

Trust Board Meeting

8th September 2022

Agenda Item 20: Finance Report

Financial Position as at 31st July 2022 (M04)

Mike Woodhead

Director of Finance, Contracting and Estates

1. Key Messages

- The financial position continues to look favorable with a YTD surplus position of £405k which is £383k better than plan. The forecast for the year is a breakeven position which is as planned.
- The efficiency programme of £14.4m is off track in July with a £532k under-achievement. There is a reasonable degree of confidence that non-recurrent mitigations will be identified in year due to the level of vacancies across services.
- The capital plan is reporting a small underspend on estates related schemes, however these will be caught up during the year. Additional capital funding has been secured of £561k over 2 years from the Mental Health Urgent and Emergency care fund, which will be used to enhance the s136 suites at LMH and ACMH.
- The current position and forecast excludes the impact of the new pay settlement announced in July. Using the national planning assumptions of 1.66% uplift to contract values, costs exceed income by c£1m.

2. Financial Risks:

- **Model Roster** – Plans are underway to recruit to the staffing model outlined in the business case, it is anticipated that it will take several months to fully recruit to the new model. Special observation needs continue to be met with additional bank and agency staff resulting in a financial pressure within the Care Group. Work is continuing to triangulate workforce trajectories and associated costs to mitigate the overspend which is currently forecast at £1.5m over planned costs.
- **Low Secure** – Acuity levels and staff absences within Low Secure services are driving a forecast overspend of £1.2m. Work will be prioritised during Q2 to deep dive into the service costs to identify mitigations. Additionally, the Provider Collaborative have committed to reviewing bed day prices during 2022/23 to identify additional investment to support elevated service needs and costs.
- **Medical Staffing** – The current trajectory of staffing costs are £0.39m over plan. Work has taken place in July to triangulate workforce trajectories and to secure additional external income.
- **Estates** - the approach for community estates plans is being targeted through constituencies, with the Shipley Hub being the priority during 22/23. PYE savings identified of £130k (against a target of £500k), with FYE savings being £300k. The approach will be rolled out to other constituencies during the year.
- **Pay award funding** - The current position and forecast excludes the impact of the new pay settlement announced in July. Using the national planning assumptions of 1.66% uplift to contract values, costs exceed income by c£1m.
- **Out of Area Placements** - There is a small risk to achieving the outturn trajectory resulting in a potential pressure of £111k due to an increase in demand in July, the onward forecast assumes activity inline with plan.
- Funding arrangements for the **Vaccination Centres** will change from 1st September, moving from a full cost recovery basis to a tariff of £10.06 per vaccination. The operational costs exceed the tariff at £12.54 per vaccination, additional funding is being explored to fully fund the costs of the vaccination centre.

3. Trust Efficiency Programme –YTD achievement is £2.3m; Forecast £14.4m

- The efficiency programme of £14.4m is behind plan in July with a £532k under-achievement. There is a reasonable degree of confidence that non-recurrent mitigations, mainly relating to vacancies, will be identified in year to cover the forecast risk of c£3.3m.

4. Agency Expenditure Cap

- YTD - the Trust has spent £1.8m against the plan of £2.0m
- The forecast costs for agency staff are within the Trust's plan of £6.034m and well within the ICB imposed cap of £9.298m

5. Cash – balance as at 31st July is £31.5m; Forecast as at 31st March is £31.0m

6. Capital - YTD costs of £822k are lower than plan by £584k; Forecast out-turn is £5.0m which is as plan

- The capital position in July is £584k underspent against plan mainly due to delays within Estates Capital Schemes that will be caught up during the year. The forecast capital spend is in line with plan at £5m. Additional capital funding has been secured of £561k over 2 years from the Mental Health Urgent and Emergency care fund, which will be used to enhance the s136 suites at LMH and ACMH.

Care Group & Directorate Position

Financial Position by Service						
£000's	YTD Budget	YTD Actual	Revised YTD Variance	Annual Budget	FOT Actual	Revised FOT Variance
Mental Health Care Group	28,204	28,217	(12)	83,433	84,497	(1,064)
Adults and Children's Comm. Care Group	18,356	17,939	417	51,626	51,363	264
Central Reserves & Developments	4,691	5,165	(475)	15,479	14,872	607
Contract Income	(60,948)	(60,754)	(194)	(178,944)	(178,795)	(149)
Estates & Facilities	3,178	2,846	332	8,935	8,830	105
Finance	582	621	(39)	1,746	1,955	(209)
Human Resources	1,219	1,166	53	3,657	3,779	(122)
Informatics	1,435	1,241	195	4,278	4,109	169
Research & Development	141	149	(8)	423	438	(15)
Trust General Management	1,086	1,098	(12)	3,301	3,226	76
Nursing, Quality and Gov	1,458	1,322	136	4,333	3,960	373
Performance, Kaizen & Business Development	577	587	(10)	1,732	1,767	(35)
Grand Total	(22)	(405)	383	(0)	0	(0)
Memo - Corporate Services	9,676	9,029	647	28,406	28,064	342

Mental Health Care Group

£0.0m YTD overspend £1m FOT overspend

Work is underway to recruit to the new staffing model agreed in the Model Roster 3 business case, workforce trajectories and associated costs are in the process of being aligned. Work has been prioritised during Q2 to deep dive into the service costs to identify mitigations to address the acuity levels and staff absences on Low. Additionally, the Provider Collaborative have committed to reviewing bed day prices during 2022/23 to identify additional investment to support elevated service needs and costs. Medical Staffing capacity gaps are being covered by external Locums, with costs in excess of plan to date with the forecast reducing as medical locums usage decreases.

Adult and Children's Community Care Group

£0.4m YTD underspend £0.3m FOT underspend

Vacancies within the Care Group are driving the underspend position. 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. These alternative options have been reflected in the forecast position.

Corporate Services (excluding Reserves)

£0.6m YTD underspend £0.3m FOT underspend

The underspend in Estates are reflective of current vacancies. The Finance position reflects the current trajectory for Procurement savings, additional work is underway to develop plans to address the full savings target. The HR position reflects increased costs for the E Rostering system. Informatics has a favourable position on Computer Network costs, which is being explored further with the department. Nursing are forecasting a favourable position due to vacancies within the teams.

Contract Income

£0.2m YTD underachievement £0.1m FOT underachievement

Some small under achievements which are offset by equivalent expenditure underspends.

Cost Improvement Programme



Bradford District Care
NHS Foundation Trust

The efficiency programme of £14.4m is off track in June with a £532k under-achievement. There is a reasonable degree of confidence that non-recurrent mitigations will be identified in year to offset the c£3.3m risk.

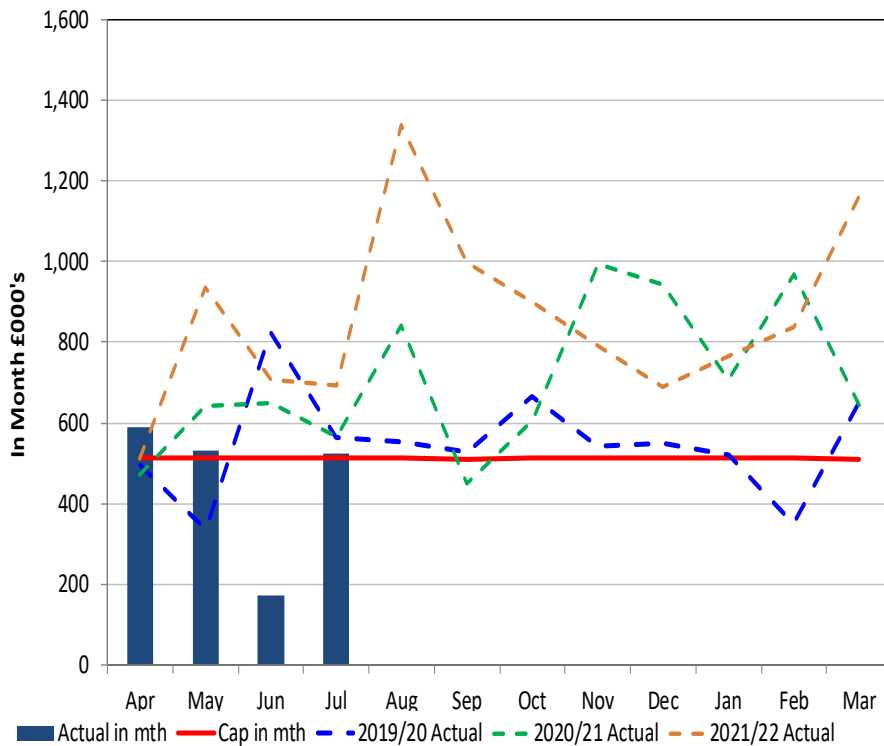
Key Headlines :

- **Model Roster** – Plans are underway to recruit to the staffing model outlined in the business case, it is anticipated that it will take several months to fully recruit to the new model. Special observation needs continue to be met with additional bank and agency staff resulting in a financial pressure within the Care Group. Work is continuing to triangulate workforce trajectories and associated costs to mitigate the overspend which is currently forecast at £1.5m over planned costs.
- **Low Secure** – Acuity levels and staff absences within Low Secure services are driving a forecast overspend of £1.2m. Work will be prioritised during Q2 to deep dive into the service costs to identify mitigations. Additionally, the Provider Collaborative have committed to reviewing bed day prices during 2022/23 to identify additional investment to support elevated service needs and costs.
- **Medical Staffing** – The current trajectory of staffing costs are £0.39m over plan. Work has taken place in July to triangulate workforce trajectories and to secure additional external income. The planned reductions in locum expenditure are forecasting to be delivered and the medical on call efficiencies continue to be delivered.
- **Estates** - the approach for community estates plans is being targeted through constituencies, with the Shipley Hub being the priority during 22/23. PYE savings identified of £130k (against a plan of £500k), with FYE savings being £300k. The approach will be rolled out to other constituencies during the year.

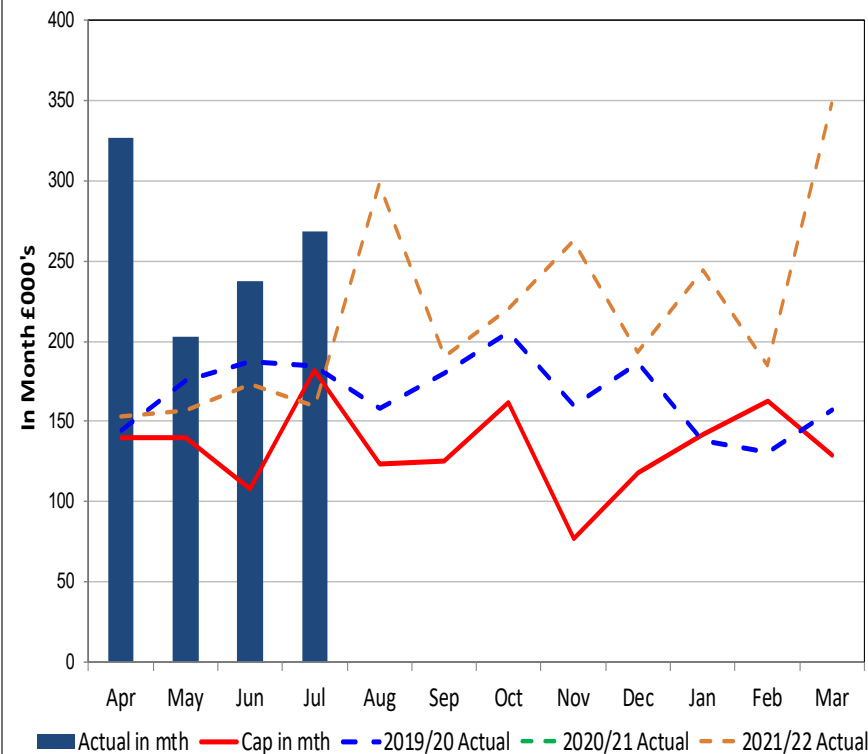
Programme	2022/23			RAG Rating
	Full Year Plan 22/23 £m	Forecast 22/23 £m	Variance from Plan £m	
A. Programmes with Specific Programme Costs:				
SP1 Delivering coordinated care for children and YP to support improved outcomes				
SP2 Delivering the Community Mental Health Programme	-4.73	-2.12	2.61	High Risk
SP3 Delivering the NHS Long Term Plan in Community Health Services	-1.26	-1.48	-0.22	Low Risk
SP4 Smarter Spaces Programme	-0.50	-0.13	0.37	High Risk
TP1 Workforce Optimisation				
TP2 Smarter Working				
TP3 Corporate Services	-0.15	-0.15	0.00	Low Risk
P1 Non Pay Grip & Control	-1.37	-1.22	0.14	Low Risk
P2 Corporate Benchmarking				
P3 Agency Grip & Control	-0.07	-0.07	0.00	Low Risk
P4 Paperlight	-0.01	-0.01	0.00	Low Risk
P5 Clinical & Non Clinical Stock Rationalisation	-0.20	-0.26	-0.06	Low Risk
P6 Medical Pay	-0.92	-0.53	0.39	Medium Risk
P7 Clinical System Optimisation				
Sub Total	-9.21	-5.97	3.24	
B. Non Specific Programme Costs:				
Core Team Project Costs				
Total TWICS	-9.21	-5.97	3.24	
Non TWICS related CIP Plans	-5.17	-8.41	-3.24	
Total Trust CIP Plans 2022/23	-14.38	-14.38	0.00	

Financial Performance Agency & Bank Analysis

Total Agency Expenditure Cap Performance

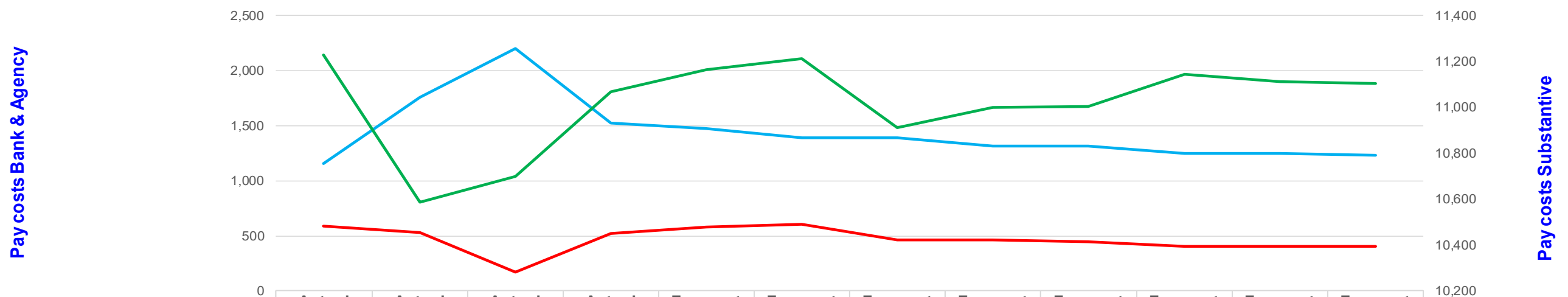


Medical Staff Agency Expenditure Cap Performance



- Total agency expenditure YTD is £1.8m which is within the internal cap of £2.0m.
- Agency costs peaks are aligned with acuity and sickness.
- Total Medical Staff agency expenditure YTD is £1.0m which is £0.5m more than the internal cap.
- Medical locum costs increased in July.
- Agency costs at M04 are 3.5% of total pay costs
- Bank costs at M04 are £6.6m which is 12.7% of total pay costs

Pay Run Rates by Type - £000's



	Actual M01	Actual M02	Actual M03	Actual M04	Forecast M05	Forecast M06	Forecast M07	Forecast M08	Forecast M09	Forecast M10	Forecast M11	Forecast M12
PAY - Bank	1,153	1,756	2,200	1,520	1,476	1,386	1,390	1,318	1,318	1,245	1,245	1,235
PAY - Agency	591	530	173	524	583	604	466	466	445	404	404	401
PAY - Substantive	11,229	10,586	10,698	11,066	11,162	11,213	10,911	10,998	11,004	11,142	11,113	11,104

Financial Performance

Statement of Financial Position

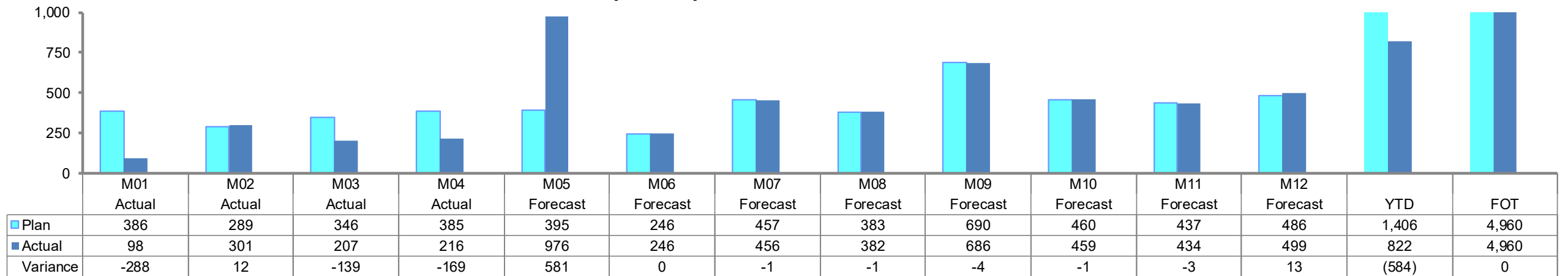
Statement of Financial Position £000's	Year to Date			Forecast		
	Plan	Actual	Variance	Plan	Actual	Variance
Non-Current Assets	52,643	51,812	(831)	49,105	49,105	0
Current Assets	37,676	40,966	3,290	36,605	36,605	0
Current Liabilities	(27,699)	(29,730)	(2,031)	(25,128)	(25,128)	0
Non-Current Liabilities	(6,225)	(6,270)	(45)	(4,209)	(4,209)	0
Total Assets Employed	56,395	56,778	383	56,373	56,373	0
Public dividend capital	37,072	37,072	0	37,072	37,072	0
Income and expenditure reserve	1,269	1,651	382	1,247	1,247	0
Revaluation Reserve	7,858	7,859	1	7,858	7,858	0
Miscellaneous Other Reserves	10,196	10,196	0	10,196	10,196	0
Total Taxpayers' and Others' Equity	56,395	56,778	383	56,373	56,373	0

The cash forecast is currently £31.0m.

No exceptions to highlight.

Note: Non-Current Liabilities mainly relate to the Trusts PFI lease for Horton Park Health Centre and whose leases that are now reported under the new International Financial Reporting Standard (IFRS 16). The NHS adopted the reporting standard from 1st April 2022.

Capital Expenditure Plan vs Actual/Forecast



The YTD capital expenditure position in July is £584k underspent against plan of £1.4m, mainly due to underspends within Estates Capital Schemes. The forecast is £4.96m which is as planned.

Additional national capital has been approved for improvements to the s136 suites at LMH and ACMH totalling £561k – funded from Mental Health UEC capital. Funding for improvements to the garden space at LMH was rejected. Capital funding will increase from September 2022.

Digital funding is being revisited due to the requirement to partially use this funding to support the pay settlement announced in July. It is anticipated that total capital funding will remain unchanged, however will be re-phased over the 3 year period; and expectation that revenue funding (original value £1m) will be reduced by at least 26%.

Trust Board are asked to

- Note achievement of financial position for July 2022 and forecast breakeven position for the year
- Note Community Vaccination costs exceed tariff, with additional funding being explored to fully cover costs
- Note underspends on capital plan in Month 4 with the forecast to achieve plan
- Note additional capital investment secured for upgrades to s136 suites