

Paper Number: BOD 26/2021

## Report to the Board of Directors

### Financial Position 2020-21

February 2021, Month 11

### For Information

#### Introduction

This report summarises the financial performance of the Trust in month 11 of the financial year 2020-21.

#### Performance at Month 11

The Income Statement at month 11 is included at Appendix A.

The key financial results for the period ending 28<sup>th</sup> February 2021 are:

- An Income and Expenditure position of a **£0.9m** surplus, **£0.7m** 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 **£19.9m** costs relating to Covid-19 and retrospective top up payments/Covid-19 allocation from NHSE/I of **£20.8m**. It also includes Covid-19 vaccination costs of **£2.1m** and an accrual of **£2.1m** for a retrospective top up payment to cover these costs. This makes the underlying position **breakeven** (**£1.1m** surplus at month 10).
- The month 11 position also includes a holiday pay accrual of **£2.9m** to reflect the change in the Trust's policy on carry forward or payment of this year's annual leave allowance. NHSE/I have confirmed that this is an "allowable" item and will not be taken into account when comparing the Trust's financial performance against plan. Excluding this, the favourable variance against plan is **£3.6m**.

- EBITDA (Earnings before interest, taxation, depreciation and amortisation) of **£10.4m**, **£1.1m** adverse to plan.
- The closing cash position at the end of December was **£79.9m**. 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. In the planning process for months 7- there was no requirement to include a certain percentage efficiency saving as there has been in previous planning processes. The Trust submitted a plan which included **£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**. **£2.4m** of CIP savings have been made YTD which is **£2.6m** below the profiled plan.

### Capital Programme

- Capital expenditure at month 11 was **£5.2m**, **£5.7m** below plan due to slippage on Estates projects. However, there is a high level of committed spend and the forecast outturn is for spend to be in line with plan for Estates and IM&T operational schemes.

### 2020-21 Plan & Forecast

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** (Forecast – **breakeven**)
- CIP delivery of **£1.2m** (Forecast - **£2.6m**)
- Covid costs of **£22.6m** (**£11.1m** for months 7-12) (Forecast - **£21.3m**)
- A year-end cash balance of **£22.2m** (Forecast - **£45m**)
- Capital investment of **£22.2m** (Forecast - **£11.5m** due to a delay in the Highfield PICU and the LD LSU scheme not proceeding)

### 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 11

INCOME STATEMENT											
YTD Actual M11	Prior Year			Month 11				Year-to-Date			
	£m	Change		Plan	Actual	Variance		Plan	Actual	Variance	
		£m				%	£m			%	£m
271.5	27.8	10.2%	Clinical Income	29.4	31.4	2.0	6.7%	302.6	299.3	-3.3	-1.1%
56.7	15.2	26.8%	Other Operating Income	4.2	6.1	1.9	46.5%	52.4	71.9	19.5	37.3%
<b>328.2</b>	<b>43.0</b>	<b>13.1%</b>	<b>Operating Income, Total</b>	<b>33.6</b>	<b>37.5</b>	<b>3.9</b>	<b>11.7%</b>	<b>354.9</b>	<b>371.2</b>	<b>16.3</b>	<b>4.6%</b>
236.9	-30.1	-12.7%	Employee Benefit Expenses (Pay)	23.8	27.8	-4.1	-17.1%	251.2	267.0	-15.8	-6.3%
87.6	-6.2	-7.1%	Other Operating Expenses	8.8	10.0	-1.2	-14.0%	92.2	93.8	-1.6	-1.7%
<b>324.5</b>	<b>-36.3</b>	<b>-11.2%</b>	<b>Operating Expenses, Total</b>	<b>32.5</b>	<b>37.8</b>	<b>-5.3</b>	<b>-16.3%</b>	<b>343.5</b>	<b>360.8</b>	<b>-17.4</b>	<b>-5.1%</b>
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%
<b>3.7</b>	<b>6.7</b>	<b>181.8%</b>	<b>EBITDA</b>	<b>1.1</b>	<b>-0.3</b>	<b>-1.4</b>	<b>-130.2%</b>	<b>11.5</b>	<b>10.4</b>	<b>-1.1</b>	<b>-9.7%</b>
-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%
6.4	0.6	9.4%	Depreciation and Amortisation	0.6	0.5	0.1	22.8%	6.4	5.7	0.7	10.7%
0.0	0.0	0.0%	Asset Impairment	0.0	0.0	0.0	0.0%	0.0	0.0	0.0	0.0%
0.8	0.0	0.0%	Interest	0.1	0.1	0.0	19.8%	1.0	0.9	0.2	15.6%
0.7	-0.1	-13.4%	Other Finance Charge	0.1	0.1	0.0	0.0%	0.7	0.8	-0.1	-12.8%
3.4	1.4	41.8%	PDC Dividend	0.3	-0.1	0.3	121.8%	3.1	2.0	1.1	35.6%
<b>-7.1</b>	<b>9.1</b>	<b>-127.4%</b>	<b>Surplus/ (Deficit)</b>	<b>0.0</b>	<b>-0.9</b>	<b>-0.9</b>	<b>-2791.1%</b>	<b>0.2</b>	<b>0.9</b>	<b>0.7</b>	<b>352.8%</b>