

Board of Directors - Public

SUMMARY REPORT

Meeting Date: 27 July 2022
 Agenda Item: 12

Report Title:	Financial Performance Report for the period ending May 2022	
Author(s):	Matt White, Deputy Director of Finance	
Accountable Director:	Phillip Easthope, Executive Director of Finance, IMST & Performance	
Other meetings this paper has been presented to or previously agreed at:	Committee/Tier 2 Group/Tier 3 Group	Finance & Performance Committee
	Date:	14 July 2022
Key points/recommendations from those meetings	<p>Routine reporting of financial performance.</p> <p>Committee noted the financial position and overspend to date. Noted significant risk being the CIP programme which is due to be discussed in detail under a separate agenda item at the July Board of Directors' meeting.</p>	

Summary of key points in report

Summary at May 2022:

- Initial reporting in M2 was to a planned annual deficit position of £2.7m. This figure has driven the YTD planned deficit of £684k. However, the plan has subsequently changed to £1.7m deficit and then a further change was made to break even. The planned YTD figure will be updated in M3 to reflect this.
- A reported deficit of £329k at m2 was favourable to the initial plan but is likely to be adverse to the revised plan.
- Covid expenditure will still be monitored in the current financial year. It is currently adverse to plan.
- Planned agency spend for 22-23 is approximately £1.5m lower than 21-22 plan. This is primarily due to CIP aspirations. The Trust is currently spending £511k more than plan. Agency caps have not yet been determined by NHSIE but will be reintroduced later in the financial year.
- CIP savings have commenced delivery but are significantly short when compared to plan. Most schemes are planned to deliver towards the latter end of the year. The CIP requirement will be increased following the revised plan to break even.
- Capital is underspending against plan, but this trend has been seen in previous financial years with schemes spending significantly more in the second half of the financial year.

Recommendation for the Board/Committee to consider:

Consider for Action		Approval		Assurance	X	Information	
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The current plan and forecast require updating to reflect changes agreed in-month.

Achieving a break-even position will be challenging. It should, however, be noted that current spend is lower than the initial deficit plan.

Expenditure is forecast to increase above current levels for Month 3.

Please identify which strategic priorities will be impacted by this report:					
Covid-19 Recovering effectively			Yes	X	No
CQC Getting Back to Good – Continuing to improve			Yes	X	No
Transformation – Changing things that will make a difference			Yes	X	No
Partnerships – working together to make a bigger impact			Yes		No X
Is this report relevant to compliance with any key standards ?			State specific standard		
Care Quality Commission Fundamental Standards	Yes	X	No		Regulation 17: Good Governance Regulation 13: Financial Position
Data Security and Protection Toolkit	Yes		No	X	
Any other specific standard?				X	
Have these areas been considered ? YES/NO				If Yes, what are the implications or the impact? If no, please explain why	
Service User and Carer Safety and Experience	Yes		No	X	Out of scope
Financial (revenue & capital)	Yes	X	No		Identification of financial sustainability risks
Organisational Development /Workforce	Yes		No	X	Out of scope
Equality, Diversity & Inclusion	Yes		No	X	
Legal	Yes		No	X	Out of scope

Financial Performance Report

May 2022

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Executive Summary

Summary at May 2022:

- Initial reporting in M2 was to a planned annual deficit position of £2.7m. This figure has driven the YTD planned deficit of £684k. However, the plan has subsequently changed to £1.7m deficit and then a further change was made to break even. The planned YTD figure will be updated in M3 to reflect this.
- A reported deficit of £329k at m2 was favourable to the initial plan but is likely to be adverse to the revised plan.
- Covid expenditure will still be monitored in the current financial year. It is currently adverse to plan.
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- CIP savings have commenced delivery but are significantly short when compared to plan. Most schemes are planned to deliver towards the latter end of the year. The CIP requirement will be increased following the revised plan to break even.
- Capital is underspending against plan, but this trend has been seen in previous financial years with schemes spending significantly more in the second half of the financial year.

KPI	Annual Plan £'000	Year to Date Plan £'000	Year To Date Actual £'000
Surplus/Deficit	(2,718)	(684)	(329)
Covid Expenditure	1,178	196	232
Agency	4,424	853	1,364
Cash	61,938	59,016	57,392
Efficiency Savings	3,540	590	251
Capital	10,500	1,759	942
Better Payments Practice Code	99.1% by Number 99.6% by Value		

SPC Metrics	SPC Variation	SPC Target
Covid Costs	● L ●	n/a
Agency Staff £	● H ●	F
Out of Area £	● H ●	F

SPC variation	
● ● ●	Common cause
● L ●	Improvement - where low is good
● H ●	Improvement - where high is good
● L ●	Concern - where high is good
● H ●	Concern - where low is good
● ? ●	Special cause - where neither high nor low is good

SPC target	
?	Target Indicator – Pass/Fail
P	Target Indicator – Pass
F	Target Indicator – Fail

Financial Overview

MHIS Slippage

Area	YTD Budget	YTD Spend	Variance	Forecast FY Variance
Crisis Home Treatment	224,755	161,498	63,257	381,545
Community Teams	68,196	108,803	- 40,607	- 243,639
Assertive Outreach	127,292	80,894	46,397	123,959
EIS Arms Pathway	57,519	35,085	22,434	139,466
Therapeutic Input	77,821	53,682	24,138	129,852
Perinatal	601,287	178,065	423,222	423,222
IAPT	675,242	649,923	25,319	9,027
Therapeutic Input	15,322	6,755	8,567	50,906
Total	1,847,432	1,274,706	572,727	1,014,336

Income & Expenditure Summary

	Year to Date				Forecast			
	Plan	Actual	Variance		Plan	Fcast	H2 Variance	
	£000	£000	£000	%	£000	£000	£000	%
Clinical Income	20,366	20,220	(146)	(1%)	122,191	122,191	0	0%
Other Income	3,666	3,450	(216)	(6%)	22,002	22,002	0	0%
Total Income	24,032	23,670	(362)		144,193	144,193	0	0%
Pay	19,846	19,118	(728)	(4%)	117,651	117,651	0	0%
Non Pay	4,570	4,747	177	4%	24,373	24,373	0	0%
Total Expenditure	24,416	23,865	(551)		142,024	142,024	0	
Post EBITDA	300	235	(65)	(22%)	4,887	4,887	0	0%
Net Surplus / (Deficit)	(684)	(430)	254		(2,718)	(2,718)	0	
Technical Adjustments	0	101	101	0%	0	0	0	0%
Adjusted Net Surplus / (Deficit)	(684)	(329)	355		(2,718)	(2,718)	0	
KPI's								
Out of Town (OOT)	1,304	1,301	3	0%	7,826	7,826	0	0%
Agency	853	1,364	(511)	(60%)	4,424	4,424	0	0%
Covid	196	231	(35)	(18%)	594	594	0	0%
CIPs	590	251	339	58%	3,540	3,540	0	0%

See right for Directorate split

Summary at M2 May 2022:

- Operating deficit of £329k, (£430k unadjusted)
- Trends will be reported from M3 as more data is available
- Agency and Out of Area placements remain risks to the Organisation's underlying position. See Risks and Recovery slide for detail.
- Significant vacancies still remain as can be seen in the MHIS table opposite. These are leading to underspends which are supporting the financial position.
- Figures to be revised from M3 to reflect the latest iteration of the Organisations financial plan; a forecast break even position
- Rebasing exercise regarding where the Organisation receives income taking place in current month. This is expected to be a net neutral exercise.
- Additional funds bid for in relation to liaison services; c.£190k.
- Cost improvement plans have commenced delivery albeit at a reduced rate than initially planned. Further schemes are still to be developed.
- Increased level of CIPs to be identified due to change outturn plan. Non-recurrent schemes likely to incorporate high levels of vacancies.
- Capital plan expected to hit forecast despite spend being lower than forecast in M2.
- Currently awaiting outcome of additional capital bid for Mental Health UEC Funds

Directorate Year To Date Position

		Trust Wide	Clinical	Corporate	Medical	Central Budgets	Central Reserves
		£000	£000	£000	£000	£000	£000
Pay	Ledger Plan	19,846	15,725	2,916	1,871	(245)	(420)
	Actual	19,118	14,712	2,979	1,882	(293)	(162)
	Var	728	1,013	(63)	(11)	48	(258)
Non Pay	Ledger Plan	4,056	2,934	1,648	287	(683)	(129)
	Actual	4,171	3,057	1,655	124	(700)	35
	Var	(115)	(123)	(7)	163	17	(164)

Forecast

		Prior Year	Actual		Forecast										Forecast Out-turn	M12 Plan	Variance
		£'000	Apr-22 £'000	May-22 £'000	Jun-22 £'000	Jul-22 £'000	Aug-22 £'000	Sep-22 £'000	Oct-22 £'000	Nov-22 £'000	Dec-22 £'000	Jan-23 £'000	Feb-23 £'000	Mar-23 £'000	£'000	£'000	£'000
Income																	
	Income from Patient Care Activities	130,481	10,110	10,110	10,197	10,197	10,197	10,197	10,197	10,197	10,197	10,197	10,197	10,197	122,191	122,191	0
	Other Operating Income	21,368	1,725	1,725	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	22,002	22,002	0
	Total Income	151,849	11,835	11,835	12,052	12,052	12,052	12,052	12,052	12,052	12,052	12,052	12,052	12,052	144,193	144,193	0
Expenditure																	
	Substantive	100,156	8,465	8,466	9,122	9,122	9,122	9,122	9,122	9,122	9,122	9,122	9,122	9,122	108,146	108,146	0
	Bank	6,474	384	384	389	389	389	389	389	389	389	389	389	389	4,660	4,660	0
	Agency	5,873	675	675	307	307	307	307	307	307	307	307	307	307	4,424	4,424	0
	Other (Apprenticeship Levy)	4,919	34	35	35	35	35	35	35	35	35	35	35	35	421	421	0
	Total Pay	117,422	9,558	9,560	9,853	9,853	9,853	9,853	9,853	9,853	9,853	9,853	9,853	9,853	117,651	117,651	0
	Purchase of Healthcare (OOA)	9,708	650	650	653	653	653	653	653	653	653	653	653	653	7,826	7,826	0
	Drugs	965	88	88	84	84	84	84	84	84	84	84	84	84	1,016	1,016	0
	Other non pay	17,681	1,347	1,347	1,284	1,284	1,284	1,284	1,284	1,284	1,284	1,284	1,284	1,284	15,531	15,531	0
	Total Non Pay	28,354	2,086	2,086	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	2,020	24,373	24,373	0
	Total Expenditure	145,776	11,644	11,646	11,874	11,874	11,874	11,874	11,874	11,874	11,874	11,874	11,874	11,874	142,024	142,024	0
	EBITDA	6,073	192	190	179	179	179	179	179	179	179	179	179	179	2,169	2,169	0
	Post EBITDA	5,653	405	406	408	408	408	408	408	408	408	408	408	408	4,887	4,887	0
	Net Surplus / (Deficit)	420	(214)	(217)	(229)	(229)	(229)	(229)	(229)	(229)	(229)	(229)	(229)	(229)	(2,718)	(2,718)	0
	Technical Adjustments	1,391	50	51	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	0	0	0
	Adjusted Net Surplus / (Deficit)	1,811	(164)	(166)	(239)	(239)	(239)	(239)	(239)	(239)	(239)	(239)	(239)	(239)	(2,718)	(2,718)	0

Commentary:

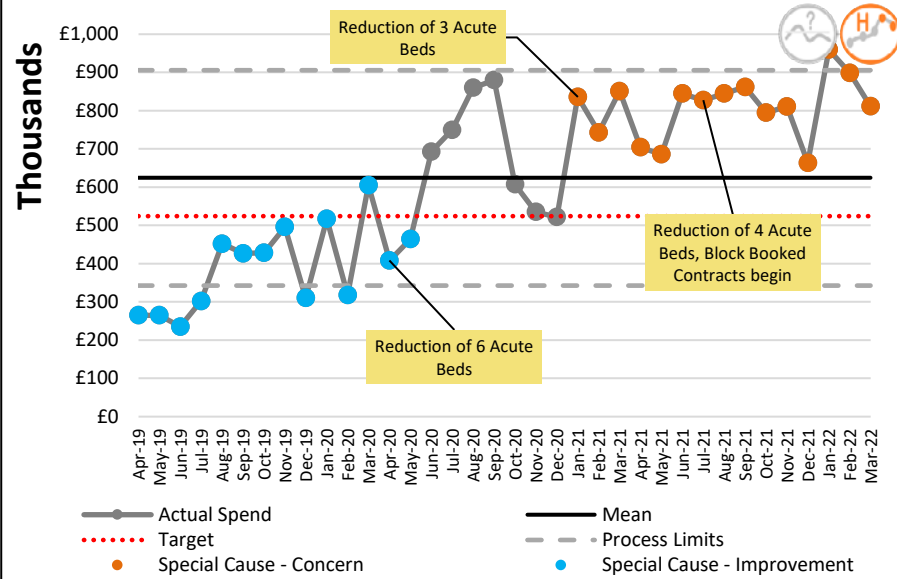
The current plan and forecast require updating to reflect changes agreed in-month.

Achieving a break even position will be challenging. It should however be noted that current spend is lower than the initial deficit plan

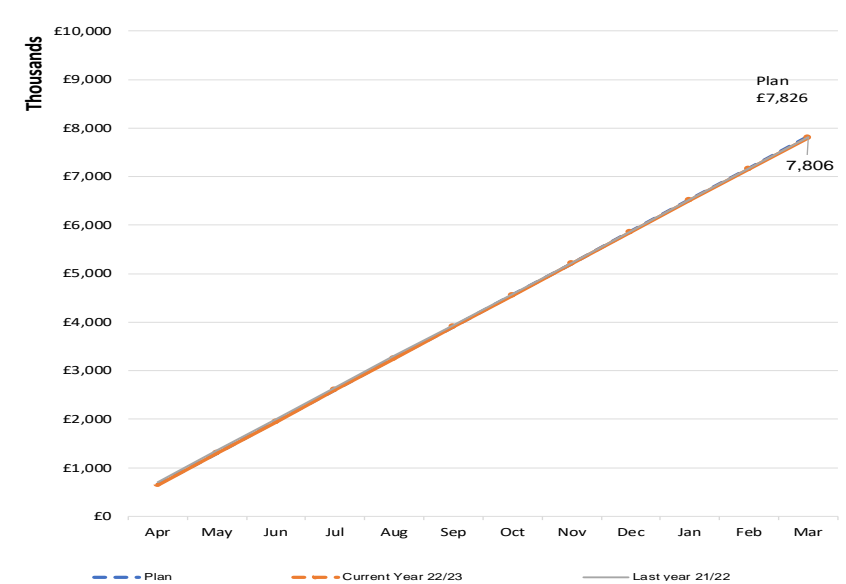
Expenditure is forecast to increase above current levels for M3

Risk & Recovery | Out of Area & Agency

Out of Town - Statistical Process Chart



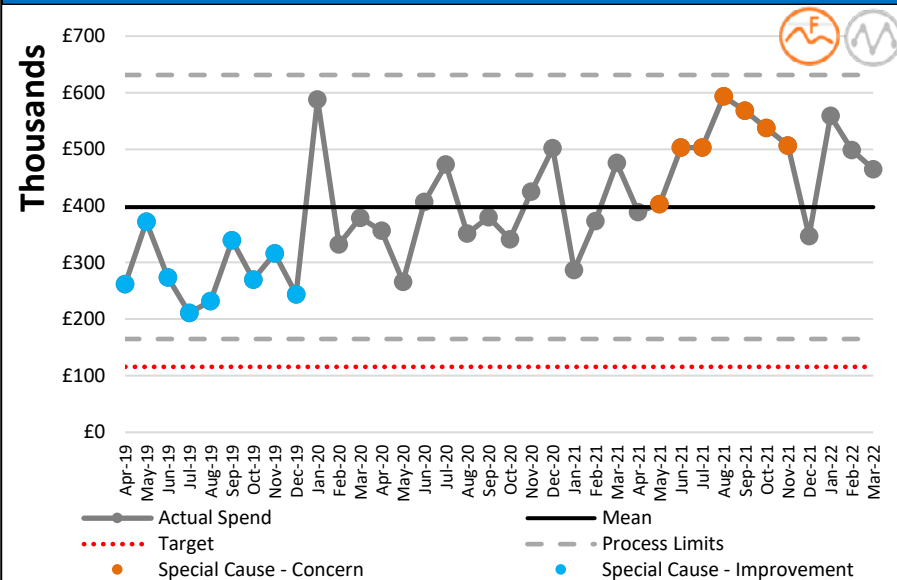
Out Of Town - Projection v Plan



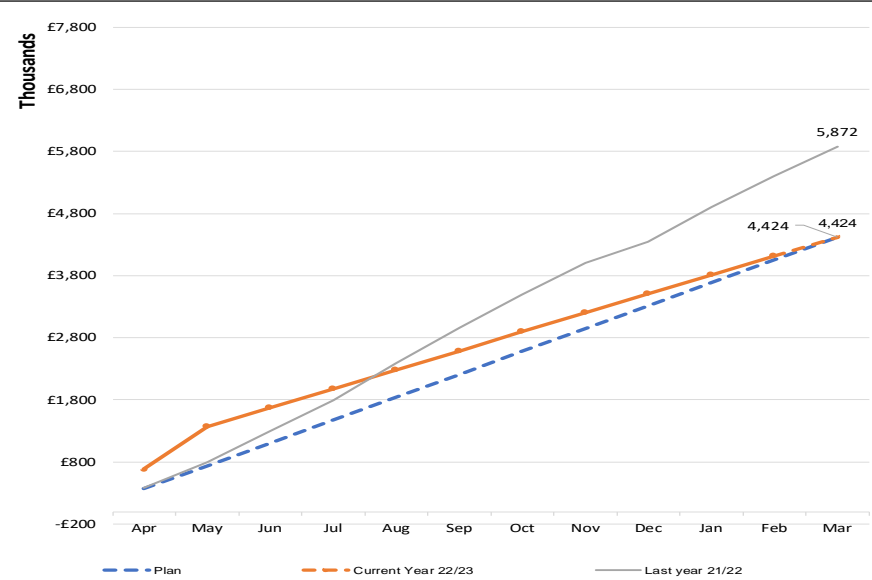
Out of Area: to update

- Out of Area remains high but is on a downwards trajectory.
- At May 2022, 14 service users out of area.
- Current CIP program to focus on out of area bed reduction

Agency - Statistical Process Chart



Agency - Projection v Plan



Agency: to update

- Agency spend in the first two months of the financial year is higher than both plan and the prior year
- Current month spend is lower than 6 month average spend.
- CIPs projected to bring spend back on plan.
- While agency use has increased over the previous 12 months it should be considered that increased investments have increased vacancies and agency staff play a vital role in helping to cover these.

Cost Improvement Programme as at May 2022

Includes non recurrent

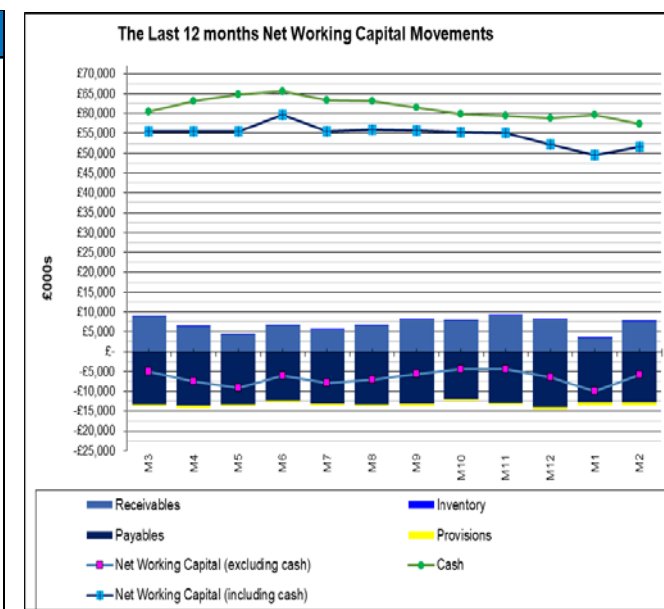
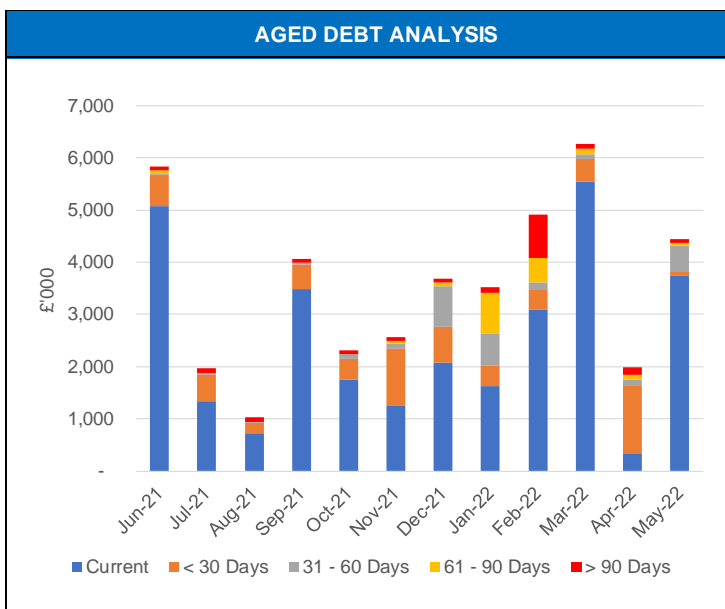
Exec Lead	Service Area	CIP Efficiency Target	YTD	Scheme Status												RAG Rating		
				Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	YTD Savings	Forecast Savings
				£	£	£	£	£	£	£	£	£	£	£	£	£	£	
Beverley Murphy	Central Management	196,098	-														0%	0%
Beverley Murphy	Acute & Community Services	27,241	-														0%	0%
Beverley Murphy	Acute & Community Services	1,000,000	-														0%	0%
Beverley Murphy	Acute & Community Services	200,000	-														0%	0%
Beverley Murphy	Rehab & Specialist Services	532,104	-														0%	0%
Beverley Murphy	Rehab & Specialist Services	360,000	-														0%	0%
Beverley Murphy	Rehab & Specialist Services	50,000	-														0%	0%
Clinical Directorates		2,365,443															0%	0%
Phillip Easthope	Finance	150,928	-														0%	0%
Mike Hunter	Medical	115,332	3,648	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	1,824	21,890	19%	19%
Deborah Lawrenson	Chair/ Chief Exec Office	8,857	-														0%	0%
Deborah Lawrenson	Deputy Chief Exec	165,634	-														0%	0%
Deborah Lawrenson	Corporate Governance	26,049	2,154	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	1,077	12,923		50%	50%
Beverley Murphy	Nursing & Professions	96,098	-														0%	0%
Caroline Parry	People	71,510	-														0%	0%
Pat Keeling	Special Projects	189,177	996	498	498	498	498	498	498	498	498	498	498	498	498	5,977	3%	3%
Phillip Easthope	Central Budgets	10,279	-														0%	0%
Unallocated	Trust wide	341,689	-														0%	0%
Corporate		1,175,553	6,798	3,399	3,399	3,399	3,399	3,399	3,399	3,399	3,399	3,399	3,399	3,399	3,399	40,790	3%	3%
Trust overspend	Refined Month end under spend	1,625,000	243,925		243,925											243,925	90%	15%
Grand Total	Grand Total	5,165,996	250,723	3,399	247,324	3,399	3,399	3,399	3,399	3,399	3,399	3,399	3,399	3,399	3,399	284,715	29%	6%

Monitoring of CIPs is still being finalised, current figures show an underperformance against plan
 A number of schemes are delivering, there is however a significant amount for which plans are to be identified

Above or at Target
 Below 50% of target

SOFP | Statement of Financial Position

	OPENING 2022/23	ACTUAL	MOVEMENT	YEAR END PLAN
	£'000	£'000	£'000	£'000
Non-Current Assets				
Property, Plant & Equipment (PPE)	55,238	63,067	7,829	49,384
Intangible Assets	1,364	1,546	182	1,998
Other Non-Current Assets	16,333	16,212	(121)	4,617
Non-Current Assets Total	72,935	80,825	7,890	55,999
Current Assets				
Receivables	6,862	4,501	(2,361)	7,699
Cash and Cash Equivalents	58,757	57,392	(1,365)	55,741
Other Current Assets	1,354	2,977	1,623	105
Total Current Assets	66,973	64,870	(2,103)	63,545
Current Liabilities				
Provisions	(762)	(762)	0	(704)
Payables	(8,215)	(6,287)	1,928	(10,694)
Other Current Liabilities	(5,687)	(6,925)	(1,238)	(29)
Total Current Liabilities	(14,664)	(13,974)	690	(11,427)
Net Current Assets/ (Liabilities)	52,309	50,896	(1,413)	52,118
Total Non-Current Liabilities	(4,285)	(10,646)	(6,361)	(5,441)
Total Net Assets	120,959	121,075	116	102,676
Total Taxpayers Equity	120,959	121,075	116	102,676



STATEMENT OF FINANCIAL POSITION COMMENTARY

SHSC reports a positive cash position of £57.4 million to the end of May 2022. There are no working capital concerns, and the Better Payment Practice expectations are met monthly. The current ratio (current assets to current liabilities) is 5:1, with cash contributing to 88% of current assets.

Funds from the sale of Fulwood are expected to be reinvested in capital development and rebuilding SHSC's asset base over the next 3 years.

Liabilities remain under control for the month.

HIGHLIGHTS FOR THE REMAINDER OF THE YEAR

- Debt remains within expected levels. There is a concerted effort to improve collections especially for debts for overpayments to employees leaving SHSC.
- The overall level of debt (money owed to the Trust) was £4.5m as at the end of May. £3.7m of this is current. We've seen reductions in debts over 60 days and 90 days during May.

NET WORKING CAPITAL

- At the end of May 2022 SHSC had a cash balance of £57.4 million compared to £58.8 million at the end of the last financial year.
- The Trust had a negative net working capital balance of £5,859k excluding cash (positive NWC of £51,533k including cash). This has been a stable for the past 12 months.
- The high liquidity ratio of 5:1 (current assets:current liabilities) allows SHSC to operate without the need to borrow to finance working capital. SHSC may be capable of financing the 5 years Capital Programme from internal funds if income from the sale of Fulwood land is released to fund the CDEL.

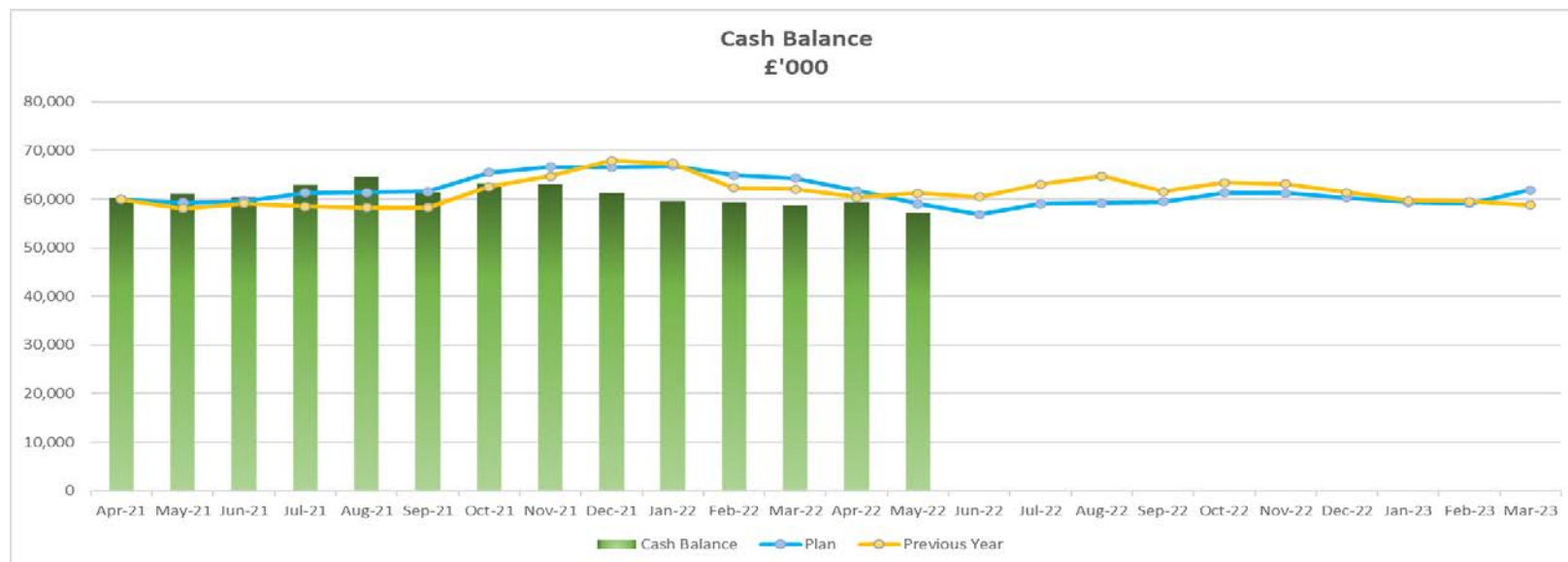
12 Months Cash Flow Forecast

		Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Cash flow as at May 2022	Prior Year	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23	2022/23
	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Operating Surplus/(deficit)	2,182	(195)	(140)	(120)	(120)	(79)	(58)	(37)	(15)	2	21	12	
Net cash generated from / (used in) operations	2,983	(186)	(641)	2,972	1,267	(1,441)	2,809	1,112	730	(160)	384	3,817	
Net cash inflow/(outflow) from investing activities, Total	(8,364)	(883)	(1,238)	(532)	(792)	(964)	(682)	(1,032)	(1,468)	(675)	(493)	(865)	
Net cash inflow/(outflow) before financing	(3,199)	0	(1,264)	(2,019)	2,320	355	(2,484)	2,069	43	(753)	(833)	(88)	2,964
Net Cash inflow/(outflow) from financing activities, Total	(119)	(101)	(150)	(150)	(150)	2,698	(150)	(150)	(150)	(150)	(150)	(150)	
Increase/(decrease) in cash and cash equivalents	(3,318)	(1,365)	(2,169)	2,170	205	214	1,919	(107)	(903)	(983)	(238)	2,814	
Cash and cash equivalents at start of period	62,075	58,757	58,757	57,392	55,223	57,393	57,598	57,812	59,731	59,624	58,721	57,738	57,500
Increase/(decrease) in cash and cash equivalents	(3,318)	(1,365)	(2,169)	2,170	205	214	1,919	(107)	(903)	(983)	(238)	2,814	
Cash and cash equivalents at end of period	58,757	58,757	57,392	55,223	57,393	57,598	57,812	59,731	59,624	58,721	57,738	57,500	60,314

NARRATIVE

The cash balance at the end of May 2022 was £57.4m. The forecast for the year ranges between £56.8m and £62.0m

There are no liquidity concerns and the finance department is exploring how the Trust can obtain interest payments on the large amount of cash held.

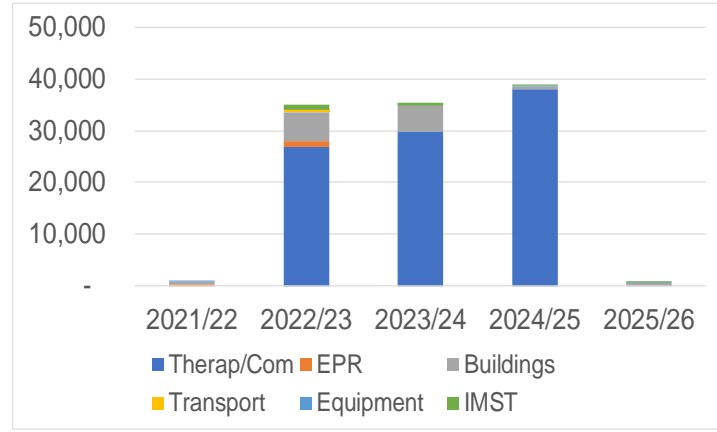


Capital Programme

CAPITAL FORECAST 2022/23 TO 2026/27

POSITION SUMMARY 2022/23

Category	2022/23		2023/24	2024/25	2025/26	2026/27	Total Programme Forecast
	YTD £000	Revised Plan £000	Plan £000	Plan £000	Plan £000	Plan £000	
Therap/Com	-	350	26,901	29,856	38,000	-	95,107
EPR	245	2,848	1,107	-	-	-	3,955
Buildings	686	5,918	5,553	4,959	600	600	17,630
Transport	-	470	470	-	-	-	940
Equipment	11	50	50	50	50	50	250
IMST	-	864	864	430	342	282	2,782
Total	942	10,500	34,945	35,295	38,992	932	120,664

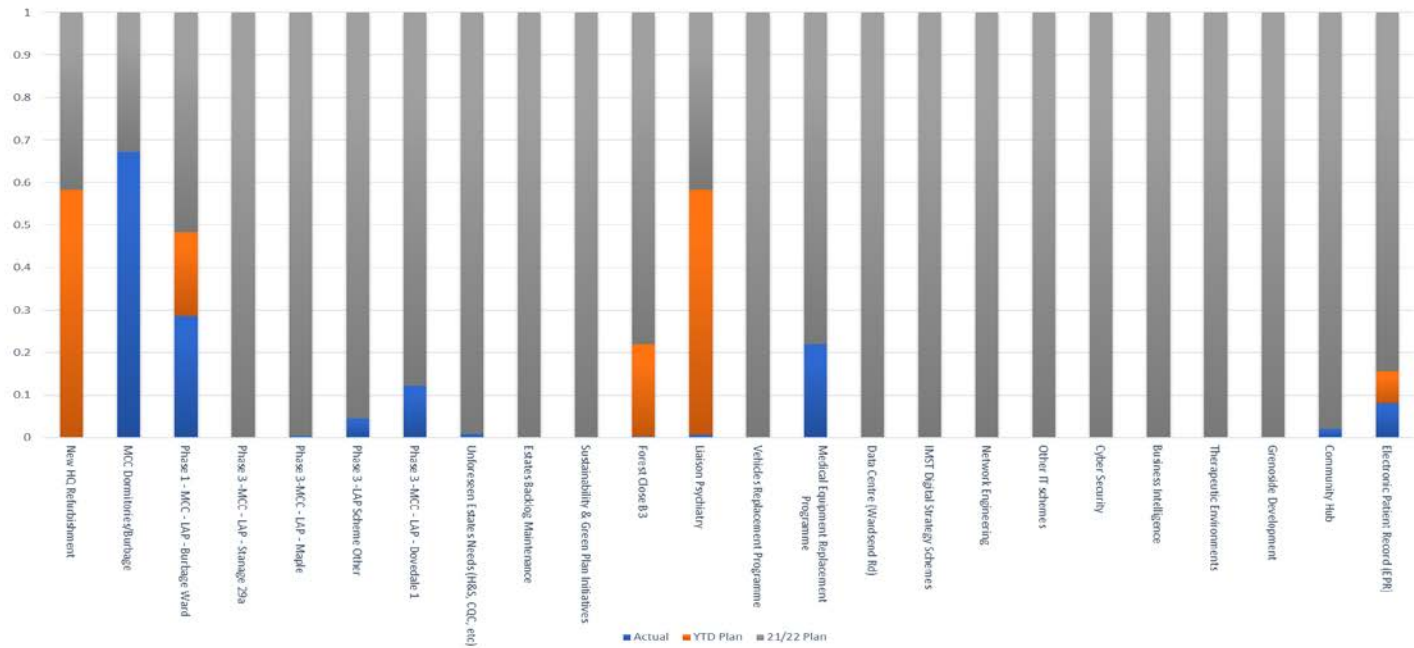


Capital Position to Date	Revised Plan	Actual	Variance
In-month spend	1,042	830	(212) Amber
Cumulative spend	1,759	942	(817) Amber
Capital expenditure is <85% or >115% of plan for year to date			Amber

Capital Forecast Outturn	Revised Plan	Actual	Variance
Cumulative spend	10,500	10,619	119 Green
Capital expenditure is <85% or >115% of plan for year to date			Green

CAPITAL PROJECT PORTFOLIO - YEAR TO DATE POSITION

NARRATIVE



The capital programme for FY 2022/23 submitted to ICS in March is £10.5m.

SHSC is expecting a CDEL allocation of £7,452k and approved external funding for the Electronic Patient Record scheme of £2,848k in 2022/23.

At the end of May 2022, SHSC is reporting capital expenditure including accruals of £942k, which is £817k below the annual plan.

Delays in the phase 3 LAP works and EPR account the the main variances however scheme leads are confident that this will not effect the forecast out-turn position for 2022/23.