

Board of Directors (Held in Public)
28 November 2024
Agenda Item: 3.5

Report Title	Financial Performance as at 31 October 2024 (Month 7)
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Accountable Director	Kathryn Vause, Executive Director of Finance
Previous committees/groups	Internal Trust Report discussed at Trust Executive Group 20 Nov 2024 and Finance & Performance Committee 24 Nov 2024
Recommended action(s) Approval, Assurance, Information	Information
Purpose of the paper	To inform Trust Board of the current financial position as at month 7, period ending 31 October 2024.
Recommendation(s)	It is recommended that the Trust Board note: - <ul style="list-style-type: none"> the Trust's financial performance to 31 Oct 2024; the capital expenditure against plan; and all associated risks.

Executive summary (overview of main points)

Trust Position as at Month 7

YTD income exceeds expenditure by £566k, against a planned surplus of £367k. Therefore the Trust are reporting a favourable variance of £199k.

The forecast position is break-even but includes £5m risk, due to demand-driven cost increases in PTS, cost pressures in Support Service and a risk to income.

The Trust is underspending against the Capital Plan and taking action to mitigate potential year-end underspends.

The Trust has an adverse variance against the efficiency plan; YTD £1.0m and forecast £2.5m.

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)

Financial Performance as at 31 October 2024 (Month 7)

1. SUMMARY

1.1 At month 7, the Trust is reporting a year-to-date Surplus of £199k and a forecast break-even position against plan.

1.2 Key Financial Metrics:

Income & Expenditure Position: £199k surplus year to date and breakeven forecast outturn			
Agency Cap:		YTD overspend £799k against cap. FCOT underspend £450k against cap.	
Cash:		Month end balance £55.4m	
		Volume	Value
BPPC YTD:	Non NHS	97%	96%
	NHS	94%	97%
Capital:	Purchased assets:	YTD underspend of £3.23m. FCOT break-even.	
	Leased Assets:	YTD underspend £1.93m. FCOT breakeven.	
Cost savings / efficiencies Delivery:		The Trust is currently reporting under performance against the cost savings plan: YTD £1.04m under plan. FCOT £2.55m under plan	

2. MONTH 7 POSITION

2.1 The Trust-wide summary financial position at month 7 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 £3m year-to-date underspend indicating that the vacancy factor is being achieved. However, the forecast; which reflects recruitment trajectories and higher staffing levels over the winter months (based on service information) indicates a reduced underspend of £1.4m.

2.3 *Non-pay* expenditure is higher than plan YTD (£1.26m). Key adverse variances are:

- PTS third party resource pressures associated with increasing demand.
- Equipment & consumables in Fleet and Procurement.

2.4 The Trust have reported a 'worst-case' position of £5m deficit. The break-even forecast assumes that further cost reductions will be identified and achieved by year end.

2.5 **Agency** spend is £4.1m year-to-date and exceeds planned agency spend by £799k. The majority of this expenditure is within IUC for the first half of the year but has now reduced. The forecast is to be £450k under the agency cap.

	Year to date (Oct '24)			Full Year 2024/25		
	PLAN	ACTUAL	VARIANCE	PLAN	ACTUAL	VARIANCE
	£000			£000		
Income	(250,669)	(249,058)	1,611	(430,362)	(429,045)	1,317
Pay	190,660	187,589	(3,071)	330,310	328,911	(1,398)
Non Pay	59,642	60,902	1,260	100,052	100,134	82
(Surplus)/Deficit	(367)	(566)	(199)	-	0	0

Table 1: Financial Performance M6 - Summary Trust Position

Summary Directorate Position

	Year to Date (Apr - Oct)			Forecast		
	Plan	Actual	Variance	Plan	Actual	Variance
	£000	£000	£000	£000	£000	£000
Income (excluding MHIS)	(235,887)	(235,846)	40	(404,377)	(404,291)	86
Block Income	(235,887)	(235,846)	40	(404,377)	(404,291)	86
Income	-	(13)	(13)	-	(13)	(13)
Pay	476	506	29	769	804	34
Non Pay	-	29	29	-	33	33
Chief Operating Officer	476	522	46	769	824	55
Income	(2,500)	(2,216)	284	(5,033)	(4,462)	571
Pay	105,972	106,490	518	183,856	186,913	3,057
Non Pay	5,218	4,685	(533)	8,067	7,420	(647)
A&E	108,690	108,958	269	186,891	189,872	2,981
Income	(255)	(311)	(55)	(255)	(311)	(55)
Pay	16,252	15,802	(450)	27,739	26,725	(1,014)
Non Pay	689	651	(38)	838	1,068	230
EOC	16,686	16,142	(544)	28,322	27,482	(839)
Income	-	(37)	(37)	-	(64)	(64)
Pay	16,905	18,101	1,195	29,934	30,761	827
Non Pay	550	681	131	943	1,055	112
NHS 111	17,456	18,745	1,289	30,877	31,752	875
Income	-	(212)	(212)	-	(298)	(298)
Pay	13,035	13,719	684	22,348	23,416	1,067
Non Pay	8,926	10,614	1,688	15,302	17,678	2,376
Patient Transport Services	21,962	24,121	2,159	37,651	40,796	3,145
Income	(1,492)	(1,656)	(164)	(2,718)	(2,947)	(230)
Pay	6,991	6,403	(588)	12,073	11,390	(683)
Non Pay	1,109	911	(198)	1,975	2,001	26
Central Services	6,608	5,658	(950)	11,331	10,444	(887)
Income	(2,975)	(1,721)	1,254	(5,100)	(3,752)	1,348
Pay	2,231	1,115	(1,116)	3,872	2,556	(1,316)
Non Pay	743	606	(137)	1,229	1,196	(33)
Mental Health	(0)	0	0	0	0	(0)
Income	(7,561)	(7,045)	515	(12,879)	(12,908)	(29)
Pay	27,753	25,454	(2,299)	47,904	44,649	(3,255)
Non Pay	40,367	43,424	3,058	68,831	73,144	4,313
Support Services	60,559	61,833	1,274	103,855	104,884	1,029
Income	-	-	-	-	-	-
Pay	1,045	-	(1,045)	1,815	1,698	(117)
Non Pay	2,040	(699)	(2,739)	2,867	(3,461)	(6,328)
Reserves	3,085	(699)	(3,783)	4,682	(1,763)	(6,445)
(Surplus)/Deficit	(367)	(566)	(199)	0	0	0

Table 2: Financial Performance M7 – Summary Directorate Position

3. CAPITAL

- 3.1 **Purchased assets:** year to date, expenditure is behind plan due to delayed delivery of PTS electric vehicles but forecast to fully expend by the end of the year.

OWNED ASSETS	M07 YTD (Oct '24)			Full Year Forecast		
Capital Expenditure Analysis 2024-25	Budget	Actual	Variance	Budget	Outturn	Variance
	£'000s			£'000s		
Estates	1,168	557	(611)	4,343	3,287	(1,056)
Fleet	4,058	1,090	(2,968)	9,942	10,206	264
ICT	166	519	353	1,473	1,473	-
Other	-	1	1	-	1	1
Sub Total Planned Capital Expenditure	5,392	2,167	(3,225)	15,758	14,967	(791)
Mitigating Actions:						
Further expenditure not yet approved/identified	0	0	-	0	791	791
Sub Total Further Capital Expenditure	-	-	-	-	791	791
TOTAL CAPITAL EXPENDITURE	5,392	2,167	(3,225)	15,758	15,758	-

- 3.2 **Leased assets:** Leased expenditure is behind plan due to delayed delivery of HART vehicles. The Trust plans to spend the full indicative allocation of £12m.

LEASED/ROU ASSETS	M07 YTD (Oct '24)			Full Year Forecast		
Capital Expenditure Analysis 2023-24	Plan	Actual	Variance	Plan	Outturn	Variance
	£'000s			£'000s		
Estates	-	-	-	2,360	616	(1,743)
Fleet	3,719	1,790	(1,929)	9,699	6,712	(2,988)
ICT	-	-	-	-	1,543	1,543
Sub Total Planned Capital Expenditure	3,719	1,790	(1,929)	12,059	8,871	(3,188)
Mitigating Actions:						
Wath car parking (70 spaces)	0	0	-	0	238	238
Further expenditure not yet approved/identified	0	0	-	0	2,950	2,950
Sub Total Further Capital Expenditure	-	-	-	-	3,188	3,188
TOTAL CAPITAL EXPENDITURE	3,719	1,790	(1,929)	12,059	12,059	(0)

4. CASH

- 4.1 At 31 October 2024 the Trust continues to hold a cash balance of £55.4m with low borrowings of £2.7m (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 three consecutive months.

Monthly BPPC performance - Overall percentage paid within 30 days

Category	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	YTD
Invoice Volume	98%	96%	81%	95%	98%	96%	97%	97%
Invoice Value	98%	96%	81%	95%	98%	96%	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-Oct-24	30-Sep-24
	£m	£m
Non-current assets	139.4	141.3
Current assets		
Inventories	2.3	2.3
Trade and other receivables	16.0	13.9
Assets Held for Sale	-	-
Cash and cash equivalents	55.4	55.4
Total current assets	73.7	71.6
Current liabilities		
Creditors - Capital	(3.2)	(4.5)
Creditors - Other	(29.5)	(28.8)
Trade and other payables	(32.7)	(33.2)
Borrowings	(6.3)	(6.3)
Provisions	(2.1)	(3.0)
Other liabilities: deferred income	(0.6)	(0.3)
Total current liabilities	(41.7)	(42.8)
Total assets less current liabilities	171.3	170.1
Non-current liabilities		
Borrowings	(11.8)	(11.6)
Provisions	(7.3)	(6.3)
Total non-current liabilities	(19.1)	(17.9)
Total net assets employed	152.3	152.2
Financed by		
Public dividend capital	94.4	94.4
Revaluation reserve	22.5	22.5
Income and expenditure reserve	35.4	35.3
Total taxpayers' and others' equity	152.3	152.2

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.

Scheme	M07 YTD Plan	M07 YTD	M07 YTD Variance	Full year Plan	Forecast	Full year variance
Interest receivable	(2,217)	(1,783)	434	(3,800)	(3,049)	751
Insurance Rebate	(583)	(838)	(255)	(1,000)	(1,200)	(200)
Telematics	(296)	0	296	(507)	0	507
Logistics Hub (premises double running)	(75)	(74)	1	(128)	(128)	(0)
Procurement - consumable savings	(240)	0	240	(412)	(412)	0
Microsoft 365	(201)	(51)	149	(344)	(88)	256
WAN reprocurement	(50)	(50)	(0)	(86)	(86)	(0)
Interpreters reprocurement	(18)	(18)	0	(30)	(30)	0
Other Fleet (PYE 80 DCAs)	(309)	(309)	0	(529)	(529)	0
Vacancy factor	(3,799)	(3,799)	0	(6,513)	(6,513)	0
Unidentified CIP: Pay	(1,973)	(2,802)	(829)	(3,382)	(3,210)	172
Unidentified CIP: Non Pay	(387)	(97)	290	(663)	(97)	566
SUB TOTAL	(10,147)	(9,820)	326	(17,394)	(15,342)	2,052
Efficiencies Netted off in A&E Demand Modelling:						
1% sickness reduction*	(977)	(484)	493	(1,675)	(1,182)	493
Hear & Treat*	(1,511)	(1,289)	223	(2,591)	(2,583)	8
SUB TOTAL	(2,489)	(1,773)	715	(4,266)	(3,765)	501
TOTAL	(12,635)	(11,593)	1,042	(21,660)	(19,107)	2,553

8. FINANCIAL GRIP AND CONTROL

- 8.1 Given the financial position and known risks, the Trust Executive Group have begun to consider additional grip and control measures; a Non-Pay Expenditure Panel has been established as a result. This weekly panel, chaired by the Director of Finance and supported by two other executive directors and the Trust's Head of Procurement and Logistics, reviews all requisitions. Items are considered for most cost-effective option and essential/non-essential nature. Significant savings are unlikely to materialise from this exercise, however, in other organisations it has supported an improved culture in relation to budget management.

9. SYSTEM POSITION

- 9.1 The WY system position at month 6;
- YTD deficit of £29.7m against a planned deficit of £12.4m – adverse variance of £17.2m.
 - Forecast remains in line with plan; £50m deficit, but with a worst-case scenario of £216.4m.
- 9.2 ICS remain on Level 3 (of 4) of the Investigation and Intervention Process and a voluntary external review by PWC has now concluded. The Trust will review recommendations made in the PWC report.

10. RISKS

- 10.1 The efficiency target is not being fully achieved, which poses a risk to delivering a break-even position.
- 10.2 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.
- 10.3 At this stage in the financial year there are a number of uncertainties; 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.
- 10.4 Increased demand across our front-line services, which goes beyond our planned seasonal variation could cause further financial pressure.
- 10.5 A specific cost pressure has emerged in relation to an HMRC compliance issue which will be rectified retrospectively. The estimated cost to resolve this issue is c. £1m and this is included in the forecast. There is a risk of further costs associated with this issue, however the Trust have taken action to mitigate this risk. At the present time, as there has been no crystallizing event, this is *not* reflected in the current forecast.
- 10.6 The Trust have been advised that the June/July NHSE Cat 2 Performance Funding (£1.1m) will not be paid. This decision is being challenged, an accrual for this income is still included within the year-to date and forecast positions, to offset the expenditure that was incurred to meet this initiative.
- 10.7 The 'worst-case' forecast deficit has reduced on a monthly basis. Some of this can be attributed to specific actions that are being taken to improve the financial position, but other improvements appear to relate to inconsistent information being factored into the forecast. There is a risk that the Trust takes decisions to reduce expenditure which may ultimately prove to have been avoidable but will adversely impact patient care and operational performance.

11. RECOMMENDATIONS

- 11.1 It is recommended that the Board note:
- the Trust's financial performance to 31 October 2024;
 - all associated risks.