

# Trust Board Meeting

## 11<sup>th</sup> November 2021

### Agenda Item 21: Finance Report

### Financial Position as at 30<sup>th</sup> September 2021 (M06)

**Mike Woodhead**

**Director of Finance, Contracting and Estates**

## 1. Key Messages

- The Trust has hit the required breakeven position in Half 1.
- Half 2 plan, subject to final agreement, includes further efficiency of £1.6m (£2.3m efficiency for full year). Key focus now on the exit run rate risks for 2022/23 indicative efficiency requirement of c£7m - £10m.
- Non recurrent funding received for Local Authority 21/22 pay inflation, attention is now on recurrent funding through 22/23 contract negotiations.
- The 'Together We Create Improve and Sustain' (TWICS) Programme will provide assurance and oversight on the sustainability programme. 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.

## 2. Financial Position – YTD surplus £19k

- Year to date (YTD) - The Trust is reporting a YTD surplus of £19k, which is £19k better than planned.

## 3. Trust Efficiency Programme –YTD achievement is £692k

- YTD - the Trust has exceeded the planned efficiencies by £19k with non recurrent mitigations supporting the position of £229k.
- The Trust continues to drive efficiency improvements and work is underway to scope the schemes that will support the 'Together We Improve Create and Sustain' Programme.

## 4. Agency Expenditure Cap

- YTD - the Trust has spent £5.2m against the cap of £3.1m, which is a breach of £2.1m. No regulatory repercussions in 2021/22.

## 5. Cash – balance as at 30<sup>th</sup> September is £30.9m; Forecast as at 31<sup>st</sup> March is £30.1m

## 6. Capital - YTD costs of £2.3m are lower than plan by £0.8m; forecast out-turn is £5.8m (£0.25m underspend)

- YTD capital expenditure underspend is mainly due to underspends within Estates schemes.
- The capital programme is expected to underspend against plan by £250k for the full year forecast out-turn.

## 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	33,721	38,797	(5,076)	33,721	38,797	(5,076)
Adults and Children's Comm. Care Group	25,932	24,938	994	25,932	24,938	994
Central Reserves & Developments	14,267	12,276	1,991	14,267	12,276	1,991
Contract Income	(88,121)	(90,311)	2,190	(88,121)	(90,311)	2,190
Estates & Facilities	5,825	5,674	151	5,825	5,674	151
Finance	722	734	(11)	722	734	(11)
Human Resources	1,496	1,608	(112)	1,496	1,608	(112)
Informatics	2,061	2,152	(91)	2,061	2,152	(91)
Research & Development	195	219	(24)	195	219	(24)
Trust General Management	1,402	1,394	8	1,402	1,394	8
Nursing, Quality and Gov	1,684	1,648	36	1,684	1,648	36
Performance, Kaizen & Business Development	816	852	(36)	816	852	(36)
<b>Grand Total</b>	<b>0</b>	<b>(19)</b>	<b>19</b>	<b>0</b>	<b>(19)</b>	<b>19</b>
<b>Memo - Corporate Services</b>	<b>14,201</b>	<b>14,281</b>	<b>(80)</b>	<b>14,201</b>	<b>14,281</b>	<b>(80)</b>

### Mental Health Care Group

#### £5.0m YTD 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

#### £1.0m YTD 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

#### £0.08m YTD overspend

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 secured reducing costs further and maintaining vacancies has also contributed to the underspend. Temporary staffing cover is in place in Finance for maternity leave & long term sickness. Additional temporary staff is being used to cover sickness and vacancies in HR. An increase in computer licences and software, largely due to staffing increases is reported in Informatics.

### Contract Income

#### £2.2m YTD overachievement

Overachievement is mainly due to additional Transformational funding confirmed after H1 plan was agreed £0.9m (Core 24, Trauma informed, Community MH Transformation etc.) and £1.3m pay award income offset by some smaller under achievements which are offset by equivalent expenditure underspends.

# Cost Improvement Programme

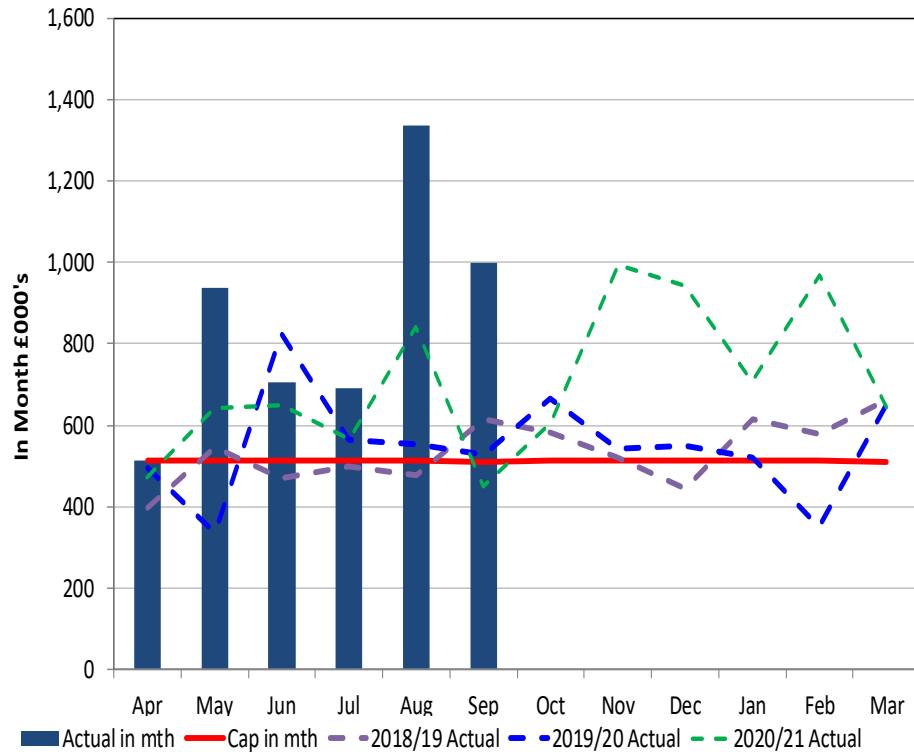
- Half 1 planned CIP achieved, however supported by non recurrent savings amounting to £0.2m
- A further £1.6m identified for delivery in Half 2, of which £0.7m relates to TWICS schemes
- Further efficiencies required to deliver break-even supported by TWICS Programme
- Recurrent full year efficiencies required of c£7-10m

CIP Performance - £000's	Plan YTD	Actual YTD	Variance YTD	Half 1 Plan	Half 1 Actual	Half 1 Variance	Half 2 Plan	Total CIP Plan
0-19 Contract Reduction	25	93	68	25	93	68	25	50
CHIS Contract	0	0	0	0	0	0	47	47
COVID Benefits realisation - Meeting Rooms	32	51	19	32	51	19	32	64
COVID Benefits realisation - Postal	22	0	(22)	22	0	(22)	0	22
COVID Benefits realisation - Provisions	24	16	(8)	24	16	(8)	0	24
COVID Benefits realisation - Travel	133	233	100	133	233	100	133	265
Electical Vehicles Charging	1	26	25	1	26	25	1	2
Fire Safety Advisor	25	0	(25)	25	0	(25)	0	25
HCSW Recruitment	15	0	(15)	15	0	(15)	0	15
IAPT	96	0	(96)	96	0	(96)	0	96
Internal Audit	6	6	0	6	6	0	5	11
Leadership (Wakefeld) Post	30	30	0	30	30	0	30	59
Leadership Post	21	21	0	21	21	0	21	43
Mobile Phone contract	25	41	16	25	41	16	25	50
Pharmacy Drugs	9	0	(9)	9	0	(9)	0	9
Procurement	0	0	0	0	0	0	200	200
Tendering Support	19	19	0	19	19	0	19	37
Vacancy Factor	122	122	0	122	122	0	245	367
E roster Buisness Case Efficiencies	33	0	(33)	33	0	(33)	67	100
Dental Theatre Cost Pressure/CIP	35	35	0	35	35	0	35	70
General Trust Mitigations	0	0	0	0	0	0	0	0
TWICS: Paperlight	0	0	0	0	0	19	9	9
TWICS: Non Pay	0	0	0	0	0	0	596	596
TWICS: Agency Grip & Control	0	0	0	0	0	0	72	72
TWICS: Non Pay (Technical)	0	0	0	0	0	0	43	43
<b>Grand Total</b>	<b>673</b>	<b>692</b>	<b>19</b>	<b>673</b>	<b>692</b>	<b>19</b>	<b>1,604</b>	<b>2,277</b>

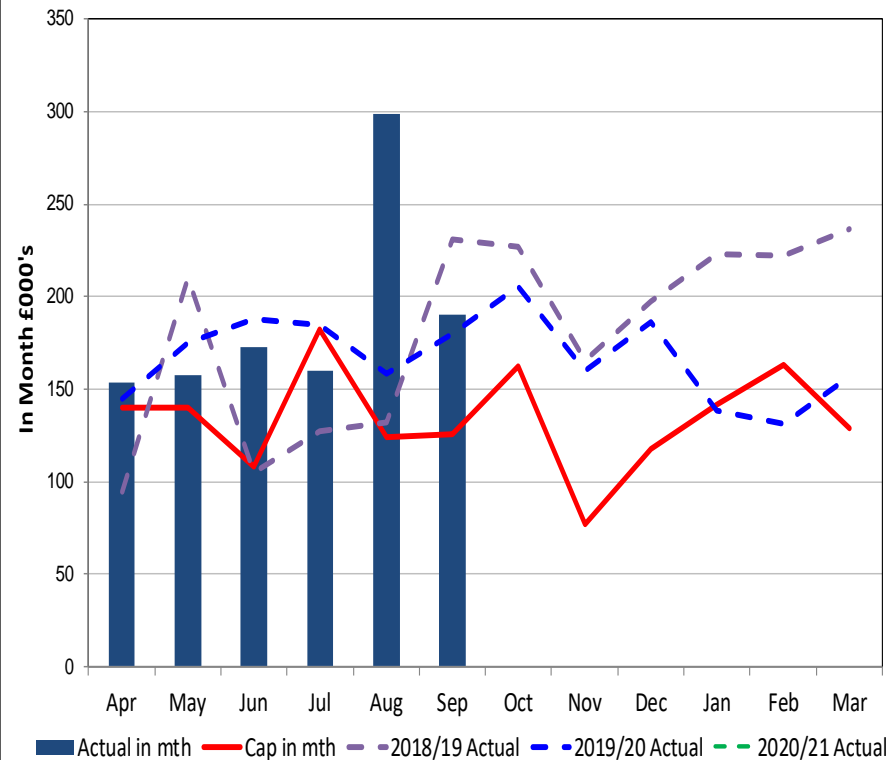
Risk to delivery (High/ Medium/ Low)	Plan YTD	Actual YTD	Variance YTD	Plan FOT	Actuals FOT	Variance FOT
High	226	16	(210)	226	16	(210)
Medium	25	41	16	25	41	16
Low	422	636	214	422	636	214
	<b>673</b>	<b>692</b>	<b>19</b>	<b>673</b>	<b>692</b>	<b>19</b>
<i>Of Which - Non Recurrent</i>	555	642	87	555	642	87

Risk to delivery (High/ Medium/ Low)	H2 Plan
High	201
Medium	139
Low	1,264
	<b>1,604</b>
<i>Of Which - Non Recurrent</i>	519

**Total Agency Expenditure Cap Performance**

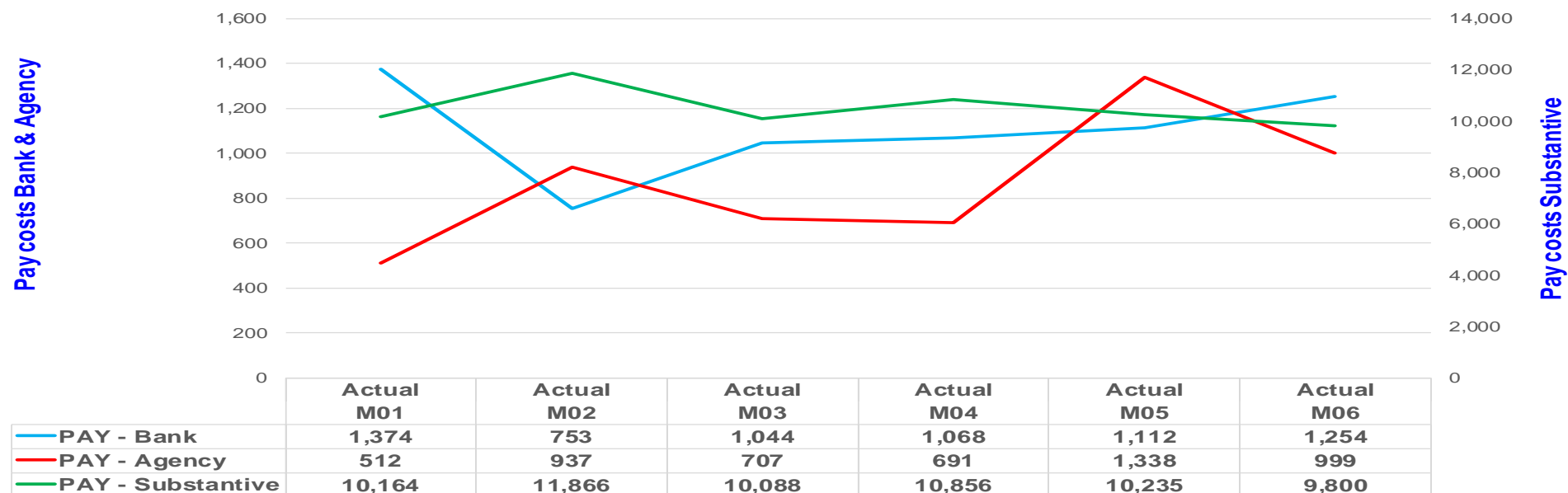


**Medical Staff Agency Expenditure Cap Performance**



- Total agency expenditure YTD is £5.2m which is £2.1m more than the cap of £3.1m.
- Agency costs peaks are aligned with acuity and sickness.
- Total Medical Staff agency expenditure YTD is £1.1m which is £0.3m more than the cap.
- Medical locum costs are reduced in September.
- Agency costs at M06 are 6.9% of total pay costs
- Bank costs at M06 are £6.6m which is 8.8% of total pay costs

**Pay Run Rates by Type - £000's**



# Financial Performance

## Statement of Financial Position

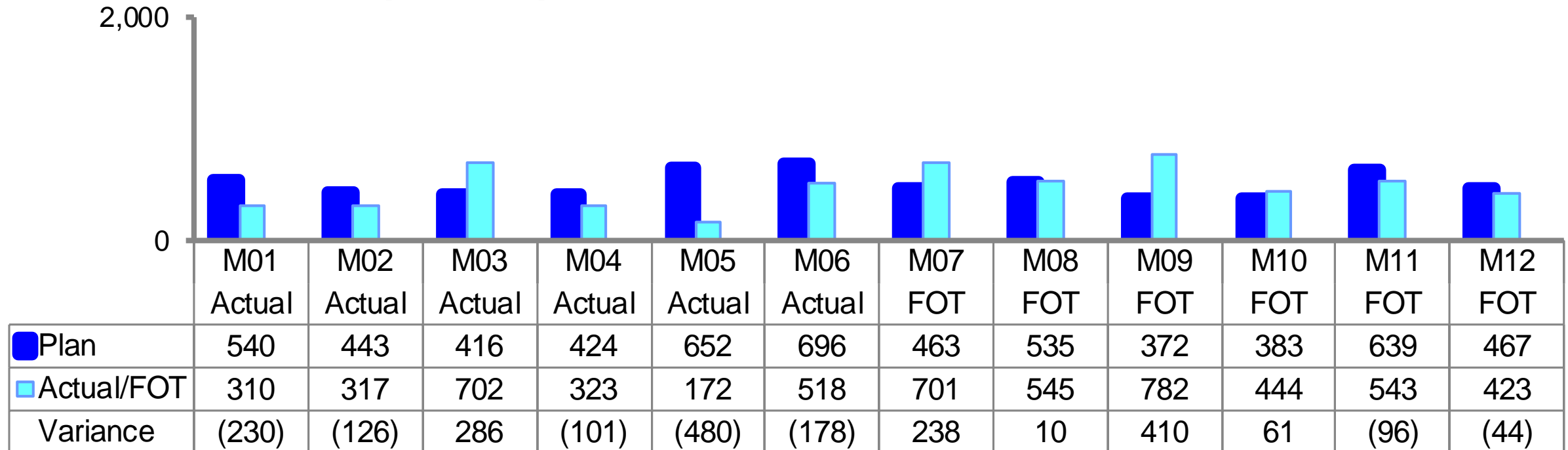
Statement of Financial Position £000's	Year to Date		Variance
	Plan	Actual	
Non-Current Assets		45,430	45,430
Current Assets		42,123	42,123
Current Liabilities		(28,191)	(28,191)
Non-Current Liabilities		(2,984)	(2,984)
<b>Total Assets Employed</b>	<b>0</b>	<b>56,378</b>	<b>56,378</b>
Public dividend capital		35,327	35,327
Income and expenditure reserve		3,257	3,257
Revaluation Reserve		7,598	7,598
Miscellaneous Other Reserves		10,196	10,196
<b>Total Taxpayers' and Others' Equity</b>	<b>0</b>	<b>56,378</b>	<b>56,378</b>

- Half 1 and H2 planning require only a cash forecast for the year.

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 £2.342m; an underspend of £829k against a revised capital plan of £3.171m, mainly relates to slippage on the ATU development which is due for completion in December. Capital is forecast to underspend by £250k.

CPIG meetings have moved to quarterly after August 2021. They will be reinstated to monthly from January 2022 to support capital planning.

## Operational Budgets Half 2

Statement of Comprehensive Income - £000's	Half 2	Half 1	Notes
NHS Income	75,952	69,775	Additional Transformation, MHIS inflation and pay award funding
NR Top up Income	2,924	3,159	Efficiency in H2
NR Covid Local Income	4,164	4,474	Efficiency in H2
NR Growth Income	654	636	
NR Support LA Pay Award Income	630	0	
Local Authority Income	9,506	9,475	
Other Income from Patient Care Activities	602	602	
<b>Total Income from Patient Care Activities</b>	<b>94,431</b>	<b>88,121</b>	
<b>Total Operational Budgets</b>	<b>(94,450)</b>	<b>(88,102)</b>	
<b>Surplus/(Deficit)</b>	<b>(19)</b>	<b>19</b>	

Statement of Comprehensive Income - £000's	Pay	Non Pay	Income	Total	Half 1	Notes
Mental Health Care Group	(33,956)	(2,616)	1,014	<b>(35,559)</b>	(33,585)	Additional Transformation, MHIS and pay award
Adults and Children's Community Care Group	(24,909)	(2,902)	526	<b>(27,284)</b>	(25,727)	
Corporate Services	(18,677)	(10,850)	2,083	<b>(27,443)</b>	(24,335)	Efficiency in H2
Covid Local (NB. Income in NHS Income)	(1,780)	(2,384)		<b>(4,164)</b>	(4,474)	
Covid National	(1,748)	(320)	2,068	<b>0</b>	0	
Actual Position M06				<b>0</b>	19	
<b>Total Operational Budgets</b>	<b>(81,070)</b>	<b>(19,071)</b>	<b>5,691</b>	<b>(94,450)</b>	<b>(88,102)</b>	

### Key assumptions:

- Break-even plan for the year (Half 1 £19k surplus; Half 2 £19k deficit)
- Community A4C funding gap with CCG not assumed
- Transformation funding agreed £6.3m (full year)
- Half 2 COVID allocation reduced to £4.2m (£0.22m reduction on H1 funding)
- National COVID funding matched to costs £2m
- Half 2 efficiency requirement of £1.6m – of which £1.4m identified



# Financial Performance

## Transformation & Mental Health Investment Standard Funding

- Confirmed investments agreed through CCG contracts, as shown below (£6.3m Transformation and £2.2m MHIS).
- Spending Review (SR) funding – recurrent/ non recurrent to be agreed. Delays in recruitment are likely to result in under commitment on Transformation funding.

Transformation Funding - £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
ICS: Core24	640	640	1,280
ICS: Community MH Transformation	278	278	556
SR: Children's Autism	11		11
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
<b>Grand Total</b>	<b>3,159</b>	<b>3,148</b>	<b>6,306</b>

Mental Health Investment Standard 2021/22	£000's
Funding Available	3,489
Mental Health Inflation	(1,216)
<b>Balance Available for Investment</b>	<b>2,273</b>
IAPT BAME	(74)
CYP	(144)
Enhanced MATS	(130)
Be Positive	(322)
PICU H1 additional	(557)
AfC shortfall	(1,047)
<b>Total Investment</b>	<b>(2,273)</b>
<b>Balance to Invest</b>	<b>(0)</b>

# Half 2 Plan Risks & Mitigations

Risks	£million	Mitigations	£million
Community Agenda for Change gap	0.594	Adults & Children's Care Group underspend	0.594
Out of Area placements increase in demand (assume 5 additional placements for the period)	0.684	Non recurrent underspend on MH transformation funding	1.174
Elevated sickness levels (1% additional COVID)	0.673	COVID Contingency	0.115
Unidentified CIP	0.200	Target additional savings through TWICS programme	0.200
<b>Total Risks</b>	<b>2.151</b>	<b>Total Mitigations</b>	<b>2.083</b>

# 2022/23 Plan - Key Messages

- National efficiency 1.1%; Distance from Target contribution; and reduced Covid income – c7m - £10m efficiency
- Covid funding expected however likely to be at lower levels to 2021/22
- Increase in Employers Pension contributions expected to be funded nationally
- Planning guidance & 3 year Capital allocations expected 9<sup>th</sup> December
- Contract baselines (using exit baseline 21/22) to be agreed Feb 2022 as start point for 22/23 contracting
- Final plan submission March 2022

# 2022/23 Plan – Risks/Uncertainties

- Exit run rates: COVID costs; demand and acuity pressures; IPC requirements; sickness levels
- NI Employer increase – assume will be funded; risk where tariff weightings used as allocation methodology; and LA impact
- Recurrent funding for Local authority pay award for 21/22
- Agenda for change funding gap 21/22 for Community services
- Recurrent risks associated with SDF/ SR funding

# Trust Board are asked to

- Note achievement of financial position break-even for Half 1 2021/22.
- Note underspends on capital plan in Month 6 with the plan forecast to underspend by £250k.
- Approve Half 2 financial plan, noting that changes may be required for CCG Half 2 block agreement. Request that approval be delegated to DoF to approve changes .
- Note Half 2 plan submissions due (ICS 9<sup>th</sup> November; NHSE/I Detailed Trust plans 25<sup>th</sup> November)
- Receive further updates on 2022/23 plans upon publication of national planning guidance.