

Report to Board of Directors

BOD 09/2021
(Agenda item13)

Financial Position 2020-21

December 2020, Month 9

For Information

Introduction

This report summarises the financial performance of the Trust in month 9 of the financial year 2020-21.

Performance at Month 9

The Income Statement at month 9 is included at Appendix A.

The key financial results for the period ending 31st December 2020 are:

- An Income and Expenditure position of a **£0.5m** surplus, **£0.3m** favourable to plan
- The NHS financial arrangements for months 1-6 were that providers are reimbursed to a breakeven position. From month 7 the Trust has no longer received this retrospective top up payment and is monitored against a new plan for months 7-12, which includes an allocation for costs relating to Covid-19. The Trust's year-end plan is for a deficit of **£1.9m**, which includes **£2.1m** of contingency reserves profiled in month 12 resulting in a YTD plan of a **£0.2m** surplus.
- The YTD position includes **£16.5m** costs relating to Covid-19 and retrospective top up payments/Covid-19 allocation from NHSE/I of **£17.2m**. It also includes Covid-19 vaccination costs of **£0.2m** and an accrual of **£0.2m** for a retrospective top up payment to cover these costs. This makes the underlying position **breakeven** (**£0.5m** surplus at month 8).
- The month 9 position also includes a holiday pay accrual of **£2.1m** to reflect the change in the Trust's policy on carry forward or payment of this year's annual leave allowance. This is offset by an improved position due to a decrease in the PDC accrual, additional income received in month and various other small changes.

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£8.7m**, **£1.2m** adverse to plan.
- The closing cash position at the end of December was **£66.4m**. The cash balance is higher than in previous years due to payment in advance under the current block payment system.

Cost Improvement Programme

- Since the Covid-19 pandemic there has not been a national requirement to make CIPs. A planning process for months 7-12 has just been completed and there was no requirement to include a certain percentage efficiency saving as there has been in previous planning processes. The Trust has submitted a plan which includes **£1.2m** of CIP savings which reflects the continuation of YTD savings made at month 6.
- For internal purposes CIP savings continue to be monitored against the original plan of **£6.8m**. **£2.0m** of CIP savings have been made YTD which is **£1.3m** below the profiled plan.

Capital Programme

- Capital expenditure at month 9 was **£3.5m**, **£10.8m** below plan due to slippage on Estates projects and a delay in the PICU and LD LSU 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. A new plan for months 7-12 has been submitted to NHSE/I which includes:

- An Income & Expenditure deficit of **£1.9m**
- CIP delivery of **£1.2m**
- Covid costs of **£22.6m** (**£11.1m** for months 7-12)
- A year-end cash balance of **£22.2m**
- Capital investment of **£22.2m**

Recommendation

The Board of Directors 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 9

| INCOME STATEMENT | | | | | | | | | | | |
|------------------|--------------|----------------|----------------------------------|-------------|-------------|-------------|----------------|--------------|--------------|--------------|---------------|
| YTD Actual M8 | Prior Year | | | Month 9 | | | | Year-to-Date | | | |
| | £m | £m | | % | Plan | Actual | Variance | | Plan | Actual | Variance |
| £m | £m | % | | £m | £m | £m | % | £m | £m | £m | % |
| 221.2 | 16.3 | 7.4% | Clinical Income | 29.1 | 30.6 | 1.5 | 5.2% | 244.1 | 237.5 | -6.6 | -2.7% |
| 46.8 | 14.1 | 30.1% | Other Operating Income | 4.2 | 5.0 | 0.8 | 18.7% | 44.6 | 60.9 | 16.3 | 36.7% |
| 268.1 | 30.4 | 11.3% | Operating Income, Total | 33.3 | 35.6 | 2.3 | 6.9% | 288.7 | 298.4 | 9.8 | 3.4% |
| 192.9 | -20.5 | -10.6% | Employee Benefit Expenses (Pay) | 23.5 | 25.7 | -2.2 | -9.3% | 204.0 | 213.4 | -9.4 | -4.6% |
| 68.7 | -7.6 | -11.0% | Other Operating Expenses | 8.6 | 9.4 | -0.7 | -8.4% | 74.8 | 76.3 | -1.6 | -2.1% |
| 261.6 | -28.1 | -10.7% | Operating Expenses, Total | 32.2 | 35.1 | -2.9 | -9.1% | 278.7 | 289.7 | -11.0 | -3.9% |
| 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% |
| 6.4 | 2.3 | 35.5% | EBITDA | 1.1 | 0.5 | -0.6 | -54.1% | 9.9 | 8.7 | -1.2 | -12.2% |
| -0.5 | 0.5 | 0.0% | Profit/(Loss) on asset disposal | 0.0 | 0.0 | 0.0 | 0.0% | 0.0 | 0.0 | 0.0 | 0.0% |
| 5.3 | 0.5 | 9.5% | Depreciation and Amortisation | 0.6 | 0.4 | -0.1 | -23.3% | 5.2 | 4.8 | 0.4 | 7.7% |
| 0.0 | 0.0 | 0.0% | Asset Impairment | 0.0 | 0.0 | 0.0 | 0.0% | 0.0 | 0.0 | 0.0 | 0.0% |
| 0.7 | 0.0 | 0.0% | Interest | 0.1 | 0.1 | 0.0 | -16.5% | 0.7 | 0.7 | 0.0 | 5.6% |
| 0.6 | -0.1 | -16.4% | Other Finance Charge | 0.1 | 0.1 | 0.0 | 0.0% | 0.6 | 0.7 | -0.1 | -14.4% |
| 2.8 | 0.8 | 28.6% | PDC Dividend | 0.4 | -0.1 | -0.4 | -115.8% | 3.2 | 2.0 | 1.2 | 37.6% |
| -2.5 | 4.0 | -162.4% | Surplus/ (Deficit) | 0.1 | 0.0 | -0.1 | -114.9% | 0.2 | 0.5 | 0.3 | 232.0% |