

X

Finance Report for the period ended **30 April 2023**

For presentation at the
Trust Board
30th May 2023

Contents

Page
no.

- 3. Executive Summary & Performance against key targets**
- 5. Trust Income and Expenditure position**
- 8. Efficiency savings / recovery update**
- 9. Statement of Financial Position (SoFP)**
- 10. Cash and Working Capital**
- 12. Capital Programme 2023/24**

Appendices

- A. Statement of Comprehensive Income**
- B. Monthly BPPC performance**
- C. Agency staff expenditure**
- D. Capital Scheme Changes**
- E. Pressures, Mitigations and Risk analysis**

Executive Summary and overall performance against targets

1. This report presents the financial position for the period ended 30 April 2023, being the first month of the new financial year. As is usual for month 1, some of the financial information is reported in a more summarised format, pending the additional detail that will become available after the first round of budget holder meetings taking place across May. There is no national requirement to formally report financial performance to NHSE for month 1.
2. A net income and expenditure deficit (overspend) of £307k is reported for the period. This is an adverse variance of £5k compared to the year-to-date April plan which is a deficit of £302k.
3. Within the overall month 1 position, net operational budgets report a £309k overspend. Directorate overspends include Estates (£159k), CHS (£120k), FYPC (£30k) and DMH (£26k). LD services are underspending by £23k with other directorates at, or very close to, a break-even position.
4. Central reserves report a temporary favourable variance of £304k which largely offsets the directorate overspend leaving the small residual £5k deficit for the Trust as a whole.
5. Closing cash for April stood at £31.9m. This equates to 40 days' operating costs.

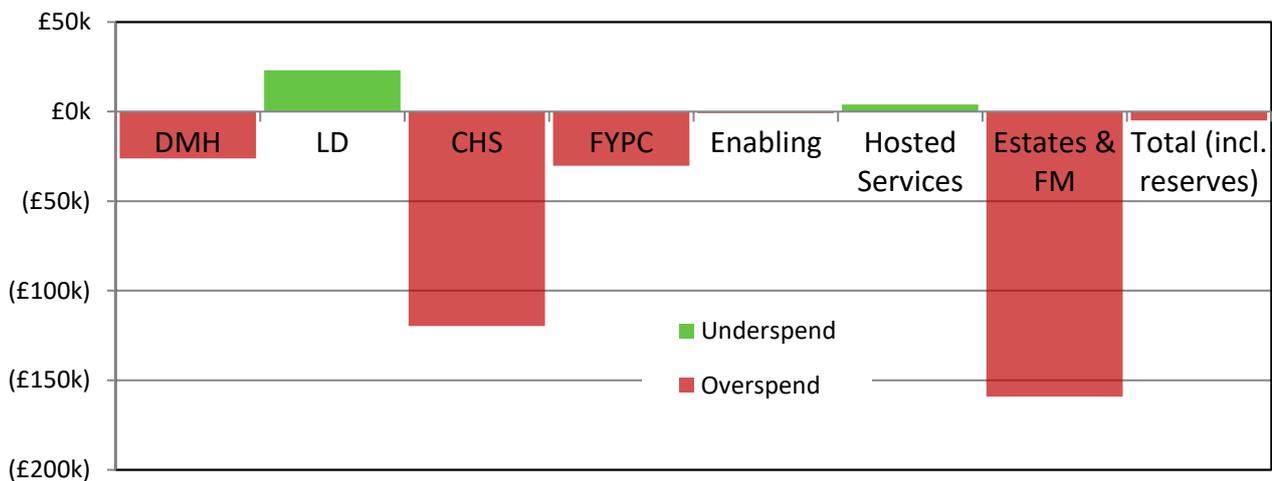
Performance against key targets and KPIs

NHS Trust Statutory Duties	Year to date	Year end f'cast	Comments
1. Income and Expenditure break-even.	A	A	The Trust is reporting a financial deficit position at the end of April 2023. [see 'Service I&E position' and Appendix A]. The level of deficit is broadly in line with plan. The year end forecast is currently assumed to deliver break-even in line with plan, but the level of risk reflected in the break-even assumption prompts an 'amber' forecast RAG rating.
2. Remain within Capital Resource Limit (CRL).	G	G	The capital spend for April is £192k, which is within limits. The likely year end forecast is also within the limits for the year.
3. Achieve the Capital Cost Absorption Duty (Return on Capital).	G	G	The dividend payable is based on the actual average relevant net assets; therefore, the capital cost absorption rate will automatically be 3.5%.
4. Remain within External Financing Limit (EFL).	n/a	G	The current cash level is £31.9m. The year-end forecast is £25m.

Secondary targets	Year to date	Year end f'cast	Comments
5. Comply with Better Payment Practice Code (BPPC).	G	G	The target is to pay 95% of invoices within 30 days. Cumulatively the Trust achieved all of the BPPC targets in April.
6. Achieve Efficiency Savings targets.			Directorate efficiency savings performance and in-year forecasts have not yet been assessed as at month 1 [See 'efficiency savings update'].
7. Deliver a financial surplus	n/a	n/a	The NHS Financial framework currently assumes no requirement to deliver a financial surplus (only a break-even).
Internal targets	Year to date	Year end f'cast	Comments
8. Achieve retained cash balances in line with plan	G	G	A cash balance of £31.9m was achieved at the end of April 2023. The cash level is forecast to be £25m at the end of the year, in line with plan [See 'cash and working capital']
9. Deliver capital investment in line with plan (within +/- 15% YTD planned spend levels)	G	G	Capital expenditure totals £192k [See 'Capital Programme 2023/24'].

Income and Expenditure position

Directorate variances are shown in the table below and the total of these results in the operational overspend of £309k. The total Trust position also includes the central reserves underspend of £304k, resulting in the net £5k deficit against plan overall.



Additional analysis of directorate performance

The Mental Health directorate reported an overspend of £26k at the end April which was largely driven by an increase in bank and medical costs for the month. Bank was used to cover holidays and maintain staffing on wards due to observations and LRI escorts. 2 new medical locums commenced in month and additional consultant time was required due to the junior doctors strikes taking place. Additionally, agency shifts increased in PICU and MHSOP inpatients. There was some initial slippage relating to investments, but no financial gain has been factored into the month 1 position pending absolute confirmation that unutilised funding will not be held back by the ICB. The majority of DMH CIPs are not yet factored into the position on the basis that they are commencing later in year.

The FYPC financial variance at the end of month 1 was a £30k overspend. This initial position was based on payroll only and the overspend was the result of pressures within the two inpatient areas, despite the increase in nursing budget in line with the MHOST safer staffing review. Part of the costs in April related to increased Bank Nurse costs, an element of which related to the Easter holiday period. Overall agency costs were higher than the previous trajectory at month 1, however plans are in place to reduce costs especially within CAMHS Outpatients. The initial CIP target was showing full achievement at month 1 and forecast full delivery for the year. The additional control total figure has been assessed by the Directorate with an EQIA produced. The Healthy Together budget showed an underspend at month 1 although the County underspend has reduced compared to 22/23. The MHIS / SDF investment for 23/24 has been phased during the year in line with expected recruitment and at month 1 this was in line with plan.

The LD financial position at month 1 reported an underspend of £23k against the pay budget. The Agnes Unit reported an overspend in the month however this was much lower than the average overspend in 22/23. Agency costs were above trajectory in the month however £80k of the costs related to the care for a patient for which the ICB has agreed to reimburse the Trust. Excluding these specific costs, agency costs as a whole would have been less than plan. The community budgets were underspending at month 1 in a similar vein to the last financial year, the Directorate are actively trying to recruit against current vacancies. The CIP target is showing full delivery at month 1.

The CHS service is reporting a payroll overall overspend of £120k for the first month of the year. Both non pay and income budgets have been adjusted to breakeven for month 1. The majority of the overspend relates to CIPs that are not yet delivering – Agency reduction and step-up slippage. The Bank and agency expenditure spend is £1.4m in the first month of which £0.2m is Surge ward related. Cost relating to the surge ward and the 5 additional Hinckley beds have been adjusted to break even, reflecting the funding that the Trust will receive for these costs.

Enabling Services are reporting no variance at the end of month 1. No significant pressures are currently identified.

Hosted services are underspent by £3k. The majority of budgets have broken even, with the £3k underspend due to vacancies within HIS (partially offset with bank and agency).

Estates Services are overspent by £159k as at M1. Pay budgets are overspending by £40k, primarily due to the use of agency staff to cover vacancies in Facilities Services. Within non-pay, no CIPs have yet been delivered and this has resulted in a £70k variance during the month. Smaller overspends include unanticipated increases in NHSPS costs and laundry costs – both of which are being investigated. Energy costs and business rates have increased, but these pressures have been covered by inflation funding.

Central reserves currently include a number of budgets expected to be allocated in future months (such as pay inflation funding etc). Overall, reserves budgets have been profiled across the months in line with the Trust level plan, which assumes larger overspends in the early months of year. This phasing supports the current directorate overspend and so offsets (the majority) of the current operational variance at Trust level.

Forecast position

The financial plan for 2023/24 was submitted on 4th May. The plan reflects an income and expenditure break-even position for year as a whole. An overspend is anticipated for the first half of the year, moving to a surplus in the second half, as CIPs and other recovery actions come on line (**see table below**):

Month:	Plan M1 £'000	Plan M2 £'000	Plan M3 £'000	Plan M4 £'000	Plan M5 £'000	Plan M6 £'000	Plan M7 £'000	Plan M8 £'000	Plan M9 £'000	Plan M10 £'000	Plan M11 £'000	Plan M12 £'000	Plan Year Ending £'000
Surplus/(deficit):	(302)	(195)	(124)	(83)	(36)	7	52	90	109	135	160	187	0

At the current time, the forecast for the year remains aligned to the recently submitted plan. In subsequent months, as other risks and opportunities start to emerge, the forecast will be re-assessed.

Appendix E provides a Trust level view of the key risks identified at the point of plan finalisation. These risks will continue to be assessed as part of the forecasting work.

Efficiency Savings / Recovery

The requirement to deliver a break-even plan for 2023/24 in the wider context of mounting cost pressures and NHSE requirements has resulted in an efficiency savings target of £16m, which is c. 4% of the Trust's cost base.

The 4% target overall is significantly higher than previous year's targets, even prior to the Covid-19 pandemic (during which time efficiency requirements were effectively paused).

At the point of plan submission / end of month 1, £8.7m efficiency savings had been identified. To address the shortfall, a further £4.8m recovery actions were proposed, increasing the estimated level of savings to £13.5m. The plan was submitted with the balance – being c. £2.5m still to be identified.

Month 1 CIP performance is being assessed via the first round of directorate budget holder meetings taking place across May. However, many schemes are not scheduled to begin until later in the year. The monthly reporting / monitoring process for both CIP and recovery is currently being confirmed, and an assessment of in-year progress and forecasts will be included in this report as usual from month 2.

Statement of Financial Position (SoFP)

PERIOD: April 2023	2022/23 31/03/23 Draft £'000's	2023/24 30/04/23 April £'000's
NON CURRENT ASSETS		
Property, Plant and Equipment	204,393	203,847
Intangible assets	6,420	6,290
IFRS16 - Right of use (ROU) assets	42,333	42,031
Trade and other receivables	989	989
Total Non Current Assets	254,135	253,157
CURRENT ASSETS		
Inventories	381	382
Trade and other receivables	21,209	24,416
Cash and Cash Equivalents	29,935	31,928
Total Current Assets	51,525	56,726
Non current assets held for sale	0	0
TOTAL ASSETS	305,660	309,883
CURRENT LIABILITIES		
Trade and other payables	(41,812)	(46,648)
Borrowings	(251)	(251)
Borrowings - IFRS16 ROU assets	(3,412)	(3,412)
Capital Investment Loan - Current	(185)	(185)
Provisions	(3,928)	(3,907)
Other liabilities	(4,759)	(4,759)
Total Current Liabilities	(54,347)	(59,162)
NET CURRENT ASSETS (LIABILITIES)	(2,822)	(2,436)
NON CURRENT LIABILITIES		
Borrowings	(6,927)	(6,927)
Borrowings - IFRS16 ROU assets	(39,122)	(38,836)
Capital Investment Loan - Non Current	(2,858)	(2,858)
Provisions	(1,005)	(1,005)
Total Non Current Liabilities	(49,912)	(49,626)
TOTAL ASSETS EMPLOYED	201,401	201,095
TAXPAYERS' EQUITY		
Public Dividend Capital	106,698	106,697
Retained Earnings	34,991	34,685
Revaluation reserve	59,712	59,713
TOTAL TAXPAYERS EQUITY	201,401	201,095

Non-current assets

Property, plant, and equipment (PPE) amounts to £203.8m, and includes capital additions of £192k, offset by depreciation charges.

Right of Use leased assets account for £42m of total non-current assets. These have reduced in April due to monthly depreciation charges. The liability relating to these leases is split between current (£3.4m) and non-current (£38.8m) borrowings. The liability reduces once lease payments are made to the landlord.

Current assets

Current assets of £56.7m mainly includes cash of £31.9m and receivables of £24.4m. The receivables balance includes £11.43m accrued income relating to the expected 2022/23 backlog pay award.

Current Liabilities

Current liabilities amount to £59.2m and mainly relate to trade and other payables of £46.6m. This includes an expenditure accrual of £11.83m for the backlog pay award. This is £400k in addition to the funding support provided by NHS England, based on the Trust's internal calculations of the expected payment.

Other liabilities of £4.75m relate to deferred income, of which the majority relates to provider collaborative income from previous years.

Net current assets / (liabilities) show net liabilities of £2.4m.

Taxpayers' Equity

April's deficit of £309k is reflected within retained earnings.

Cash and Working Capital

Cash

The closing cash balance at the end of April was £31.9m, an increase of £2m since the start of the financial year. Interest earned for the month was £140k. If the current rate of return continues, forecast annual interest is estimated at c£1.7m (2022/23: £860k).

The forecast closing cash balance at the end of the year is £25m; this assumes a break-even I&E position at the end of the year and internal cash utilisation of £3m to support this year's capital programme. The cashflow forecast will be monitored throughout the year to identify any changes to working capital assumptions.

Receivables

Current receivables (debtors) total £24.4m; an increase of £3.2m during the month. This increase relates to the high level of accrued income in Month 1. This will reduce in future months once invoices are raised. The current receivables balance includes £11.4m for the expected 2022/23 backlog pay-award.

Receivables	Current Month April 2023				% Total
	NHS	Non NHS	Emp's	Total	
	£'000	£'000	£'000	£'000	
Sales Ledger					
30 days or less	260	260	10	530	2.09%
31 - 60 days	923	117	18	1,058	4.16%
61 - 90 days	774	334	10	1,118	4.40%
Over 90 days	665	331	205	1,201	4.73%
	2,622	1,042	243	3,907	15.38%
Non sales ledger					
	13,497	7,012	0	20,509	80.73%
Total receivables current	16,119	8,054	243	24,416	96.11%
Total receivables non current		989		989	3.89%
Total	16,119	9,043	243	25,405	100.00%

Debt greater than 90 days increased by £277k since March and now stands at £1.2m. Receivables over 90 days should not account for more than 5% of the overall total receivables balance. The proportion at Month 1 is 4.73% (last month: 4.16%). An increase in aged debt with UHL is responsible for the adverse movement in debt value - they are now our highest aged debtor (£556k). There was no movement against the £352k debt provision this month.

Payables

The current payables position in Month 1 is £46.6m – an increase of £4.8m since the start of the year. This increase is due to the inclusion of expenditure accruals to cover the receipt of goods and services where invoices have not yet been received.

The opening payables balance includes £11.83m for the NHS backlog 2022/23 pay award. This is £400k in addition to the funding support provided by NHS England, based on the Trust's internal calculations of the expected payment.

Better Payment Practice Code (BPPC)

The specific target is to pay 95% of invoices within 30 days. The Trust achieved all 4 BPPC targets in April. Further details are shown in **Appendix B**.

Capital Programme 2023/24

Capital expenditure totals £192k at the end of April. Forecast annual spend on capital investment is £20.3m, comprising of £15.2m operational expenditure and £5.1m on new property leases.

Trust Board approved the 2022/23 capital plan on the proviso that schemes linked to CQC and other statutory directives were included in this year's programme (they were originally scored as lower priority schemes by the Capital Management Committee (CMC) and ringfenced for inclusion in next year's plan). To facilitate the additional costs relating to the inclusion of these schemes, the Acacia refurbishment project has been reprofiled into next year.

A further change since Trust Board approved the opening plan is the notification of £2m capital funding for additional LLR community hospital beds, facilitated from NHSE additional capacity funding. The capital element of the scheme will enable the re commissioning of mothballed space allowing 14 additional community hospital beds to be provided at Coalville Hospital.

A list of all changes made to the 2022/23 capital programme, which were approved by the Capital Management Committee at its meeting on the 10th of May 2023, is shown at **Appendix D**. Trust Board is asked to approve the amendments.

APPENDIX A - Statement of Comprehensive Income (SoCI)

Statement of Comprehensive Income for the period ended 30 April 2023	YTD Actual M1 £000	YTD Budget M1 £000	YTD Var. M1 £000
Revenue			
Total income	31,992	32,335	(344)
Operating expenses	(31,717)	(32,056)	339
Operating surplus (deficit)	274	279	(4)
Investment revenue	36	36	0
Other gains and (losses)	0	0	0
Finance costs	(124)	(124)	0
Surplus/(deficit) for the period	186	191	(4)
Public dividend capital dividends payable	(493)	(493)	0
I&E surplus/(deficit) for the period (before tech. adjs)	(307)	(302)	(5)
NHS Control Total performance adjustments			
Exclude gain on asset disposals	0	0	0
NHSE/I I&E control total surplus	(307)	(302)	(5)
Other comprehensive income (Exc. Technical Adjs)			
Impairments and reversals	0	0	0
Gains on revaluations	0	0	0
Total comprehensive income for the period:	(307)	(302)	(5)
Trust EBITDA £000	1,408	1,413	(4)
Trust EBITDA margin %	4.4%	4.4%	0.0%

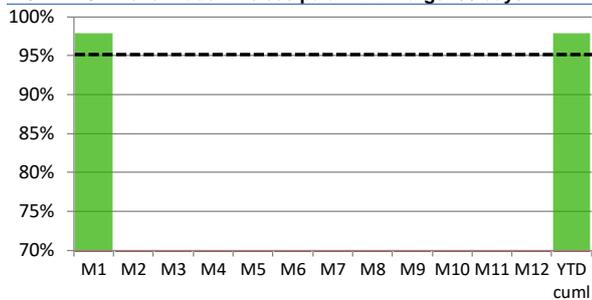
APPENDIX B – BPPC performance

Trust performance – current month

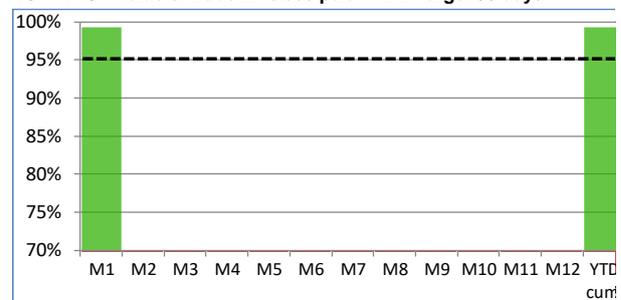
Better Payment Practice Code	April (Cumulative)	
	Number	£000's
Total Non-NHS trade invoices paid in the year	2,628	12,785
Total Non-NHS trade invoices paid within target	2,571	12,693
% of Non-NHS trade invoices paid within target	97.8%	99.3%
Total NHS trade invoices paid in the year	49	4,098
Total NHS trade invoices paid within target	47	4,098
% of NHS trade invoices paid within target	95.9%	100.0%
Grand total trade invoices paid in the year	2,677	16,883
Grand total trade invoices paid within target	2,618	16,791
% of total trade invoices paid within target	97.8%	99.5%

Trust performance – run-rate by all months and cumulative year-to-date

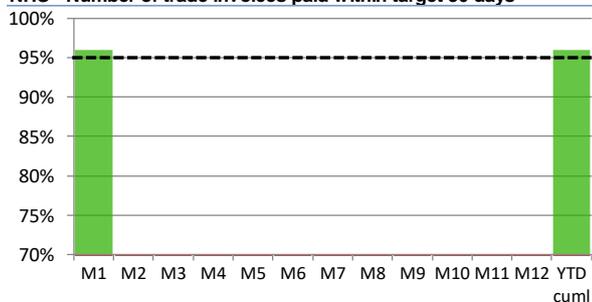
NON-NHS - No. of trade invoices paid within target 30 days



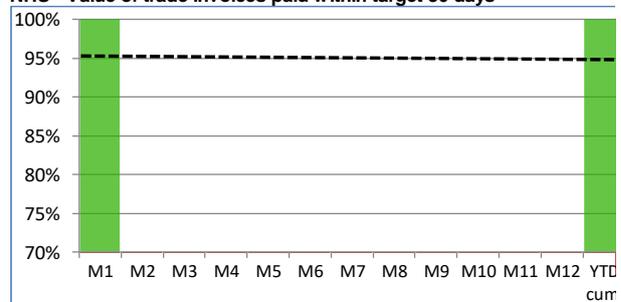
NON-NHS - Value of trade invoices paid within target 30 days



NHS - Number of trade invoices paid within target 30 days



NHS - Value of trade invoices paid within target 30 days



APPENDIX C – Agency staff expenditure

2023/24 Agency Expenditure	2022/23 Outturn	2022/23 Avg mth	2022/24 M1
	£000s Actual	£000s Actual	£000s Actual
DMH			
Consultant Costs	-4,339	-362	-533
Nursing - Qualified	-8,700	-725	-367
Nursing - Unqualified	-1,651	-138	-212
Other clinical staff costs	-207	-17	-12
Non clinical staff costs	-103	-9	0
Sub-total - DMH	-15,000	-1,251	-1,124
LEARNING DISABILITIES			
Consultant Costs	-295	-25	-20
Nursing - Qualified	-1,704	-142	-98
Nursing - Unqualified	-564	-47	-69
Other clinical staff costs	-58	-5	
Non clinical staff costs	-31	-3	
Sub-total - LD	-2,652	-222	-187
CHS			
Consultant Costs	-73	-6	-9
Nursing - Qualified	-6,497	-541	-531
Nursing - Unqualified	-1,623	-135	-339
Other clinical staff costs	-499	-42	-37
Non clinical staff costs	-13	-1	0
Sub-total - CHS	-8,705	-725	-915
FYPC			
Consultant Costs	-1,135	-95	-100
Nursing - Qualified	-3,422	-285	-170
Nursing - Unqualified	-486	-40	-65
Other clinical staff costs	-55	-5	
Non clinical staff costs	-92	-8	-3
Sub-total - FYPC	-5,189	-433	-337
ENAB, HOST AND RESERVES			
Consultant Costs	5		
Nursing - Qualified	95	8	
Nursing - Unqualified	0		
Other clinical staff costs	-174	-15	-6
Non clinical staff costs	-1,277	-106	-59
Sub-total - Enab/Host	-1,352	-113	-65
TOTAL TRUST			
Consultant Costs	-5,837	-486	-662
Nursing - Qualified	-20,228	-1,686	-1,166
Nursing - Unqualified	-4,325	-360	-684
Other clinical staff costs	-993	-83	-55
Non clinical staff costs	-1,515	-126	-62
Total	-32,898	-2,741	-2,629

Total agency costs for April are £2,629k. This is slightly lower than the average monthly cost across 2022/23.

Agency costs for the whole of 2022/23 were £33m, £10m higher than the £23m originally planned for the year.

The plan for 2023/24 is £29m, which would equate to average monthly costs of just over £2.4m, including the agency costs for staffing additional capacity for CHS.

A number of CIP schemes and recovery actions focus on reducing agency spend. The majority of these schemes are expected to deliver savings later in-year.

APPENDIX D: 2023/24 Capital Programme Changes

	Inc/(dec) £000
Opening Plan	18,278
Changes:	
Schemes linked to CQC and other statutory directives (as requested by Trust Board)	
External Storage Mill Lodge	50
Sensory Room - Willows	75
Bathrooms - Stewart House conversion	150
Multi-Faith Room - Willows	75
Sensory Environment - Agnes & Welford (FYPC)	163
	513
Changes to existing schemes	
Estates schemes changes (increase in several GMPs since approval of plan) *	175
Reprofile of Acacia upgrade to following year	(718)
IM&T schemes not delivered by 31.03.23 - funding needed in 2023-24	100
	(443)
New bids - approved by Capital Management Committee 10/05/2023	
Coalville hospital, ward 4, radiator covers	100
Bradgate Mental Health Unit (BMHU) restrooms x 6	172
	272
Additional LLR community hospital beds at Coalville Hospital, facilitated from NHSE additional capacity fu	2,000
Contingency release to support changes (£158k remaining)	(342)
Total changes	2,000
Total adjusted plan	20,278
Estates schemes changes *	£000
Principle Designer	13
P21027 T555 - LV Switchgear, DB's & Generator - Valentine Centre	159
P21067 T547 - IPC issues - Rutland Memorial Hospital	(42)
P22082 Belvoir Boilers & Heat Plate Exchangers	90
P22106 Generator set and switch gear	130
P23044 BMS Strategy	(50)
P23053 Ceiling fire stopping	(50)
P22093 Fence Upgrade	(35)
P23032 Family Visiting Room	9
P21053 T548 - AMH Airlock door system – HPC	80
P22053 Staff space utilisation - Belvoir	23
P22066 Reception counters HSE issues - Trust wide	70
P21050 T527 - Replacement taps and sinks - Trust wide (not capital)	(202)
P22041 H&S - Ligature	(20)
	175

APPENDIX E – Pressures, Mitigations and Risk analysis

The table below shows the risks reflected in the opening 23/24 financial plan. The 'upside risk' shows the impact of favourable assumptions and expected gains reflected in the plan which are relied on for plan delivery. 'Downside risks' reflect the impact of additional risks emerging as actual cost pressures in-year, which haven't been factored in to the plan.

Upside Risks included in the break-even plan	£'000
Hypothetical model doesn't release expected savings	1,250
Non-recurrent income & release of reserves	4,996
CIP not currently identified against 4%	2,569
DMH not able to deliver additional savings plan	2,367
Safer staffing agency reductions do not materialise	4,920
Directorates unable to meet control totals	2,709
Income assumptions not yet agreed	4,313
Hee & LA Pay award shortfalls	579
Inflationary uplift not applied to any other non-block income	981
	24,685
Downside risks not included in the break-even plan	£'000
Pressures due to pay award	(2,500)
Additional inflationary pressures above 2.9%	(1,500)
MH Out of Area placements	(3,700)
CHS able to recruit at accelerated rate	(700)
Agency reductions assumed from safer staffing do not materia	(1,760)
Unknow estates pressures	(1,500)
LA Pay award shortfalls	0
PPE costs higher than anticipated	(500)
CIPs applied to all other non-block income	(372)
Industrial Action	0
	(12,532)
Quantified risk included in break-even plan	37,217
% risk of forecast expenditure	9.60%

As in previous years, as more 23/24 financial performance information becomes available and as likely directorate trajectories start to become apparent, the usual 'risks, pressures and mitigations' table will be included in future 23/24 reports.



Trust Board 30/05/2023

Month 1 Trust finance report

Purpose of the Report

- To provide an update on the Trust financial position.

Proposal

- The Board is recommended to review the summary financial position and accept the reported year to date financial performance.

Decision required: N/A

Governance table

For Board and Board Committees:	Trust Board	
Paper sponsored by:	Sharon Murphy, Director of Finance & Performance	
Paper authored by:	Chris Poyser, Head of Corporate Finance Jackie Moore, Financial Controller	
Date submitted:	23/05/2023	
State which Board Committee or other forum within the Trust's governance structure, if any, have previously considered the report/this issue and the date of the relevant meeting(s):	Regular report issued to Executive Management Board, Finance & Performance Committee and Trust Board meeting.	
If considered elsewhere, state the level of assurance gained by the Board Committee or other forum i.e., assured/ partially assured / not assured:		
State whether this is a 'one off' report or, if not, when an update report will be provided for the purposes of corporate Agenda planning	Monthly update report	
STEP up to GREAT strategic alignment*:	High Standards	
	Transformation	
	Environments	
	Patient Involvement	
	Well Governed	x
	Reaching Out	
	Equality, Leadership, Culture	
	Access to Services	
	Trustwide Quality Improvement	
Organisational Risk Register considerations:	List risk number and title of risk	81- Inadequate control, reporting and management of the Trust's financial position could mean we are unable to deliver our financial plan and adequately contribute to the LLR system plan, resulting in a breach of LPT's statutory duties and

		financial strategy (including LLR strategy).
Is the decision required consistent with LPT’s risk appetite:	NA	
False and misleading information (FOMI) considerations:	NA	
Positive confirmation that the content does not risk the safety of patients or the public	Yes	
Equality considerations:	NA	