

UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
COUNCIL OF GOVERNORS
THURSDAY 21 MAY 2020

Title:	FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 31 MARCH 2020
Responsible Director:	Julian Miller, Chief Financial Officer.
Contact:	Sarah Thomas, Director of Strategic Finance, ext. 17453

Purpose:	To present an update to the Council of Governors on the Trust's finance and activity performance for the period ending 31 March 2020 (Months 1-12 2019/20).
Confidentiality Level & Reason:	None
Board Assurance Framework Ref: / Strategy Implementation Plan Ref:	BAF - SR2/18 - Cash flow affects day to day operations of Trust BAF - SR12/18 - Unable to maintain and improve quality and quantity of physical environment to support the level of service SIP - #8 Use our resources as efficiently as possible to meet our financial improvement trajectory SIP - #9 Invest in our estates and capital infrastructure to provide high quality facilities for patients and minimise under-utilised clinical space
Key Issues Summary:	<ul style="list-style-type: none"> • The overall annual surplus reported by the Trust is £0.4m which is £0.4m favourable to the breakeven financial plan. • Against the control total basis used by NHSE&I (which excludes central funding, impairments and the impact of donated assets) the Trust has achieved a favourable variance of £2.7m. • The financial impact of the COVID-19 pandemic amounted to (£7.9m) in March of which £6.9m was directly reimbursed. • Cash at 31 March 2020 was £61.0m which is £6.9m favourable to plan.
Recommendations:	The COUNCIL OF GOVERNORS is asked to: 1. Receive the contents of this report.

Signed: Julian Miller	Date: 12 MAY 2020
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**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
COUNCIL OF GOVERNORS**

THURSDAY 21 MAY 2020

**FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING
31 MARCH 2020**

PRESENTED BY THE CHIEF FINANCIAL OFFICER

1. Introduction

This report covers the 2019/20 financial year from April to March 2020. The report summarises the Trust's combined financial performance and includes information on healthcare activity, expenditure variances and Cost Improvement Plan (CIP) delivery. The 2019/20 financial plan was approved by the Board of Directors in May 2019 prior to submission to NHS England and NHS Improvement (NHSE&I). The Trust's income and expenditure plan is to breakeven after central funding as follows:

Table 1.0: 2019/20 Annual Plan

	Plan £m
Surplus / (Deficit) For the Year	(0.0)
Exclude central funding (PSF/FRF/ MRET)	(36.2)
Exclude capital donations, grants and other	(0.0)
Adjusted Financial Plan excl. central funding	(36.2)
Control Total	(36.2)

Impact of the COVID-19 Pandemic*

As part of the national exercise, the Trust quantified the financial impact of the COVID-19 pandemic response as (£7.9m) in March as set out below:

Table 1.1: Impact of COVID-19 Pandemic

NHSE&I Cost Category	Costs £m	Funded £m
Respiratory Support / Mechanical Intervention	(1.5)	(1.5)
Isolation Pods	(0.8)	(0.8)
Sickness cover	(0.8)	(0.8)
Administration Support & Remote Working	(0.7)	(0.7)
PPE	(0.7)	(0.7)
ITU Preparedness	(0.6)	(0.6)
Remote Outpatient Appointments	(0.4)	(0.4)
Other (Diagnostic Tests , Bed Capacity, Segregation)	(0.9)	(0.9)
Sub-Total Expenditure	(6.4)	(6.4)
Loss of Income Generation & Private Patients	(0.5)	(0.5)
Loss of Patient Care Income	(0.5)	
Suspension of Annual Leave**	(0.5)	
Total Impact of COVID-19 (March 2020)	(7.9)	(6.9)

*Table 1.1 excludes capital costs of (£0.1m) in March that were subject to a separate submission process to NHSE&I.

**Trusts are required to accrue for annual leave not taken within the financial year (value of £3.6m at the end of 2018/19). The end of 2019/20 has seen a significant increase in untaken annual leave and it is assumed that this is largely as a result of the COVID-19 outbreak.

The Trust has been notified that it will receive additional funding of £6.9m to support the costs listed above (£62k of this was received in March). This additional income will be included in the Annual Accounts for 2019/20. The financial impacts relating to lost healthcare income (£0.5m) were not supported by central funding as it was deemed these could be managed within local STP systems. The value of the annual leave accrual (£0.5m) was also not directly funded but will be an allowable cost for calculating eligibility for central funding.

Including the COVID-19 funding above, the Trust has reported a full year surplus of £0.4m. This is £0.4m favourable to the planned breakeven position for the financial year ended March 2020. The NHSE&I measure of financial performance removes all central funding and accounting adjustments for donated assets and the impairment of non-current assets. On this basis the Trust is £2.7m favourable to plan, as shown in Table 17. The Trust has therefore delivered the required Control Total for the Financial Year 2019/20 (subject to the External Audit of the Trust's Annual Accounts in June 2020).

The Trust's cash balance increased to £61.0m at the end of March 2020 from £49.7m at the end of February.

2. Income & Expenditure

2.1 Summary Position

The Trust's reported income and expenditure position at the end of March is a surplus of £0.4m, this is £0.4m favourable to the original plan. Although the 2019/20 annual plan is to breakeven, this is not equally phased due to:

- Elements of the central funding (PSF, FRF) weighted towards the second half of the year.
- Non-consolidated annual pay award costs incurred in Month 1.
- £14.0m stretch CIP target which is profiled into Q4.
- Additional £0.9m of 2018/19 PSF notified in June (see revised trajectory in Table 2 below).

Table 2: Trust Income and Expenditure position

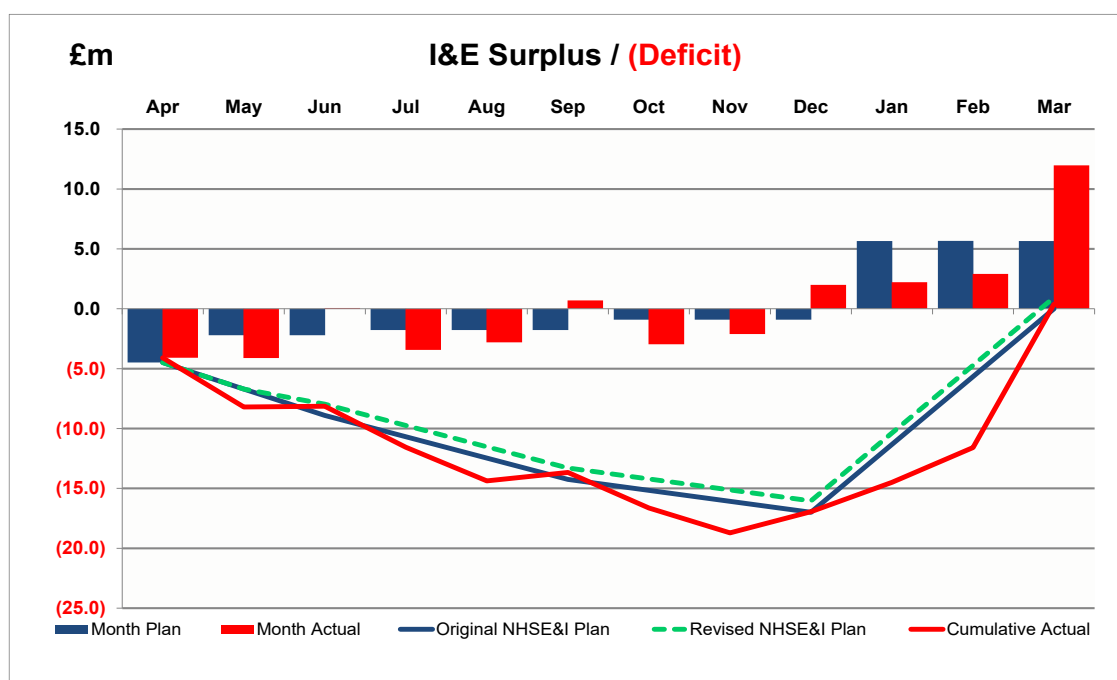


Table 3 below summarises the Trust's Income and Expenditure position for the period ended March 2020. Analysis of income is included in section 2.2 and operating expenditure variances are detailed in section 2.3 below.

Table 3: YTD Income and Expenditure against Original Plan

Consolidated Summarised Income and Expenditure - Group			
	YTD Plan	YTD Actual	YTD Variance
	Mar-20	Mar-20	Mar-20
	£m	£m	£m
Operating Income	1,676.0	1,755.6	79.6
Operating Expenditure	(1,616.6)	(1,691.4)	(74.8)
EBITDA	59.4	64.2	4.8
Depreciation	(36.5)	(36.9)	(0.4)
Interest Receivable	0.6	0.5	(0.1)
Interest Payable	(24.0)	(24.0)	0.0
PDC Dividends	(1.5)	(1.3)	0.2
Gains / (losses) on Disposals	0.0	(0.3)	(0.3)
Corporation Tax	0.0	(0.3)	(0.3)
Donated / Granted Income	2.0	1.0	(1.0)
Surplus / (Deficit) before impairment	0.0	2.9	2.9
Impairment charged to I&E	0.0	(2.5)	(2.5)
Retained Surplus / Deficit)	0.0	0.4	0.4

2.2 Income Analysis

2.2.1 Operating Income

Total operating revenue is £79.6m favourable to the annual plan;

Table 4: Operating Income against Plan

Group	YTD Plan Mar-20 £m	YTD Actual Mar-20 £m	YTD Variance Mar-20 £m
INCOME			
Clinical - NHS	1,456.8	1,516.7	59.9
Clinical - Non NHS	20.3	23.1	2.8
Other	198.9	215.8	16.9
Total Income	1,676.0	1,755.6	79.6

NHS clinical revenues are £59.9m favourable to plan; this includes cost per case activity, specific additional funding received in year from Commissioners, additional PSF, central DHSC pay award funding and Pension Contribution income of £38.2m (see 2.3 below). Non-NHS clinical income is £2.8m favourable which includes Private Patients and other Non-NHS income sources. Other non-clinical income is £16.9m favourable to plan due to over-performance against R&D, Education, SLA income and other trading revenues.

2.2.2 Healthcare Related Income

The Trust's activity related healthcare income (excluding cost per case) for months 1-11 is shown below compared to an equally phased plan.

Table 5: Healthcare Income by Point of Delivery

Income Type	YTD Plan £m	YTD Actual £m	YTD Variance £m
Accident and Emergency	53.8	53.1	(0.7)
Inpatients - Scheduled Care	189.4	181.9	(7.5)
Inpatients - Unscheduled Care	382.6	387.8	5.3
Outpatients	176.9	175.4	(1.5)
Other	198.5	206.9	8.3
Total	1,001.2	1,005.1	3.9

Note - Excludes Fines & Penalties, Block contracts and Excluded Drugs & Devices.

This shows the value of activity being £3.9m favourable to plan at the end of February. Income for both Scheduled Care and A&E is lower than plan, but this is offset by over-performance within Unscheduled Care and Other income (Dialysis, Direct Access, Critical Care and Radiotherapy). Due to the COVID-19 outbreak Commissioners have agreed to pay the Trust the planned level of income for the month of March 2020.

Table 6 below shows the equally phased planned and actual activity levels by the main points of delivery.

Table 6: Healthcare Activity Units

Activity Type	YTD Plan	YTD Actual	YTD Variance	Var %
Accident and Emergency (Attendances)	392,228	382,494	(9,734)	(2.5%)
Inpatients - Scheduled Care (Spells)	149,533	147,993	(1,540)	(1.0%)
Inpatients - Unscheduled Care (Spells)	181,401	174,642	(6,759)	(3.7%)
Outpatients (Attendances & Procedures)	1,531,896	1,523,771	(8,125)	(0.5%)
Other (Direct Access / Various)	8,471,252	9,457,930	986,678	11.6 %

Note - Excludes Excess bed day activity

Activity is below the equally phased plan for all main points of delivery. A&E activity is (2.5%) below plan, although total attendances overall are 2.6% above those seen in 2018/19. Unscheduled Care activity is (3.7%) below plan although associated income is 1.4% above plan, reflecting a casemix change for admitted patients with a higher proportion of short stay activity being managed through Ambulatory Care. Outpatients are broadly on plan in overall terms but within this Outpatient procedures are (4.5%) below plan. Other activity remained above plan for the period to the end of February predominantly as a result of increased direct access activity (Pathology and Imaging).

Appendix A contains a detailed split of healthcare income and patient activity. The graphs below show the monthly activity by the main points of delivery.

Table 6.1: Trust Inpatient Activity - Scheduled Care

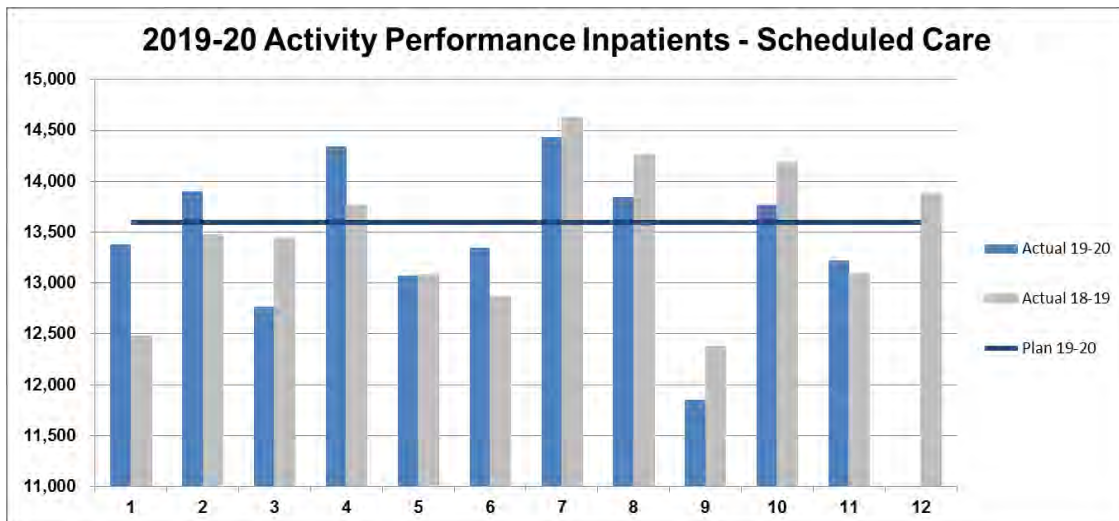


Table 6.2: Trust Inpatient Activity – Unscheduled Care

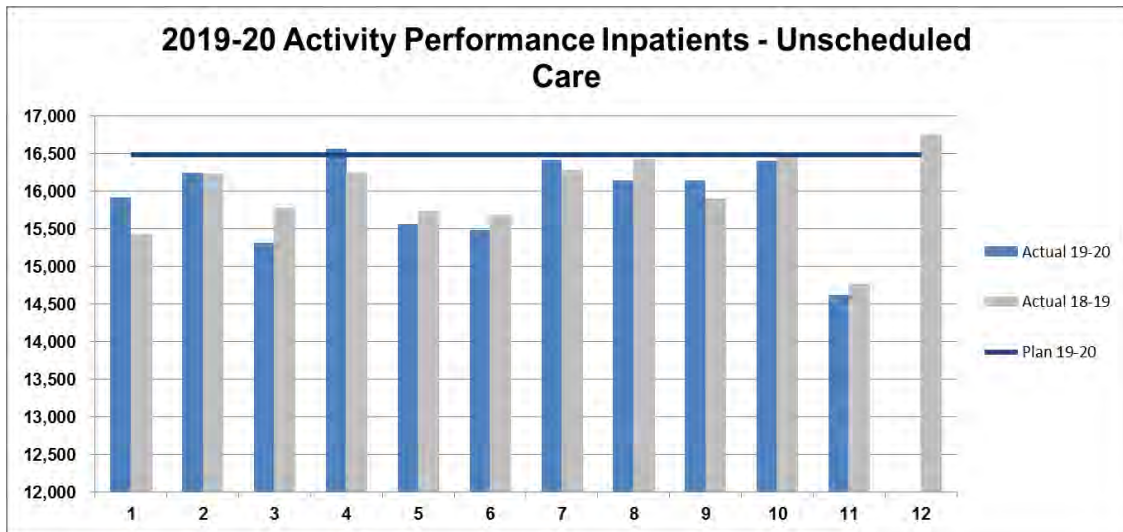
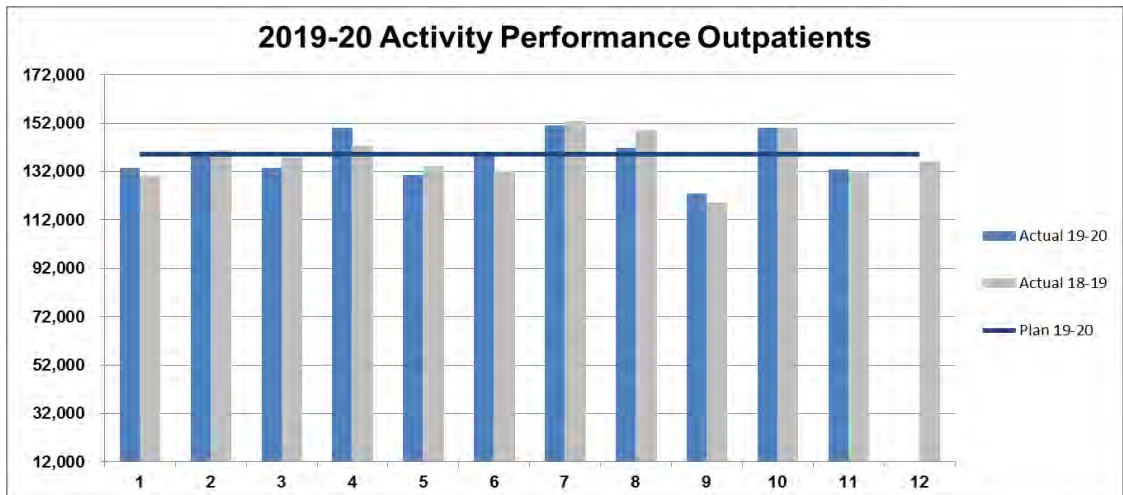


Table 6.3: Trust Outpatient Activity



2.3 Operating Expenditure Analysis

The Trust's operating expenditure shows an adverse variance of (£74.8m) or (4.6%) overall for the year. Over half of this variance relates to the 6.3% increase in employer pension contributions, totalling (£38.2m), which were paid centrally by DHSC but following a late change in accounting policy are required to be recorded in the Trust's accounts accompanied by a corresponding income entry.

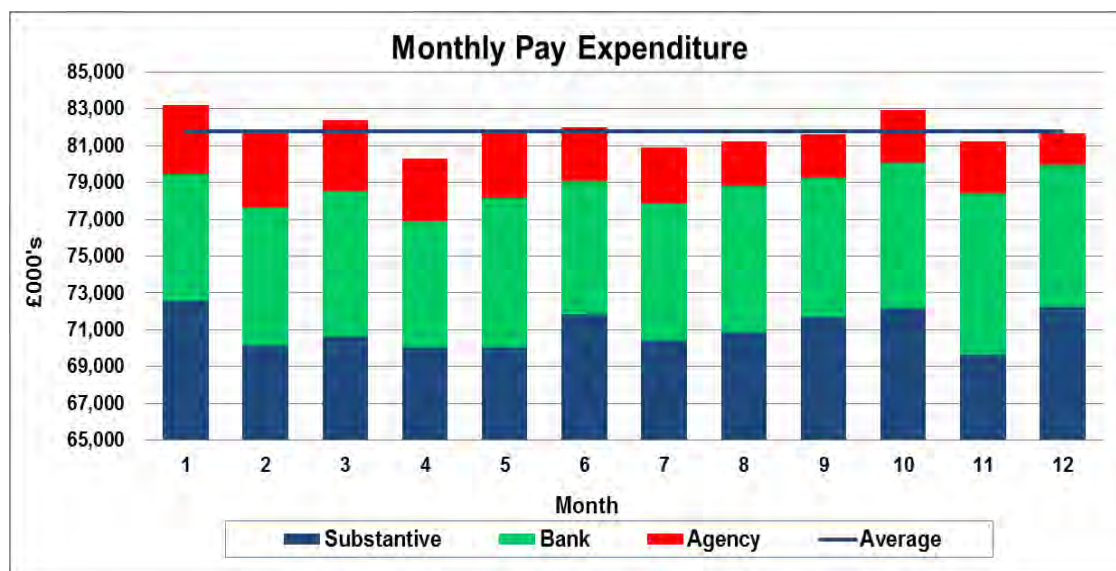
Table 7: Year to Date Operating Expenditure

Group	YTD Plan Mar-20 £m	YTD Actual Mar-20 £m	YTD Variance Mar-20 £m
PAY			
Medical Staff	296.7	298.0	(1.2)
Nursing incl HCAs	359.9	366.7	(6.7)
Other Staff	307.7	312.6	(4.8)
Apprentice Levy	3.9	3.9	0.0
Additional Pension Contributions	0.0	38.2	(38.2)
Total Pay	968.3	1,019.3	(51.0)
NON PAY			
Drugs	242.0	240.0	2.0
Clinical Supplies & Services	179.0	185.6	(6.6)
Other / Non-Pay Reserves	227.3	246.5	(19.2)
Total Non Pay	648.3	672.1	(23.8)
GRAND TOTAL	1,616.6	1,691.4	(74.8)

Further analysis of the pay expenditure is set out below.

2.4 Pay Analysis

Table 8: Pay Expenditure by Type



Pay expenditure, excluding the additional pension contributions (see 2.3 above), totals £981.1m, averaging £81.8m per month for the year. This includes temporary staffing expenditure of £128.8m (13.1%) comprising agency expenditure of £36.8m (3.8%) and bank expenditure of £92.1m (9.4%).

2.4.1 Medical Staffing

Medical staff expenditure is £298.0m of which £176.2m relates to Consultant staff and £121.7m to non-consultant staff. Table 8.1 shows the year to date Senior Medical staff (Consultant) expenditure, which includes £5.1m of agency expenditure.

Table 8.1: Monthly Senior Medical Expenditure

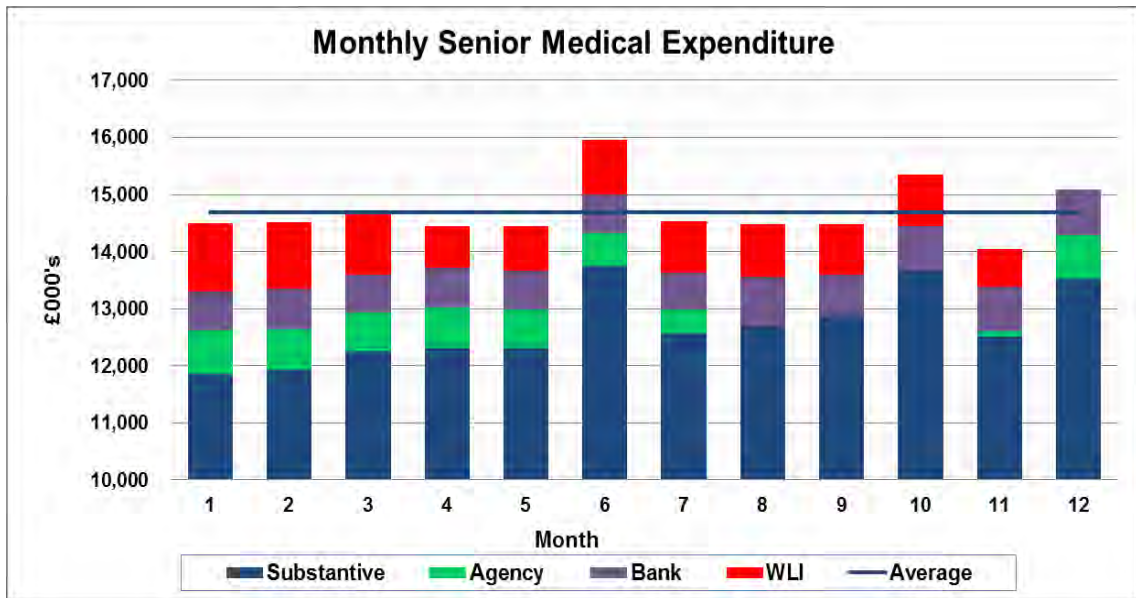
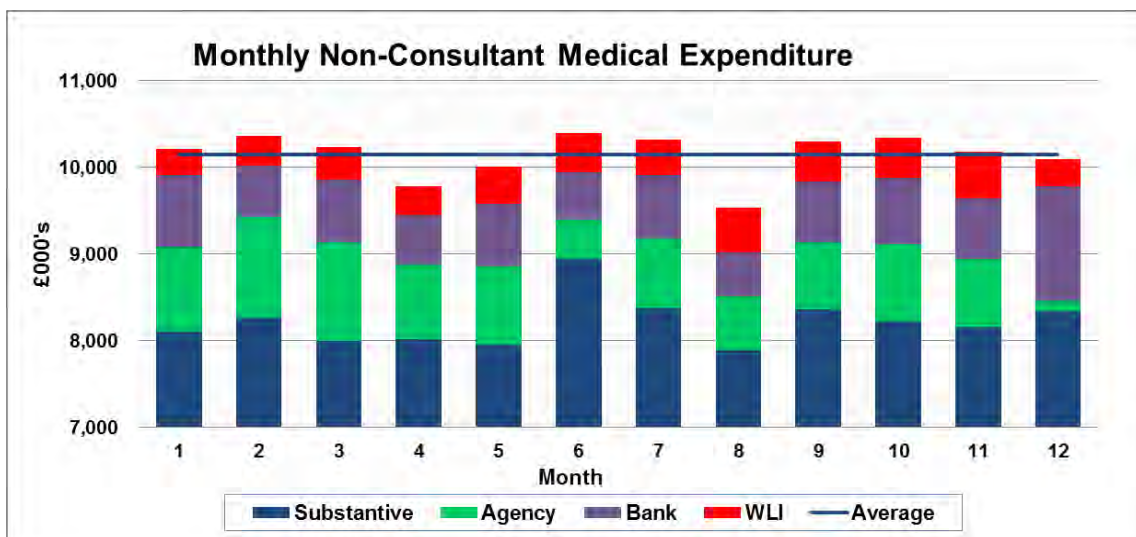


Table 8.2 shows other medical (Junior and Career Grade doctors) pay expenditure which totals £121.7m which includes £9.5m of agency staff.

Table 8.2: Monthly Non-Consultant Medical Expenditure



2.4.2 Nursing, Midwifery and Health Visiting Staff

Expenditure for Nursing, Midwifery and Health Visiting Staff totals £366.7m for the year. Table 8.3 shows the Trust's qualified nursing expenditure totalling £283.4m of which £13.4m relates to agency and £28.5m to bank staff.

Table 8.3: Monthly Qualified Nursing, Midwifery & Health Visiting Staff Expenditure

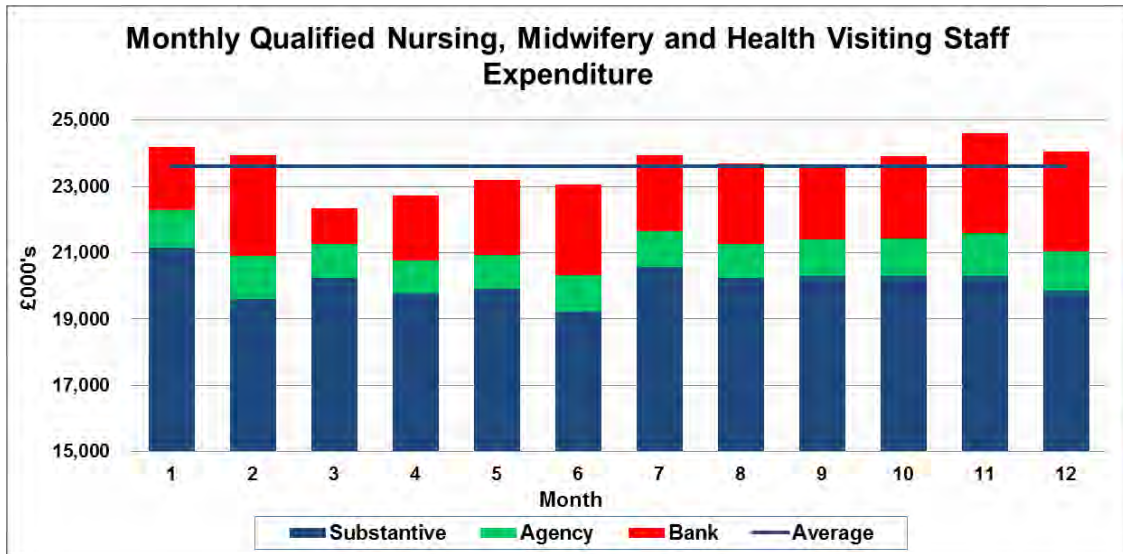
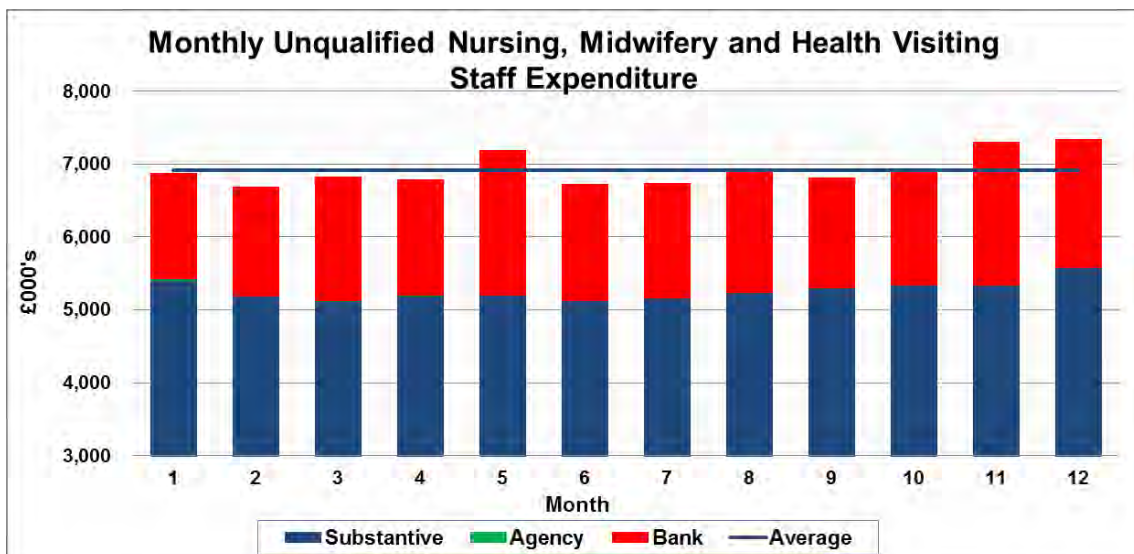


Table 8.4 shows the Trust's unqualified nursing expenditure totalling £83.3m of which £20.0m relates to bank staff with minimal agency expenditure.

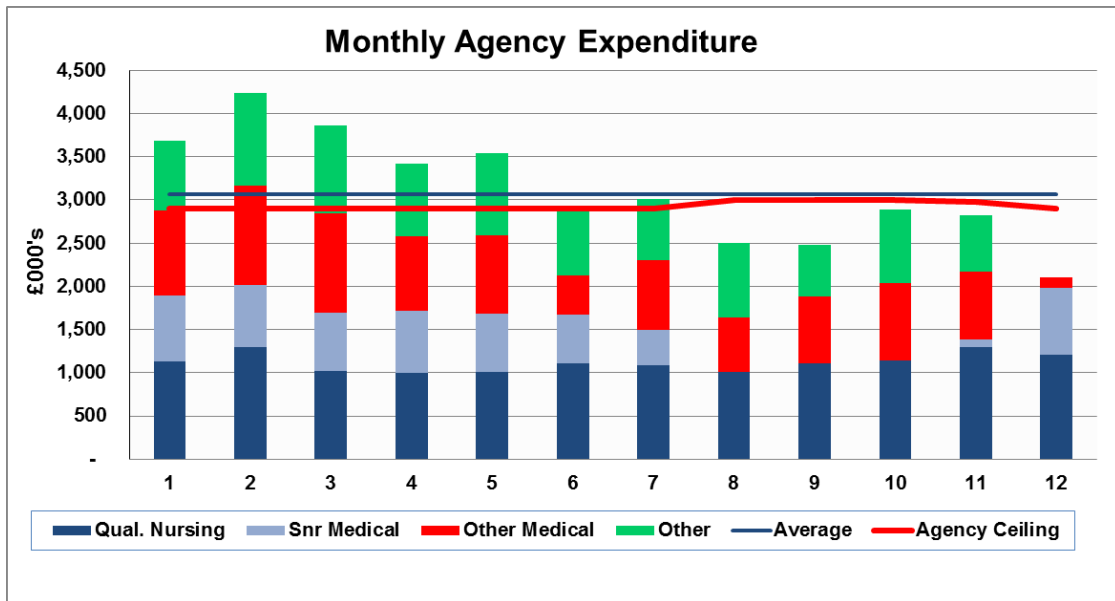
Table 8.4: Monthly Unqualified Nursing, Midwifery & Health Visiting Staff Expenditure



2.4.3 Agency Expenditure

Table 8.5 shows the Trust's monthly expenditure on agency staffing which totalled £36.8m at month 12 and is (£1.6m) or (4.5%) adverse to the NHSE&I expenditure ceiling for the year.

Table 8.5: Monthly Agency Expenditure



2.5 Non Pay Analysis

Table 9 below compares month 12 non-pay spend by expenditure group with the average monthly expenditure for 2019/20 and the average for 2018/19.

Table 9: Non Pay by Expenditure Type

	2019/20		2018/19	
	YTD Actual	YTD Average	Month 12 Actual	Monthly Average
	£m	£m	£m	£m
Drugs	240.0	20.0	11.3	19.0
Clinical Supplies	185.6	15.5	12.9	14.9
Other	246.5	20.5	26.7	19.4
Total	672.1	56.0	50.9	53.3

The table above shows that the average monthly non-pay expenditure has increased during 2019/20 compared to the 2018/19 average. Values in March were lower due to reduced levels of elective activity and year end accounting adjustments (e.g. stock takes).

2.6 Operational Divisional Performance

Table 10 below shows the financial performance across the new Divisional structure. Funding was released to divisions in the month for the following approved business cases and initiatives:

- Division 3 - Norman Power Unit £0.2m
- Division 4 – Glaucoma Outsourcing £0.1m

Table 10: Divisional Analysis

Month 12	Category	Annual Plan £m	YTD Plan £m	YTD Actual £m	YTD Var £m	YTD Var %
Division 1	Income	24.2	24.2	25.8	1.6	
	Pay	(208.6)	(208.6)	(211.8)	(3.2)	
	Non Pay	(57.1)	(57.1)	(76.0)	(18.9)	
	Sub-Total	(241.5)	(241.5)	(262.1)	(20.5)	(8.5%)
Division 2	Income	3.3	3.3	8.0	4.7	
	Pay	(122.1)	(122.1)	(125.1)	(3.0)	
	Non Pay	(133.1)	(133.1)	(139.5)	(6.4)	
	Sub-Total	(251.9)	(251.9)	(256.6)	(4.6)	(1.8%)
Division 3	Income	10.8	10.8	11.3	0.5	
	Pay	(181.5)	(181.5)	(204.6)	(23.2)	
	Non Pay	(32.3)	(32.3)	(34.1)	(1.8)	
	Sub-Total	(203.0)	(203.0)	(227.4)	(24.4)	(12.0%)
Division 4	Income	2.9	2.9	2.4	(0.5)	
	Pay	(98.6)	(98.6)	(102.0)	(3.4)	
	Non Pay	(60.9)	(60.9)	(64.2)	(3.2)	
	Sub-Total	(156.7)	(156.7)	(163.8)	(7.1)	(4.6%)
Division 5	Income	6.2	6.2	6.6	0.4	
	Pay	(94.3)	(94.3)	(99.2)	(4.8)	
	Non Pay	(137.0)	(137.0)	(146.2)	(9.2)	
	Sub-Total	(225.2)	(225.2)	(238.8)	(13.6)	(6.0%)
Division 6	Income	5.4	5.4	5.4	0.1	
	Pay	(76.6)	(76.6)	(73.9)	2.7	
	Non Pay	(40.0)	(40.0)	(38.4)	1.6	
	Sub-Total	(111.3)	(111.3)	(106.9)	4.4	3.9%
Central Operations	Income	1,511.3	1,511.3	1,515.6	4.3	
	Pay	(4.4)	(4.4)	(1.1)	3.2	
	Non Pay	(1.4)	(1.4)	(2.7)	(1.3)	
	Sub-Total	1,505.5	1,505.5	1,511.8	6.3	0.4%
DIVISIONAL TOTAL		315.9	315.9	256.2	(59.7)	(18.9%)

The key divisional variances are set out below;

Division 1 (Clinical Support Services)

- (£20.5m); (8.5%) adverse to budget for the year.
- Pay (£3.2m) adverse, driven by a (£4.1m) overspend within Radiology which includes (£1.9m) agency technical staff, (£0.7m) on agency medical staff and (£0.6m) on locum medical.
- Non Pay (£18.9m) adverse which includes unachieved in year and historic CIP targets (£8.7m), hire of mobile units and external reporting (£3.5m) in Radiology, drugs (£2.4m) and a further (£2.8m) of cost pressures for clinical supplies and equipment across Laboratories, Theatres and Critical Care.

Division 2 (Cardiology, Renal, Transplant and other Medical services)

- (£4.6m); (1.8%) adverse to budget for the year.
- Income £4.7m favourable driven by Cardiac Surgery (Transplant and VAD activity) £3.5m, and Cardiology private patients £0.6m.
- Pay (£3.0m) adverse, primarily due to waiting list payments in Cardiology and Dermatology.
- Non-Pay (£6.4m) adverse with a drug underspend offset by under delivery of CIP (£11.2m) and over spends for clinical supplies and devices primarily in Cardiology.

Division 3 (Emergency)

- (£24.4m); (12.0%) adverse to budget for the year.
- Pay expenditure (£23.2m) adverse due to agency medical staff (£11.2m), locum medical staff (£7.0m) and out of hour's payments to medical staff (£3.6m). Qualified nursing substantive staff is £12.4m favourable to budget but offset by agency (£10.3m) and bank costs (£4.7m).
- Non-Pay (£1.8m) adverse due primarily to under delivery of CIP (£2.3m).

Division 4 (Surgery)

- (£7.1m); (4.6%) adverse to budget for the year.
- Pay expenditure (£3.4m) adverse driven by a (£5.4m) overspend on medical staffing which includes (£3.2m) of waiting list initiative (WLI) payments.
- Non-Pay (£3.2m) adverse to budget due to unachieved CIP targets (£6.1m), offset by favourable variances including drugs £1.9m.

Division 5 (Oncology, Neurology & Specialist Surgery)

- (£13.6m); (6.0%) adverse to budget for the year.
- Pay expenditure (£4.8m) adverse with main driver being medical staffing (£4.2m) which includes agency (£1.5m) and WLI payments of (£2.6m).
- Non-Pay (£9.2m) adverse of which (£5.2m) relates to CIP targets, (£4.4m) relates to drug costs (mainly Haematology).

Division 6 (W&C, Sexual Health, ID & Immunology)

- £4.4m; 3.9% favourable to budget for the year.
- Pay expenditure £2.7m favourable due to qualified nursing and midwifery vacancies and Senior Medical Staff vacancies.
- Non-Pay £1.6m favourable to budget.

3. Efficiency Savings

The Trust's annual plan includes a £42.0m Cost Improvement Programme target (2.6% of turnover). Total CIP delivery for the year is £43.1m, which is £1.1m ahead of plan, although this includes non-recurrent savings of £21.9m.

Table 11: CIP Delivery by Site and Division

Division	Target £m	All CIP Sources		YTD Delivery		
		Plans Identified £m	(Unidentified) / Headroom £m	YTD Target £m	YTD Delivery £m	Variance £m
Division 1	5.4	4.3	(1.1)	5.4	3.6	(1.8)
Division 2	4.6	4.4	(0.1)	4.6	4.0	(0.6)
Division 3	4.8	5.2	0.4	4.8	5.7	0.9
Division 4	2.6	3.9	1.3	2.6	3.2	0.6
Division 5	3.1	4.5	1.4	3.1	3.9	0.8
Division 6	1.8	3.0	1.2	1.8	3.0	1.1
Central Ops	0.3	0.5	0.2	0.3	0.5	0.2
Corporate	4.2	5.0	0.7	4.2	4.1	(0.2)
Sub-Total	26.9	30.8	3.9	26.9	28.0	1.1
Stretch	15.1			15.1	15.1	-
Total	42.0	30.8	3.9	42.0	43.1	1.1

4. Statement of Financial Position

The Statement of Financial Position shows the value of Trust's assets and liabilities as at 31 March 2020. The upper part of the statement shows net assets after short and long term liabilities with the lower part identifying sources of finance.

Table 12: Statement of Financial Position

Consolidated Summarised Balance Sheet - Group			
Group	YTD Plan	YTD Actual	YTD Variance
	Mar-20	Mar-20	Mar-20
	£m	£m	£m
Non-current assets			
Intangible Assets	15.2	18.0	2.8
Tangible Assets	438.3	414.4	(23.9)
PFI Assets	309.2	311.8	2.6
Debtors	8.5	10.1	1.6
Total	771.2	754.3	(16.9)
Current assets			
Inventories	35.5	37.9	2.4
Debtors	112.2	124.0	11.8
Bank & Cash	54.1	61.0	6.9
Total	201.8	222.9	21.1
Total Assets	973.0	977.2	4.2
Current liabilities			
Payables - trade	(257.3)	(263.7)	(6.4)
Payables - capital	(6.1)	(7.6)	(1.5)
Provisions	(3.4)	(5.5)	(2.1)
Deferred income	(33.4)	(36.4)	(3.0)
Borrowings	(13.9)	(48.4)	(34.5)
Total	(314.1)	(361.6)	(47.5)
Non-current liabilities			
Payables - trade	0.0	0.0	0.0
Provisions	(7.5)	(8.5)	(1.0)
Deferred income	(0.1)	(0.5)	(0.4)
Borrowings	(483.4)	(448.8)	34.6
Total	(491.0)	(457.8)	33.2
Total Liabilities	(805.1)	(819.4)	(14.3)
Net Assets	167.9	157.8	(10.1)
Financed by			
PDC	373.0	375.0	2.0
Revaluation Reserve	151.4	137.8	(13.6)
I&E Reserve	(356.5)	(355.0)	1.5
Total	167.9	157.8	(10.1)

5. Capital Expenditure (Non-Current Assets)

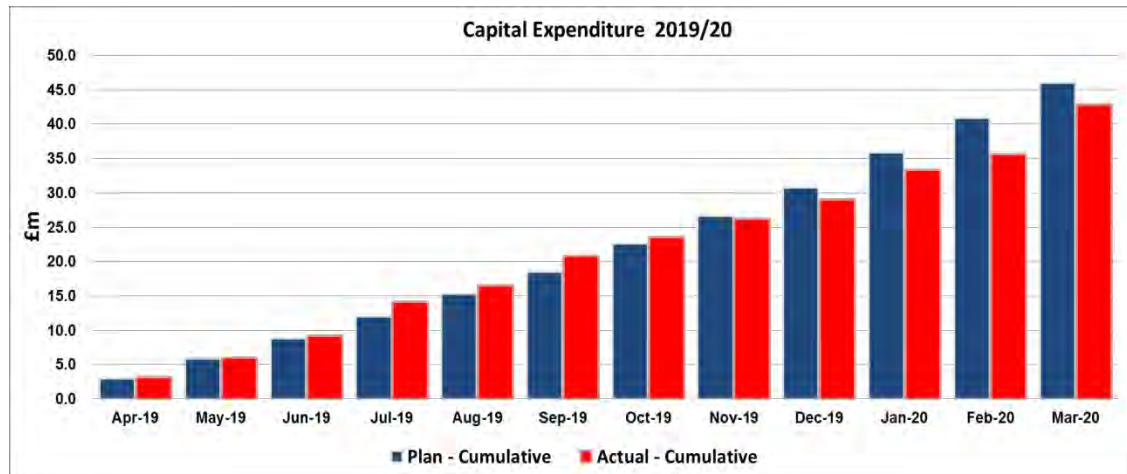
Table 13 below shows capital expenditure of £43.0m for the year. This is £3.1m below plan due primarily to slippage in replacing major medical equipment

including CT and MRI Scanners on the QEHB site.

Capital expenditure in the month totalled £7.4m against the following schemes:

- £3.3m relating to ICT and Global Digital Exemplar (GDE) projects.
- £2.7m relating to Facilities and Estates projects.
- £1.3m on medical equipment.
- £0.1m relating to COVID19 for Dialysis machines, which will be directly funded by NHSE&I.

Table 13: Capital Programme Expenditure



6. Aged Debt

The age profile of debtors (unpaid invoices issued by the Trust) is summarised below. At the end of March 2020 the value of unpaid debtor invoices over 90 days stood at £21.5m (£24.1m at 29 February). This includes £5.1m owed to the Trust by NHS Commissioners of which £3.8m relates to Birmingham and Solihull CCG and £0.8m to NHS England.

A further £9.1m relates to unpaid invoices for services provided to other NHS Trusts. This includes £1.8m from Derby and Burton Hospitals, £2.4m from Birmingham Women's & Children's, £1.3m from Sandwell & West Birmingham NHS Trust and £1.1m from The Royal Orthopaedic Hospital. The remaining £7.3m owed to the Trust includes overseas visitors, private patients, local authorities, universities, private sector organisations and individuals.

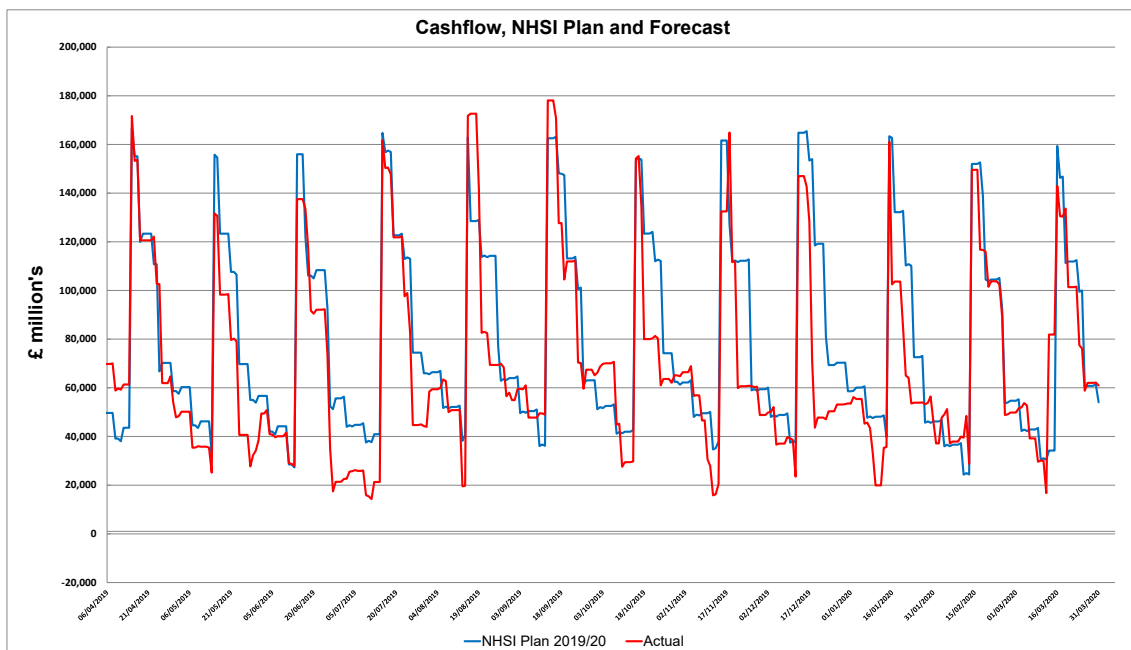
Table 14: Aged Debt Analysis



7. Cash Flow

The red line on Table 15 below shows actual weekly cash balances. The Trust’s cash balance at the end of March was £61.0m which is £6.9m favourable to plan at the year end.

Table 15: Cash Flow Forecast



8. Financial Risk Rating & Use of Resources (UoR) Metric

The Finance and Use of Resources Metric gives each provider a score between 1 (best) to 4 (worst) against 5 equally weighted metrics. Where providers have an overall score of 3 or 4, this will identify a potential support need under this theme, as will providers scoring a 4 against any of the individual metrics. Based on the year to date financial performance, the indicative Financial Risk Rating score is detailed below (subject to completion of the year end accounts);

Table 16: Trust Financial Risk Rating

Metric	Weight	Score	Definition
Capital Service Cover	20%	3	Can the provider's income cover its longer term financial obligations
Liquidity	20%	4	Cash held to cover operating costs
I&E Margin	20%	1	I&E surplus or (Deficit) as a proportion of Total Income
Distance From Plan	20%	1	Actual deficit compared to plan
Agency Spend	20%	2	Distance of actual spend from the annual agency cap set by NHS Improvement
Trigger		Yes	Any score of 4 above (trigger applies)
Risk Rating		3	Max. score limited to 3 if trigger applies

Use of resources is one theme used by NHSE&I to assess providers' overall performance. Other factors include quality of care, operational performance, strategic change and leadership and improvement capability. After assessing each of these areas, the Trust is placed into one of four segments as follows;

Segment	Description
1	Providers with maximum autonomy – no potential support needs identified across our five themes – lowest level of oversight and expectation that provider will support providers in other segments
2	Providers offered targeted support – potential support needed in one or more of the five themes, but not in breach of licence (or equivalent for NHS trusts) and/or formal action is not needed
3	Providers receiving mandated support for significant concerns – the provider is in actual/suspected breach of the licence (or equivalent for NHS trusts)
4	Special measures – the provider is in actual/suspected breach of its licence (or equivalent for NHS trusts) with very serious/complex issues that mean that they are in special measures

The Trust is currently within segment 2 which was agreed with NHS Improvement as part of the merger discussions.

8.1 NHSE&I Control Total

The Trust is monitored by NHSE&I for its financial performance against the agreed control total adjusted for the items set out below: Table 17 below shows the reconciliation between the figures used;

Table 17: Adjusted NHSE&I Financial Performance

Adjusted Financial Performance (NHSI Control Total)	Annual Plan £m	YTD Plan £m	YTD Actual £m	YTD Variance £m
Trust surplus / (deficit) for the period	0.0	0.0	0.4	0.4
Adjust: Impairment of Non Current Assets	0.0	0.0	2.5	2.5
Adjust: Capital donations / grants I&E impact	0.0	0.0	0.7	0.7
Remove impact of prior year PSF post accounts reallocation	0.0	0.0	(0.9)	(0.9)
Adjusted financial performance surplus / (deficit) including PSF	0.0	0.0	2.7	2.7
Less Central Funding : PSF, FRF and MRET	(36.2)	(36.2)	(36.2)	0.0
Adj. financial performance surplus / (deficit) excl. Central Funding	(36.2)	(36.2)	(33.5)	2.7

This table shows the adjusted financial performance reported by the Trust at month 12. This is measured after removal of the impact of capital grants and donations, impairments, prior year PSF, and central funding. An overall favourable variance of £2.7m was reported to NHSE&I for the period to 31 March.

8.2 Central Funding

In achieving and improving on the breakeven financial plan, the Trust is expecting to receive the full £36.2m of central funding as follows:

- £23.7m Provider Sustainability Funding (PSF)
- £2.3m Financial Recovery Funding (FRF)
- £10.2m Marginal Rate Emergency Threshold (MRET)

MRET funding is phased equally over the financial year. The release of the PSF and FRF was dependent on the Trust delivering its agreed financial plan. The Trust is therefore confident in securing the payments for all 4 quarters which were phased 15%, 20%, 30% and 35% as the year has progressed. It is unclear at this stage whether any additional bonus PSF will be available for the 2019/20 in addition to the amounts above.

9. Conclusion

The Trust reported an income and expenditure surplus of £0.4m at the end of March 2020 which is £0.4m favourable to the breakeven plan for the year. Against the control total basis used by NHSE&I, which excludes the impact of donated assets and impairments, the Trust is reporting a favourable variance of £2.7m for the financial year.

The Trust has delivered the financial Control Total for 2019/20 although this has relied on significant non-recurrent benefits and flexibilities. Due to the emergency measures introduced in response to the COVID-19 pandemic the short term financial position is secure, with the immediate costs of the outbreak being centrally funded, however the longer term financial outlook remains uncertain.

Julian Miller
Chief Financial Officer
12 May 2020

Appendix A - Healthcare Income by Division and Point of Delivery (POD) – YTD February 2020

Income Type	Division 1			Division 2			Division 3			Division 4			Division 5			Division 6			Trustwide		
	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accident and Emergency	-	-	0	-	-	0	53,773	53,060	(713)	-	-	0	-	-	0	53,773	53,060	(713)	53,773	53,060	(713)
Inpatients - Scheduled Care	5,224	4,732	(492)	43,980	42,699	(1,281)	245	712	467	74,548	72,011	(2,537)	60,861	57,780	(3,081)	189,422	181,919	(7,503)	189,422	181,919	(7,503)
Inpatients - Unscheduled Care	171	88	(83)	57,311	58,138	827	170,180	175,332	5,152	51,836	50,354	(1,481)	62,837	63,283	446	382,552	387,635	5,284	382,552	387,635	5,284
Outpatients	3,160	3,115	(44)	51,653	52,359	706	10,160	10,068	(92)	39,389	37,935	(1,454)	53,926	54,035	109	176,870	175,368	(1,502)	176,870	175,368	(1,502)
Other	79,869	81,909	2,040	51,902	54,856	2,954	2,426	2,535	109	2,299	2,616	316	30,384	32,885	2,501	196,548	206,874	10,326	196,548	206,874	10,326
Total	88,424	89,845	1,421	204,845	208,052	3,207	236,784	241,707	4,923	166,073	162,916	(5,157)	208,007	207,983	(25)	1,001,164	1,005,055	3,892	1,001,164	1,005,055	3,892
Blended Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines & Penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Realisable Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	88,424	89,845	1,421	204,845	208,052	3,207	236,784	241,707	4,923	166,073	162,916	(5,157)	208,007	207,983	(25)	1,001,164	1,005,055	3,892	1,001,164	1,005,055	3,892
Activity																					
Accident and Emergency	5,767	5,342	(425)	23,251	23,479	227	392,228	382,494	(9,734)	78,357	76,989	(1,368)	37,056	36,924	(132)	392,228	382,494	(9,734)	392,228	382,494	(9,734)
Inpatients - Scheduled Care	21	21	(0)	12,646	12,193	(453)	104,105	100,314	(3,791)	25,396	23,865	(1,531)	13,241	12,535	(706)	149,533	147,993	(1,540)	149,533	147,993	(1,540)
Inpatients - Unscheduled Care	21,481	20,692	(789)	435,303	444,571	9,268	178,740	175,002	(3,738)	380,621	368,578	(12,043)	420,058	423,285	3,227	1,531,896	1,531,896	(0)	1,531,896	1,531,896	(0)
Other	7,764,517	8,720,296	955,779	455,717	476,090	20,373	62,107	61,488	(619)	35,159	41,974	6,815	101,424	107,009	5,585	8,471,252	9,457,930	986,678	8,471,252	9,457,930	986,678
Total	7,799,565	8,770,756	971,191	497,925	512,352	14,443	637,180	620,298	(16,882)	237,679	223,406	(14,273)	578,339	586,757	8,418	8,471,252	9,457,930	986,678	8,471,252	9,457,930	986,678