University Hospital Southampton NHS Foundation Trust

Report to the Trust Board of Directors				
Title:	**Finance Report 2023-24 Month 4**			
Agenda item:	**N/A**			
Sponsor:	**Ian Howard – Chief Financial Officer**			
Author:	**Philip Bunting – Director of Operational Finance** **David O'Sullivan – Assistant Director of Finance – Financial Performance**			
Date:	**August 2023**			
Purpose	**Assurance or reassurance**	**Approval**	**Ratification**	**Information** X
Issue to be addressed:	The finance report provides a monthly summary of the key financial information for the Trust.			

Response to the issue:

M4 Financial Position

UHS is reporting a deficit of £3.5m in July compared with a deficit plan of £3.0m. This is therefore £0.5m adverse to plan. This is however a small improvement in the reported position when comparing to June with the in-month deficit reducing by £0.2m.

YTD the deficit is £16.5m compared to a plan of £14m so £2.5m adverse to plan. This is due to three specific items:

- 22/23 non-consolidated pay award cost elements that have not been funded totalling £1.25m. £0.9m of this relates to payment to our outsourced facilities provider Serco for which employment contracts are dynamically linked to AfC.
- 23/24 agenda for change pay award costs in excess of funding generating a £1m pressure YTD (£3.2m estimated for 23/24). Work is underway in attempt to minimise the ongoing pressure with a view to recovering costs from areas outside of core NHS funding such as Education & Training, R&D and private patient income.
- Microsoft Licences contract reduction of £0.25m YTD with no corresponding cost reductions. This remains in discussion with NHS England with support from the ICB.

Underlying Position

The July reported position included several one-off items meaning the underlying position was £2.7m worse than the reported position. These one-off items included:

- Overseas Nursing Income – £0.9m of backdated overseas nurse recruitment funding has been reported this month.
- Capital charges / PDC funding – £1.2m of backdated funding has been accrued relating to anticipated funding for the depreciation and PDC costs of external capital.
- Backdated drugs and devices income - £0.6m of income was reported that relates to old year costs.

This means the underlying deficit was £6.2m for the month of July consistent with the previous month. Prior months continue to be reassessed and normalised for any backdated costs or income. The underlying YTD deficit now stands at £23.5m.

The deterioration in the underlying run rate from £4m per month in Q4 2022/23 to £6m per month in 2023/24 YTD is driven by the following:

- Unfunded elements of the pay award - £0.3m per month
- Workforce pressures resulting in an increase in wte of c100 wte - £0.4m per month
- Covid testing funding reductions not immediately offset with cost reductions - £0.3m per month
- Mental health nursing pressures - £0.2m per month
- Microsoft Licences contract adjustments - £0.1m per month
- Tariff efficiency reductions not offset by recurrent CIP delivery - £0.6m per month

Whilst we have made good progress with CIP performance, it is heavily supported by non-recurrent delivery that cannot be relied upon for underlying financial improvement. Industrial action has significantly hampered productivity both directly and indirectly with significant management resource diverted to plan for strikes. This has potentially delayed the delivery of recurrent CIP programmes.

ERF and Industrial Action

July was a particularly challenging month with regards to elective activity with ERF reported at 99% of the 19/20 baseline. Previous months had been averaging 111% so this is a significant reduction in achievement. In absolute terms the value of activity within the scope of ERF reduced by £2.8m from June. This was heavily influenced by industrial action involving junior doctors, consultants and radiographers over 9 different days albeit it is estimated that even after removing the impact of strikes ERF performance was £1.7m behind plan.

The below table summarises the impact of industrial action across April to July. The July estimate is thought to be on the lower end of the scale with more information still being collected on the impact.

Strike Financial Impact Assessment (£m)			
Month	Estimated Loss of Income	Direct Cost Impact (Backfill less strike pay reductions)	Total Financial Impact
April	1.50	0.30	1.80
May	0.00	0.00	0.00
June	0.30	0.10	0.40
July	1.00	0.40	1.40
Total	2.80	0.80	3.60
ERF Variance to Plan YTD *(ERF Reported on plan in I&E)*			(3.60)
Net I&E Position YTD			0.00

At present the reported position neutralises any financial costs/losses as providers have been requested to report no ERF over or under performance whilst target adjustments are reassessed. This means ERF income is ‘protected’ within the position with the underperformance of £3.6m not reported.

As reported last month it has been announced that targets will be reduced by 2% per annum to offset industrial action and its associated challenges relating to months up to April. This would be worth £1.5m YTD. We are awaiting further notification on adjustments related to industrial action in the months of May onwards but would anticipate these adjustments broadly covering the £3.6m risk above.

It should also be noted that there remains some uncertainty in the reported ERF position, with finalised baselines, phasing and actual performance not yet published. We have been informed that data should be arriving in August showing actuals for April and May. This is still outstanding at the time of writing, however.

Deficit Drivers

The underlying deficit of £23.5m YTD continues to be driven by a number of underlying pressures seen in 22/23, for which we have not been able to recover to date:

- Non-pay inflation beyond funded levels
- Impact of energy prices (with gas prices impacting UHS particularly hard)
- High-cost drugs spend (previously pass-through)
- Number of patients not meeting criteria to reside, impacting capacity (opening expensive "surge" capacity / bed capacity restricting elective activity)

In 23/24, we are now seeing further pressures, notably:

- Pay award pressures (outlined above)
- Impact of industrial action and knock on impact on the underdelivery of recurrent CIP
- Increasing numbers of patients needing Mental Health support leading to premium bank and agency spend.
- Further growth in patient numbers not meeting the criteria to reside. These were at 225 at the end of July up from 200 in 2022/23.
- Further growth in energy costs
- Reduced covid testing funding but delays in reducing costs
- Income reduction for MS Licences without any corresponding cost reduction

Within the finance report a waterfall diagram has been included illustrating the scale of the above pressures with regards to their impact on the YTD underlying variance.

Unfunded additional activity is a further pressure for UHS where we are YTD providing activity above block funded level for free in the following areas:

- £3.6m of outpatient follow up appointments
- £3.4m of non-elective
- £2.3m of other treatments

Over a full year this is has the potential to be £28m of unfunded activity if this run rate continues. This provides an area of future opportunity and is within our transformation and CIP plans for the year whereby resources can potentially be diverted to income generating activities of greater clinical benefit for patients. £3m over the year was moderately targeted within CIP plans around outpatient follow up conversion.

Forecast

Our submitted forecast to NHS England maintains delivery of a £26m deficit. However, this relied upon a £0.3m month on month improvement to the financial position during 2023/24. The current run-rate is therefore suggesting it will be extremely challenging to achieve the planned position.

A range of forecast scenarios will be developed when more is known on the planned adjustments to ERF as a result of industrial action. At present only an adjustment relating to industrial action up to April has been announced. This will be in the form of a 2% reduction to the annual ERF target for each system and provider. For UHS this means the target would reduce from 113% of 19/20 to 111% of 19/20.

Cost Improvement Plans

In the month we have continued to work on ensuring we have captured all identified schemes, as well as providing a risk assessment against these schemes. This has resulted in identification of £80.4m (116% of the annual CIP target). Of this £40m (50%) are classified as green schemes with confidence in delivery.

The risk assessed (most likely) estimate of delivery is £54m with a number of schemes Crimson in colour as they relate to criteria to reside challenges that require system transformation delivery. These are at very high risk of delivery.

There is also a significant risk in the level of non-recurrent delivery compared to recurrent delivery. Of the £17.4m delivered YTD £12m is non recurrent in nature. Recurrent plans are £4.4m behind target YTD and form part of the explanation for our underlying deficit. The target is to make sure UHS exits the year in a recurrent breakeven run rate meaning that in M12 it is planned that all CIP is delivered recurrently.

One success story is around agency spend for one high-cost agency that has been completely removed with zero spend reported in July. This follows prior year average monthly spend of £100k.

Workforce / Pay Growth

Substantive workforce growth provides both an opportunity and risk for the organisation. A material part of the 2023/24 workforce plan is to recruit to shortage areas and release temporary staffing spend that is often in the form of high-cost agency, premium bank or WLI spend. If delivered this should release significant workforce savings.

There is however a significant challenge in ‘transacting’ these benefits as fill rates may just improve in areas where previously shifts were unfilled leading to cost not being released.

As at July 2023 UHS was 117 wte (0.9%) ahead of its workforce plan with substantive staff 146 wte ahead of plan, bank staff on plan and agency staff 29 wte favourable to plan. This is driven by acute factors such as mental health nursing requirements and surge bed capacity pressures in addition to undelivered CIP reductions. Continuation of this trend presents a significant risk for UHS in the delivery of its financial and workforce plan.

However, we have been working across all areas of the hospital to increase control. Workforce review meetings have been held with each Division, with follow-ups scheduled in September. We have also increased temporary staffing controls with staffing hubs, which are working well, as well as rolling out a new agency calculator. A finance education programme is also underway. Weekly meetings are held to review changes in workforce numbers and horizon scan future risks and opportunities.

Medical Pay Award

The impact of recent pay announcements for consultants and junior doctors has yet to be quantified although guidance has now been announced with a 0.7% tariff uplift being applied to cover costs. The finance team will need to work through the forecast impact and whether similar to the agenda for change pay award there is a challenge to fully cover costs and other funding sources need to be identified.

Capital

Capital expenditure totals £8.3m YTD which is £6.9m behind plan. This is predominantly driven by wards, theatres, strategic maintenance and decarbonisation projects that are all currently behind plan. Spend is forecast to increase in future months to catch up for this shortfall.

£5m of externally funded capital has been supplemented by £3.5m to support an Endoscopy expansion, a further £3.3m to support Neonates and a recently awarded £1.1m to support a Biplane.

Tenders are currently being received for G3 refurbishment and F level theatres, with expenditure required this year to deliver within our plan. With the additional funding being received and some anticipated slippage, we are currently assessing whether funds will be fully utilised, or whether other schemes can be brought forward from the 2024/25 capital programme.

More detailed capital forecasting is currently underway and will be shared with the Trust Investment Group in September. This also links to cash affordability mentioned below.

	Cash The cash position has reduced by £14.7m to £66.9m in July 2023. This followed £11.4m of payments to HMRC and NHS Pensions Authority further to the backdated pay award elements being paid in June. Cash is now £20m below plan with the underlying deficit driving a higher rate of cash attrition than was planned. A revised trajectory is included within the finance report showing average cash reductions of c£8m per month leading to the minimum cash holding position of £30m now being reached at the beginning of Q4. The finance team are now reviewing cash forecasting in granular detail each month monthly and taking the necessary steps to ensure cash is collected in a timely manner and payment runs managed appropriately. We are undertaking a further review of the cash position in August, including a revised capital forecast and review of capital affordability for both 23/24 and 24/25. We are also exploring the NHS England cash support process, as well as any other potential sources of additional funding. A specific focus on capital and cash will be brought to the September Finance & Investment Committee. **HIOW ICB Position** A verbal update will be provided on the position at month 4.
Implications:	• Financial implications of availability of funding to cover growth, cost pressures and new activity. • Organisational implications of remaining within statutory duties.
Risks: (Top 3) of carrying out the change / or not:	• Financial risk relating to the underlying run rate and projected potential deficit if the run rate continues. • Investment risk related to the above • Cash risk linked to volatility above • Inability to maximise CDEL (which cannot be carried forward) and the risk of a reducing internal CDEL allocation for 2024/25 due to the forecast deficit for 2023/24.
Summary: Conclusion and/or recommendation	Members of Trust Board are asked to: • Note the update to the financial position.

M4 Finance Report

Report to Trust Board

August 2023

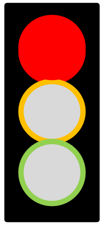
Ian Howard, CFO
Philip Bunting, DOOF
David O'Sullivan, Asst DOF

Summary

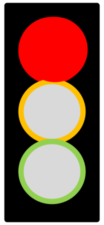
Finance Dashboard

Position (objective 5a)

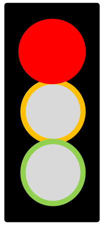
YTD vs. Plan



Forecast

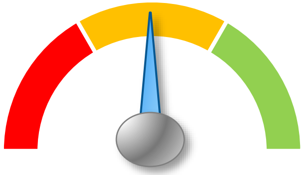


Underlying

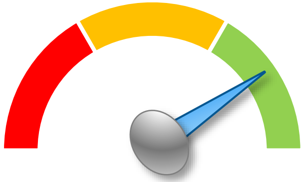


Capital (objective 5d)

YTD

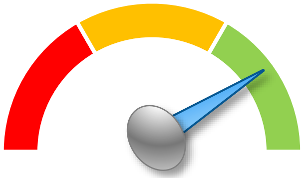


Forecast

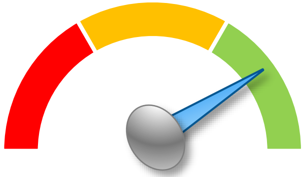


CIP (objective 5a)

Identification



Delivery



Productivity (objective 5a)

Metrics under development

Overall Position

Executive Summary

In Month and Year to date Highlights:

1. In Month 4, UHS reported a deficit position of £3.5m which was £0.5m adverse to plan. YTD the deficit is now £16.5m which is £2.5m adverse to plan. The total plan for the year is £26m deficit which is currently forecast for delivery. The YTD shortfall to plan is as a result of funding pressures relating to national pay awards and central adjustments for Microsoft licences.

2. The underlying position in July is a £6m deficit, static with the previous month. One off income relating to overseas nursing, drugs and devices and depreciation / PDC funding from NHSE totals £2.5m in month which all relates to prior periods.

3. CIP delivery was reported as achieving plan with £17.4m delivered vs plan of £17.4m. However, this has been supported by non-recurrent CIP delivery. £80.3m of savings have been identified in plans, 116% of the trust target of £69m. A risk assessment of schemes has taken place which reduces the expected yield of schemes down to £53.9m - 78%. There is continued focus on savings identification and delivery to support financial recovery.

4. The themes seen in M4 were:
    1. UHS is under its elective recovery target in M4 by 14% / £2.4m (99% achieved v 113% target). July performance was impacted by both industrial action and an increase in non-elective activity. The actual impact has been neutralised as a national directive.
    2. Non pay costs have continued at a higher than planned rate. Inflationary pressures for energy and NHS property services charges were notable in month. Clinical non pay expenditure has not reduced commensurately with activity levels in the period.
    3. Underlying drivers for the monthly financial deficit largely remain as per 22/23 including inflation, energy, drugs and increased volumes of patients not meeting the criteria to reside.
    4. Upward workforce trends remain a risk with particular pressure in month around additional nursing spend related to providing safe care for mental health patients and increased costs relating to cover for industrial action.
    5. Surge capacity also remains open at times to support flow at times of peak bed pressure.

Overall Financial Position

	Budget	Current			Year to date		
	Full Year £000's	Plan £000's	Actual £000's	Variance £000's	Plan £000's	Actual £000's	Variance £000's
Income							
Clinical Income	839,728	69,979	71,971	(1,993)	279,913	285,561	(5,648)
Pass-through Drugs & Devices	186,582	15,548	20,954	(5,406)	62,194	68,591	(6,397)
Other Income	236,791	19,969	25,318	(5,349)	76,563	82,775	(6,212)
Total Revenue	**1,263,101**	**105,496**	**118,243**	**(12,747)**	**418,670**	**436,927**	**(18,257)**
Costs							
Pay - Substantive	630,404	52,330	53,806	1,476	208,454	217,478	9,024
Pay - Bank	43,631	4,080	4,304	224	15,712	16,673	961
Pay - Agency	15,070	1,438	985	(453)	5,688	4,387	(1,301)
Drugs	35,928	2,994	1,957	(1,038)	11,977	10,889	(1,088)
Pass-through Drugs & Devices	186,582	15,548	20,954	5,406	62,194	68,591	6,397
Clinical Supplies	67,008	6,297	6,908	611	23,976	24,609	633
Other non pay	285,801	23,749	31,832	8,083	97,252	105,642	8,390
Total Operating Expenses	**1,264,424**	**106,437**	**120,746**	**14,309**	**425,253**	**448,269**	**23,016**
Remove Depreciation and Amortisation	38,037	3,128	2,897	(231)	12,717	12,283	(434)
Donated Income	(16,583)	(1,469)	**(290)**	1,179	(4,355)	**(2,208)**	2,147
Profit/(Loss) from Operations (EBITDA)	**20,131**	**718**	**104**	**614**	**1,779**	**(1,267)**	**3,046**
Add Non Operating Income	2,166	181	422	(241)	724	1,762	(1,038)
Less Non Operating Expenditure	(34,189)	(2,634)	(3,955)	1,321	(12,965)	(15,503)	2,538
Net Surplus / (Deficit) incl Impairments & Donation	**(11,892)**	**(1,735)**	**(3,429)**	**1,694**	**(10,462)**	**(15,008)**	**4,546**
Less Donated Income	(16,583)	(1,469)	(290)	(1,179)	(4,355)	(2,208)	(2,147)
Less Profit on disposals	0	0	0	0	0	0	0
Less Gain/ Loss on absorption	0	0	0	0	0	0	0
Add back Donated Depreciation	2,475	204	180	24	817	681	136
Add back Impairments	0	0	0	0	0	0	0
Total Net Surplus / (Deficit)	**(26,000)**	**(3,000)**	**(3,539)**	**539**	**(14,001)**	**(16,535)**	**2,534**

UHS has submitted an annual plan position of £26m deficit for the 2023/24 financial year.

In July a deficit position of £3.5m was reported, £0.5m adverse to plan. The YTD position of £16.5m deficit is £2.5m adverse to the planned deficit target of £14.0m.

Pay expenditure continues to exceed plan, due to pressures from the national pay awards, requirements for mental health nursing support, staffing of surge capacity areas and unfunded workforce growth in prior periods.

In Clinical Income the ERF position has been set to plan in month following national directives as a result of industrial actions. An adjustment to April ERF baseline target has been confirmed at 2% which has not yet been transacted. Future amendments are anticipated but have not been confirmed to date by NHSE. The YTD favourable position on clinical income is as a result of pay award funding received above initial planning assumptions totalling £4.8m.

Other non pay costs in month include £6.4m of charges from UEL subsidiary which were group neutral with offsetting entries coming through on other income lines.

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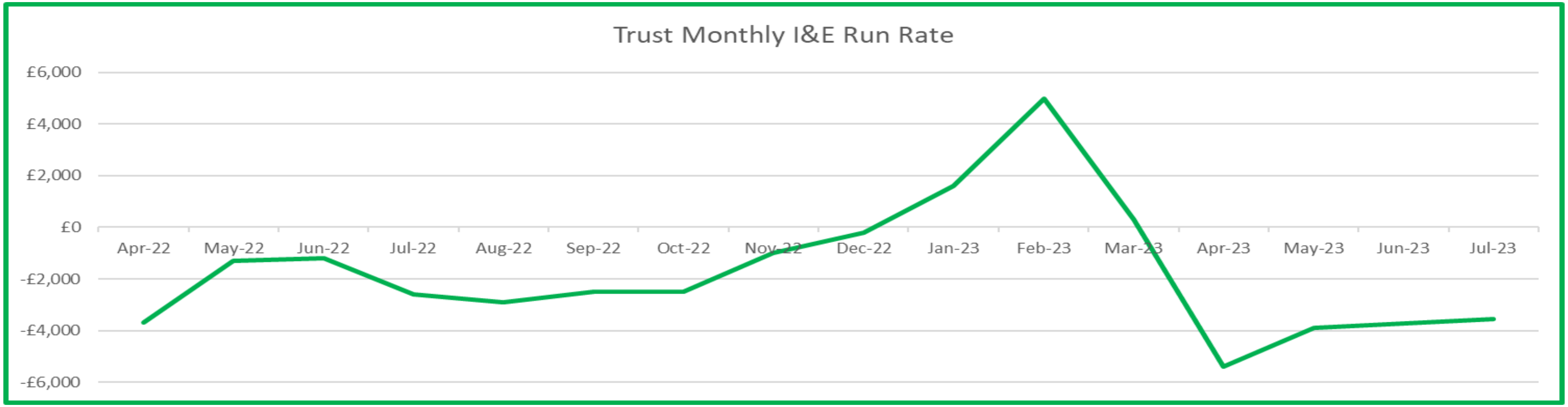
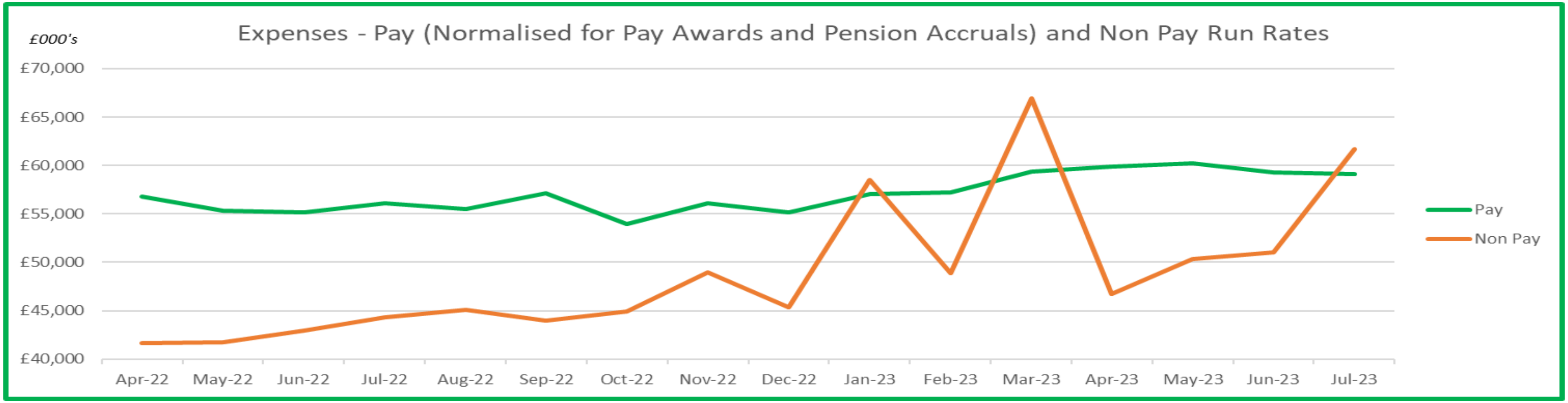
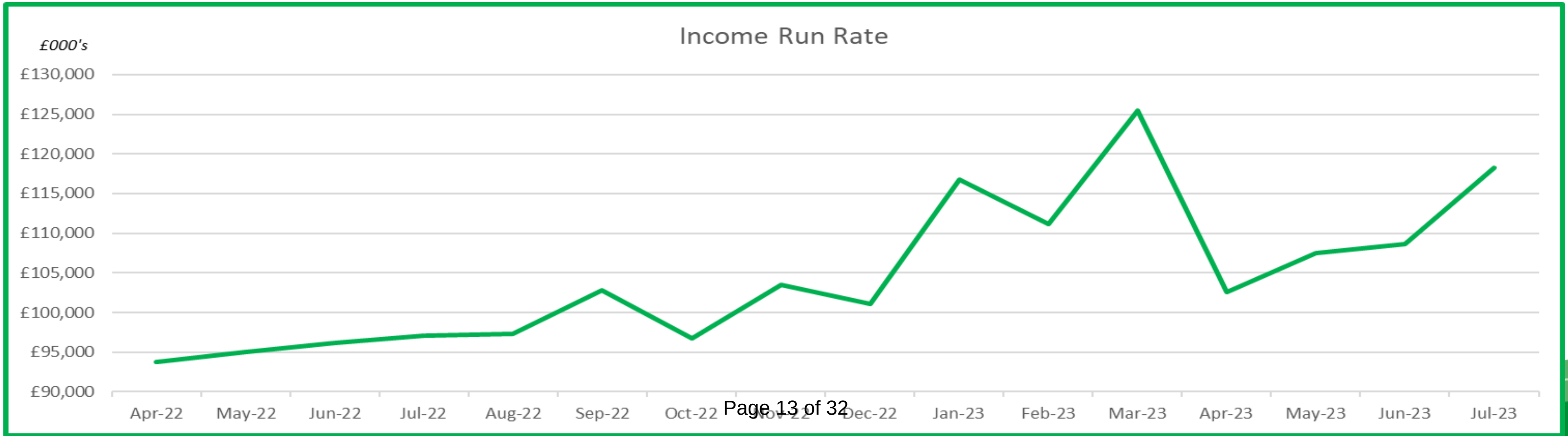
Run Rates



- The UHS run rate position has continued in M4 at a deficit position of £3.5m which is higher than planned levels despite a number of non recurrent benefits released into the position.
- The improved run rate trend in the second half of 2022/23 financial year was delivered by non recurrent means and recurring reductions have not yet been experienced to offset and continue this trend in 2023/24 financial year.
- Pressures continue across all expenditure and income types with notable challenges experienced in month detailed below.
- Pay – Continued pressures as a result of national pay awards, industrial action and mental health nursing.
- Non Pay – Cost pressures relating to Energy increases, inflationary pressures for NHS property services and receipt of backdated costs.
- UEL charges – M4 reported changes to charging levels from UEL to UHS. Whilst this was group neutral non pay costs increased for UHS by £6.4m, with a commensurate increase of income for UEL.
- Income run rate increased in month due to additional pass through income received in the period. The reported position only partially recognises ERF pressures following national discussions to set ERF performance to plan. Actual performance would be under plan YTD.

Run Rates


Expenses - Pay (Normalised for Pay Awards and Pension Accruals) and Non Pay Run Rates
£000's
£70,000
£65,000
£60,000
£55,000
£50,000
£45,000
£40,000
Apr-22
May-22
Jun-22
Jul-22
Aug-22
Sep-22
Oct-22
Nov-22
Dec-22
Jan-23
Feb-23
Mar-23
Apr-23
May-23
Jun-23
Jul-23
Pay
Non Pay


Income Run Rate
£000's
£130,000
£125,000
£120,000
£115,000
£110,000
£105,000
£100,000
£95,000
£90,000
Apr-22
May-22
Jun-22
Jul-22
Aug-22
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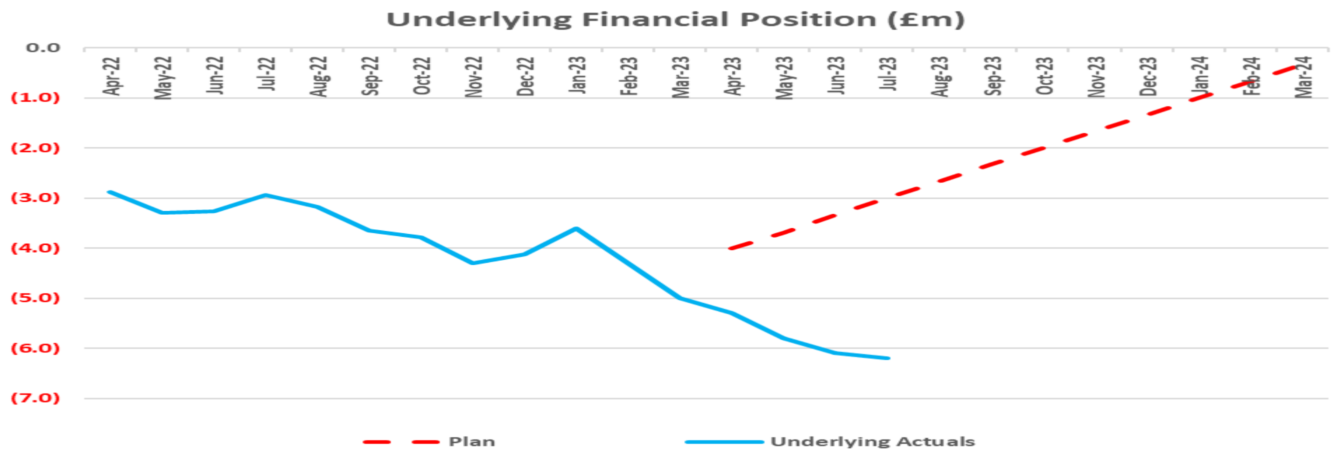
Jul-23

Underlying Position / Risk Analysis



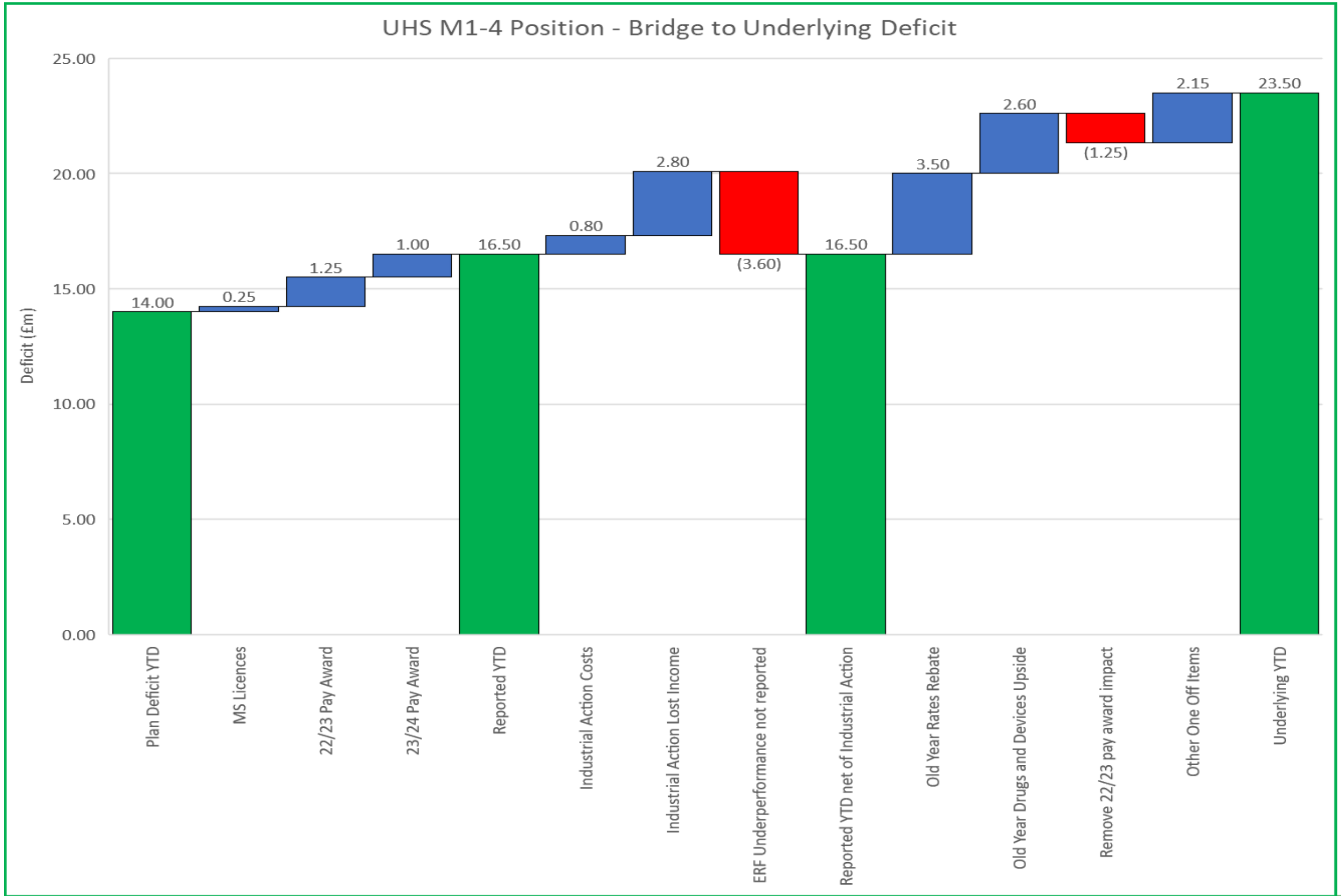
Risk Variable	Risk @ Plan £m	Risk - current £m
Unidentified CIP	15.8	0.0
System CIP Initiatives	11.2	11.2
Identified CIP delivery	7.0	3.9
Inflationary Pressure	8.0	5.0
Income pressure (IA / NEL) - TBC	0.0	0.0
MH Nursing	0.0	2.4
Criteria to Reside / Surge Capacity	0.0	3.6
MS licences	0.0	0.8
Energy	0.0	2.1
Unfunded Pay Award	0.0	3.2
Total Risk	42.0	32.2
Mitigations		
Additional CIP	(18)	0.0
Net Risk	24.0	32.2

The graph shows the underlying position for the Trust from April 2022 to present. This differs from the reported financial position as it has been adjusted for non recurrent items (one offs) to get a true picture of the run rate.

The average underlying position for 23/24 to date is £6m deficit. M4 figures showed a position of £6.2m. Due to the variability and unknown national picture on ERF (due to industrial action pressures), these figures have been excluded from underlying calculations.

The decline since 2022/23 has primarily been driven by escalating pay award pressures, pressures related to activity, including the need for surge beds and impacts of strike actions in addition to the challenge of delivering efficiencies. A table outlining risks is also shown and will be monitored.

Key Variance Drivers



Key variance bridge

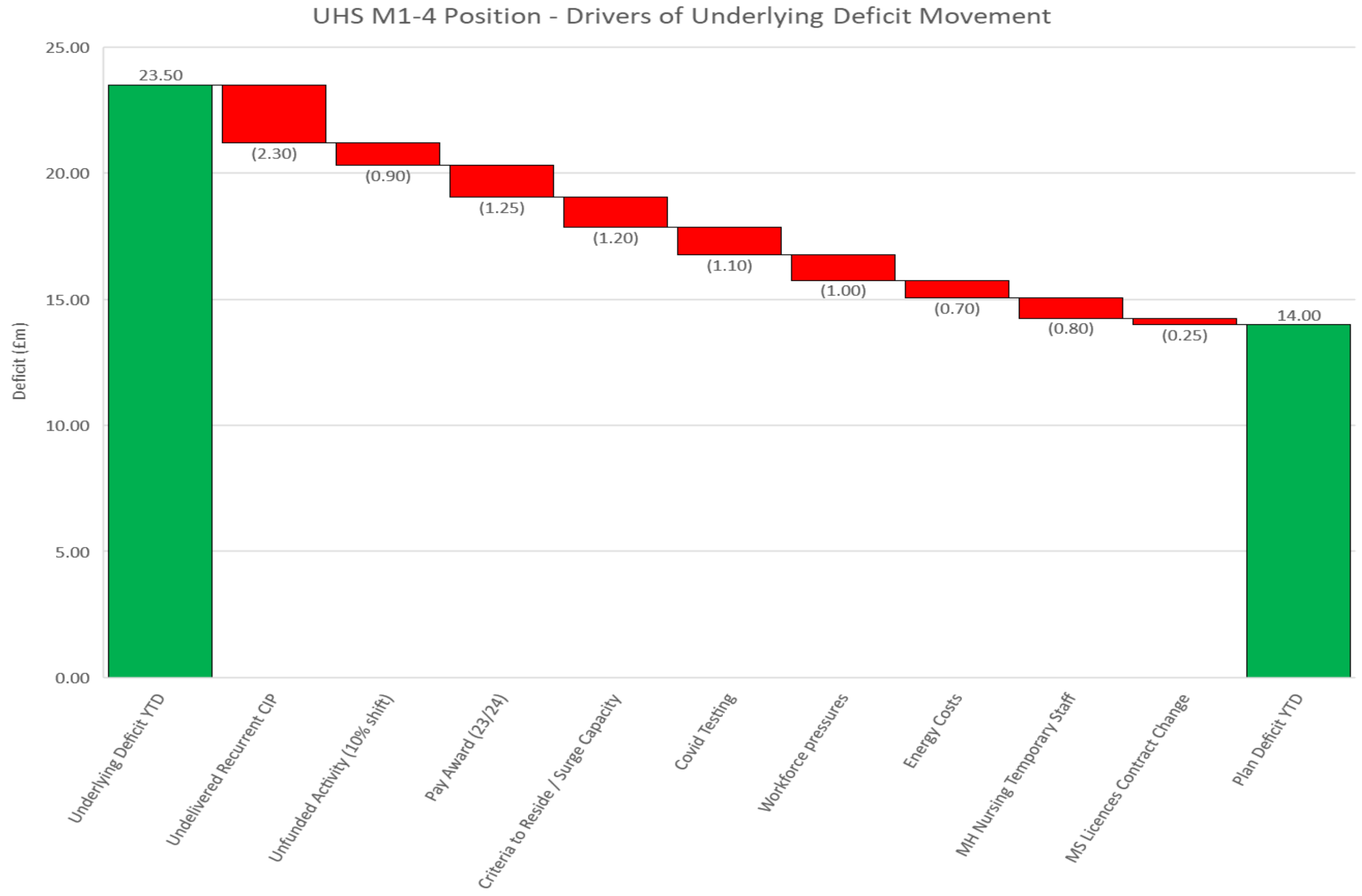
A recurrent underlying deficit position was carried forward from the previous financial year of circa £4m per month. Trust plans were for month on month improvement reaching breakeven by financial year end. The graph to the left provides the following analysis:

Stage 1) Items driving the Trust adverse position from planned £14m deficit to £16.5m reported YTD.

Stage 2) Highlights the neutralised impact of industrial action

Stage 3) Sets out non recurrent benefits to the position that bridge to the underlying deficit at M4 of £23.5m.

Key Variance Drivers



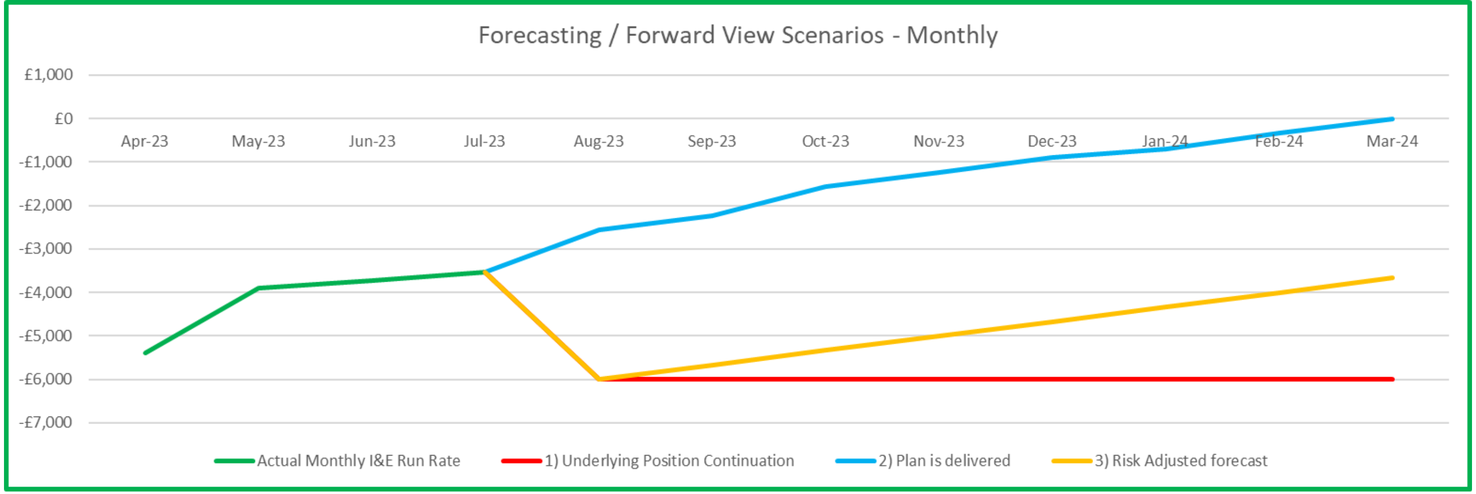
Key variance pressures

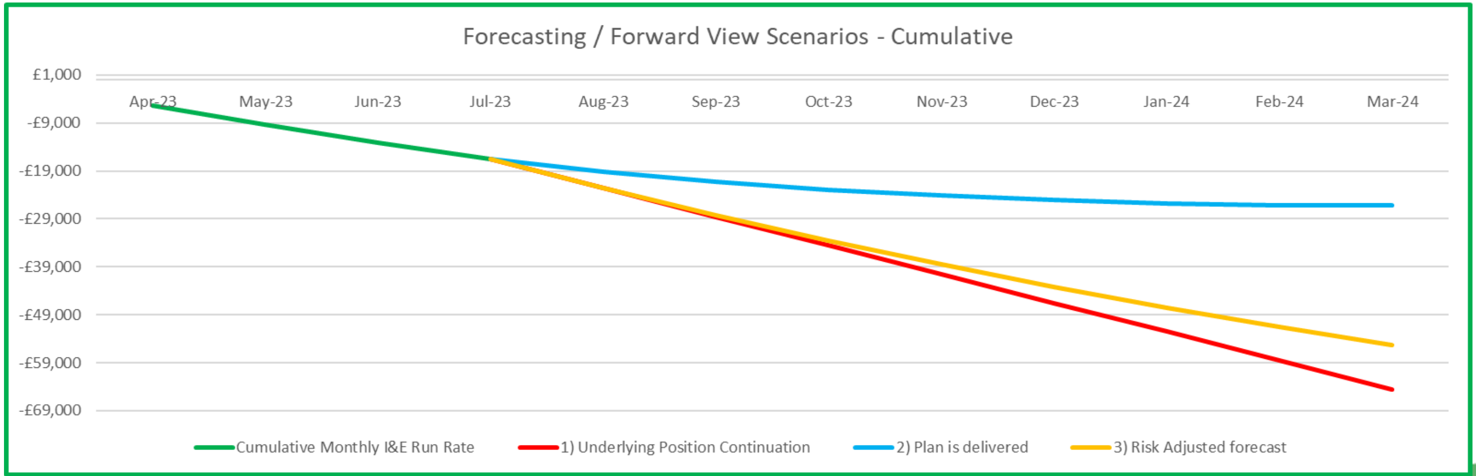
The following table sets out the key recurrent drivers that have resulted in adverse movements to plan in the underlying position during the 2023/24 financial year.

The results of these items is a £10.5m adverse position to the planned YTD underlying deficit of £14m at M4.

These items will need to be mitigated in order to deliver a breakeven underlying position moving forwards in addition to delivering the required monthly planned deficit improvement of £0.33m per month.

Forecasting / Forward View





The graphs provide forecast scenarios on a monthly and cumulative scenario for the remainder of the 2023/24 financial year.

Alongside Actual reported figures are three scenarios:

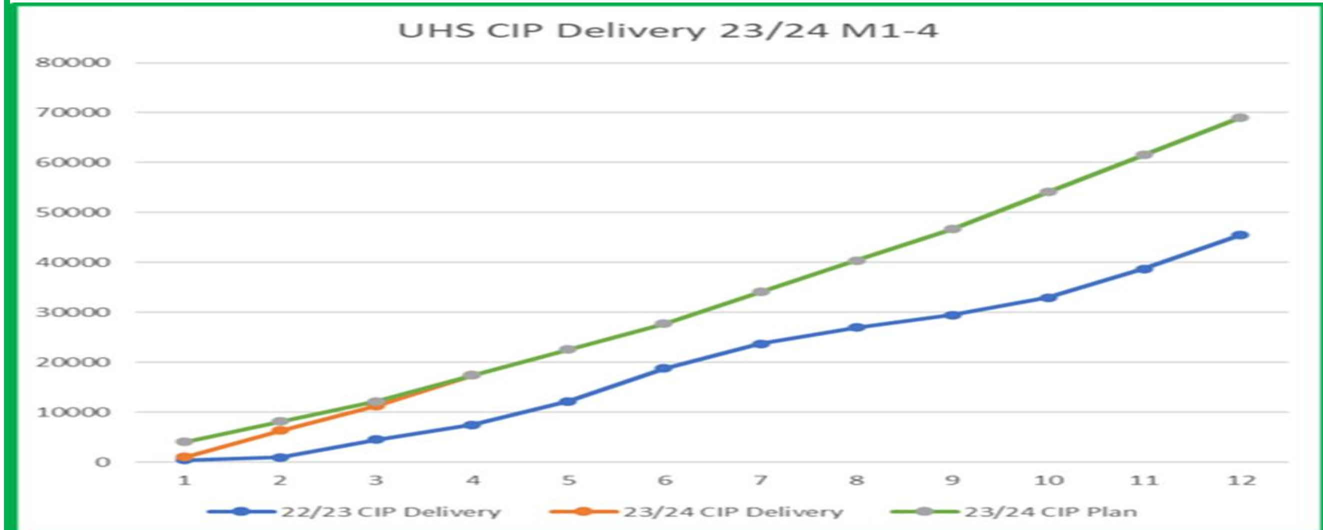
1) Continuation of the underlying position run rate with no mitigating actions. This would result in a year end out turn of £65m deficit.

2) Delivery of plan. Resulting in a year end out turn deficit of £26m.

3) Risk adjusted forecast, factoring expected improvements above underlying position levels delivering an out turn deficit of £55m prior to non-recurrent impacts.

Cost Improvement Programme

Month 4 CIP Identification	Non Recurrent (£'000s)	Recurrent (£'000s)	Total (£'000s)	Target (£'000s)	% Identified at M3	% Identified at M4	Change
Division A	£1,470	£2,751	£4,221	£9,068	42%	47%	+5%
Division B	£2,303	£3,673	£5,975	£9,795	55%	61%	+6%
Division C	£2,701	£1,913	£4,614	£8,772	42%	53%	+10%
Division D	£2,051	£5,704	£7,756	£9,281	65%	84%	+18%
THQ	£880	£3,351	£4,231	£6,163	52%	69%	+17%
Central Schemes	£14,488	£30,605	£45,093	£25,992	154%	173%	+20%
Transformation, Procurement and Inpatient Flow Schemes	£0	£8,464	£8,464				
Grand Total	**£23,894**	**£56,461**	**£80,354**	**£69,071**	**103%**	**116%**	**+13%**



UHS Total - £80.4m identified 116% of the total 23/24 requirement of £69m. Of the identified UHS total, £12.9m is Pay, £42.2m is Non-Pay, and £25.3m Income.

Divisions and Directorates - £35.3m of CIP schemes identified. This represents 82% of the 23/24 target of £43.1m

Central Schemes - £45.1m of CIP schemes identified. This represents 173% of the 23/24 target of £25.9m

M4 Trust YTD delivery is £17.4m. An increase in month of £11.3m. This fully achieves the required target delivery to date

Of the £17.4m delivered:

£5.8m has been transacted by Divisions and Directorates

£11.6m has been transacted through Central Schemes.

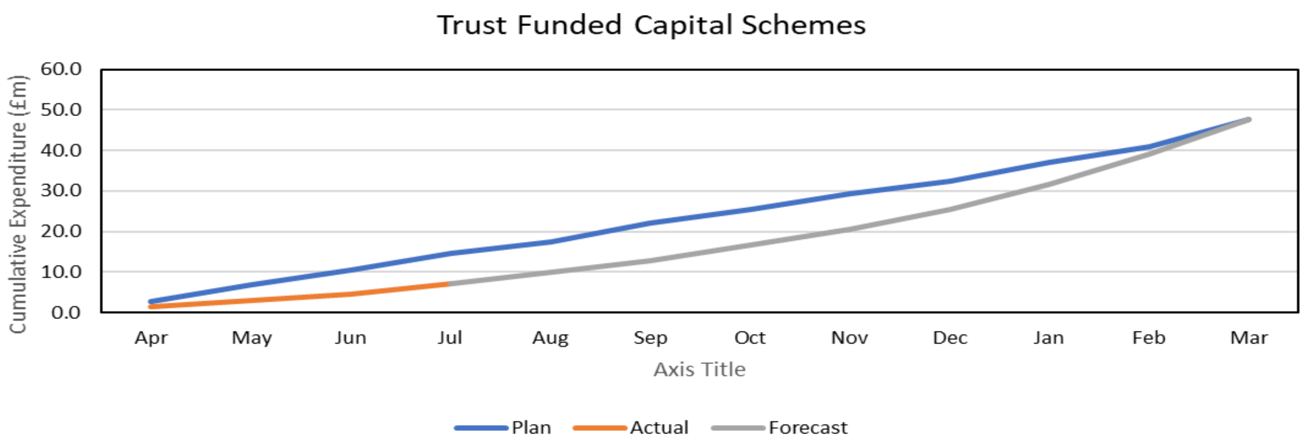
£12.0m is non-recurrent. This includes £7.7m of non-recurrent Central Schemes.

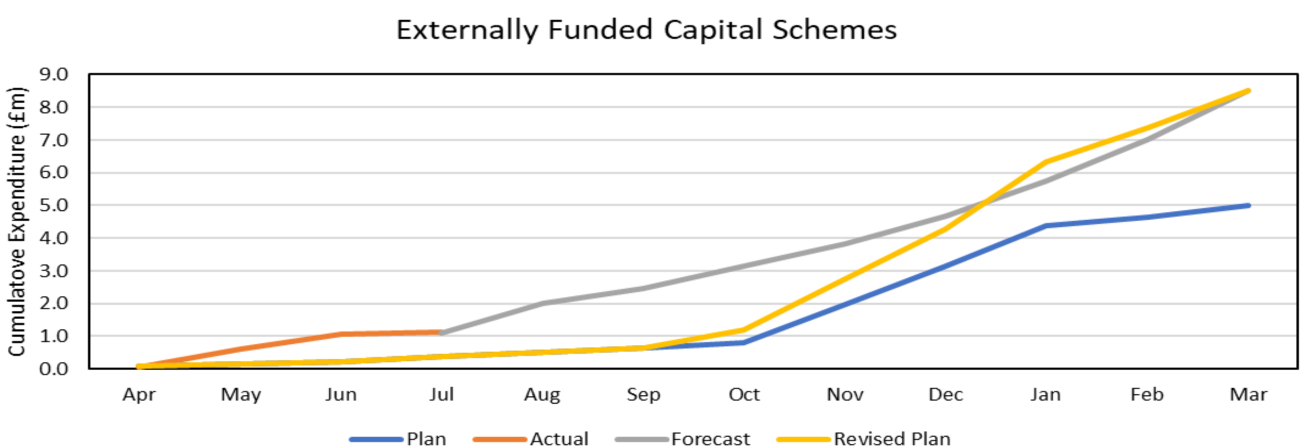
Cost Improvement Programme

Risk Assessment	Number of Schemes	Percentage of Schemes	Value of Schemes (£k)	Percentage of Value	Likely outcome value (£k)
Green	328	75%	£ 40,155	50%	£ 40,155
Amber	104	24%	£ 27,554	34%	£ 13,777
Red	6	1%	£ 1,454	2%	£ -
Crimson	2	0%	£ 11,190	14%	£ -
Total	440		£ 80,354		£ 53,932

- A risk assessment has been undertaken of the identified schemes to date in the table above.
- The expected yield from plans is currently £53.9m, 78% of the 23/24 requirement
- The highest risk assessed items are £11.2m of ICS wide schemes based upon Carnall Farrar opportunity assessment for improved patient flow and reduction of non 'criteria to reside' occupancy.
- These schemes are currently considered to be a high risk of non-delivery by UHS due to insufficient enabling plans / progress and we are seeking further assurance

Capital





Summary Position:

Total capital expenditure (trust and external) YTD is £8.3m vs plan of £15.2m with a forecast outturn of £63.3m.

Further reviews of the forecast will be undertaken in August.

Trust Funded:

To the end of M4, £7.2m has been spent on trust funded schemes against a YTD plan of £14.9m, with an annual forecast outturn of £47.7m

Externally Funded:

To the end of July, £1.1m has been spent on externally funded schemes vs a YTD plan of £0.4m, with an annual forecast spend of £8.5m.

It is anticipated that further external capital funding awards will be confirmed in due course.

Capital

Top 5 schemes by YTD Expenditure Value

£000s	Year to Date			Forecast		
	Plan	Actual	Variance	Plan	Actual	Variance
Donated Estates Schemes	2,190	2,118	72	2,624	3,099	(475)
Oncology Centre Ward Expansion Levels D&E	5,635	1,649	3,986	7,135	7,263	(128)
Information Technology Programme	1,452	1,494	(42)	5,800	5,800	0
Asceptic Pharmacy/SSD Building	0	1,075	(1,075)	3,000	1,992	1,008
Medical Equipment panel (MEP)	150	850	(700)	2,069	2,069	0

- Spend on donated estates schemes is high YTD as the Banksy funded schemes (welfare hub, PAH roof garden) are complete or nearing completion
- Expenditure on the wards expansion is nearing completion with the skyway link bridge the main element to be completed
- Despite low spend in month, informatics and Asceptics YTD expenditure remains high
- A large number of medical equipment items prioritised by the ME panel were delivered this month, resulting in the programme being ahead of plan

Top 5 Schemes by YTD Variance

£000s	Year to Date			Forecast		
	Plan	Actual	Variance	Plan	Actual	Variance
Oncology Centre Ward Expansion Levels D&E	5,635	1,649	3,986	7,135	7,263	(128)
Decarbonisation Schemes	3,500	0	3,500	11,259	11,259	0
Fit out of F Level Theatres (VE)	1,696	0	1,696	8,500	5,100	3,400
IMRI	1,310	0	1,310	1,310	1,310	0
Strategic Maintenance	1,646	426	1,220	5,200	5,200	0

- The ward expansion is behind plan as the skyway link bridge part of the scheme will now not complete until December
- Expenditure on the decarbonisation schemes will commence in August, later than originally anticipated
- The F level Theatres scheme is now due to commence in the autumn
- Delivery of the IMRI machine will occur later in the year following completion of enabling works
- Strategic maintenance expenditure is behind plan as significant work on two substations is still to take place

Statement of Financial Position

Statement of Financial Position	2022/23 YE Act £m	M1 Act £m	M2 Act £m	M3 Act £m	M4 Act £m	MoM Movement £m
Fixed Assets	620,431	617,160	619,161	620,900	622,082	1,182
Inventories	15,753	18,104	18,074	18,455	16,941	(1,514)
Receivables	95,056	93,552	89,834	73,433	75,632	2,199
Cash	105,018	105,475	85,892	81,557	66,895	(14,662)
Payables	(229,641)	(237,019)	(218,352)	(202,499)	(195,495)	7,004
Current Loan	(1,533)	(1,533)	(1,533)	(1,533)	(1,533)	0
Current PFI and Leases	(12,580)	(12,202)	(12,153)	(11,347)	(11,228)	119
						0
Net Assets	**592,504**	**583,537**	**580,923**	**578,966**	**573,295**	**(5,671)**
						0
Non Current Liabilities	(24,624)	(22,798)	(22,759)	(22,848)	(21,545)	1,303
Non Current Loan	(5,302)	(5,302)	(5,302)	(4,802)	(4,802)	0
Non Current PFI and Leases	(108,576)	(105,561)	(107,100)	(108,888)	(107,948)	940
						0
Total Assets Employed	**454,002**	**449,876**	**445,762**	**442,428**	**438,999**	**(3,429)**
						0
Public Dividend Capital	286,212	286,212	286,212	286,212	286,212	0
Retained Earnings	102,068	97,942	93,828	90,494	87,066	(3,428)
Revaluation Reserve	65,722	65,722	65,722	65,722	65,722	0
						0
Total Taxpayers' Equity	**454,002**	**449,876**	**445,762**	**442,428**	**438,999**	**(3,429)**

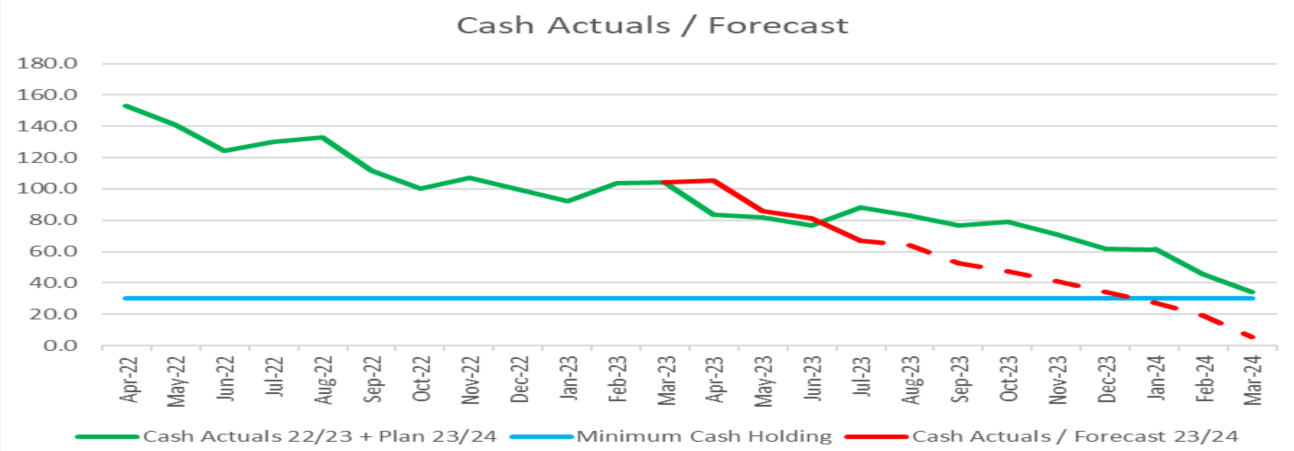
The July statement of financial position illustrates net assets of £573.3m which is £5.7m down on June.

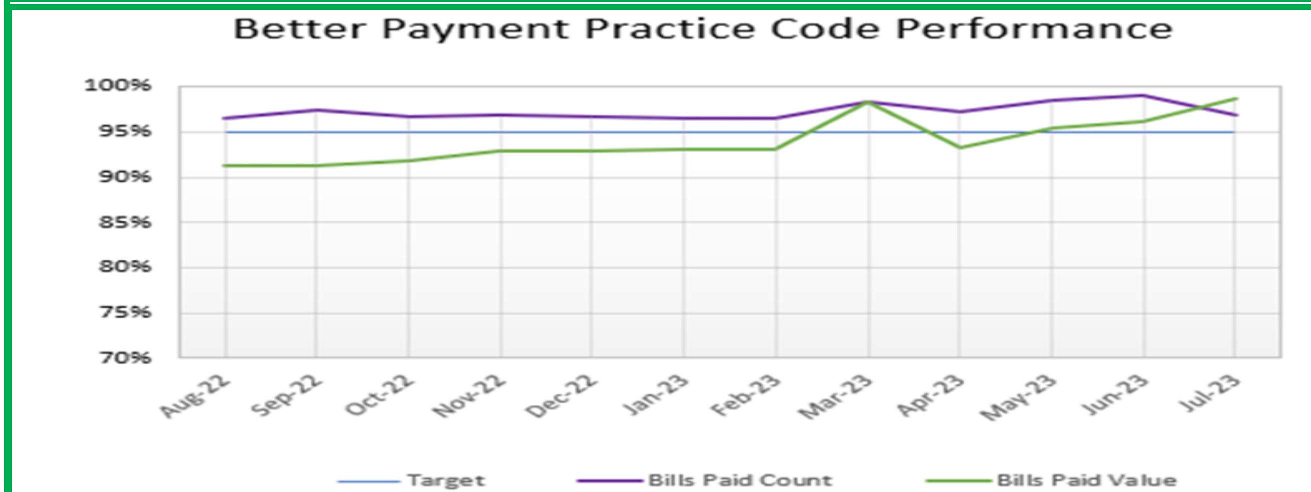
Cash reduced by £14.7m to £66.9m and although the underlying deficit continues to drive a reducing cash balance, the movement in the month is predominantly due to the payment of higher payroll taxes totalling £11.4 as a result of the pay awards payments in June to HMRC.

Decreases in Payables by £7.0m are as a result of:

- Decrease in accruals driven by £2.5m payment of Pharmacy invoices and various smaller invoice payments to suppliers.
- Increase in deferred income following receipt of £6.5m Education Income from NHSE paid in advance for Q2.
- Decrease in other creditors of £8.6m as a result of decreases in payroll taxes as noted above for £11.4m offset by an increase in GRNI of £2.4m where goods have been receipted but are yet to be invoiced.

Cash and Payments





The cash balance reduced by £14.7m to £66.9m in July.

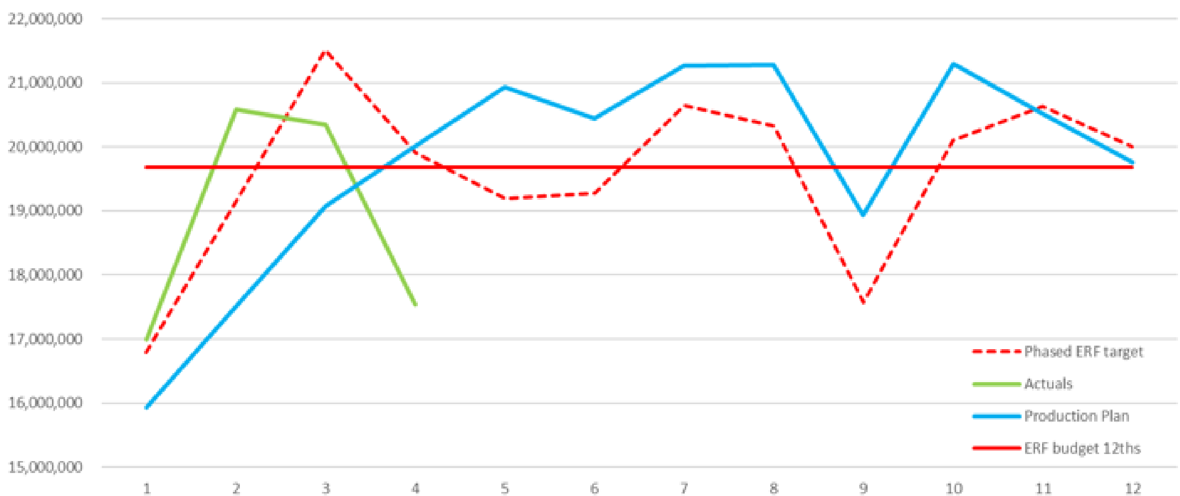
£11.4m as a result of the pay awards payments in June, these are paid to HMRC the following month (PAYE, NI, Pensions, student loans and apprenticeship levy).

A cash forecast has been completed for the next 8 months projecting a material decline in cash driven by an underlying deficit and sizeable internally funded capital programme of £44m per annum. This illustrates the minimum cash holding being reached at the beginning of Q4. Actions are being taken to improve cash collection and monitor this much more closely within the finance team.

Better Payment Practice Code (BPPC) performance in month for July is over the 95% target for both count and value.

Further Analysis of Position

Income / ERF



ERF Performance (Target = 113%)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
Elective Spells	107%	123%	94%	91%									104%
Daycase	114%	109%	118%	93%									109%
Outpatients Firsts	112%	121%	107%	108%									112%
Outpatients Procedures	132%	134%	123%	126%									129%
Overall ERF Performance	**113%**	**120%**	**104%**	**99%**									**108%**
Excess Outpatient Follow Ups £'000s	£863	£1,295	£800	£620									£3,578
Excess Non Elective and ED £'000s	£34	£848	£1,925	£611									£3,418
Excess Other £'000s	£279	£649	£1,141	£182									£2,251

The graph shows the ERF performance for 23/24 as well as a trend against plan for 22/23.

In 23/24 the Trust has a target to achieve 113% of 19/20 activity for elective inpatients, outpatient first attendances and outpatient procedures. Delivery above this targeted level will generate additional funding for the Trust.

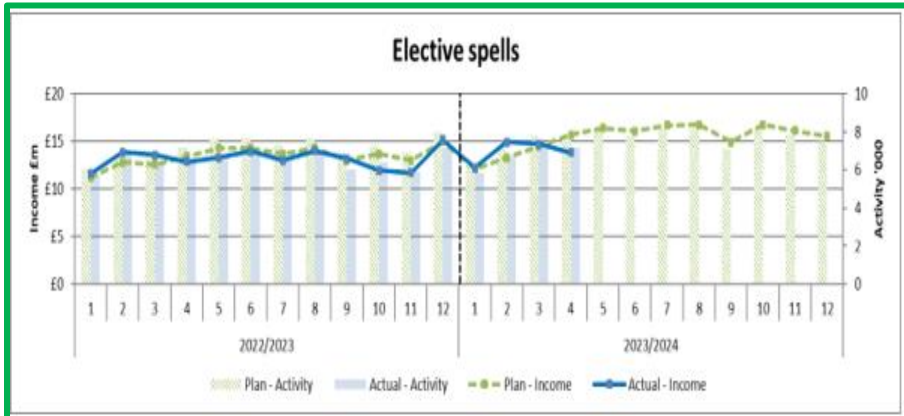
At the end of Month 4, ERF activity has been reported at plan following national guidance to providers.

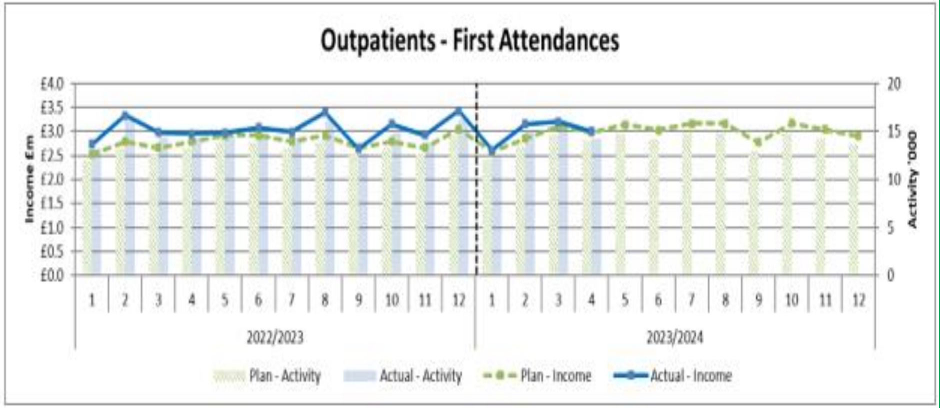
Actual performance in July was however below target as a result of industrial action, high target and Non Elective pressures. YTD actual ERF performance sits at 108%.

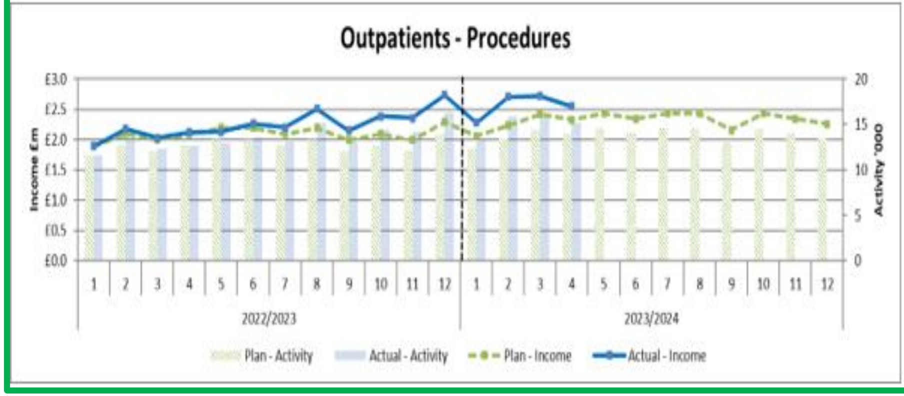
The table shows monthly achievement by POD type vs 19/20 baseline.

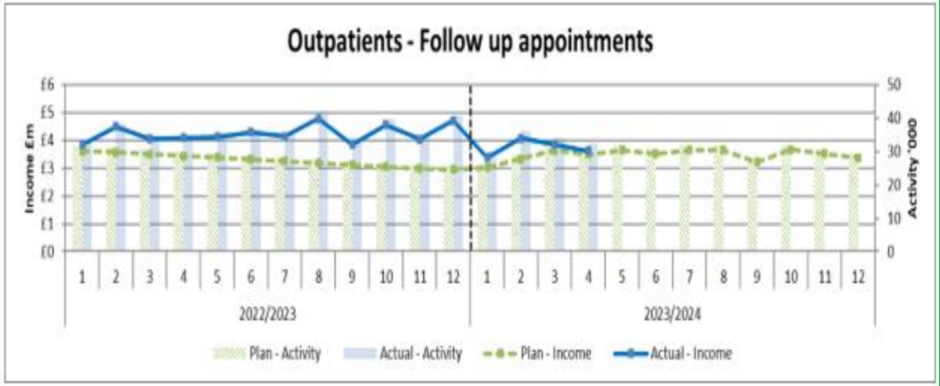
Significant non ERF related activity is currently being provided by UHS above its block funded levels, totalling £9.2m.

Clinical Income - Elective

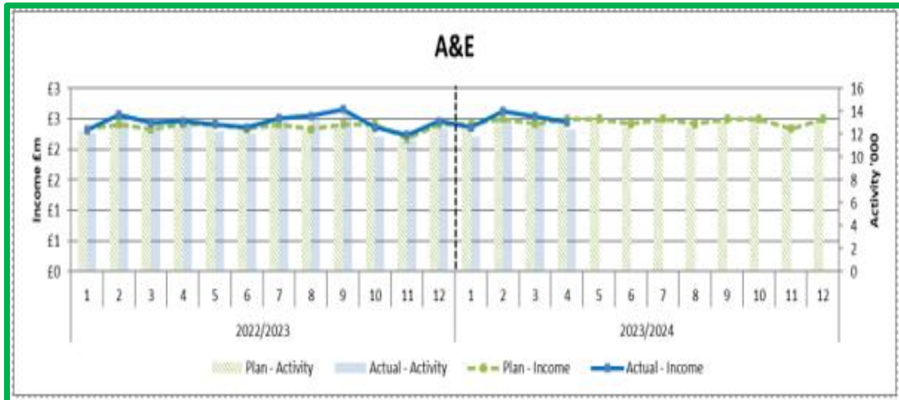


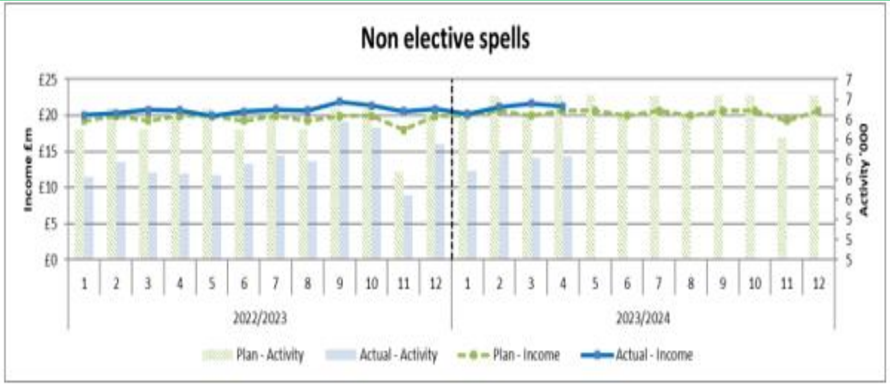


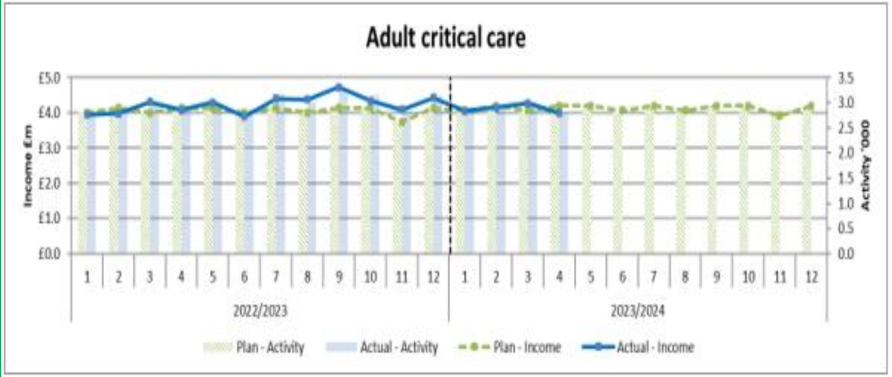


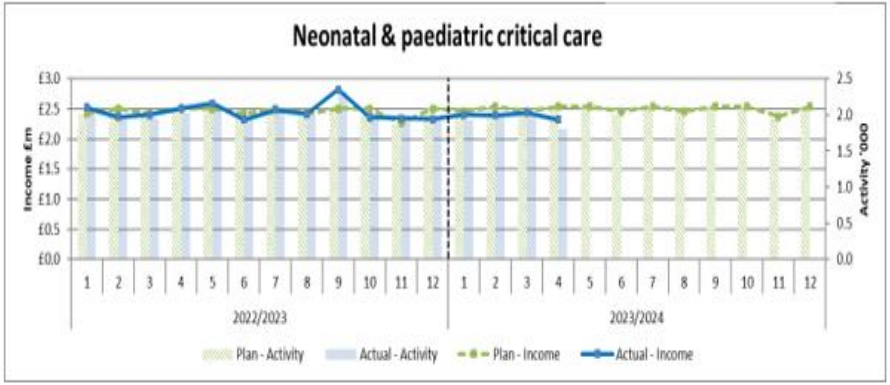


Clinical Income – Non Elective and Other

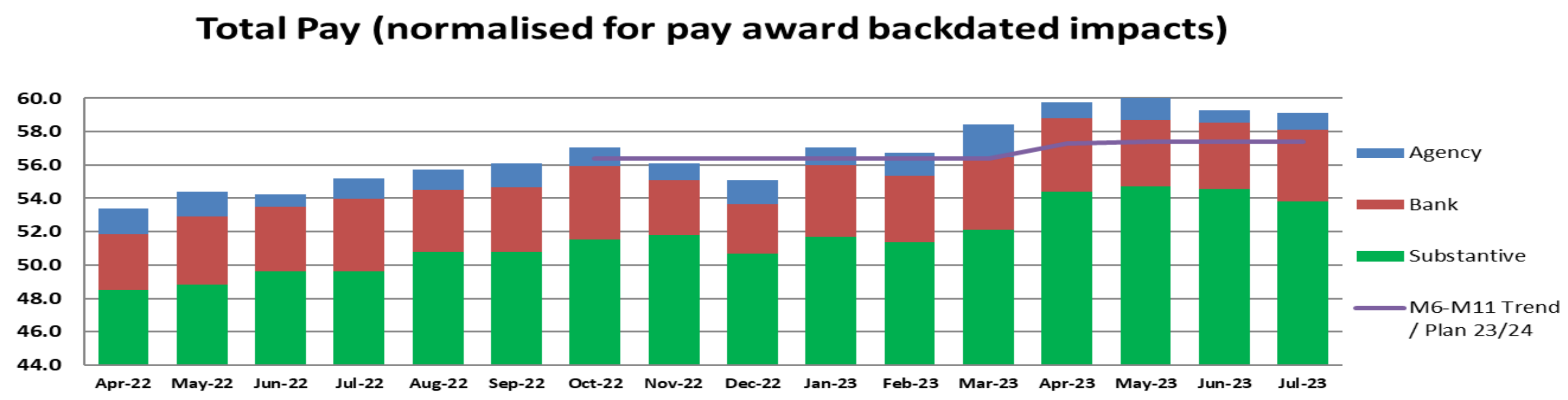








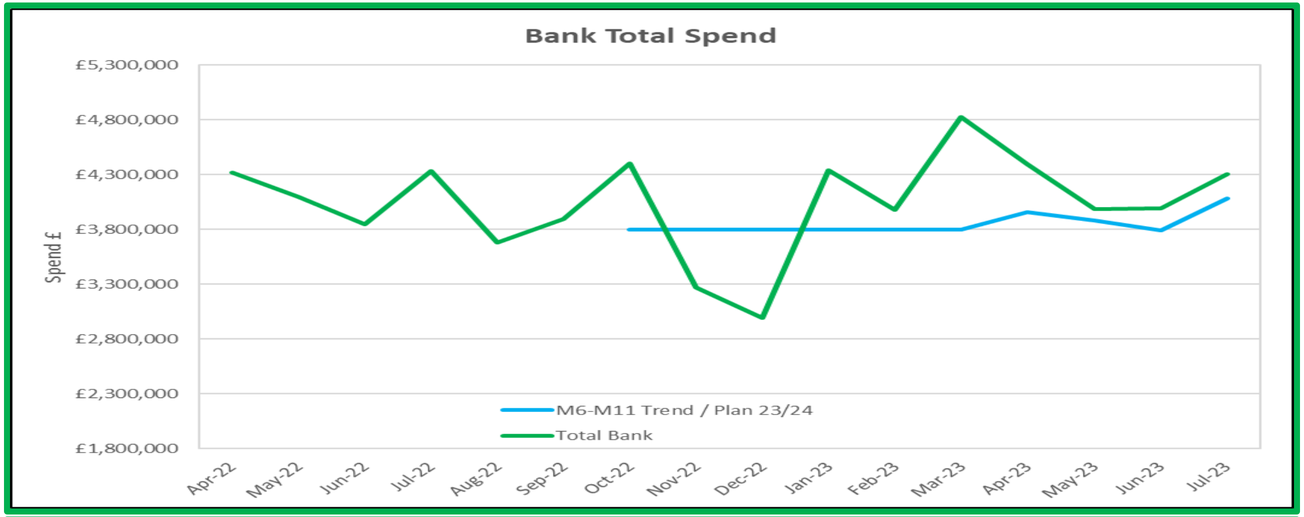
Staff Costs

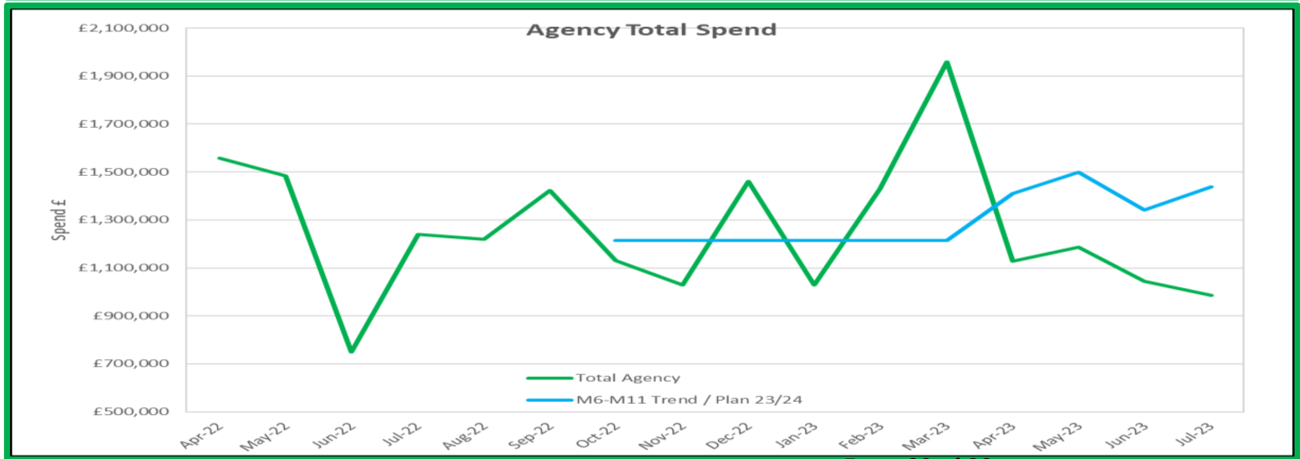


Pay Expenditure:

- Pay award was paid in M3 accounts and Q1 figures have been restated to show the backdated impacts over the period. 2023/24 pay award for AfC staff was confirmed at 5%. A 1.6% tariff inflator is used nationally off-set this cost. However, this funding level has not been adequate to cover the full increase in costs resulting in a year end deficit of £3.2m and £4m full-year effect.
- Industrial action took place during July with additional staffing costs to cover the action totalling £400k.
- In month reduction in Bank holiday enhancements of £583k from M3
- On a WTE basis there has been a 21 WTE reduction overall in month driven by reduced temporary staffing.
- Substantive WTE has increased by 21 WTE in month. Whilst this growth rate has slowed there remains significant pressures as a result of pay WTE being significantly over plan without a compensating increase in ERF activity.
- Significant pressures continue for Mental health nursing within the position impacting both Bank and Agency.

Temporary Staffing Costs





Bank:

Bank expenditure increased in month from £4.0m up to £4.3m.

Increases have been experienced in:

- Nursing totalling £241k
- £73k up for Medical staff
- Scientific and Technical £31k

Reduction of costs were experienced in admin staff of £30k.

Overall WTE bank has increased in month by 3 WTE verses M3.

Agency:

Agency costs reduced in month by £61k down to £1.0m overall.

Reductions were experienced in Nursing of £351k, with no Thornbury spend incurred.

Increases were experienced across other staff groups:

- Admin Staffing higher by £210k
- Medical Staff totalling £41k
- Scientific and Technical up by £39k

Overall WTE agency has reduced in month by 24 WTE verses M3.

Non-Pay

- Metrics under development

Divisional Performance

- Metrics under development

FOUNDATIONS FOR THE FUTURE