



Board of Directors (held in Public)
27 July 2023
Financial Performance Update

Item 4.1

Presented for:	The purpose of the paper is to inform the Trust Board of financial performance as of 30 June 2023 (month 3).
Accountable Director:	Kathryn Vause, Executive Director of Finance
Presented by:	Kathryn Vause, Executive Director of Finance
Author:	Matthew Turner, Head of Financial Management
Previous Committees:	Trust Executive Group
Legal / Regulatory:	No

Key Priorities/Goals	Equip our people with the best tools, technology and environment to support excellent outcomes Generate resources to support patient care and the delivery of our long-term plans, by being as efficient as we can be and maximising opportunities for new funding
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Strategic Ambition	(✓)	BAF Strategic Risk
1. Patients and communities experience fully joined-up care responsive to their needs		
2. Our people feel empowered, valued and engaged to perform at their best		
3. We achieve excellence in everything we do	✓	3a Capacity and capability to plan and deliver Trust strategy, transformation and change
4. We use resources wisely to invest in and sustain services	✓	4a Ability to plan, manage and control Trust finances effectively

Key points	
The Trust Board is asked to note: - 1) the Trust's financial performance to 30 June 2023 2) the capital expenditure against plan 3) the additional expenditure controls 4) all associated risks	For assurance

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Report of the Executive Director of Finance

1. SUMMARY

- 1.1 The Trust has a break-even plan for the current financial year, and is on target to deliver against this plan. However there are risks to delivery including an unidentified financial gap of £4.5m and non-achievement of our waste reduction/cost savings plan.
- 1.2 Operationally, one of the biggest risks to delivery is the inability to recruit to the planned staffing establishment. Whilst financially beneficial, this would have severe consequences to the level of service offered and achievement of key performance targets.

1.3 Key Financial Metrics:

Income & Expenditure Position:	Break-even both year to date and forecast outturn
Recurrent Underlying Position:	£4.5m deficit
Waste Reduction Delivery:	The Trust is currently reporting underperformance against the waste reduction plan, both year to date and forecast.
Cash:	Balance as at 30th June 2023 was £76.4m
BPPC:	% paid by value at 95%, % paid by volume has dropped to 89%
Agency Cap:	YTD Overspend £102k, but expected to be within £3.2m cap
Capital:	Purchased assets: YTD underspend of £1.5m, forecast breakeven. Leased Assets: YTD underspend of £3.7m, forecast underspend £1.6m.

2. MONTH 3 POSITION

	Year to date (June 23/24)			Full Year 2023/24		
	PLAN	ACTUAL	VARIANCE	PLAN	ACTUAL	VARIANCE
	£000	£000	£000	£000	£000	£000
Income	(101,806)	(102,215)	(409)	(407,223)	(408,918)	(1,695)
Pay	76,898	76,788	(109)	307,590	305,547	(2,043)
Non Pay	24,908	25,426	518	99,633	103,371	3,738
(Surplus)/Deficit	-	0	0	0	0	0

Key Variances:

- 2.1 Trust pay budgets have now been uplifted to reflect the 5% pay award and align with the backdated payment which was processed in June payroll. This is funded by an income uplift via the ICB contract. There is a small cost pressure to recurrent budgets resulting from the 23/24 pay award which can be managed by slippage on pay expenditure.
The 22/23 non-consolidated payment was also processed in June. There is a small benefit to the financial position arising from the prior year accrual.
- 2.2 There are significant underspends year to date across pay budgets within our front line services, particularly IUC, A&E Operations and EOC. The forecast assumes that recruitment trajectories will be on track with approved staffing establishments by the end of the year.
- 2.3 It is assumed that all funds currently held in Reserves will be fully committed.
- 2.4 The Mental Health Investment Standard (MHIS) is underspent, and the associated income reflects the agreement with commissioners to only recover enough income to cover our costs.
- 2.5 People and Organisational Development is underspent year to date due to Academy and Leadership & OD vacancies. The Trust is incurring additional non-pay training expenditure with external providers to support our ambitious recruitment plans.
- 2.6 Agency spend is high year to date (£102k overspend on our allocated cap) due to high use in IUC and for enhanced cleaning. Alternative options are being proposed for both services in the longer term and agency expenditure is expected to reduce.
- 2.7 At this early stage in the financial year there are no significant issues emerging. There are a number of 'unknowns' particularly for technical budgets (e.g. unwinding of the discount factor on injury provisions) which create challenges for forecasting. The Trust holds a small contingency for cost pressures emerging in year.
- 2.8 Slippage on pay due to inability to meet planned recruitment trajectories remains the most significant risk to a year end breakeven position and is in part mitigating the slippage in delivery of efficiencies.

SUMMARY DIRECTORATE POSITION (Year to Date and Forecast at Month 3)

	Year to Date (Apr - Jun)			Forecast		
	Plan	Actual	Variance	Plan	Actual	Variance
	£000	£000	£000	£000	£000	£000
Income	(98,198)	(97,930)	268	(392,792)	(392,188)	604
Block Income	(98,198)	(97,930)	268	(392,792)	(392,188)	604
Income	(1,148)	(1,178)	(30)	(4,590)	(4,642)	(52)
Pay	51,586	49,063	(2,523)	213,795	207,122	(6,672)
Non Pay	2,500	2,384	(115)	10,160	10,126	(34)
Accident & Emergency	52,938	50,270	(2,669)	219,365	212,607	(6,758)
Income	-	-	-	-	-	-
Pay	7,080	6,216	(864)	30,230	26,707	(3,523)
Non Pay	280	353	73	1,118	1,327	209
NHS 111	7,360	6,569	(790)	31,348	28,034	(3,314)
Income	(27)	(52)	(25)	(108)	(163)	(55)
Pay	5,227	5,372	145	20,910	21,360	450
Non Pay	4,682	3,168	(1,514)	18,728	17,977	(750)
Patient Transport Services	9,882	8,488	(1,394)	39,529	39,174	(356)
Income	(2,433)	(3,055)	(622)	(9,733)	(11,925)	(2,192)
Pay	10,593	9,511	(1,083)	42,272	41,437	(4)
Non Pay	16,151	16,772	622	64,603	68,864	(138)
Support Services	24,311	23,228	(1,083)	97,142	98,375	1,234
Pay/Non Pay	4,582	9,375	4,793	8,908	13,998	5,090
Pay Savings target	-875	0	875	-3,500	0	3,500
Reserves	3,707	9,375	5,668	5,408	13,998	8,590
(Surplus)/Deficit	0	0	0	0	0	0

3. CAPITAL

- 3.1 The Trust has confirmed funds of £16.6m for purchased assets and a leased (Right of Use) asset plan of £23.6m. A Capital Departmental Expenditure Limit (CDEL) has not been confirmed for Right of Use Assets. A limit could be notified within the year or NHSE may opt to manage the position centrally. Until the position is confirmed, the Trust enters into all new lease agreements at risk of breaching CDEL.
- 3.2 The summary position for capital expenditure year to date and forecast is shown below.
- 3.3 The majority of expenditure is weighted towards the end of the year to coincide with expected delivery of goods or completion of projects.

Capital Expenditure Analysis 2023-24	Year to Date (June 2023)			Full Year Forecast		
	Budget	Actual	Variance	Budget	Outturn	Variance
	£'000s			£'000s		
OWNED ASSETS						
Estates	465	335	(130)	5,625	6,987	1,362
Fleet	1,152	7	(1,145)	8,024	7,756	(268)
ICT	327	125	(202)	1,597	1,597	-
Medical Devices	-	-	-	1,836	-	(1,836)
TOTAL Excluding Disposals NBV	1,944	467	(1,477)	17,082	16,340	(742)
Disposals NBV			-			
Other Expenditure				742	742	
Total	1,944	467	(1,477)	17,082	17,082	-

- 3.4 The Trust had expected to take delivery of 64 DCAs (deferred from last year), but this has now been delayed further. This is reflected in the year to date underspend for Fleet.

LEASED / RIGHT OF USE ASSETS	Year to Date (June 2023)			Full Year Forecast		
	Budget	Actual	Variance	Budget	Outturn	Variance
	£'000s			£'000s		
Estates	1,577	-	(1,577)	1,790	1,440	(350)
Fleet	-	924	924	15,486	10,167	(5,320)
ICT	820	-	(820)	820	-	(820)
Medical Devices	2,217	-	(2,217)	2,217	4,926	2,709
Other	-	-	-	3,334	5,553	2,219
TOTAL LEASED / ROU ASSETS	4,614	924	(3,690)	23,648	22,087	(1,561)

- 3.5 The variance to date on leased asset expenditure relates to delayed signing of contracts and amendment to timescales for the delivery of vehicles and equipment, specifically HART vehicles, some of which are now delayed into next financial year.

4. WASTE REDUCTION

	Month 3 - Year to Date				Forecast			
	Plan	Actual	Variance		Plan	Actual	Variance	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Recurrent	2,328	1,043	-	1,285	9,313	6,193	-	3,120
Non Recurrent	1,599	1,432	-	167	6,396	6,535		139
Total	3,927	2,475	-	1,452	15,709	12,728	-	2,981

- 4.1 The Trust has an annual waste reduction/efficiency programme totalling £15.7m, made up of 11 individuals schemes.
- 4.2 £6.6m of these schemes are considered to be low/medium risk and the current forecast assumes that they will be achieved in full.
- 4.3 The high-risk schemes relate to efficiencies that have been incorporated into A&E demand modelling and are essential to delivering the required improvement in Cat 2 performance. The current YTD position and forecast

relate, predominantly, to underachievement in improvement of the Hear & Treat rate and are mitigated by slippage in recruitment.

5. CASH

- 5.1 At the end of June 2023, the Trust had cash balances of £76.4m compared with £61.9m at the end of March 2023, an increase of £14.5m.

	Apr £000's	May £000's	Jun £000's	2023/24 £000's
Opening Bal	61,878	70,098	72,244	61,878
Movement	8,220	2,146	4,119	14,485
Closing Bal	70,098	72,244	76,363	76,363

6. PAYABLES PERFORMANCE

Monthly BPPC performance - Overall
percentage paid within 30 days

Category	Mar-23	Apr-23	May-23	Jun-23	YTD
Invoice Volume	96%	96%	96%	95%	96%
Invoice Value	99%	94%	90%	89%	91%

- 6.1 The table above summarises the year-to-date BPPC performance and monthly performance against the 95% target.
- 6.2 The figures above appear consistent in terms of volume however there is a further decline in performance in terms of value, which has now been below target for 3 consecutive months. The Trust remains under NHSE escalation measures in respect of BPPC performance.

7. STATEMENT OF FINANCIAL POSITION

- 7.1 The main variance to date in 2023/24 is an increase in cash due to slightly higher accruals and lower receivables due to receipt of the pay award funding.

STATEMENT OF FINANCIAL POSITION

	30-Jun-23	31 March 2023
	£m	£m
Non-current assets	129.2	131.8
Current assets		
Inventories	2.6	2.6
Trade and other receivables	12.0	20.8
Assets Held for Sale	-	-
Cash and cash equivalents	76.4	61.9
Total current assets	91.0	85.3
Current liabilities		
Trade and other payables	(41.8)	(39.2)
Borrowings	(4.3)	(3.9)
Provisions	(6.1)	(6.0)
Other liabilities	(0.2)	(0.2)
Total current liabilities	(52.4)	(49.3)
Total assets less current liabilities	167.8	167.8
Non-current liabilities		
Borrowings	(13.6)	(13.6)
Provisions	(7.1)	(7.1)
Total non-current liabilities	(20.7)	(20.7)
Total net assets employed	147.1	147.1
Financed by		
Public dividend capital	93.3	93.3
Revaluation reserve	19.2	19.2
Income and expenditure reserve	34.6	34.6
Total taxpayers' and others' equity	147.1	147.1

8. SYSTEM POSITION AND FINANCIAL CONTROLS

- 8.1 YAS provide a regional service across 3 ICB footprints although planning activities and financial performance monitoring are undertaken through a single host system, which is West Yorkshire ICS.
- 8.2 Whilst YAS has a break-even plan, the WY system as a whole is reporting a significant financial deficit (£25m forecast at month 2). As a result, all organisations within the system are required to comply with a series of additional reporting requirements and adhere to more stringent expenditure controls. The implications for YAS are not yet clear and temporary arrangements have been put in place whilst clarification is sought.
- 8.3 NHSE have recommended that all organisations implement the Standard Financial Controls that are outlined in Appendix 1.

ORGANISATION	I&E REPORTED POSITION (MONTH 2 23/24)			I&E FORECAST		
	Plan	Surplus/ (Deficit) £m	Reported Variance	Plan	Surplus/ (Deficit) £m	Reported Variance
Commissioner Total - WY ICB	4.2	(1.0)	(5.2)	25.0	-	(25.0)
Provider Total	(12.6)	(21.5)	(8.9)	(25.0)	(25.0)	-
TOTAL WY ICS	(8.4)	(22.5)	(14.1)	-	(25.0)	(25.0)

9. RECOMMENDATIONS

- 9.1 It is recommended that the Board note:
- the Trust's financial performance to 30 June 2023;
 - the capital expenditure against plan;
 - the additional expenditure controls described in Appendix 1, and
 - all associated risks.

Appendix 1 – Standard Financial Controls

Where the system has not submitted a balanced plan or forecasts a variance to the achievement of a balanced position during the course of the year, the following standard reviews and controls should be applied across organisations in the system.

1. Pay Controls
Review of Recruitment and Processes
1.1 Produce and review a complete reconciliation of staff increases since 19/20 with full justification for post increases based on outcomes/safety/quality/new service models. A review of the value for money of the outcomes of these new posts should be included. Where value for money is not demonstrated a plan for the removal of the post needs to be in place. The overall plan to be signed off by the Board and the ICB.
1.2 Review all current open vacancies to consider where the removal or freezing of posts is appropriate. This should initially focus on posts which have been vacant for over 6 months with a starting assumption that these should be removed or re-engineered.
1.3 Review the establishment to remove partial posts not required and identify unfunded/unapproved posts which should be removed.
1.4 Review current governance arrangements for recruitment and temporary staffing (panels and sign off at all levels of the organisation including groups, terms of reference, SFIs and sign off rights).
1.5 Ensure workforce plans are in place and that these are in a granular level of detail (e.g. by service, workforce type and substantive / temporary) and align to approved establishment levels and budget.
1.6 Ensure that rigorous illness policy and procedure is in place and consistently applied.
1.7 Ensure that retention processes are reviewed – including exit interviews, flexible working options and retentions schemes.
1.8 Ensure that rota processes are reviewed to provide assurance to the Board that they are embedded and operate as anticipated across the organisation.
General Vacancy Controls
1.9 Ensure that a regular vacancy control panel or equivalent is in place to check and challenge recruitment to ensure all vacancies remain within authorised budgetary limits.
1.10 Ensure Vacancy Control Panel terms of reference enable flexibility to avoid operationally delaying opportunities for savings and considering clinical need.
Non-Clinical Posts
1.11 No use of non-clinical agency staff, with exceptions authorised by an executive director and then requiring onward approval by ICB and NHSE regional director.
Nursing
1.12 Review one to one nursing policies, approvals, and tracking process to ensure standardised approach linked to patient need/acuity.
Medical
1.13 Review consultant job planning compliance and policies.
1.14 Benchmark waiting list initiative and other additional payments against local organisations. An enhanced authorisation process for these payments should be in place, ensuring that such payments deliver value for money or are operationally critical before approving.

Agency Controls and Additional Payment Controls
1.15 Established governance process to oversee agency staffing with clear terms of reference (either at overall level or by key staffing group e.g. nursing, medical, corporate) to be chaired by an executive director.
1.16 Limit the authorisation of agency staff to Executives or named senior managers. Executive level sign-off of locum spend and off-framework spend.
1.17 Agree an implementation date for the removal of all non-framework agency staffing with an associated organisation-wide temporary staffing policy.
1.18 Clear Board accountability and reporting of plans and actual spend.
2. Non-pay
2.1 Commitment of additional expenditure over £10,000 which will add to the expenditure run-rate, excluding categories out of scope, to be approved at an executive chaired group.
<p>Non-pay categories of spend out of scope of non-pay controls:</p> <p>Supplies and services - clinical (excl. drugs)</p> <p>Drug costs</p> <p>Clinical negligence fees</p> <p>Audit fees</p> <p>Depreciation and Amortisation</p>
3. Cash
3.1 Where a trust is seeking cash support for their revenue or capital position they will need to continue to provide all of the documentation required as part of this process.