

REPORT TO THE TRUST BOARD PUBLIC
26 May 2022

Title	Finance Report Month 12
Author	Matthew Hart, Deputy Director of Finance
Accountable Executive Director	Steven Course, Chief Finance Officer

Purpose of the report

This paper highlights financial performance to 31 March 2022.

Key messages

Summary of performance:

- Operating surplus (EBITDA) to end of March 2022 of £20,243k compared to budget operating surplus of £17,610k.
- Net surplus of £1,817k (0.3%) compared to planned net surplus of zero (0.0%).
- Year to date net surplus favourable against plan by £1,817k.
- NHS Improvement (NHSI) risk rating is now under the new Segmentation framework. The Trust has been notified it is in Segment 1 (Maximum autonomy, minimum risk).
- Cash balance on 31st March 2022 of £142.8m.

Committees/meetings where this item has been considered

Date	Committee/Meeting
10 May 2022	FBIC

Strategic priorities this paper supports

Improved Population Health Outcomes	<input checked="" type="checkbox"/>	Delivering financial balance aids the Trust in maintaining control in decision making.
Improved Experience of Care	<input checked="" type="checkbox"/>	Delivering financial balance aids improving service user satisfaction and experience of care.
Improved Staff Experience	<input checked="" type="checkbox"/>	Delivering financial balance aids improving staff experience.
Improved Value	<input checked="" type="checkbox"/>	This is a key requirement to ensure that the Trust delivers value for money and is not in breach of its Foundation Trust provider licence.

Implications

Equality Analysis	Financial sustainability aids the organisation in being able to address and adequately resource equality issues within the services we deliver
Risk and Assurance	NHS Improvement (NHSI) risk rating places the Trust in segment 1, there are however risks around the use of temporary staff and achieving the Trusts financial Viability target
Service User/Carer/ Staff	Delivering against the Trusts financial metrics supports the investment in services for the benefit of our staff, service users and carers
Financial	As stated in the report.
Quality	Delivering our services in a financially sustainable way enables continuous investment in improving the quality of our services.

1 Background/Introduction

1.1 This paper highlights financial performance for the financial year ended 31st March 2022.

2 Executive Summary

- Operating surplus (EBITDA) to end of March 2022 of £20,243k compared to budget operating surplus of £17,610k.
- Net surplus of £1,817k (0.3%) compared to planned net surplus of zero (0.0%).
- Year to date net surplus favourable against plan by £1,817k.
- NHS Improvement (NHSI) risk rating is now under the new Segmentation framework. The Trust has been notified it is in Segment 1 (Maximum autonomy, minimum risk).
- Cash balance on 31st March 2022 of £142.8m.

3 Summary of Performance to 31st March 2022

3.1 The performance for the financial year 2021/22 is based on the M12 management accounts and post Month 12 accounting adjustments. The final position is subject to the external audit process and any further adjustments as advised.

3.2 The financial performance is summarised in the table below:

	£m
Operating Income	552.7
Operating Expenditure	-532.5
EBITDA	20.2
Interest receivable	0.1
Interest payable	-2.0
Depreciation	-10.5
PDC	-5.1
M12 Control Total Surplus/(Deficit)	2.7
Impairment, donated assets and other adj.	-0.9
2021/22 Surplus/(Deficit)	1.8

EBITDA – Earnings before Interest, Depreciation and Amortisation

PDC – Public Dividend Capital

3.3 The Trust has delivered a 2021/22 total surplus of £1.817m (subject to audit).

4 Adoption of 2021/22 Accounts

4.1 The key data return was submitted to NHS Improvement on 19th April 2022.

4.2 The Trust plan is for draft accounts to be submitted by 26th April 2022.

4.3 The final audited accounts are expected to be presented to the Board for adoption on 22nd June 2022.

5 Financial Viability Programme (FVP)

- 5.1 As a result of uploading the initial 2021/22 budgets and updating for H1 plan income assumptions, the Trust had an FVP requirement of £9.1m for 2021/22. The opening balance included £5.3m carried from previous years and £1.1m (0.28%) national efficiency assumption for H1.
- 5.2 The total requirement was £9,067k of which £6,830k has been achieved.
- 5.3 The recurrent shortfall carried into 2022/23 is £3.4m, a reduction of £2.1m against the opening carried forward balance.
- 5.4 A separate paper on financial viability is tabled and discussed at Finance Business and Investment Committee (FBIC) which includes relevant detail of the programme.

6 COVID-19 Income & Expenditure

- 6.1 The impact on each Directorate of COVID-19 expenditure is shown in table 2a below. Overall YTD Trust COVID-19 costs exceed the funding available by £2,849k at Month 12 (Month 10, £2,310k).

Whilst the response to COVID-19 is critical, containment of cost is needed, particularly given funding for COVID-19 related expenditure is expected to be significantly reduced in 2022/23.

- 6.2 Table 2a: COVID-19 Expenditure and Variance by Directorate

	YTD Budget £000	YTD Actual £000	YTD Variance £000
<u>Mental Health Services</u>			
Tower Hamlets	0	(359)	(359)
Newham	0	(463)	(463)
City & Hackney	(0)	(406)	(406)
Forensic Services	0	(436)	(436)
Specialist Services	0	(16)	(16)
Luton	(29)	(982)	(953)
Bedfordshire	0	(573)	(573)
Sub total	(29)	(3,236)	(3,207)
<u>Community Health & Primary Care</u>			
Newham CHS	(1)	(32)	(31)
Specialist CHS	0	(5)	(5)
Tower Hamlets CHS	0	(10)	(10)
Bedfordshire CHS	(1,694)	(3,748)	(2,055)
Primary Care	0	0	0
Sub total	(1,694)	(3,795)	(2,100)
Central COVID Budgets	(4,300)	(1,842)	2,458
Sub total	(4,300)	(1,842)	2,458
TOTAL (excluding vaccination centres and lead employer)	(6,023)	(8,873)	(2,849)

7 Conclusions

7.1 The draft financial position, subject to audit, shows an overall surplus of £1.817m.

8 Equalities

8.1 This paper has no direct impact on equalities

9 Financial Implications

9.1 These are as stated in this report.

10 Risk

10.1 NHS Improvement (NHSI) risk rating is now under the new Segmentation framework. The Trust has been notified it is in Segment 1 (Maximum autonomy, minimum risk).

11 Actions Being Requested

11.1 The Trust Board is asked to **RECEIVE** and **DISCUSS** this report.