

Finance Report Month 12 March 2022



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1. Executive Summary

Metric		In Month			Full Year			Variation
		Actual	Plan	Variance	Actual	Plan	Variance	Current Month
£m	Income	46.4	30.5	15.8	388.9	363.4	25.4	
	Expenditure	45.6	29.6	(16.0)	391.1	365.8	(25.4)	
	Total I&E (Control Total Equivalent)	0.8	0.9	(0.1)	(2.3)	(2.3)	0.0	
	Temporary Staffing Spend	3.9	3.2	(0.7)	23.7	17.8	(5.9)	
	Capital Expenditure	21.2	4.2	17.0	37.1	23.1	14.0	

Reconciliation between Total I&E and Control Total Equivalent		In Month		Full Year	
		Actual		Actual	
£m	Total I&E	(2.8)		(6.2)	
Allowable Adjs.	Impairment (market prices)	(4.1)		(4.1)	
	Donated Asset Income	0.5		0.6	
	Donated Asset Depreciation	(0.0)		(0.5)	
£m	Total I&E (Control Total Equivalent)	0.8		(2.3)	

- Month 12 position is a £0.8m surplus, full year position is a £2.3m deficit in line with the full year plan.
- Income is £15.8m above plan including £7.9m of funding for employers pension contributions which is offset by expenditure, £3.0m in patient care income with additional ERF and sector funding, £3.3m in income generation, and £1.2m additional education funding.
- Temporary staffing spend in month of £3.9m is £0.7m above the plan. This above plan position is due to the overspend against in month winter/capacity plans.



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2. Scorecard

Financial Strategy

1. The I&E planned deficit position for submission on 28th April 2022 at the time of writing is £18.0m and improvement of £5.4m on the £23.4m deficit submitted on 17th March 2022. This improved position includes further mitigations achieved through the check and challenge basis and an increase to the efficiency target.
2. The sector is still seeking to improve upon its planned deficit for next year which could lead to a further revision of the plan at a later date.
3. The FIP target within the submission is now £15.8m inclusive of £3.9m cost pressure mitigation through the check and challenge process and £1.0m reduction in IPC costs. Currently the unidentified amount is £5.0m. This includes an additional £2.5m phased in to H2.
4. The drivers of the deficit for 22/23 have been categorised as Structural, Strategic and Operational following the PWC report presented last month. The changes compared to last year are mainly structural and due to reduction in funding, but the analysis shows the benefit of the FIP programme is still more than offset by increased cost pressures.
5. A capital plan for 22/23 has been developed where functional heads for Estates, ICT and Equipment have worked with services to compile a longlist of projects, which has been compiled into initial capital plan. Further meetings have been held to ensure thorough oversight across the organisation to prioritise the capital plans that are funded from discretionary capital to ensure they align with transformation plans. Final plan to be discussed and reviewed at Capital Control Committee and Executive Management Committee before approval at Finance and Investment Committee.

Financial Governance

1. Full year deficit of £2.3m achieved in line with plan.
2. Further updated submissions to SWL Sector of Activity and Workforce and Financial plans for 22/23 have been made and subsequently submitted to NHSE via the sector.
3. Submission to NHSE/I of final KHT financial plan is due on 28th April 2022 following CEO review and CFO sign off in the week ending 22nd April 2022.
4. The 22/23 plan including proposed reductions to the planned I&E deficit along with associated risks were presented to EMC for discussion on 20th April 2022.
5. The Trust's capital plan was presented and approved by the Executive Management Committee and FIC during April.

Financial Performance

1. Month 12 position is a £0.8m surplus, YTD the position is a £2.3m deficit. This is in line with the full year plan inclusive of all sector funding.
2. Income is £15.8m above plan including £7.9m of funding for employers pension contributions which is offset by expenditure. Further patient care income overperformance includes £2.0m for the "Elective Plus" funding and overperformance on activity driven core ERF of £0.7m. Other income overperformance of £3.0m income generation and £1.2m of education funding is mostly project income offset by corresponding expenditure.
3. ERF income reported for 21/22 is £15.7m.
4. Pay expenditure at £27.4m is £10.0m plan in month. This variance is due to £7.9m of employers pension contributions, £1.0m of medical clinical excellence award payments to leave an underlying £1.1m overspend against plan. The residual overspend is patient care activity related particularly emergency and inpatient medical pay.
5. Non-Pay and Depreciation costs of £18.0m are £6.3m above plan in month. The position includes ongoing overspends as seen in previous months of project costs offset under pay and other income. Independent sector costs are high in month but offset by additional ERF income.
6. Temporary staffing spend in month of £3.9m is £0.7m above plan with a £0.5m increase in medical bank and agency costs compared to the previous month to cover emergency and inpatient acute demand.
7. Trust Capital spend cumulative to Month 12 was £37.1m, £12.4m above plan including Estates £8.0m related to Roehampton Modular building, and IMT £2.7m above original plan relating to Targeted Investment Fund projects approved in year.

Financial Risk

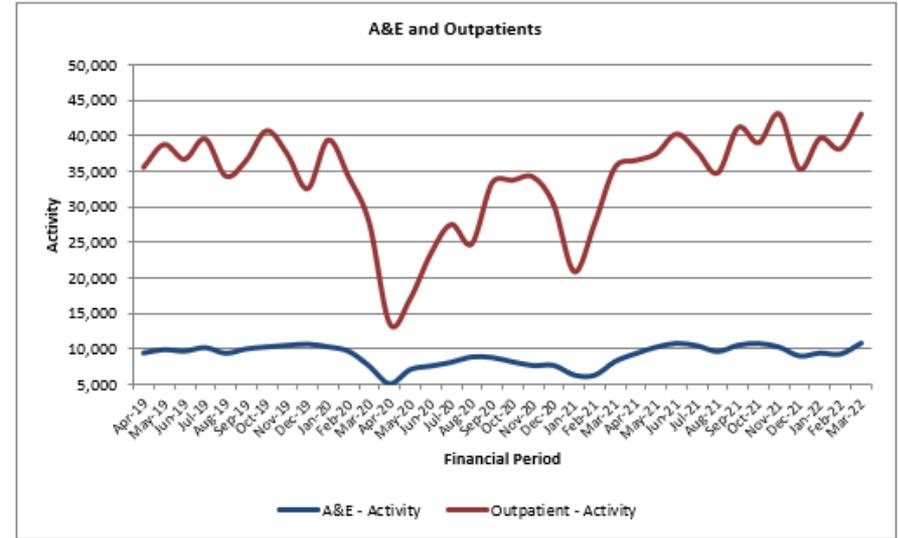
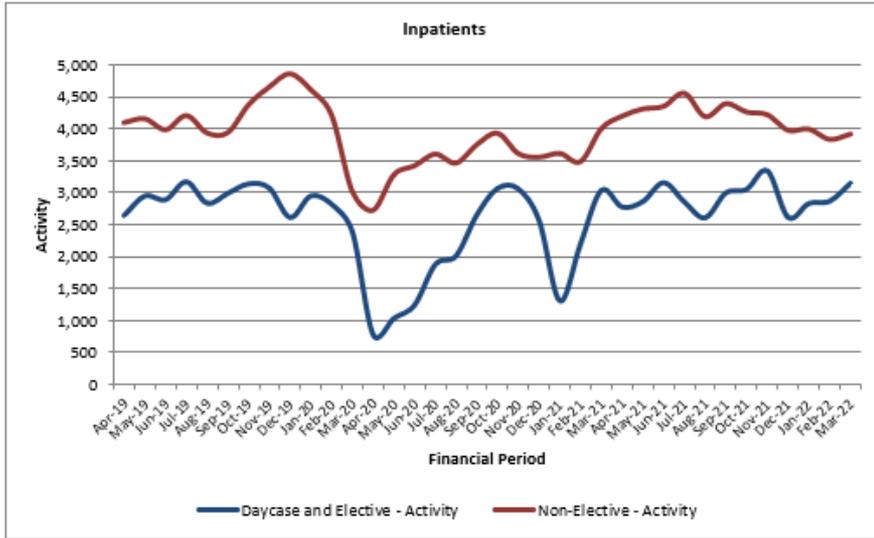
1. ERF income performance for H2 was confirmed to be £0.4m above plan for KHT shown in the month 12 position, leading to £0.1m above plan for the 21/22 full year.
2. KHT has improved its I&E deficit for 22/23 £18.0m, with the inclusion of £3.9m mitigations following further check and challenge of cost pressures and an increase in the FIP target.
3. The mitigations in 22/23 only partially offset the deficit position. The Sector has been asked to improve upon the draft position submitted and the Trust has moved its position to help achieve this ensuring risks are sufficiently highlighted.
4. One of the risks in the plan is related to inflation and an estimate of £2.1m has been included following further issued guidance.
5. Increase in cost of Roehampton Modular build project from £10.6m to £15.1m putting pressure on rest of capital plan in 21/22 and 22/23. Mitigations were identified to keep overall expenditure within 21/22 capital limits. Currently have a gap of £1.2m in 22/23 after prioritising schemes, we propose to manage this overcommitment through slippage arising during the year.



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3. Patient Care Activity



Point of Delivery	In Month			Year to Date		
	Plan	Actual	Variance	Plan	Actual	Variance
A&E	10,706	10,922	216	113,880	121,486	7,606
Daycase and Elective	3,307	3,155	(152)	35,652	35,188	(464)
Non-Elective	4,209	3,914	(295)	52,070	50,169	(1,901)
Outpatient	43,585	43,184	(401)	481,834	467,573	(14,261)
Maternity	1,257	1,164	(93)	14,195	14,287	92
Critical Care	892	754	(138)	9,403	8,918	(485)
High Cost Drugs	2,026	2,323	297	21,697	26,861	5,164
Other	340,008	394,794	54,786	3,875,162	3,837,431	(37,731)
Total	405,991	460,209	54,218	4,603,892	4,561,912	(41,979)

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. Direct Access Pathology tests are back to normal levels following the tube shortage. Historic values for REU Casualty have been transferred from A&E to Outpatients in the graphs above.
2. The plan values are showing the H2 activity as per the November H2 SWL Sector planning submission.



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4. Capital

	Capital Plan £000	Capital YTD Plan £000	YTD CDEL Spend £000	YTD plan Variance CDEL £000
ESTATES	13,236	13,236	21,600	8,364
EQUIPMENT	2,392	2,392	4,581	2,189
IT	3,466	3,466	6,203	2,737
MES	1,289	1,289	1,216	(73)
PFI	467	467	404	(63)
HSLIP (brokered)	1,172	1,172	-	(1,172)
Wave 4 Procedure & Frailty SDEC	2,553	2,553	2,553	-
Charity Funded:	150	150	637	487
TOTAL APPROVED CAPITAL PROGRAMME	24,725	24,725	37,194	12,469
Capital Funding:	Don funding £'000	Internal £'000	PDC funding £'000	Total £'000
Charity Donation	150	135		285
Depreciation (Internally funding)		9,022		9,022
TIF Estate (Roehampton)			10,500	10,500
Admissions on the Day and Frailty Approved PDC			2,550	2,550
CDH			982	982
Cyber Security			183	183
CIR		2,890		2,890
1 TIF-Digital bids			1,056	1,056
2 TIF-Digital bids			1,059	1,059
Digital Maternity Fund Unified Tech Funding			500	500
Digital Maternity Fund Unified Tech Funding LNMS			252	252
Diagnostics Digital Capability PDC Capital Award			488	488
Echo Simulator £74k			74	74
Digital workforce			10	10
Adjustment to CDEL envelope from other ICSS		6,060		6,060
Digital Diagnostic Programme 21 - 22			223	223
Total CDEL	150	18,107	17,877	36,134
SW expected CRL				36,134
Under/(Over) CRL				-

COMMENTARY

The final CRL remained at £36.1m in March as it was in February with no new funding received in the final month of the year.

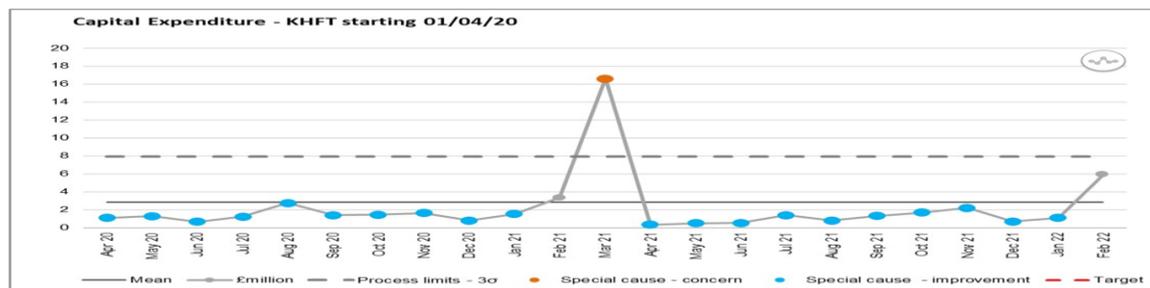
Estates year to date spend is £21.6m which is £(8.3m) above the original plan mainly due to additional funding received related to the Roehampton Modular Builds project.

MES year to date spend is £12m and (£0.1m) below plan.

Medical Equipment year to date spend was £4.6m which is above the plan by £(2.1m) following receipt of slippage funding. IMT year to date spend is £6.2m which is (£2.7m) above the plan following funding received during the year for the Targeted Investment Fund.

Capital spend year to date includes :

- Esher Wing -Level 1 configuration - £1.4m.
- Main Chillier & Airedale - £0.9m
- IT Operation & Project Management - £1.2m
- Regent Wing Decant (ISS) - £0.8m
- Procedure Suites AOD & Frailty SDEC Wave 4 - £2.5m
- REU Redevelopment - £0.5m
- Fire Safety Works - £1.3m
- Roehampton Modular Builds ENT & Gynae - £11.2m



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