

Financial Performance

Reporting Period – September 2023



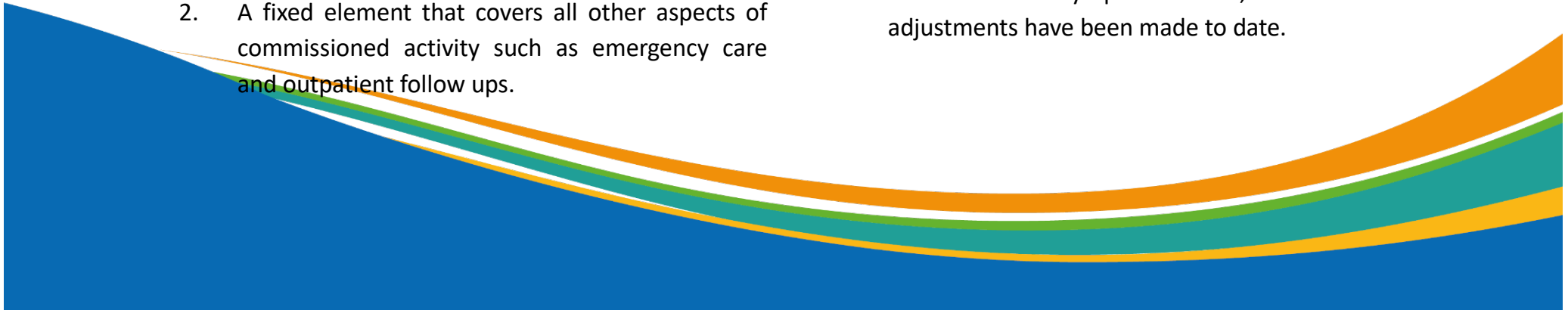
September 2023 I&E

- The Trust’s bottom-line I&E performance year to date at 30th September 2023 is a £30.3m Deficit, which is £0.1m better than plan.
- In delivering the monthly plan, the Trust has covered the July to September proportion of the System Financial Stretch (£17m), which has been phased equally from July to March 2024.

Income and Activity

- For 2023/24 the Trust is operating under an Aligned Payment & Incentive (API) contract with Lancashire & South Cumbria (L&SC) ICB and NHSE Specialised Commissioning. API contracts have two elements:
 1. A variable element that covers elective activity, diagnostics and high-cost drugs & devices.
 2. A fixed element that covers all other aspects of commissioned activity such as emergency care and outpatient follow ups.

- Emergency admissions are 9% ahead of plan with A&E attendances 5% ahead. Increased admissions in general medicine, general surgery and gynaecology are driving this over-performance.
- Income generation for the Trust at the 30th September 2023 is (£1.7m) behind plan. Key drivers of this include non-delivery of the System Gap funding (£1.9m) and lower than planned income & expenditure against services funded through FCUs (£1.8m).
- These are partially offset by increased education & training and R&D funding (£0.9m), income relating to donated assets (£0.6m) and higher than planned safeguarding income (£0.4m).
- The Trust is working closely with the ICB to monitor elective recovery performance, but no financial adjustments have been made to date.



Expenditure

- Year to date at 30th September 2023 operating expenditure is £1.2m better than plan. The key drivers of the variances are predominantly:
 - Bank and agency pay costs are higher than budgeted levels to cover vacancies and are partially offset by an underspend on substantive staff (£1.9m);
 - 2023/24 Agenda for Change pay award pressure (£0.3m);
 - Drugs pressure - in tariff drugs and overperformance on excluded drugs on block contracts (£0.9m);
 - Lower than planned costs relating to commissioner funded services outside of the main contracts £1.8m;
 - A number of non-pay underspends that are contributing to the position.

- The Trust has implemented the following to strengthen financial controls:
 - Temporary Agency Control Group;
 - Vacancy & Spend Control Panel;
 - Fortnightly QEP meetings;
 - Lower Scheme of Delegation limits;
 - A weekly agency medical staff deployment scrutiny meeting.

Non-Operating Income & Expenditure

- Year to date at 30th September 2023 non-operating income and expenditure is £0.6m better than plan. The main reasons for this are an increase in finance income of £1.2m following the Bank of England raising interest rates to 5.14% offset by an adjustment for donated assets income of (£0.5m).

Performance against agency cap

- There is a system agency ceiling of 3.7%. If this was applied to the Trust, it would equate to £8.3m so the YTD position is £12.6m higher than the indicative agency ceiling.
- The agency spend incurred relates to cover for vacancies, sickness and escalation.
- As part of QEP and Financial Recovery delivery a number of schemes are being developed to reduce the level of agency spend e.g. reduction of nursing agency rates in line with ICB rates.
- A weekly scrutiny meeting is in place to monitor the active assignments. In the table below medical and nursing agency expenditure is showing a run rate reduction.

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Normalised Medical Agency Expenditure	2.2	2.6	2.4	2.1	2.8	3.0	2.6	2.3	2.2	2.1	2.1	1.9
Normalised Nursing Agency Expenditure	1.4	1.5	1.5	1.0	1.5	1.9	1.5	1.2	1.3	1.0	1.0	1.0

Cash

- The Trust's cash balance at 30th September 2023 was £7.0m, a decrease of £9.5m from August 2023 and £4.8m higher than plan. The downward trend in the cash balance is mainly driven by the increased operating deficit, decreased trade and other payables, decreased deferred income, increased capital expenditure, loan repayments, increased interest payments, increased lease capital and interest payments, and PDC repayment. This is offset by depreciation, decreased receivables, decreased inventories, increased interest receipts, and increased PDC received due to phasing of capital projects.

	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Plan	32.8	22.4	17.0	11.0	8.7	2.2	2.2	4.9	5.5	7.2	7.6	8.4
Actual	34.5	31.1	24.1	13.3	16.5	7.0						
Variance	1.7	8.7	7.1	2.3	7.8	4.8						

- In month the Trust has paid 96% of suppliers by value and 96% by volume against the better payment practice code (BPPC) target of 95%.

Cash continued

- Liquidity continues to be a risk with the Trust annual plan and revenue support will be required in Q3 to maintain minimum cash balances. This is being kept under close scrutiny.
- The Cash Management Group meet on a fortnightly basis to review cash forecasts, cash KPIs, levels of aged debt, levels of accrued income and details of prepayments to ensure cash balances are maximised.

Capital

- The total capital programme expenditure at the end of September 2023 is £7.0m which is £5.8m behind plan due to the delayed approval of the 23/24 capital plan.

- The Capital Strategy Group has supported a request to fund an Ultrasound and ECG machine for business critical reasons. The total value of these machines is £257k which will be funded from the contingency fund and slippage.
- The F&P Committee is requested to approve the proposed change to the capital programme.
- A further £574k has been awarded to the Trust in October 2023 in relation to the RAAC Removal programme. In addition, the Trust has rephased £6.86m of the EPR frontline digitalisation programme to 24/25. This reduces the Trust capital programme for 23/24 to £36.1m.
- Spend incurred to September is against:
 - £2.6m Emergency Village & Critical Care;
 - £1.3m ICT licence renewals and project staffing;
 - £2.9m Estates development schemes;
 - £0.2m Charity Donated assets.

Finance Ratios

- Operating Deficit: Income percentage year to date at September 2023 is (8.7%) which is 0.2% worse than planned levels.
- The year to date agency to total pay ratio is 9.4%, which is 5.5% above the budgeted ratio. NHSE have set a target for systems in 2023/24 to remain within 3.7% of the overall system pay bill.

QEP and Financial Recovery

- Year to date at September the Trust has delivered £15.6m of savings which is £0.7m higher than the QEP and Financial Recovery targets.
- It should be noted that the profile of the targets is weighted towards the period 1st October 2023 to 31st March 2024.



Month 6 September 2023

Statement of Comprehensive Income

Finance

	September 23				Year to Date at September 23			
	Budget £m	Actual £m	Variance £m	Variance %	Budget £m	Actual £m	Variance £m	Variance %
I&E (TOTAL)								
NHS Clinical Income	52.2	50.0	(2.2)	-4%	299.4	296.5	(2.9)	-1%
Non NHS Clinical Income	2.1	0.4	(1.7)	-82%	2.9	2.4	(0.4)	-15%
Other Operating Income	2.3	2.3	0.1	4%	12.8	14.5	1.7	13%
Total Operating Income	56.6	52.7	(3.9)	-7%	315.1	313.4	(1.7)	-1%
Pay Costs (excluding agency)	(37.3)	(34.3)	3.0	-8%	(210.4)	(202.1)	8.3	-4%
Pay Costs - Agency	(0.7)	(3.0)	(2.3)	321%	(8.4)	(20.9)	(12.5)	149%
Non Pay	(20.6)	(17.5)	3.1	-15%	(123.1)	(117.7)	5.4	-4%
Total Operating Expenditure	(58.6)	(54.8)	3.8	-7%	(341.9)	(340.7)	1.2	0%
Operating Surplus / (Deficit)	(2.0)	(2.1)	(0.0)	2%	(26.8)	(27.3)	(0.4)	2%
Non Operating	(0.6)	(0.5)	0.1	-22%	(3.8)	(2.6)	1.2	-30%
Adj for Depreciation on Donated & Granted Assets	0.0	0.0	(0.0)	-3%	0.2	(0.4)	(0.6)	-324%
Adjusted Financial Performance Surplus / (Deficit)	(2.6)	(2.5)	0.1	-4%	(30.4)	(30.3)	0.1	0%

RATIOS

Agency : Total Pay	1.87%	8.02%	6.15%	3.84%	9.38%	5.54%
Operating Deficit : Income	-3.57%	-3.91%	-0.34%	-8.51%	-8.70%	-0.19%
Net Deficit : Total Income	-4.66%	-4.81%	-0.15%	-9.66%	-9.67%	0.00%

Phasing of 23/24 Income & Expenditure Plan across the financial year

- In order to deliver a full year planned deficit of £24.3m, the in-month financial plan shows a reduced monthly deficit from Q2 moving to an in month surplus position towards the end of the year.
- This is predominantly due to the phasing of the QEP, financial recovery plans and system funding gap. The QEP and Financial Recovery phasing is shown later in the report.

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	23/24 Total
In month Surplus / (Deficit)	(6.3)	(7.5)	(6.8)	(3.7)	(3.4)	(2.6)	(0.7)	(0.1)	1.2	(0.7)	3.2	3.3	(24.3)
Cumulative Surplus / (Deficit)	(6.3)	(13.8)	(20.6)	(24.3)	(27.7)	(30.3)	(31.0)	(31.2)	(29.9)	(30.7)	(27.5)	(24.3)	(24.3)

Finance



Statement of Financial Position September 2023

The Statement of Financial Position at 30th September 2023 is presented opposite and the reasons for the significant movements in month are highlighted below:

Non-Current Assets

- Property, Plant & Equipment (PPE); movement relates to depreciation; amortisation and in-year additions (see capital note for further information).

Working Capital

- Inventories; £0.4m reduction due to additional 6 month stock count undertaken.
- Trade & Other Receivables; £1.7m increase in invoiced debt, £0.2m increase in VAT, offset by £1.3m reduction in accrued income, £1.4m reduction in prepayments, and £0.7m reduction in PDC receivable due to 2022/23 year-end outstanding debtor being settled as part of the PDC payment made in month 6.
- Trade & Other Payables; £0.8m decreased invoiced payments, £6.3m decrease in accruals, £2.7m PDC dividend paid and £0.1m reduction in receipts in advance. This is offset by £1.1m increase in social security and other taxes costs.
- Other Liabilities; £0.2m reduction in deferred income.

Taxpayers Equity

- Income & Expenditure Reserve movement of £2.6m in month and £29.7m YTD being the adjusted financial performance.

Finance

Statement of Financial Position as at 30th September 2023	Audited Position as at 31/03/23 £000	Actual Position as at 31/08/2023 £000	Actual Position as at 30/09/2023 £000	Monthly Movement £000	Forecast Position as at 31/03/24 £000
NON-CURRENT ASSETS					
Intangible Assets	9,845	8,714	8,474	(240)	23,277
Property, Plant and Equipment	303,427	299,882	299,111	(771)	308,702
Trade and Other Receivables, non-current	2,230	2,329	2,312	(17)	2,230
Total Non-Current Assets	315,502	310,925	309,897	(1,028)	334,209
CURRENT ASSETS					
Inventories	8,793	10,098	9,662	(436)	8,793
Trade and Other Receivables, current	34,150	21,529	20,011	(1,518)	40,244
Cash and Cash Equivalents	47,821	16,524	7,055	(9,469)	8,445
Total Current Assets	90,764	48,151	36,728	(11,423)	57,482
Total Assets	406,266	359,076	346,625	(12,451)	391,691
CURRENT LIABILITIES					
Trade and Other Payables	(110,220)	(88,337)	(79,441)	8,896	(100,259)
Other Liabilities	(9,906)	(13,902)	(13,675)	227	(9,906)
Borrowings, current	(9,214)	(8,954)	(8,212)	742	(9,163)
Provisions	(1,540)	(1,028)	(1,043)	(15)	(1,190)
Total Current Liabilities	(130,880)	(112,221)	(102,371)	9,850	(120,518)
TOTAL ASSETS LESS CURRENT LIABILITIES	275,386	246,855	244,254	(2,601)	271,173
NON-CURRENT LIABILITIES					
Trade and Other Payables	(1,657)	(1,657)	(1,657)	0	(1,657)
Borrowings, non-current	(71,482)	(68,896)	(67,912)	984	(62,399)
Provisions	(2,920)	(2,920)	(2,920)	0	(2,920)
Total Non Current Liabilities	(76,059)	(73,473)	(72,489)	984	(66,976)
TOTAL ASSETS EMPLOYED	199,327	173,382	171,765	(1,617)	204,197
TAXPAYERS' EQUITY					
Public dividend capital	309,412	310,775	311,721	946	339,049
Revaluation Reserve	20,380	20,232	20,232	0	20,380
Income and Expenditure Reserve	(130,465)	(157,625)	(160,188)	(2,563)	(155,232)
TOTAL TAXPAYERS' EQUITY	199,327	173,382	171,765	(1,617)	204,197

Statement of Financial Position: Working Capital

Aged Debt (Sales Ledger)

Key Performance Indicators - 30 September 2023				
Debtor/Creditor Days	Target	Sep-21	Sep-22	Sep-23
Debtor Days	30	18	19	14
Creditor Days	30	121	172	141
BPPC (Cumulative)	Target	Sep-21	Sep-22	Sep-23
Value	95%	78%	93%	96%
Volume	95%	85%	92%	96%
Aged Debt	Target	Sep-21	Sep-22	Sep-23
	£000's	£000's	£000's	£000's
Current less than 30 Days		2,708	2,968	3,824
30 - 60 Days		1,139	545	1,885
60 - 90 Days		124	456	1,357
Over 90 Days	< 5%	2,326	1,605	2,940
Total		6,297	5,574	10,006
% Over 90 Days		37%	29%	29%
Liquidity	Target	Sep-21	Sep-22	Sep-23
Current ratio	> 1	0.78	0.67	0.36

The Trust's BPPC performance by value and volume are both above the target of 95%.

With ongoing management, we expect to maintain 95% compliance during 2023-24.

- In the month the number of outstanding invoices has increased by 28 from 859 to 887 and the value of debt has increased by £1.4m from £8.6m to £10.0m.
- Debtors aged 0-30 days has increased by £0.5m, debtors aged 31 to 60 days has increased by £0.1m, debtors aged 61-90 days has decreased by £0.1m. Debtors aged over 90 days has increased by £0.9m mainly due to amounts outstanding with the Lancashire and South Cumbria ICB, £2.2m has however now been paid in October relating to existing aged debt over 90 days.

The key over 90 day receivables are set out below:

Debt > 90 Days - 30th September 2023			
Reason	Current Mont	Prior Month	Movement
	£'000s	£'000s	£'000s
NHS Debt	2,173	1,395	778
Non-NHS Debt	300	192	108
Salary Overpayment	78	85	- 7
Private & Overseas Patients	374	372	2
Council Debt	-	0	- 0
Welsh / Irish / Scottish Debt	15	22	- 7
Total	2,940	2,066	874

Statement of Financial Position: Working Capital continued

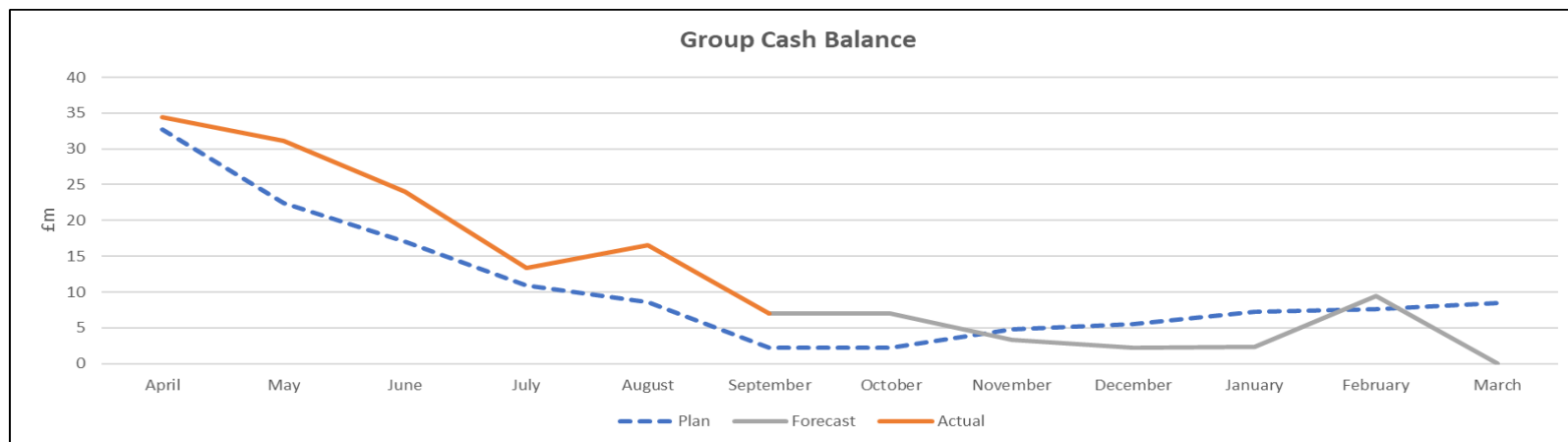
Finance

- Private patients are provided with an advance price and asked for advance payment or proof of insurance cover. Overseas & private patient debt is chased by an internal specialist team.
- NHS debt is predominantly due from local providers £0.6m and L&SC ICB £1.5m. The team continue to chase heads of services at counterparties to resolve disputes and non-payment.
- Non-NHS debt mainly relates to relates R&D, Occupational Health and rent and the team continue to chase.



Cashflow Forecast

Finance



- The cash balance to the end of September 2023 of £7.0m is a decrease of £9.5m from £16.5m in August, and £4.8m ahead of planned levels. The downward trend in the cash balance is mainly driven by the increased operating deficit, decreased trade and other payables, decreased deferred income, increased capital expenditure, loan repayments, increased interest payments, increased lease capital and interest payments, and PDC repayment. This is offset by depreciation, decreased receivables, decreased inventories, increased interest receipts, and increased PDC received due to phasing of capital projects.
- The 2023/24 Cash Plan assumes Provider Revenue Support PDC in September of £1.1m and October of £2.5m to maintain the required minimum cash balance level. In the intervening period since the plan was submitted, the cash position in the first six months has improved marginally meaning that support has not been required in Q2.
- Liquidity continues to be a risk with the Trust annual plan and revenue support will be required in Q3 to maintain minimum cash balances. This is being kept under close scrutiny.
- The Trust achieving its financial position and planning assumptions including both the QEP & financial recovery targets is critical to minimising the level of revenue support which will be required in 2023/24.
- Close monitoring will also be required to ensure both Trust & Atlas maintain adequate cash balances.
- The Trust made an application in September for cash support in Q3, £0.8m in November 2023 and £6.4m in December.

QEP and Financial Recovery

The Trust is reporting delivery in line with plan against the 5.5% QEP target at the end of September 2023. This is due to an over-delivery in Clinical Support, Tertiary and Corporate divisions offset by under-delivery in IMPF, SACCT and FICC divisions.

The financial recovery programme is £0.7m ahead of plan due to savings delivering earlier than planned.

Phasing of 23/24 QEP & Financial Recovery Measures in the Plan

As indicated in the summary, the savings plan is weighted to the latter half of the year.

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	23/24 Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
QEP	0.4	0.9	2.1	2.7	3.2	3.5	4.0	4.1	4.0	4.2	4.1	4.5	37.7
Financial recovery	0.2	0.1	0.3	0.5	0.5	0.5	2.8	2.9	2.9	2.8	2.9	3.0	19.5
Total	0.6	1.0	2.4	3.2	3.7	4.0	6.8	7.0	6.9	7.0	7.0	7.5	57.2
Cumulative Total	0.6	1.6	4.0	7.2	10.9	14.9	21.7	28.7	35.6	42.6	49.6	57.2	57.2

Finance

	Month 6			YTD Month 6		
	Plan £m	Actual £m	Var £m	Plan £m	Actual £m	Var £m
Recurrent 5.5% QEP	3.0	1.9	(1.1)	10.3	6.8	(3.5)
Non-Recurrent 5.5% QEP	0.5	1.5	1.0	2.4	5.9	3.5
Financial Recovery	0.5	0.1	(0.3)	2.2	2.9	0.7
Total	4.0	3.5	(0.4)	14.9	15.6	0.7

QEP and Financial Recovery continued

Finance

Division	Targets				Divisionally Generated Savings (YTD Delivery)				
	Divisional QEP £000	Trust Specific QEP £000	Financial Recovery £000	Total £000	Target £000	Recurrent £000	Non-Recurrent £000	Total £000	Variance £000
Clinical Divisions									
Clinical Support	3,070	785	700	4,555	1,039	888	302	1,190	152
Families & Integrated Community Care	4,010	-250	500	4,260	1,031	471	510	981	-50
Integrated Medicine & Patient Flow	4,991	9,775	300	15,066	1,689	280	65	346	-1,343
Surgery, Anaesthetics, Critical Care & Theatres	3,716	3,575	2,500	9,791	1,257	634	247	881	-376
Tertiary Services	3,203	856	1,000	5,059	1,083	911	315	1,227	143
Corporate Divisions									
Chief Executive	130	22	22	174	52	76	0	76	24
Chief Operating Officer	184	30	38	252	72	72	0	72	0
Clinical Governance	367	58	69	494	144	43	53	96	-48
Communications	16	2	4	22	6	0	13	13	6
Corporate Governance	47	7	5	59	18	27	0	27	9
Finance	238	37	36	311	93	275	0	275	182
FM & Emergency Planning	631	100	79	810	247	214	33	247	0
Medical Director	32	5	8	45	13	13	0	13	0
Medical Education	186	29	35	250	73	73	0	73	0
People & Culture	430	174	61	665	204	165	39	204	-0
Planning, Transformation, Strategy & Digital (Other)	75	12	11	98	30	43	0	43	14
Planning, Transformation, Strategy & Digital (ICT)	711	112	108	931	279	201	73	274	-5
Research & Development	114	18	22	154	45	15	30	45	0
Trust Specific	0	0	7,000	7,000	0	0	0	0	0
Other Divisions									
Other Divisions	0	163	7,000	7,163	5,368	2,426	4,227	6,653	1,284
Grand Total	22,151	15,510	19,498	57,160	12,742	6,828	5,907	12,735	-7



Forecast

	M1 £m	M2 £m	M3 £m	M4 £m	M5 £m	M6 £m	M7 £m	M8 £m	M9 £m	M10 £m	M11 £m	M12 £m	2023/24 Total £m
Plan Surplus / (Deficit)	(6.3)	(7.5)	(6.8)	(3.7)	(3.4)	(2.6)	(0.7)	(0.1)	1.2	(0.7)	3.2	3.3	(24.3)
Actual / Forecast Surplus / (Deficit)	(6.3)	(7.5)	(6.8)	(3.7)	(3.4)	(2.6)	(0.7)	(0.1)	1.2	(0.7)	3.2	3.3	(24.3)
Variance to Plan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Finance

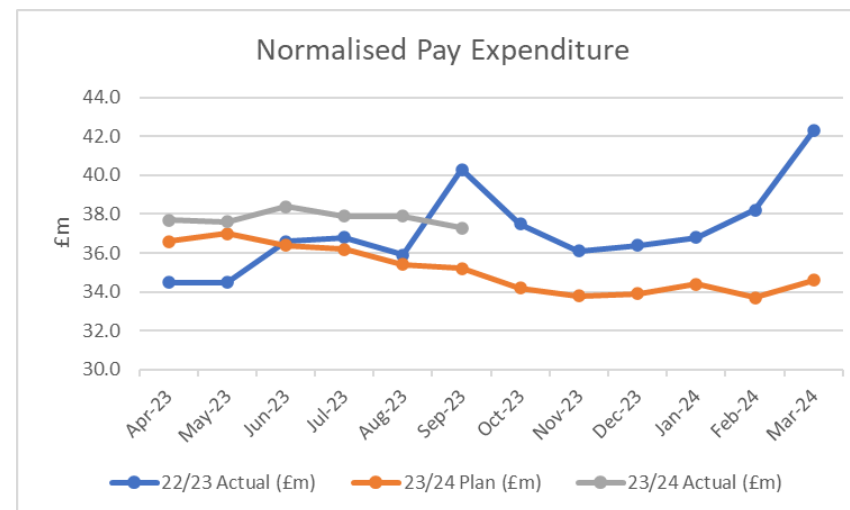
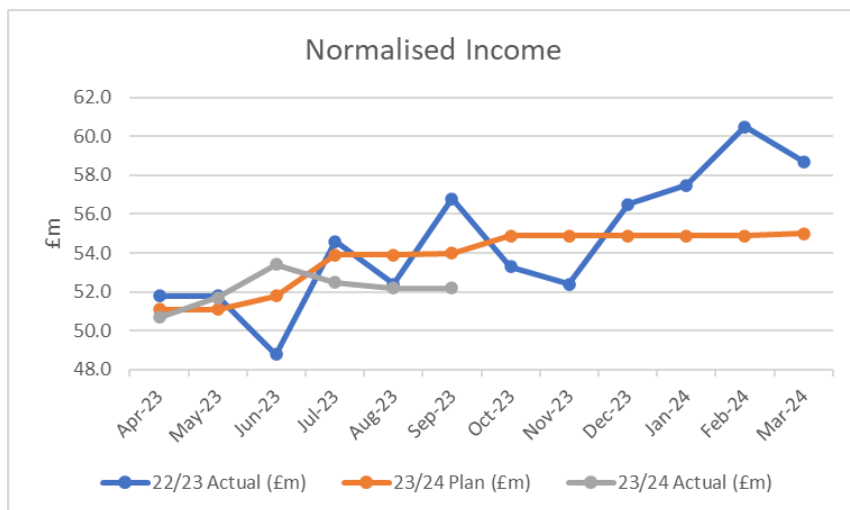
At September 2023 the forecast is a £24.3m deficit which is in line with the planned deficit. The assumptions made are as follows:

- The system stretch target £17.7m is delivered;
- The Trust Specific QEP and Financial Recovery targets are delivered or mitigated;
- Winter related activity is either system funded or managed within internal resources;
- Divisional operational pressures and risks will be managed or mitigated.

Additional mitigations currently being assessed to assist with keeping the Trust on Plan are:

- Further Pay controls – vacancy control and flexible pay;
- Additional non-pay expenditure controls;
- Opportunities to improve PbR income levels through additional work for Commissioners;
- Scan4Safety Stock tracing and control system Business Case and implementation – both recurrent and non-recurrent savings;
- Incentive scheme for Divisions and Directorates to over-achieve budget and QEP performance.

Run Rate



For comparison purposes, the 22/23 actuals in the run rate graphs have been normalised to remove 22/23 non recurrent income and expenditure and uplifted to 23/24 prices.

