

<b>Trust Board (Public)</b>	<b>Item: Finance Report Month 7</b>
<b>Date: November 2021</b>	<b>Enclosure: H</b>
<b>Purpose of the Report:</b> To update the Trust on the Trust's Financial Position at the end of Month 7.  Key points of the report are:  Financials  The Trust has reported a £2.7m deficit for month 7 of 2021/22. This is in line with the Month 7 plan based on expenditure forecasts developed with the divisions and is in effect an interim budget. Funding streams for Winter and Elective recovery have been agreed with the sector and will be reflected from month 8 onwards.  Elective Recovery income of £0.2m reported in month relates to H1. Estimated ERF income for H2 of £5.8m will be factored into future months.  The ERF is dependant on sector wide achievement of activity trajectories set by NHSE/I.  Total capital expenditure YTD is £6.6m which is £0.2m ahead of YTD plan.	
<b>For: Information</b> <input checked="" type="checkbox"/> <b>Assurance</b> <input type="checkbox"/> <b>Discussion and input</b> <input type="checkbox"/> <b>Decision/approval</b> <input checked="" type="checkbox"/>	
<b>Sponsor (Executive Lead):</b>	Yarlini Roberts, Chief Financial Officer
<b>Author:</b>	Charlotte Sparrow, Assistant Director of Financial Management
<b>Author Contact Details:</b>	charlotte.sparrow@nhs.net
<b>Risk Implications – Link to Assurance Framework or Corporate Risk Register:</b>	To deliver the 2021/22 financial plan
<b>Legal / Regulatory / Reputation Implications:</b>	None
<b>Link to Relevant CQC Domain:</b> <b>Safe</b> <input type="checkbox"/> <b>Effective</b> <input type="checkbox"/> <b>Caring</b> <input type="checkbox"/> <b>Responsive</b> <input type="checkbox"/> <b>Well Led</b> <input checked="" type="checkbox"/>	
<b>Link to Relevant Strategic Theme:</b>	
<b>Document Previously Considered By:</b>	Finance and Investment Committee
<b>Recommendations:</b> The Board is asked to note the Trust's performance against the three key objectives:  I&E £6.3m deficit plan for H2 of 21/22. Deliver elective activity to achieve ERF in H2 of 21/22 of £5.8m. Achieve Capital Delegated limit.	

# Finance Report Month 7 October 2021



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# 1. Executive Summary

Metric		In Month			Year To Date			Variation
		Actual	Plan	Variance	Actual	Plan	Variance	Current Month
£m	Income	29.4	28.6	0.8	212.2	207.6	4.6	
	Expenditure	32.2	31.4	(0.8)	216.2	211.6	(4.6)	
	Total I&E (Control Total Equivalent)	(2.7)	(2.7)	(0.0)	(4.0)	(4.1)	0.0	
	Temporary Staffing Spend	3.7	3.2	(0.5)	19.4	7.3	(12.1)	
	Capital Expenditure	1.6	2.4	0.8	6.4	6.3	(0.1)	
	CIP							

- Month 7 plan is based on expenditure forecasts developed with the divisions and is in effect an interim budget. Funding streams for Winter and Elective recovery have been agreed with the sector and will be reflected from month 8 onwards.
- The YTD position is a deficit of £4m which is in line with plan.
- Deficit in month of £2.7m is a special cause of concern in the SPC with month 7 reporting completed before confirmation of further sector funding streams. The H2 plan is now a deficit of £6.3m, an average of £1.1m per month.
- Temporary staffing costs at £3.7m are £1m above YTD average due to enhanced rates and additional capacity provided.



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## 2. Scorecard

### Financial Strategy

1. The month 7 plan is based on forecasts developed with the divisions and is in effect an interim budget. Guidance for H2 was issued in late October with a plan submission due 16<sup>th</sup> November, therefore an interim budget was required for month 7.
2. Working with the sector to access any remaining sources of funding to offset the £2.5m reduction in ERF gain and the remaining winter pressure/capacity gap of £2.8m (net of capacity building funding of £1.0m and discharge fund surplus of £0.7m).
3. Continue to pursue further efficiencies or mitigations to address gap in H2 position and recurrent schemes for 22/23 planning.
4. The Trust submitted a revised Capital Plan in May 2021 removing the Critical Infrastructure funding as agreed at sector level to fund the Estates Modernisation Programme. Work has continued to find mitigations to fund the Critical Infrastructure projects, however, with changes to ERF thresholds, it is unlikely this element will be forthcoming. A paper was presented to EMC and FIC in September, highlighting key Critical Infrastructure projects and gained approval to proceed at risk, whilst the wider London capital position is reviewed during Quarter 3.
5. The PDC for £183k for the Cybersecurity Project is expected to be drawn down, and expenditure being incurred in the 2021/22 financial year.
6. The submission to the Targeted Investment Fund (TIF) included £10.5m for Roehampton Wing project and £1.3m for IT. The SGH CCU scheme has also been put forward. The Trust has now been advised that the £10.5m for the Roehampton Project has now been approved as TIF.

### Financial Governance

1. Full year outturn position of £15.0m deficit for the sector was submitted on the 16/11/21 including a full year deficit plan for KHT of £7.6m, (H1 was £1.3m, H2 plan is £6.3m). The H2 sector position is a £19.0m deficit. The provider level submission will be made on 25/11/21 following presentation at the November Finance & Investment Committee.
2. Any future revisions to the H2 plan will also be presented to Finance & Investment Committee.
3. The SWL Sector is still planning to close the £15.0m full year sector gap through the redistribution of funds across London to meet the required breakeven position.
4. The Trust's capital plan was presented and approved by the Executive Management Committee and FIC during April.

### Financial Performance

1. Month 7 position is a £2.7m deficit, in line with plan. The in month position is based on available information on KHT share of sector funding at the time of reporting. It therefore does not include a share of the latest income streams confirmed by the sector totalling £8.1m, including H2 ERF. NHSE/I are aware of this issue and consequently in the M7 return have simply assumed that the in month plan equals the actuals.
2. The only ERF income reported in month is £0.2m relating to H1. Estimated ERF income for H2 of £5.8m will be factored into future months. Additional funding for independent sector costs of £0.9m have also been confirmed.
3. Pay expenditure at £19.4m is £0.1m above plan and £1.4m above average pay spend for H1. Expected cost increases for elective recovery, enhanced rates and winter pressures (inc. ICU) total £1.0m. Other increases to the run rate are mainly in nursing pay including maternity (normal recruitment cycle and Ockenden investment), paediatrics (filling vacancies and increased RMN usage), Acute Assessment Unit and recruitment to HCA posts across all areas. £1.3m of this increase is factored in to the H2 financial plan which is triangulated with the WTE plan.
4. Non-Pay and Depreciation costs of £12.2m in month are £0.6m above plan in month but only £0.1m above the average for H1. The main overspend is in the corporate division, in estates and IT. Both of these areas have large non-pay contracts, an uneven cost profile from one month to the next and numerous capital projects within their remit. Forecasts to the end of the year are continually reviewed and updated with the latest months actuals and the H2 total remains within the submitted plan. Unplanned care has seen a £0.1m overspend on clinical supplies driven by ED and cardiology.
5. Temporary staffing spend of £3.7m is £0.5m above plan. It is £1.1m above the average spend for H1. Increased elective recovery, winter pressures costs and the continuing enhanced rates all contribute to an increase in temporary staffing. Cohort recruitment in nursing, and recruitment initiatives for long term medical vacancies will both help to reduce temporary staffing costs in future months.
6. Trust Capital spend cumulative to Month 7 was £6.6m, £0.2m ahead of plan including Estates £0.3m, and Medical Equipment £0.2m. MES (£0.4m) has partially offset the overspend.

### Financial Risk

1. The H2 plan now includes £5.8m of ERF income which remains reliant on sector performance. The value is based on the latest activity submissions from all providers.
2. The costs of delivering ERF in H2 have been authorised and are now offset by the assumption of £5.8m funding in the plan. The net gain for H2 of £1.7m is still £3.4m below the gain in H1 plan of £5.1m. Additional £0.9m of insourcing re-imburement does however reduce this further.
3. Mitigations included in the delivery of current H2 plan include £2.2m reduction to the annual leave accrual. The ability to realise this mitigation depends on annual leave remaining at the end of the year which could be put at risk by further surges in patient number over the coming months.
4. The Trust has also committed to finding a further £2.0m of mitigations for which a balance sheet review exercise has already begun.
5. A planned gap for H2 of £6.3m remains. The review of costs and forecasts to mitigate this internally will continue but is unlikely to close the gap significantly. This position is part of a full year forecast deficit of £15.0m for the sector.
6. The Critical Infrastructure investment is expected to be mitigated by the Targeted Investment Fund (TIF) allocation. The Trust has submitted bids to access this fund and is still awaiting the outcome.



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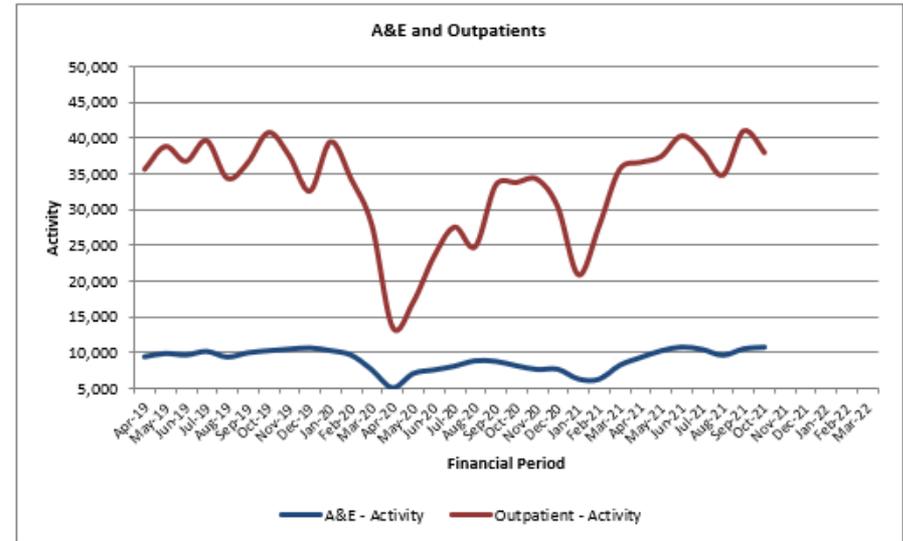
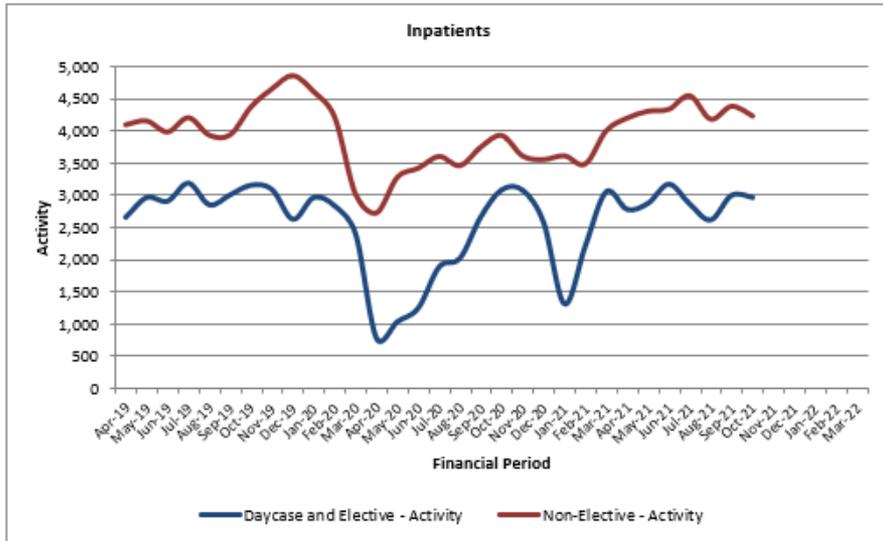


VALUE EACH OTHER



INSPIRING

# 3. Patient Care Activity



Point of Delivery	In Month			Year to Date		
	Plan	Actual	Variance	Plan	Actual	Variance
A&E	10,838	10,875	37	60,817	72,409	11,592
Daycase and Elective	2,813	2,956	143	20,727	20,201	(526)
Non-Elective	3,831	4,231	400	28,128	30,172	2,044
Outpatient	41,204	38,028	(3,176)	279,174	266,532	(12,642)
Maternity	1,183	1,247	63	8,294	8,497	203
Critical Care	722	713	(9)	4,888	5,178	290
High Cost Drugs	1,850	2,669	819	12,358	15,659	3,301
Other	311,459	258,837	(52,622)	2,308,268	2,122,934	(185,334)
<b>Total</b>	<b>373,900</b>	<b>319,556</b>	<b>(54,344)</b>	<b>2,722,655</b>	<b>2,541,582</b>	<b>(181,073)</b>

1. All activity values are recorded in the month that the activity took place. The year to date figure will include any adjustments to prior months. The majority of activity in 'Other' is Direct Access Pathology and Radiology. Due to a shortage of blood tubes, GPs were asked to ration Direct Access Pathology tests, which has had a significant impact on activity this month. Historic values for REU Casualty have been transferred from A&E to Outpatients in the graphs above.
2. The plan values are currently showing an indicative view of H2 activity. The Trust's H2 activity submission is currently with SWL sector. Final submission to NHSEI is due 16th November.



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# 5. Capital

	Capital Plan £000	Capital YTD Plan £000	YTD CDEL Spend £000	YTD plan Variance CDEL £000
ESTATES	13,236	4,249	4,026	(223)
EQUIPMENT	2,392	300	512	212
IT	3,466	1,455	1,346	(109)
MES	1,289	375	-	(375)
PFI	467	-	-	-
HSLIP (brokered)	1,172	-	-	-
Wave 4 Procedure & Frailty SDEC (Subject to approval)	2,553	-	547	547
Charity Funded:	150	-	136	136
<b>TOTAL APPROVED CAPITAL PROGRAMME</b>	<b>24,725</b>	<b>6,379</b>	<b>6,567</b>	<b>188</b>

Capital Funding:	Don funding £'000	Internal £'000	PDC funding £'000	Total £'000
Charity Donation	150			150
Depreciation ( Internally funding )		11,380		11,380
PDC future draw			9,660	9,660
Admissions on the Day and Frailty Approved by PDC			2,553	2,553
CDH			982	982
Cyber Security			183	183
Total CDEL				24,908
SW expected CRL				24,216
Under/(Over) CRL				(692)

## COMMENTARY

The expected CRL is now £24.908m. The increase of £0.183m relates to further PDC which has been approved in respect of the Cyber security. PDC of £0.750m for the CT Scanner, which does not come with CRL, was latterly approved by NHSI.

The approved plan included £10.5m for Roehampton Project (subject to approval by NHS London).

Actual YTD spend as at 31st October was £6.6m and was £0.2m above YTD plan £6.4m.

Estates year to date spend is £4.6m which is £0.3m above plan; MES (£0.4m) has partially netted off the overspend.

Medical Equipment year to date spend was £0.5m which is £0.2m above plan. IMT year to date spend was £0.1m below the plan.

Capital spend year to date includes :

- Esher Wing -Level 1 configuration - £1.1m.
- Main Chillier & Airedale - £0.7m
- IT Operation & Project Management - £0.8m
- Regent Wing Decant (ISS) - £0.7m
- Procedure Suites AOD - £0.5m
- REU Redevelopment - £0.4m

