

**Board of Directors (Held in Public)**  
**26 September 2024**  
**Agenda Item: 2.4**

Report Title	Financial Performance Update (Month 5)
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Accountable Director	Kathryn Vause, Executive Director of Finance
Previous committees/groups	Internal Trust Report discussed at Trust Executive Group 18 <sup>th</sup> Sept 2024 and Finance & Performance Committee 24 <sup>th</sup> Sept 2024
Recommended action(s) Approval, Assurance, Information	Information
Purpose of the paper	To inform Trust Board of the current financial position as at month 5, period ending 31 <sup>st</sup> August 2024.
Recommendation(s)	It is recommended that the Trust Board note: - <ul style="list-style-type: none"> <li>the Trust's financial performance to 31<sup>st</sup> August 2024;</li> <li>the capital expenditure against plan; and</li> <li>all associated risks.</li> </ul>

**Executive summary (overview of main points)**

The Trust is reporting a YTD position of £206k deficit against a planned surplus of £268k – adverse variance of £475k.

The forecast position is break-even, but includes significant risk due to unachieved efficiency targets.

Year to date the Trust has exceeded the agency cap by £1.3m.

The Trust has an adverse variance against the efficiency plan; ytd £2.83m and forecast £7.46m.

There are a number of risks to achieving the financial position.

Trust Strategy Bold Ambitions Select the most relevant points from the bold ambitions.	Our Patients	
	Our People	
	Our Partners	
	Our Planet and Pounds	Use our resources wisely and ensure value for money. Ensure decisions are informed by evidence, research, data and intelligence.
Link to Board Assurance Framework Risks (board and level 2 committees only)		12. Secure sufficient revenue resources and use them wisely to ensure value for money.

# Board of Directors (held in Public)

## 26 September 2024

### Financial Performance as at 31<sup>st</sup> August 2024 (Month 5)

#### 1. SUMMARY

1.1 At month 5, the Trust are reporting a year-to-date deficit of £475k and a forecast break-even position against plan.

#### 1.2 Key Financial Metrics:

<b>Income &amp; Expenditure Position:</b>	£475k deficit year to date and breakeven forecast outturn		
<b>Agency Cap:</b>	YTD overspend £1.3m against cap. FCOT breakeven against cap.		
<b>Cash:</b>	Month end balance £56.6m		
<b>BPPC YTD:</b>		Volume	Value
	<b>Non NHS</b>	96%	96%
	<b>NHS</b>	97%	100%
<b>Capital:</b>	<b>Purchased assets</b>	YTD underspend of £1.1m. FCOT breakeven.	
	<b>Leased Assets:</b>	YTD £0 spend (on plan). FCOT breakeven.	
<b>Cost savings / efficiencies</b>	The Trust is currently reporting underperformance against the cost savings plan. YTD £2.83m under plan. FCOT £7.46m under plan		
<b>Delivery:</b>			

#### 2. MONTH 5 POSITION

2.1 The Trust-wide summary financial position at month 5 is shown below at table 1, with more detail at directorate level shown at table 2.

2.2 Trust *Pay* budgets reflect the agreed vacancy factor and unidentified efficiency targets. Overall, there is a small YTD underspend indicating that the vacancy factor is being achieved. However, the forecast which includes recruitment trajectories, planned overtime and agency usage (based on service information) shows a deteriorating position.

2.3 *Non-pay* expenditure is higher than plan both YTD and forecast. Key adverse variances are:

- the use of additional private providers for improving Cat 2 performance; however, there is additional income to offset this.
- PTS third party resource pressures associated with increasing demand.
- Equipment & consumables in Fleet and Procurement.

2.4 The forecast assumes that further efficiency schemes will be identified and achieved by year end.

2.5 **Agency** spend is £3.6m YTD and exceeding our agency plan by £1.3m. The majority of this expenditure is within IUC and plans are in place to reduce this over the second half of the year.

	Year to date (August 24)			Full Year 2024/25		
	PLAN	ACTUAL	VARIANCE	PLAN	ACTUAL	VARIANCE
	£000			£000		
Income	(172,566)	(172,649)	(83)	(414,158)	(414,668)	(509)
Pay	130,090	129,674	(417)	315,958	319,057	3,099
Non Pay	42,207	43,182	975	98,201	95,611	(2,590)
<b>(Surplus)/Deficit</b>	<b>(268)</b>	<b>206</b>	<b>475</b>	<b>-</b>	<b>0</b>	<b>0</b>

**Table 1: Financial Performance M5 - Summary Trust Position**

## Summary Directorate Position

	Year to Date (Apr - Aug)			Forecast		
	Plan	Actual	Variance	Plan	Actual	Variance
	£000	£000	£000	£000	£000	£000
Income (excluding MHIS)	(163,615)	(163,533)	83	(392,676)	(392,596)	80
<b>Block Income</b>	<b>(163,615)</b>	<b>(163,533)</b>	<b>83</b>	<b>(392,676)</b>	<b>(392,596)</b>	<b>80</b>
Income	-	(12)	(12)	-	(12)	(12)
Pay	345	378	33	734	782	47
Non Pay	-	14	14	-	413	413
<b>Chief Operating Officer</b>	<b>345</b>	<b>380</b>	<b>35</b>	<b>734</b>	<b>1,183</b>	<b>448</b>
Income	(1,017)	(1,751)	(734)	(2,441)	(2,921)	(480)
Pay	72,517	72,903	387	176,008	179,426	3,418
Non Pay	3,200	3,690	491	6,623	6,595	(27)
<b>A&amp;E</b>	<b>74,699</b>	<b>74,843</b>	<b>144</b>	<b>180,190</b>	<b>183,101</b>	<b>2,912</b>
Income	-	(211)	(211)	-	(211)	(211)
Pay	10,998	10,910	(89)	26,396	26,031	(365)
Non Pay	492	475	(17)	838	966	128
<b>EOC</b>	<b>11,490</b>	<b>11,173</b>	<b>(317)</b>	<b>27,234</b>	<b>26,786</b>	<b>(447)</b>
Income	-	-	-	-	(64)	(64)
Pay	11,473	13,196	1,723	28,914	30,118	1,204
Non Pay	407	460	53	977	1,010	33
<b>NHS 111</b>	<b>11,880</b>	<b>13,656</b>	<b>1,776</b>	<b>29,891</b>	<b>31,064</b>	<b>1,172</b>
Income	-	(175)	(175)	-	(295)	(295)
Pay	8,977	9,438	460	21,545	22,613	1,068
Non Pay	6,376	7,603	1,227	15,302	17,737	2,435
<b>Patient Transport Services</b>	<b>15,353</b>	<b>16,866</b>	<b>1,513</b>	<b>36,847</b>	<b>40,055</b>	<b>3,207</b>
Income	(961)	(1,071)	(110)	(2,306)	(2,335)	(28)
Pay	4,820	4,504	(316)	11,568	11,222	(346)
Non Pay	692	567	(125)	1,661	1,505	(155)
<b>Central Services</b>	<b>4,551</b>	<b>3,999</b>	<b>(552)</b>	<b>10,923</b>	<b>10,393</b>	<b>(530)</b>
Income	(2,125)	(1,019)	1,106	(5,100)	(4,086)	1,014
Pay	947	703	(244)	2,272	2,029	(244)
Non Pay	1,196	334	(862)	2,871	2,101	(770)
<b>Mental Health</b>	<b>18</b>	<b>18</b>	<b>0</b>	<b>43</b>	<b>43</b>	<b>0</b>
Income	(4,848)	(4,867)	(19)	(11,635)	(12,137)	(502)
Pay	19,675	17,593	(2,082)	47,624	44,321	(3,303)
Non Pay	27,970	31,600	3,630	66,711	74,295	7,584
<b>Support Services</b>	<b>42,797</b>	<b>44,326</b>	<b>1,529</b>	<b>102,700</b>	<b>106,479</b>	<b>3,779</b>
Income	-	-	-	-	-	-
Pay	338	50	(289)	896	2,516	1,620
Non Pay	1,874	(1,573)	(3,447)	3,218	(9,023)	(12,241)
<b>Reserves</b>	<b>2,212</b>	<b>(1,523)</b>	<b>(3,736)</b>	<b>4,114</b>	<b>(6,507)</b>	<b>(10,621)</b>
<b>(Surplus)/Deficit</b>	<b>(268)</b>	<b>206</b>	<b>475</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

**Table 2: Financial Performance M5 – Summary Directorate Position**

### 3. CAPITAL

- 3.1 **Purchased assets:** year to date, expenditure is behind plan due to delayed delivery of DCAs.
- 3.2 **Leased assets:** there has been no capitalised lease expenditure to date, which is in line with plan.

Capital Expenditure Analysis 2024-25	M05 YTD (Aug '24)			Full Year Forecast		
	Budget	Actual	Variance	Budget	Outturn	Variance
	£'000s			£'000s		
Estates	268	195	(73)	4,343	4,343	-
Fleet	2,215	1,073	(1,142)	9,968	9,968	-
ICT	118	256	138	1,447	1,447	-
<b>TOTAL PURCHASED ASSETS</b>	<b>2,601</b>	<b>1,524</b>	<b>(1,077)</b>	<b>15,758</b>	<b>15,758</b>	<b>-</b>
<b>TOTAL LEASED ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,059</b>	<b>12,059</b>	<b>-</b>

**Table 3: Capital Expenditure - Purchased & Leased Assets**

### 4. CASH

- 4.1 At 31<sup>st</sup> August 2024 the Trust continues to hold a healthy cash position of £56.6m with low borrowings of £2.8m (excluding IFRS16 lease arrangements).

### 5. PAYABLES PERFORMANCE

- 5.1 The table below summarises the monthly and year-to-date Better Payment Practice Code (BPPC) performance. The Trust has achieved all the targets for two consecutive months.

**Monthly BPPC performance - Overall percentage paid within 30 days**

Category	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	YTD
Invoice Volume	94%	96%	97%	95%	96%	98%	96%
Invoice Value	95%	98%	96%	81%	95%	98%	96%

### 6. STATEMENT OF FINANCIAL POSITION

- 6.1 The SoFP at any year end reflects the timing of transactions and matters which may be specific to that year end.

	31-Aug-24	31-Jul-24
	£m	£m
<b>Non-current assets</b>	<b>142.5</b>	<b>143.7</b>
<b>Current assets</b>		
Inventories	2.4	2.4
Trade and other receivables	13.8	15.3
Assets Held for Sale	-	-
Cash and cash equivalents	56.6	55.1
<b>Total current assets</b>	<b>72.8</b>	<b>72.8</b>
<b>Current liabilities</b>		
Creditors - Capital	(6.0)	(7.0)
Creditors - Other	(29.2)	(29.5)
<b>Trade and other payables</b>	<b>(35.2)</b>	<b>(36.5)</b>
Borrowings	(6.3)	(6.3)
Provisions	(3.6)	(3.6)
Other liabilities: deferred income	(0.4)	(0.5)
<b>Total current liabilities</b>	<b>(45.5)</b>	<b>(46.9)</b>
<b>Total assets less current liabilities</b>	<b>169.8</b>	<b>169.6</b>
<b>Non-current liabilities</b>		
Borrowings	(12.0)	(12.6)
Provisions	(6.3)	(6.3)
<b>Total non-current liabilities</b>	<b>(18.3)</b>	<b>(18.9)</b>
<b>Total net assets employed</b>	<b>151.5</b>	<b>150.7</b>
<b>Financed by</b>		
Public dividend capital	94.4	94.4
Revaluation reserve	22.5	22.5
Income and expenditure reserve	34.6	33.9
<b>Total taxpayers' and others' equity</b>	<b>151.5</b>	<b>150.7</b>

**Table 4: Statement of Financial Position**

## 7. EFFICIENCY PROGRAMME

- 7.1 The Trust is behind plan in meeting the efficiencies target, both year-to-date and forecast.
- 7.2 £7.5m of further efficiencies need to be identified to achieve a break-even position.

## 8. SYSTEM POSITION

- 8.1 The WY system position deteriorated at month 4; an adverse variance of £11.9m. The forecast (£50m deficit) remains in line with plan.
- 8.2 As a result of the deterioration, the ICS have been placed on Level 3 (of 4) of the Investigation and Intervention Process and have voluntarily commissioned an external review. Both will result in increased scrutiny of our expenditure, grip & control and efficiency & productivity.

## 9. RISKS

- 9.1 The efficiency target is not being fully achieved, which poses a risk to delivering a break-even position.
- 9.2 The forecast includes an assumption of £1m income for PTS ECR's that exceed the level defined in the block income contract. Invoices will not be raised until year-to-date activity exceeds this level.
- 9.3 At this stage in the financial year there are a number of 'unknowns' particularly for technical budgets e.g. interest/discount factor rates applied to provisions and PDC. The rates are notified later in the year and could result in favourable or adverse variances.
- 9.4 Increased demand across our front-line services, which goes beyond our planned seasonal variation could cause further financial pressure.
- 9.5 Pay award funding has not been confirmed. Historically the national funding formula does not fully cover the cost of the pay award and a further pressure is anticipated.
- 9.6 A specific cost pressure has emerged in relation to an HMRC compliance issue which will be rectified retrospectively. The estimated cost of this issue is c. £1m and this is included in the forecast at month 5. There is a risk of further costs (est. at c. £2m) associated with this issue. The Trust are taking action to mitigate this risk, and at the present time, as there has been no crystallizing event, this is **not** reflected in the current forecast.
- 9.7 A number of other cost pressures have emerged during the budget setting process, which exceed the small contingency the Trust holds in Reserves. Any new cost pressures arising in year could force the Trust into deficit if further efficiencies/cost reductions can't be identified.

## 10. RECOMMENDATIONS

- 10.1 It is recommended that the Board note:
- the Trust's financial performance to 31<sup>st</sup> August;
  - all associated risks.