



Board of Directors (held in Public)
26 October 2023
Financial Performance Update – Month 6

Item 4.3

Presented for:	The purpose of the paper is to inform the Trust Board of financial performance as of 30 September 2023 (month 6).
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 September 2023 2) the capital expenditure against plan 3) the additional expenditure controls 4) all associated risks	For assurance

Financial Performance as at 30th September 2023 (M6)

1. SUMMARY

- 1.1 The Trust have agreed a break-even plan for the current financial year and is currently forecasting delivery against this plan.
- 1.2 Operationally, one of the biggest risks to achieving a break-even position is the inability to recruit and retain sufficient staff to meet the planned staffing establishment. This has resulted in a year-to-date (YTD) surplus of £7.3m. Lower than planned staffing could have significant consequences to the level of service offered and achievement of key performance targets. Mitigating actions are being reviewed and implemented in future months and it is anticipated that this surplus can be recovered. Therefore the forecast outturn (FCOT) remains at break-even.

Key Financial Metrics:

Income & Expenditure Position:	£7.3m surplus year to date and breakeven forecast outturn		
Cost savings / efficiencies Delivery:	The Trust is currently reporting underperformance against the cost savings plan. YTD £2.3m under plan. FCOT £3.1m under plan		
Cash:	Balance as at 30th September 2023 was £78.1m		
BPPC YTD:		Volume	Value
	Non NHS	95%	93%
	NHS	84%	81%
Agency Cap:	YTD overspend £0.6m against cap. FCOT overspend £1.5m against cap.		
Capital:	Purchased assets YTD underspend of £3.6m. FCOT breakeven.		
	Leased Assets: YTD underspend of £4.2m. FCOT £14.5m.		

2. MONTH 6 POSITION

- 2.1 The Trust-wide summary financial position at month 6 is shown below at table 1, with more detail at directorate level shown at table 2.

Key Variances:

- 2.2 The **pay** budgets (which reflect the 5% pay award), highlight an underlying position of significant slippage against planned pay costs, particularly IUC, A&E Operations and EOC, as a result of vacancies arising due to recruitment and retention trajectories being off plan.

	Year to date (Sep 23)			Full Year 2023/24		
	PLAN	ACTUAL	VARIANCE	PLAN	ACTUAL	VARIANCE
	£000			£000		
Income	(203,612)	(205,147)	(1,536)	(407,235)	(409,969)	(2,734)
Pay	154,047	142,617	(11,430)	307,981	292,502	(15,478)
Non Pay	49,564	55,230	5,666	99,255	117,467	18,212
(Surplus)/Deficit	-	(7,300)	(7,300)	-	(0)	(0)

Table 1: Financial Performance M6 - Summary Trust Position

2.3 The **Mental Health** Investment Standard (MHIS) is underspent YTD, and forecast to have a smaller underspend by year end. This is subject to the achievement of additional recruitment by year end and the mobilisation of additional vehicles due to the reprofiling of external capital funds. The associated income reflects the agreement with commissioners to only recover enough income to cover our costs, so there will be no year end variance.

2.4 **People and OD** is underspent YTD by (£0.5m) and £0.5m overspend on forecast.

- Academy and Leadership & OD vacancies are the cause of the YTD underspend. The forecast position is breakeven to reflect the ability to return unutilised funding if expenditure isn't incurred as agreed with the Budget holder.
- HR Operations are overspending on pay both YTD and forecast with a number of approved temporary expenditure arrangements to cover, maternity, special projects and demand. The service is also incurring additional non-pay training expenditure.

2.5 **IM&T** are forecasting an underspend (£0.6m) YTD due to:

- Additional income from NHSE for electronic patient record (ePR),
- VAT reclaim from prior year on non-pay contracts due to change in VAT rules.

There have been a number of changes to ICT contracts and work is ongoing to more accurately determine the financial impact of this, supported by the newly appointed Contracts Manager.

2.6 **Agency** spend is higher than planned. YTD we are exceeding our agency cap by £0.6m and forecasting a £1.5m overspend. This is predominantly due to high use in IUC which is forecast to increase over the latter half of the year. Agency expenditure is managed at system level and whilst we are overspending as an individual Trust; the current system-wide (West Yorkshire ICS) position is a forecast underspend.

2.7 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 as they are notified in quarter 4. 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. All potential mitigations are being considered to ensure that the recruitment issues do not result in a drop in operational performance.

Summary Directorate Position

	Year to Date (Apr - Sep)			Forecast		
	Plan £000	Actual £000	Variance £000	Plan £000	Actual £000	Variance £000
Income	(196,340)	(195,595)	745	(392,681)	(391,210)	1,471
Block Income	(196,340)	(195,595)	745	(392,681)	(391,210)	1,471
Income	(2,295)	(2,296)	(1)	(4,590)	(4,554)	36
Pay	104,433	98,702	(5,731)	213,087	200,521	(12,567)
Non Pay	5,385	5,480	95	10,728	12,441	1,713
Accident & Emergency	107,523	101,887	(5,636)	219,225	208,407	(10,818)
Income	-	(20)	(20)	-	(20)	(20)
Pay	14,080	12,510	(1,570)	29,336	26,471	(2,865)
Non Pay	559	532	(27)	1,118	1,033	(86)
NHS 111	14,639	13,022	(1,617)	30,454	27,484	(2,971)
Income	(109)	(104)	6	(219)	(150)	69
Pay	10,483	10,635	152	20,955	21,362	408
Non Pay	9,013	7,037	(1,976)	18,026	16,230	(1,796)
Patient Transport Services	19,387	17,568	(1,818)	38,762	37,442	(1,320)
Income	(4,867)	(6,855)	(1,988)	(9,745)	(13,479)	(3,734)
Pay	21,296	19,958	(1,338)	42,771	43,171	400
Non Pay	32,626	34,497	1,871	66,257	69,820	3,563
Support Services	49,056	47,601	(1,455)	99,282	99,512	229
Income	-	(278)	(278)	-	(556)	(556)
Pay	3,755	813	(2,942)	1,832	978	(854)
Non Pay	1,981	7,683	5,702	3,126	17,943	14,818
Reserves	5,736	8,217	2,481	4,957	18,365	13,408
(Surplus)/Deficit	(0)	(7,300)	(7,300)	0	(0)	(0)

Table 2: Financial Performance M6 – Summary Directorate Position

3.CAPITAL

- 3.1 The Trust is now working to a capital budget of £16.6m for purchased assets. The original plan included a 5% 'overplan allowance' to mitigate against potential slippage. The WYICS are now forecasting an overspend on the system-wide allocation and all Trusts have been asked to pull back their expenditure plans to recover the position.

- 3.2 A Capital Departmental Expenditure Limit (CDEL) for Right of Use Assets has now been notified at ICS level. Whilst there is no confirmed allocation at Trust level, informal information indicates an allocation which should cover in year expenditure. The short term risks associated with Leased CDEL are now much reduced.
- 3.3 The summary position for Owned/Purchased capital expenditure YTD and forecast is shown below.

OWNED ASSETS						
Capital Expenditure Analysis 2023-24	M6 YTD (Sep'23)			Full Year Forecast		
	Budget	Actual	Variance	Budget	Outturn	Variance
	£'000s			£'000s		
Estates	775	875	100	5,657	7,015	1,358
Fleet	3,204	11	(3,193)	7,749	7,122	(627)
ICT	607	392	(215)	1,597	2,124	527
Medical Devices	-	-	-	1,836	-	(1,836)
5% Overplan to be recovered (as per ICS)	(398)		398	(795)	-	795
VAT Recovery/credits/NBV on Disposal		(635)	(635)		(693)	(693)
Other Expenditure		-	-	585	1061	476
TOTAL	4,189	643	(3,546)	16,629	16,629	(0)

Table 3: Capital Expenditure - Owned Assets

- 3.4 The month 6 position for Owned assets is YTD expenditure of £643k against a plan of £4.2m and forecast break-even. A further £7.3m of orders have been raised.
- 3.5 Lengthening lead times for most capital items mean that the majority of planned expenditure is weighted towards the end of the year. The Trust had expected to take delivery of 64 DCAs (deferred from last year) in quarter 1; these have been delayed further but delivery is now confirmed for October 2023.
- 3.6 Most schemes are RAG rated green, with the exception of Scarborough Hub & Spoke. The current forecast includes £4.5m for groundworks associated with the site for the new Scarborough ambulance station. However the spiralling costs mean the project is potentially unaffordable in future years and may have to be paused. There is a risk of significant underspend against the allocation if the project is put on hold. Whilst there are a large number of bids pending for further capital funds, long lead times make it unlikely that they could be implemented and fully delivered by 31st March.
- 3.7 Other expenditure includes further requests for capital funds which have yet to be approved/values confirmed.
- 3.8 The summary position for Leased/Right of Use capital expenditure YTD and forecast is shown below.

- 3.9 The forecast variance is a result of the delayed delivery of HART vehicles. This is managed nationally by the National Ambulance Resilience Unit (NARU) and is beyond the control of the Trust.
- 3.10 Additionally, various PTS vehicles and other support vehicles are now deferred into 2024/25 due to unavailability.

LEASED / RIGHT OF USE ASSETS

Capital Expenditure Analysis 2023-24	M6 YTD (Sep'23)			Full Year Forecast		
	Plan	Actual	Variance	Plan	Outturn	Variance
		£'000s			£'000s	
Estates	1,577	569	(1,008)	1,790	1,414	(376)
Fleet	1,121	924	(197)	15,486	7,388	(8,099)
ICT	820	-	(820)	820	-	(820)
Medical Devices	2,217	-	(2,217)	2,217	5,660	3,443
Other	-	-	-	3,334	-	(3,334)
TOTAL LEASED / ROU ASSETS	5,735	1,493	(4,242)	23,648	14,462	(9,186)

Table 4: Capital Expenditure - Right of Use Assets

- 3.11 Medical Devices is underspent YTD as the decision to order more Corpuls defibrillators has been deferred, pending information on the continued use of the device in the Trust.
- 3.12 It has not been possible to enter into lease agreements for ICT equipment as initially planned. These assets have been accounted for in the purchased assets plan.

4. COST SAVINGS / EFFICIENCIES

	Month 6 - Year to Date			Forecast		
	Plan	Actual	Variance	Plan	Actual	Variance
	£000's	£000's	£000's	£000's	£000's	£000's
Recurrent	4,656	2,161	- 2,495	9,313	5,590	- 3,723
Non Recurrent	3,198	3,349	151	6,397	7,041	644
Total	7,855	5,510	- 2,345	15,710	12,631	- 3,079

Table 5: Efficiencies

- 4.1 The Trust has an annual cost savings/efficiency programme totalling £15.7m, made up of 12 individual 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 30 September 2023, the Trust had cash balances of £78.1m compared with £61.9m at 31st March 2023, an increase of £16.2m. Cash balances are higher than anticipated due to slippage on pay and delays in capital expenditure.

6. PAYABLES PERFORMANCE

- 6.1 The Better Payment Practice Code (BPPC) requires NHS bodies to pay 95% of all valid invoices (by volume and by value) by the due date or within 30 days of receipt, whichever is later.
- 6.2 The table below summarises the monthly and year-to-date BPPC performance.

Table 6: Monthly BPPC performance - Overall percentage paid within 30 days

Category	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	YTD
Invoice Volume	96%	96%	96%	95%	94%	93%	95%	95%
Invoice Value	99%	94%	90%	89%	93%	92%	94%	92%

- 6.3 Performance in relation to the processing of Non NHS invoices has improved achieving 95% performance both in the current month and YTD. NHS invoice payment performance YTD is consistent with prior months.

7. STATEMENT OF FINANCIAL POSITION

7.1 The main variance to date in 2023/24 is an increase in cash due to lower than expected expenditure on pay costs, delays to capital expenditure and the receipt of additional income to fund the 5% pay award.

	30 Sept 2023	31 Mar 2023
	£m	£m
Non-current assets	126.2	131.8
Current assets		
Inventories	2.7	2.6
Trade and other receivables	10.9	20.8
Assets Held for Sale	-	-
Cash and cash equivalents	78.1	61.9
Total current assets	91.7	85.3
Current liabilities		
Trade and other payables	(32.5)	(39.2)
Borrowings	(4.3)	(3.9)
Provisions	(6.1)	(6.0)
Other liabilities	(0.6)	(0.2)
Total current liabilities	(43.5)	(49.3)
Total assets less current liabilities	174.4	167.8
Non-current liabilities		
Borrowings	(12.5)	(13.6)
Provisions	(7.5)	(7.1)
Total non-current liabilities	(20.0)	(20.7)
Total net assets employed	154.4	147.1
Financed by		
Public dividend capital	93.3	93.3
Revaluation reserve	19.2	19.2
Income and expenditure reserve	41.9	34.6
Total taxpayers' and others' equity	154.4	147.1

Table 7: Statement of Financial Position

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 (WY ICS).
- 8.2 Whilst YAS has a break-even plan, the WY system as a whole is reporting a significant financial deficit. 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. Two new expenditure controls have been mandated by NHSE in October:
- i) All new non-clinical agency appointments will require prior approval by the ICB.
 - ii) All new non-pay expenditure over £50k, that results in a recurrent increase to expenditure run-rate, will require retrospective peer review by the WYICS Finance Forum.

9. RECOMMENDATIONS

- 9.1 It is recommended that the Board note:
- the Trust's financial performance to 30th September 2023;
 - the capital expenditure against plan;
 - all associated risks.