adults	75	75	150
SR: Adult MH Crisis	75	75	150
SR: Adult MH Community	335	335	670
SR: IAPT	185	185	370
SR: Memory Assessment & Recovery of Dementia Diagnosis Rate	78	78	155
SR: Learning Disabilities & Autism	TBC	TBC	TBC
ICS: Perinatal	TBC	TBC	TBC
ICS: Health & Wellbeing Hub	TBC	TBC	TBC
ICS: Transforming Community Services & Ageing Well	TBC	TBC	TBC
Total excluded in H1 Plan	748	748	1,495

Financial Performance

Risks & Mitigations 2021/22

Scenario Planning	Best Case £000's	Likely Case £000's	Worst Case £000's
Half 1 Break-even Plan	0	0	0
Technical opportunity – non recurrent	(100)	0	0
Recurrent contribution to support sustainability (H1)	(317)	0	0
Non recurrent underspend on developments	(401)	0	0
Risk based (Surplus)/Deficit	(818)	0	0
Residual Risk/(Improvement) in Planned Position	(818)	0	0

Trust Board are asked to

- Note assurance of financial position to break-even for Half 1
- Note underspends on capital plan in Month 4 with the plan forecast to be fully expended for the year
- Receive further update on Half 2 as national planning guidance is published – expected 16th September
- Note ICS Half 2 plan submission due 11th November, followed by detailed Trust plans approx 2 weeks after