

Report to Council of Governors

Financial Position 2020-21

September 2020, Month 6

For Information

CoG 12/2020

(Agenda item: 09)

Introduction

This report summarises the financial performance of the Trust in month 6 of the financial year 2020-21.

Performance at Month 6

The Income Statement at month 6 is included at Appendix A.

The key financial results for the period ending 30th September 2020 are:

- An Income and Expenditure position of **breakeven**.
- Due to Covid-19, the NHS contracts and payments system has been suspended and providers are receiving block and retrospective top up payments to ensure a breakeven position for all providers. This financial regime has been extended until the end of September. Details on the arrangements for the 2nd half of the year have been released and are currently being evaluated to see how this affects the Trust.
- The YTD position includes **£11.5m** of Covid-19 related costs and retrospective top up payments from NHSI/E of **£11.6m** to bring the position to breakeven, making the underlying position a deficit of **£0.1m**.
- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£6.1m**, **£0.4m** adverse to plan.
- The closing cash position at the end of September was **£56.3m**. The higher than usual cash balance is due to payment one month in advance under the new funding arrangements.

Cost Improvement Programme

- The Trust has a cost improvement target of **£6.8m** for 2020-21. Plans have already been developed, but the implementation of these has been postponed due to Covid-19. The schemes are being reviewed and the Productivity

Improvement Programme (PIP) has started up again. Savings of **£1.2m** YTD have been made on existing schemes, **£0.3m** favourable to plan.

Capital Programme

- Capital expenditure at month 6 was **£1.5m**, **£4.8m** below plan, mainly due to slippage on Estates projects.

2020-21 Plan

The FY21 planning process was suspended at the end of March and the plan for April to September has been set as breakeven for all Trusts. The Trust's budgets reflect the draft FY21 plan that was submitted, but the profile has been changed to show breakeven for months 1-6. A planning process for October to March is currently in progress.

The full year plan included in the Draft Plan submission is:

- An Income & Expenditure surplus of **£2.8m**
- Control Total **£0.1m** surplus
- EBITDA of **£21.6m**
- CIP delivery of **£6.8m**
- A Use of Resources Rating of '3'
- A year-end cash balance of **£12.1m**
- Capital investment of **£23.5m**

Recommendation

The Council of Governors is asked to note the financial position of the Trust.

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Lead Executive Director: Mike McEnaney, Director of Finance

Appendix A

Income Statement 2020-21 – Month 6

INCOME STATEMENT											
YTD Actual M6	Prior Year			Plan	Month 6			Plan	Year-to-Date		
	£m	Change			£m	Actual	Variance		%	£m	Actual
146.2	3.3	2.2%	Clinical Income	26.1	24.8	-1.3	-5.1%	156.5	149.5	-7.0	-4.5%
30.5	16.0	52.5%	Other Operating Income	5.4	8.8	3.4	63.5%	31.9	46.5	14.6	45.9%
176.7	19.3	10.9%	Operating Income, Total	31.5	33.6	2.1	6.6%	188.4	196.0	7.6	4.0%
127.2	-12.6	-9.9%	Employee Benefit Expenses (Pay)	22.0	23.0	-1.0	-4.5%	133.3	139.8	-6.5	-4.9%
45.9	-4.2	-9.1%	Other Operating Expenses	8.4	9.6	-1.2	-14.0%	48.6	50.0	-1.5	-3.1%
173.1	-16.8	-9.7%	Operating Expenses, Total	30.4	32.6	-2.2	-7.2%	181.8	189.9	-8.0	-4.4%
0.0	0.0	0.0%	Non-Operational Income	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
3.6	2.5	68.9%	EBITDA	1.1	1.0	-0.1	-7.8%	6.5	6.1	-0.4	-6.1%
0.0	0.0	0.0%	Profit/(Loss) on asset disposal	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
3.6	0.1	2.8%	Depreciation and Amortisation	0.6	0.6	0.0	0.0%	3.5	3.5	0.0	-0.1%
0.0	0.0	0.0%	Asset Impairment	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
0.5	0.0	0.0%	Interest	0.1	0.1	0.0	-5.6%	0.5	0.5	0.0	4.0%
0.4	-0.1	-24.4%	Other Finance Charge	0.1	0.1	0.0	0.0%	0.4	0.5	-0.1	-19.0%
1.8	0.2	10.9%	PDC Dividend	0.4	0.3	-0.1	-27.1%	2.1	1.7	0.5	21.7%
-2.7	2.7	-101.8%	Surplus/ (Deficit)	0.0	0.0	0.0	-294305.0%	0.0	0.0	0.0	-90.4%