

Finance, Procurement and Contracting*

Board Finance Report: Month 12 2022/23

TB2023.42

Jason Dorsett: Chief Finance Officer

* The format of this report has been revised following the introduction of the new IPR. The report is now a free-standing shorter report for discussion discharging the Board's responsibility for financial governance. Additional information presented to TME is still available in the Reading Room on Diligent.

Financial Performance Report

Integrated themes and issues from Month 12 (March 2023)

Finance

Overall

Income and Expenditure (I&E) performance in March generated a reported **£9.1m surplus**. This was an improvement of £8.3m from February. After adjusting for additional non-recurrent income, reduced bad debt provisions and stocktake credits, the average run rate deficit slightly deteriorated from last month at £2.2m per month. This trend on the deficit has triggered a special cause variation this month.

Forecast

The year end I&E position of a **£0.1m surplus** for the year means the Trust has met its statutory duty to break even. This closing position is **£5.4m better** than the revised reforecast of a £5.3m deficit made in Q4. There were a number of factors that led to this improved year-end position, including a £2.4m valuation gain on investment property and stocktake credits of a net £2.3m.

Income

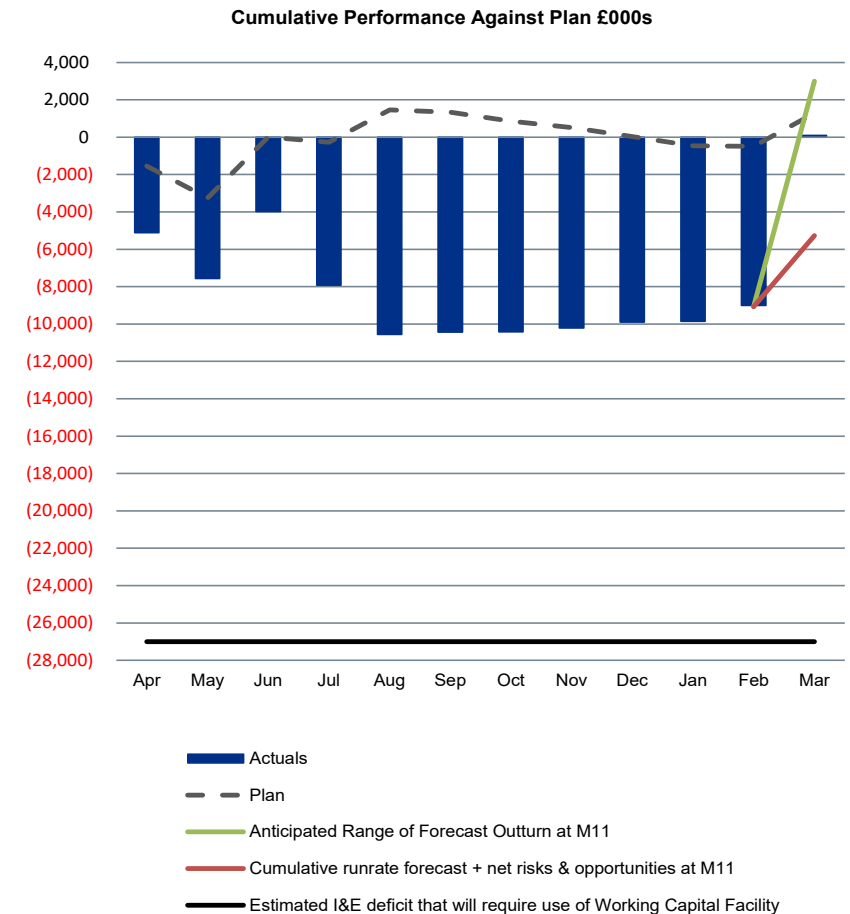
Commissioning income including passthrough income was **£61.6m better** than plan in March. Excluding pension funding (£31.0m) and additional AFC non-consolidated pay award funding (£23.8m) income was **£6.8m better** than plan. Passthrough drugs and devices were £0.9m better than plan and other commissioning income was £5.9m better than plan mainly due to £5.5m additional income from BOB ICS.

Non-NHS income (PP, Overseas, RTA and other) was **£9.6m better** than plan in March (including R&D £3.7m better than plan). This included £1.6m apprenticeship levy notional income, £1.0m release of deferred income and £0.9m of new SDE funding. Overseas income was **£0.5m better** than plan, this was due to a catch up billing Maltese orthopaedic activity (£0.4m).

Pay Expenditure

Pay costs were **£59.7m worse** than plan in-month. Excluding additional pension costs (£31.0m) and the additional AFC non-consolidated pay award accrual (£24.8m) pay was **£3.9m worse** than plan. For the year, pay costs are **£31.0m worse** than plan (excluding additional pension costs and the additional non-consolidated pay award accrual), this is principally driven by additional sessions and temporary staffing rather than an increase in WTEs.

Income & Expenditure - Performance Versus Plan



Financial Performance Report

Integrated themes and issues from Month 12 (March 2023)

Finance

Non pay expenditure

Non-pay costs were **£4.3m worse** than plan in March. Excluding R&D non-pay costs were **£3.4m worse** than plan. Non-pay costs are **£7.0m worse** than plan for the year (**£7.8m better** than plan if passthrough expenditure is excluded). Elective recovery non-pay costs are £10.8m lower than plan to date and COVID-19 non-pay costs are £2.0m lower than plan.

Productivity & Efficiency savings

Productivity KPIs continue to track below planned levels with sickness, theatre activity levels and higher ALOS all contributing to an estimated **£40.1m** negative productivity impact in the financial position for the year which is the underlying cause of pay overspends.

Efficiency savings are progressing well in the clinical divisions, and some corporate areas have identified savings, but other corporate directorates need to submit their plans. Trust wide savings from the benefits of business cases are not being delivered because schemes are either delayed or the ALOS benefit (e.g. on harm reduction) is being entirely offset by delayed discharges and other pressures on bed capacity.

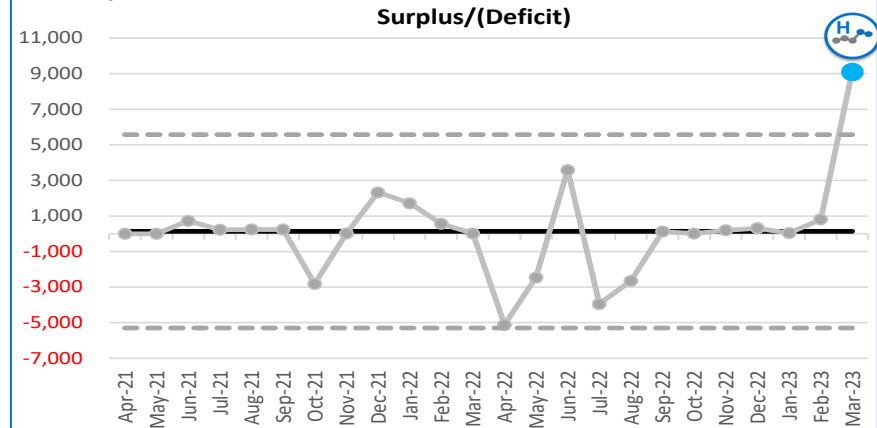
Cash

Cash was £32.6m at the end of March, **£11.7m lower** than the previous month, largely due to timing of the weekly creditor payments to suppliers. The year-end position was in line with the planning forecast submitted last year.

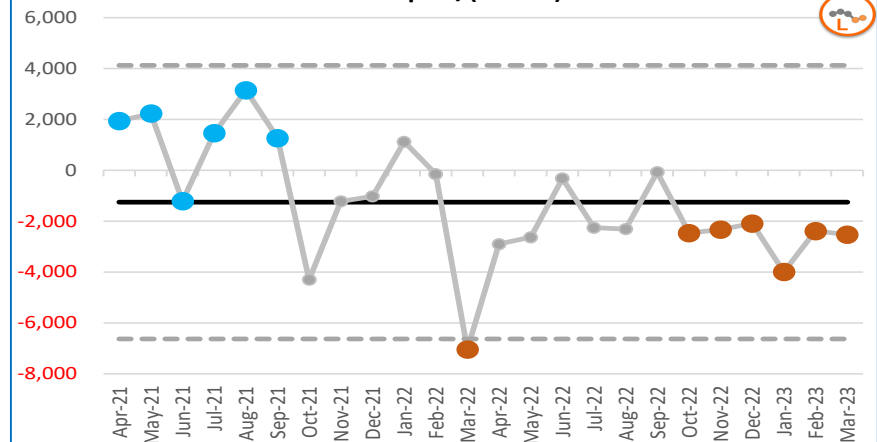
Capital

Gross capital expenditure was £46.6m for the year to the end of March, **behind the revised plan by £13.4m**, due to both capital schemes and PFI life-cycling being behind trajectory.

Income & Expenditure – Monthly Reported Performance from April 2021 (£'000)



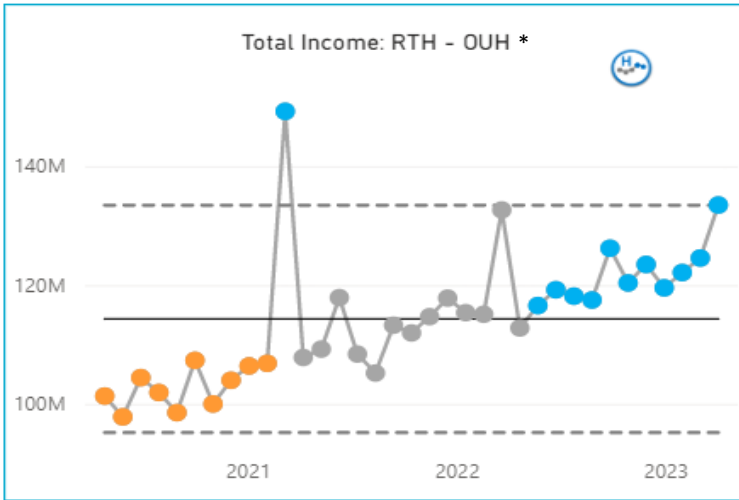
Income & Expenditure – Adjusted Run Rate Performance (£'000)



Income Overview

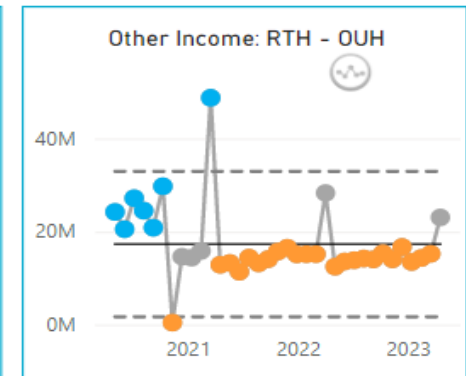
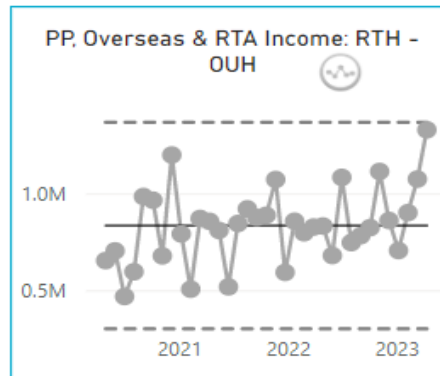
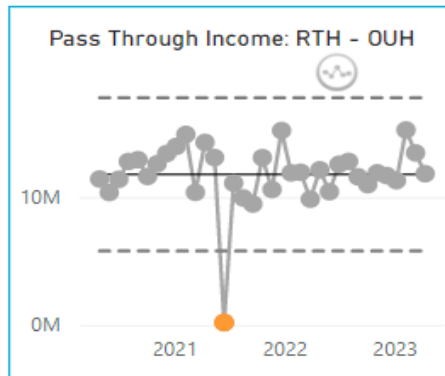
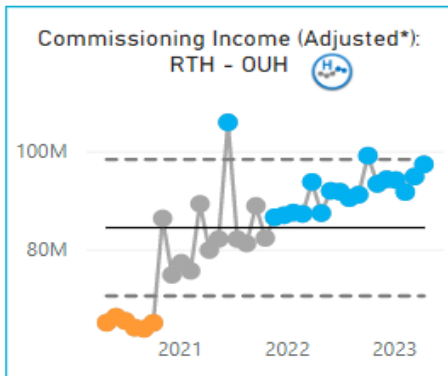
Source: Finance Ledger

*Income in the charts below were adjusted to remove the FY21, FY22 and FY23 (month 12) year end pension and annual leave accruals. FY23 was also adjusted to remove the non-consolidated AFC pay bonus funding accrual.



March 2023 (Month 12) - Total in-month Income of £188.3m

- Total income was £63.8m higher in March compared to February.
- Commissioning income was £55.7m higher in March. This was driven by non-passthrough income which was £57.4m higher this month. Excluding pension funding (£31.0m) and additional AFC non-consolidated pay award funding (£23.8m) this income was £2.6m higher this month, primarily due to recognising £5.5m additional income from BOB ICS, offset by a £0.8m reduction to previously expected CDC funding levels and by the acute growth funding recognised last month (£2.0m). This was offset by passthrough income decreasing by £1.6m in-month.
- Other income was £7.8m higher in March compared to February, due to a £3.2m increase in R&D income, £1.6m apprenticeship levy notional income, £1.0m release of deferred income and a £0.6m increase in SDE funding.
- Private patient, Overseas and RTA income was £0.2m higher in March compared to February at £1.3m. This was due to a catch up billing Maltese orthopaedic activity on overseas income (£0.4m).

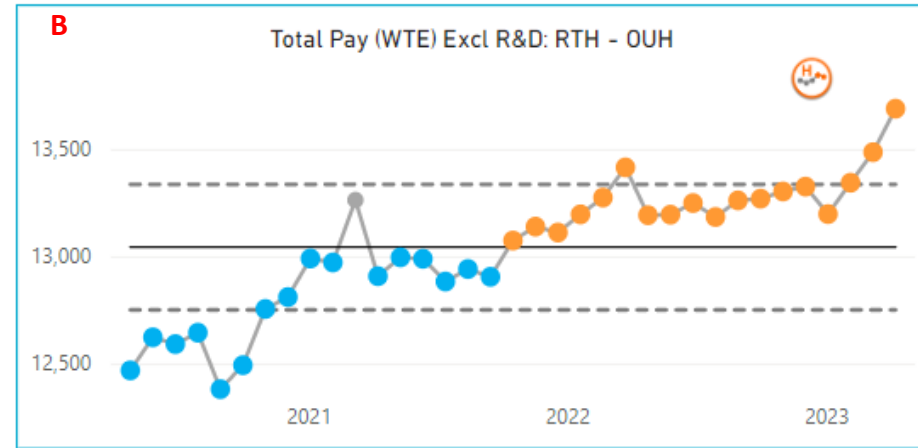
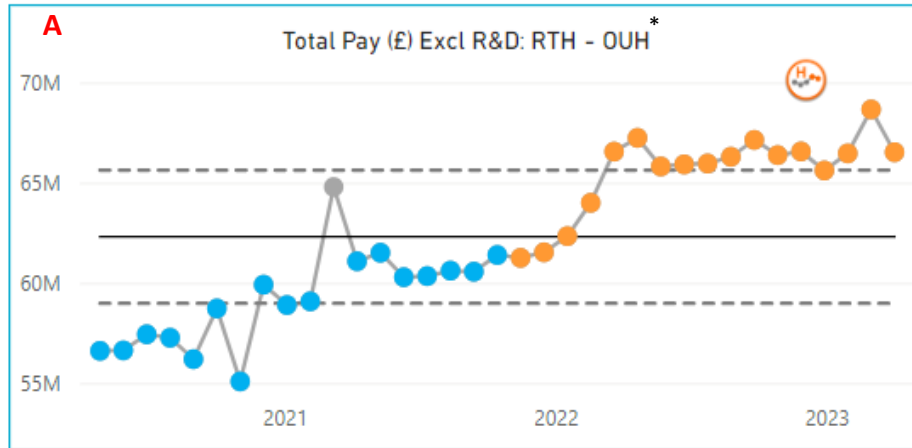


SPC Trend Analysis

Total Income has consistently increased since September 2021 (Month 6), driven by commissioning income (also seen in the 'Commissioning Income' chart above). This is a result of the change to the Visible Cost Model for Devices and the recognition of TIF income and ERF+ (recovery) income.

- Total Income in March 2021, March 2022 and this March were all significantly high as a result of year end technical adjustments and R&D income.
- Other Income during the 2021/22 financial year was significantly lower than the previous financial year which is a result of top-up funding switching from being Other Income in 2020/21 to Commissioning Income in 2021/22.

Source: Finance Ledger, excluding R&D costs, including COVID and recovery costs.



*Pay spend in the chart above was adjusted to remove the FY21, FY22 and FY23 (month 12) pension and annual leave accruals. The pay awards in September 2021 and September 2022 were spread across month 1 to month 6, respectively, on a straight-line basis. The additional FY23 non-consolidated AFC pay bonus accrual has also been removed. The annual leave accrual releases throughout the year were removed. FY21 and FY22 pay spend was not adjusted for inflation.

Mar 2023
(Month 12)

£122.7m

13,688
WTE

- Total pay was £55.4m higher in March compared to February. Excluding R&D, pay costs were £55.0m higher in March compared to February.
- Substantive staffing costs were £53.9m higher in March compared to February. This increase the additional pension costs (£31.0m) and the additional AFC non-consolidated pay award accrual (£24.8m). The run rate on substantive pay expenditure is up on the last financial year (after discounting the pay award and employers' NI increase), this is seen across all staff groups, but is primarily driven by consultant and junior doctor expenditure, nurses and midwives expenditure and scientific, technical and therapeutic staff expenditure.
- Temporary staff in-month expenditure was £1.0m higher in March compared to February. Bank staff expenditure increased by £0.8m from February while agency staff costs increased by £0.2m. The average temporary staff spend for this financial year is £1.5m higher per month than the average level for the previous financial year, with medical staffing driving £0.5m of this increased run-rate and nursing and midwifery staffing £0.7m of it. Temporary staff spend in March is £2.8m higher than the previous year monthly average, this is driven particularly by agency expenditure which continues to be a 'special cause variation'. This means that the level of agency spend this financial year has been significantly higher than the last financial year.
- WTE increased in month by 203 to 13,688 (excluding R&D). Substantive staff have decreased by 32 WTE (driven by 70 less WTE on health care assistants and support staff), bank staff increased by 210 WTE and agency staff increased by 26 WTE.
- COVID-19 pay costs were £0.4m in-month, which is unchanged from last month.

Trend
Analysis

- Pay spend and WTEs are up compared to the last financial year, this trend is seen in Chart A and B above). Overall, the year-to-date trend is in-part driven by the September 2021 and September 2022 pay awards, alongside other increases in pay relating to approved business cases, overall pay increase for Junior Doctors and use of temporary staffing to backfill high sickness rate. Trend by staff group and type are shown in the appendix.
- **Substantive** staffing costs are up on last financial year across all staff groups, primarily driven by junior doctors costs, medics overtime claims and by nursing staff cost. The increase in Staff spend has exceeded the increase in WTE due to the September 2021 and September 2022 pay awards. WTEs are up on most staff groups this year with the exception of health care assistants and other staff.
- **Bank** expenditure and WTEs are also up compared to last financial year after increases this year. This is predominantly driven by increase in consultant spend (up 35% on last year), health care assistant spend (up 24%) and nursing spend (up 18%), linked with the increased sickness rate.
- **Agency** spend and WTEs have increased significantly in the last twelve months, with consultants and nurses being predominant contributors to costs.

Non-Pay Run Rate Overview

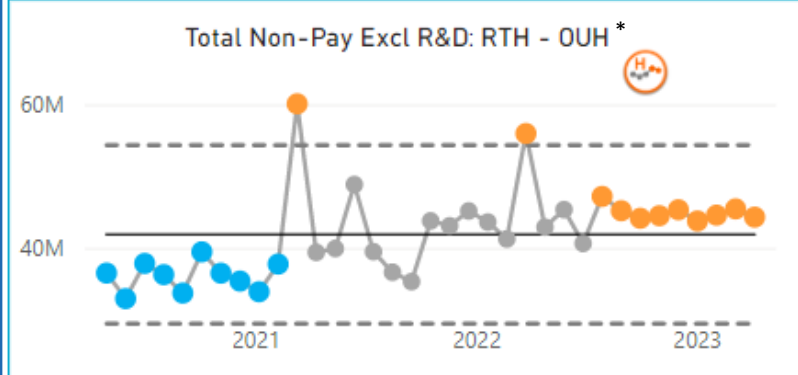


Source: Finance Ledger, excluding R&D costs, including COVID and recovery costs.

* FY23 non-pay spend in the charts below has been adjusted to remove the ROE staff non-consolidated AFC pay bonus accrual.

March 2023 (Month 12) – Total Non-Pay £44.9m

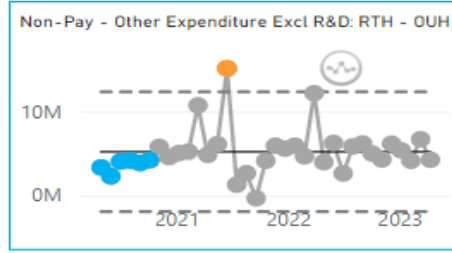
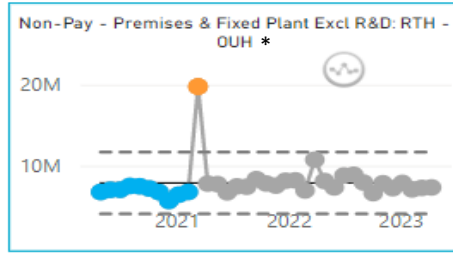
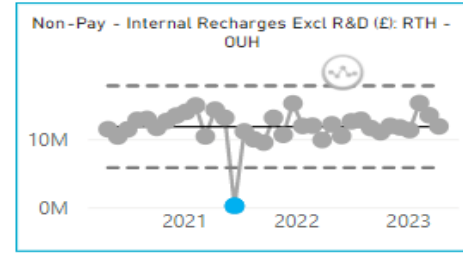
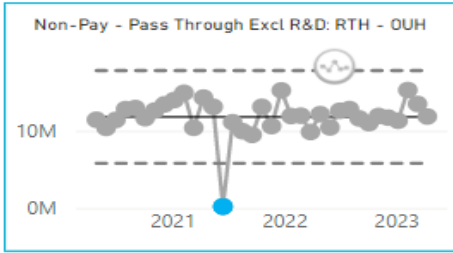
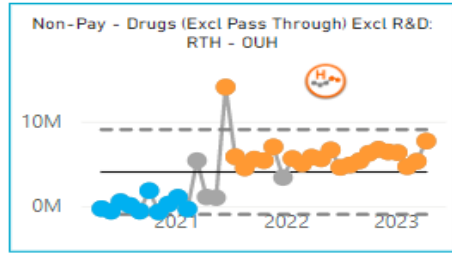
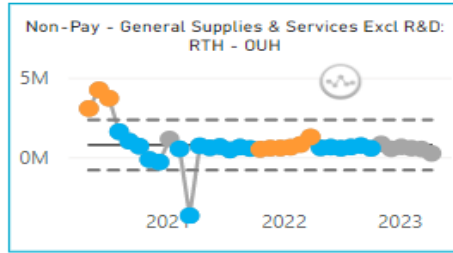
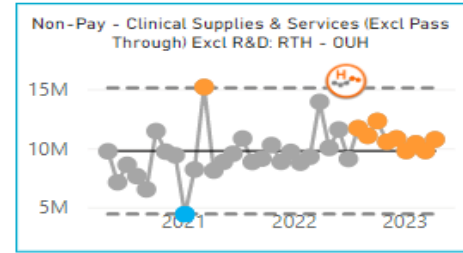
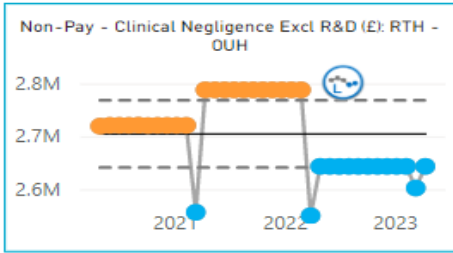
- Total non-pay was £0.5m higher in March than February. Excluding R&D, non-pay costs were also £0.5m lower in March compared to February.
- This decrease was driven by other non-pay costs which decreased by £2.4m in March and by passthrough costs which decreased by £1.6m (with a corresponding decrease in income). These were offset by a £2.4m increase in drugs costs and a £1.0m increase in clinical supplies.
- The decreased other non-pay costs were due to a net £3.2m reduction in bad debt provision offset by a £0.7m increased asbestos costs provision.



SPC Trend Analysis

Non-pay spend during the financial year 2020/21 had been significantly lower compared to 2021/22 and the spend this financial year. March 2022 non-pay spend includes year end technical adjustments for PPE (Clinical Supplies & Services), estates related accruals (Premises & Fixed Plant) and staff bonus and travel incentive scheme which were announced on 31st March 2022. Non-pay expenditure in recent months is now indicating a special cause variation (triggered in Q4), which given that RPI is currently 13.5% indicates that the impact of fixed price contracts and competitive tendering on contract renewals is starting to diminish over this period. This is reflected in clinical supplies expenditure special cause variation.

- The non-Passthrough Drugs trend since June 2021 (Month 3) is a result of a change in the accounting at that point (for the year-to-date), which from that point drugs were only classified as pass-through if they were reimbursed on a cost and volume basis in income. This category therefore now includes a greater level of non-passthrough high cost drugs when compared to the last financial year.
- Clinical Supplies Expenditure is showing a special cause variation, indicating a six month trend in increased expenditure levels compared to the average expenditure. This is likely to be linked to the inflationary pressures (referred to above).



Indicator	Currency	Target	£/unit	Actual Vs Target - Indicative financial Impact (£)						
				Q1 FY23	Q2 FY23	Q3 FY23	Jan 23	Feb 23	Mar 23	FY22/23 YTD Total
Elective ALOS	Days	4 <i>(FY21/22 Avg)</i>	1 day = £0.5m/month	(£0.6m)	£0.0m	(£0.1m)	£0.1m	£0.4m	(£0.2m)	(£0.2m)
Non-elective ALOS	Days	3.9 <i>(FY21/22 Avg)</i>	1 day = £2.4m/month	(£2.4m)	(£2.2m)	(£2.2m)	(£1.0m)	(£1.0m)	(£1m)	(£9.6m)
Theatre sessions (Planned)	Sessions	1,082 <i>(FY21/22 Monthly Avg)</i>	£12.1k income / session	(£1.7m)	(£1.6m)	(£2.9m)	(£0.4m)	(£5m)	(£4.1m)	(£15.7m)
Face to Face Appts	Appt	81,821 <i>(FY21/22 Monthly Avg)</i>	1 Appt = £93	£1.0m	£0.3m	£0.1m	(£0.5m)	£0.2m	(£0.6m)	£0.5m
Staff sickness rate	% of staff	3.1% <i>(Trust target)</i>	1% = £0.8m/month	(£3.2m)	(£3.5m)	(£3.4m)	(£1.1m)	(£1.1m)	(£1m)	(£13.4m)
Staff turnover rate	% of staff	12% <i>(Trust target)</i>	1% = £280k/month	(£0.6m)	(£0.8m)	(£0.3m)	£0m	£0m	£0.2m	(£1.5m)
Total adverse impact				(£7.6m)	(£7.8m)	(£8.8)	(£2.9m)	(£6.4m)	(£6.7m)	(£40.1m)

Impact of key indicators

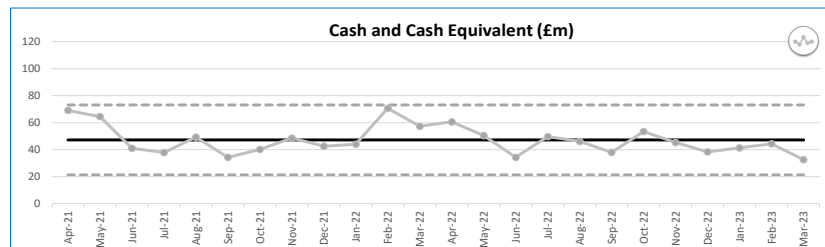
- The productivity key indicators are a work in progress representing the drivers to performance via the financial impact of movements in KPIs versus the Trust's planning assumptions. The approach seeks to join up the operational data with the financial run rate. The development and use of this data is a key focus of the Productivity Committee (a new sub-committee of TME).
- The Trust's underlying run rate deficit is driven by the estimated negative impact of reductions in productivity.
- This is most clearly seen in the estimated negative impact of movements in non-elective average length of stay (ALOS) which causes the use of temporary staffing to open additional beds and in sickness and turnover rates which causes the use of temporary staffing to fill staffing gaps

Division	Plan 2022/23 (£m)	Identified 2022/23 (£m)	Variance 2022/23 (£m)	Plan YTD (£m)	Identified YTD (£m)	Delivered YTD (£m)	Variance to Plan YTD (£m)
CSS	1.8	1.8	0.0	1.8	1.8	1.8	0.0
MRC	2.0	2.2	0.2	2.0	2.2	2.0	0.0
NOTSSCaN	2.7	2.8	0.1	2.7	2.8	2.4	-0.3
SuWOn	2.4	3.1	0.7	2.4	3.1	3.6	1.2
Corporate	0.9	1.0	0.1	0.9	1.0	1.2	0.3
Operational Services	0.1		-0.1	0.1			-0.1
Estates	1.3	2.3	1.0	1.3	2.3	2.3	1.0
Education	0.1		-0.1	0.1			-0.1
Central - recurrent	17.9	15.4	-2.5	17.9	15.4	1.9	-16.0
Central - non recurrent	15.6	17.9	2.3	15.6	17.9	22.4	6.8
TOTAL £m	44.8	46.5	1.7	44.8	46.5	37.6	-7.2

Source: Finance Ledger

Statement of Financial Position £000s	MONTH 12 2022	MONTH 10 2023	MONTH 11 2023	MONTH 12 2023	YTD Movement
Non Current Assets:					
Property, Plant and Equipment	650,574	644,863	641,111	739,624	89,050
Intangible Assets	14,154	14,139	15,034	14,689	535
Investment Property	32,030	32,030	32,030	34,418	2,388
Other Investments	14,310	13,892	13,892	14,021	(289)
Trade and Other Receivables	7,147	6,538	6,572	6,647	(500)
Total Non Current Assets	718,215	711,462	708,639	809,399	91,184
Current Assets:					
Inventories	28,518	27,723	27,916	29,103	585
Trade and Other Receivables	58,884	70,492	73,506	82,453	23,569
Cash and Cash Equivalents	57,323	41,352	44,314	32,604	(24,719)
Total Current Assets	144,725	139,567	145,736	144,160	(565)
Total ASSETS	862,940	851,029	854,375	953,559	90,619
Current Liabilities:					
Trade and Other Payables	(155,245)	(148,142)	(141,921)	(171,269)	(16,024)
Other Liabilities: Deferred Income	(3,882)	(11,842)	(17,294)	(3,532)	350
Provisions	(7,958)	(4,741)	(4,741)	(2,230)	5,728
Borrowings	(12,939)	(13,118)	(12,708)	(12,693)	246
Commercial Loans	(426)	(459)	(483)	(443)	(17)
DH Capital Loan	(730)	(703)	(718)	(733)	(3)
Total Current Liabilities	(181,180)	(179,005)	(177,865)	(190,900)	(9,720)
Net Current Assets/(Liabilities)	(36,455)	(39,438)	(32,129)	(46,740)	(10,285)
Total Assets Less Current Liabilities	681,760	672,024	676,510	762,659	80,899
Non Current Liabilities:					
Other Liabilities: Deferred Income	(4,628)	(5,086)	(5,073)	(5,066)	(438)
Provisions	(8,459)	(8,459)	(8,459)	(7,659)	800
Borrowings	(214,842)	(215,174)	(212,624)	(212,140)	2,702
Commercial Loans	(6,095)	(5,778)	(5,778)	(5,662)	433
DH Capital Loan	(15,239)	(14,577)	(14,577)	(14,577)	662
Total Non Current Liabilities	(249,263)	(249,074)	(246,511)	(245,104)	4,159
Assets Less Liabilities (Total Assets Employed)	432,497	422,950	429,999	517,555	85,058
Taxpayers Equity:					
Public Dividend Capital	303,749	303,749	310,235	310,807	7,058
Retained Earnings reserve	(23,432)	(24,717)	(23,397)	(14,828)	8,604
Revaluation Reserve	159,684	152,036	151,282	229,695	70,011
Other Reserves	1,743	1,743	1,743	1,743	0
FV Assets Reserve	(9,246)	(9,861)	(9,864)	(9,864)	(618)
Total Taxpayers Equity	432,498	422,950	429,999	517,553	85,055

Draft figures, pending completion of Q3 TACs



Non-Current Assets

- There is an increase in the non-current assets since the last year-end due the annual revaluation of building assets, including the change in accounting policy to include VAT (£50m) and the inclusion of the Right of Use assets as part of the transition to IFRS 16 (+£14m).

Current Assets

- Current assets have largely remained constant over the financial year, with an increase in receivables offsetting the reduction in cash

Current Liabilities

- Current liabilities have increased by £10m, with trade payables up by £16m, partly offset by the release of a number of provisions at the year-end.
- Under the Better Payment Practice Code (BPPC) 90.9% of total bills in month were paid within target (by value) and 77.6% (by number). This is just short of the national standard of 95%.

Non-Current Liabilities

- Non-current liabilities have decreased by £4.2m this being the liability in relation to IFRS 16 leases greater than 1 year, offset by PFI liability reductions due to monthly repayments.

Cash

- Cash reduced by £25m over the financial year, and by £12m in March due to timing of payments to suppliers. The year-end position was in line with the planning forecast submitted last year. Cash resilience is a priority and is being addressed through the cash committee.

Capital Expenditure £000s	IN MONTH 12			YEAR TO DATE			FULL YEAR PLAN
	Plan	Actual	Variance	Plan	Actual	Variance	BASE
Schemes underway	282	(547)	829	5,465	2,908	2,557	5,465
Contractually committed	170	205	(35)	1,000	329	671	1,000
Statutory compliance	928	2,767	(1,839)	7,300	3,883	3,417	7,300
Other ICS spend - Estates	280	6,364	(6,084)	1,650	6,918	(5,268)	1,650
Other ICS spend - Digital	1,280	3,488	(2,208)	7,600	5,245	2,355	7,600
Other ICS spend - Medical Equipment	1,207	5,676	(4,469)	7,823	8,651	(828)	7,823
Less disposals/other deductions included in CDEL	0	0	0	0	0	0	0
Purchase/(Sale) of Financial Assets	0	0	0	0	(467)	467	0
ICS CDEL before impact of IFRS-16	4,147	17,954	(13,807)	30,838	27,468	3,370	30,838
IFRS 16 - Right of Use assets	1,324	808	516	5,571	2,041	3,530	5,571
ICS CDEL after impact of IFRS 16	5,471	18,761	(13,290)	36,409	29,509	6,900	36,409

CDEL outside ICS envelope £000s	IN MONTH 12			YEAR TO DATE			FULL YEAR PLAN
	Plan	Actual	Variance	Plan	Actual	Variance	BASE
Externally funded expenditure additional to ICS allocation (Confirmed)	6,432	5,303	1,129	7,058	6,495	563	7,058
PFI Residual Interest	419	292	127	5,030	3,503	1,527	5,030
CDEL outside ICS envelope	6,851	5,595	1,257	12,088	9,998	2,090	12,088
Total CDEL	12,322	24,356	(12,034)	48,497	39,506	8,991	48,497

Other capex not included in CDEL £000s	IN MONTH 12			YEAR TO DATE			FULL YEAR PLAN
	Plan	Actual	Variance	Plan	Actual	Variance	BASE
Grants & donations - Estates	314	1,200	(886)	1,834	1,262	572	1,834
Grants & donations - Medical Equipment	208	618	(410)	1,500	1,859	(359)	1,500
Grants & donations - Digital	0	211	(211)	0	174	(174)	0
PFI Lifecycleing (less residual interest)	3,447	(86)	3,533	8,169	3,340	4,829	8,169
Other capex not included in CDEL	3,969	1,944	2,025	11,503	6,635	4,868	11,503
Net Capex (after disposals)	16,291	26,300	(10,009)	60,000	46,141	13,859	60,000
Add back disposals/other deductions	0	0	0	0	467	(467)	0
Gross Capex (before disposals)	16,291	26,300	(10,009)	60,000	46,608	13,392	60,000

The plan included in this table matches the plan submission of 20 June, with the addition of £7.0m confirmed PDC funding, as MoUs for these externally funded projects have been signed since the submission of the plan..

The revised plan for 2022/23 for gross capital expenditure, including this external funding, is £60.0m. Within this the Trust's share of the ICS capital allocation (ICS CDEL) remains £30.8m.

Total expenditure against ICS CDEL (before impact of IFRS-16) was just under £27.5m to March, £3.4m behind plan.

The main causes of the underspend are: Statutory Compliance, £3.4m behind plan; Schemes Underway, £2.6m behind; Digital, £2.4m behind. All of these areas started late due to late approval of the plan and lead times limit scope to catch up in year.

Offsetting these underspends were accelerated expenditure on the JR Theatres project (£5.1m) and Public Sector Decarbonization Schemes (PSDS) (£0.7m). Medical equipment acquisitions were also ahead of plan by £0.8m, mitigating underspends elsewhere.

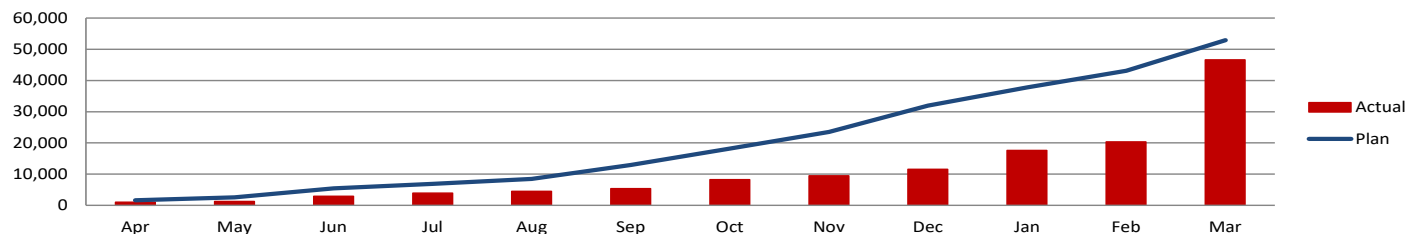
ICS CDEL also includes the disposal of £0.5m of financial assets, which had not been assumed in the base plan.

OUH received £7.1m of national funding over the latter part of the year. Expenditure on these projects was £0.6m lower at £6.5m, in part due to slippage on multi-year awards for Digital Diagnostics and lower than expected costs for Horton CT.

PFI life-cycling was £6.6m under plan due to changes over the year to the MES replacement programme. The impact of IFRS 16 was lower than estimated in the plan.

Gross capital spend was £46.6m, £13.4m behind the revised plan.

Cumulative Performance Against Plan (£000s)



Appendix 1 – Financial Statements

Month 12 2022/23

I & E Subjective £000s	IN MONTH 12				YEAR TO DATE				FULL YEAR
	Plan	Actual	Var	Var %	Plan	Actual	Var	Var %	Plan
Income									
Commissioning Income	91,478	152,169	60,691	66.3%	1,099,938	1,171,874	71,936	6.5%	1,099,938
Passthrough Drugs & Devices	10,915	11,827	912	8.4%	130,982	145,853	14,871	11.4%	130,982
Other Income	13,771	23,020	9,248	67.2%	171,983	179,976	7,993	4.6%	171,983
PP, Overseas and RTA Income	893	1,327	434	48.7%	10,713	10,913	200	1.9%	10,713
Total Income	117,057	188,343	71,286	60.9%	1,413,616	1,508,615	95,000	6.7%	1,413,616
Pay									
Consultants and Medics	(21,508)	(23,917)	(2,409)	-11.2%	(258,132)	(275,694)	(17,562)	-6.8%	(258,132)
Health Care Assistants & Support	(6,165)	(10,124)	(3,959)	-64.2%	(74,490)	(78,243)	(3,753)	-5.0%	(74,490)
Nurse and Midwives	(19,391)	(29,617)	(10,226)	-52.7%	(228,195)	(247,546)	(19,351)	-8.5%	(228,195)
Other Staff	(10,632)	(48,580)	(37,948)	-356.9%	(127,768)	(166,706)	(38,938)	-30.5%	(127,768)
Scientific, Thec., Therapeutic	(9,297)	(14,475)	(5,178)	-55.7%	(110,989)	(118,172)	(7,182)	-6.5%	(110,989)
Total Pay	(66,992)	(126,712)	(59,720)	89.1%	(799,575)	(886,361)	(86,787)	10.9%	(799,575)
Non-Pay									
Clinical negligence	(2,643)	(2,643)	(0)	0.0%	(31,718)	(31,677)	41	0.1%	(31,718)
Clinical Supplies & Services	(10,726)	(11,376)	(650)	-6.1%	(129,948)	(131,526)	(1,578)	-1.2%	(129,948)
Drugs & Devices	(16,110)	(19,513)	(3,403)	-21.1%	(193,322)	(216,242)	(22,920)	-11.9%	(193,322)
General Supplies & Services	(495)	(226)	269	54.3%	(5,944)	(6,903)	(959)	-16.1%	(5,944)
Internal Recharges	166	0	(166)	-100.0%	1,878	(0)	(1,878)	-100.0%	1,878
Premises & Fixed Plant	(6,870)	(8,031)	(1,161)	-16.9%	(93,509)	(93,503)	6	0.0%	(93,509)
Other Expenditure	(5,552)	(4,737)	815	14.7%	(85,004)	(64,753)	20,250	23.8%	(85,004)
Total Non Pay	(42,230)	(46,526)	(4,296)	10.2%	(537,566)	(544,604)	(7,038)	1.3%	(537,566)
Operational EBITDA	7,835	15,104	7,270	92.8%	76,475	77,650	1,175	1.5%	76,475
Financing and Capital Charges (Excl Tech Adj)	(6,066)	(6,003)	63	1.0%	(75,196)	(77,564)	(2,369)	3.1%	(75,196)
Operational Surplus / (Deficit)	1,769	9,101	7,332	414.6%	1,280	86	(1,194)	93.3%	1,280

Source: Finance Ledger (Includes COVID-19 and Recovery)

Income

- Commissioning income, including passthrough drugs and devices, is £86.8m better than plan for the year. This is mainly due to pension funding (£31.0m), additional AFC non-consolidated pay award funding (£23.8m), and passthrough drugs and devices (£14.9m), all of which are in line with a corresponding movement on costs, over performance on other ICB contracts and additional NHSE recovery, non-elective and growth funding.
- Other income is £8.0m better than plan for the year. This is mainly due to R&D income (£3.8m better than plan, partly offset by increased R&D expenditure, with a net £1.9m bottom line benefit for the year from R&D), £1.6m apprenticeship levy notional income, £1.0m release of deferred income and £1.2m of new SDE funding.
- PP, Overseas and RTA income is £0.2m better than plan for the year.

Pay

- Pay is £86.8m worse than plan for the year. Excluding additional pension costs (£31.0m) and the additional AFC non-consolidated pay award accrual (£24.8m), pay was £31.0m worse than plan for the year. £2.1m of this overspend relates to COVID-19 pay expenditure (COVID-19 pay expenditure has not reduced compared to last financial year, but a 50% reduction was assumed in the plan), £6.9m relates to pay savings shortfall to plan, and £4.6m on elective recovery pay costs, offset by a £2.5m underspend from the main pay award.

Non-Pay

- Non-pay is £7.0m worse than plan for the year (£7.8m better than plan if passthrough expenditure is excluded). R&D non-pay is £0.8m worse than plan (offset by income). Elective recovery non-pay is £10.8m better than plan.

Statement of Financial Position (SOFP)

Statement of Financial Position £000s	MONTH 12 2022	MONTH 1 2023	MONTH 2 2023	MONTH 3 2023	MONTH 4 2023	MONTH 5 2023	MONTH 6 2023	MONTH 7 2023	MONTH 8 2023	MONTH 9 2023	MONTH 10 2023	MONTH 11 2023	MONTH 12 2023	MOVEMENT 202212 - 202312
Non Current Assets:														
Property, Plant and Equipment	650,574	667,358	661,270	658,548	656,130	653,381	651,102	650,803	647,665	643,905	644,863	641,111	739,624	89,050
Intangible Assets	14,154	13,900	13,646	13,951	13,692	13,526	13,161	12,914	13,520	14,138	14,139	15,034	14,689	535
Investment Property	32,030	32,030	32,030	32,030	32,030	32,030	32,030	32,030	32,030	32,030	32,030	32,030	34,418	2,388
Other Investments	14,310	14,310	14,310	14,310	14,276	14,276	14,072	13,841	13,841	13,892	13,892	13,892	14,021	(289)
Trade and Other Receivables	7,147	7,069	7,039	6,816	6,627	6,568	6,465	6,535	6,385	6,494	6,538	6,572	6,647	(500)
Total Non Current Assets	718,215	734,667	728,295	725,655	722,755	719,781	716,830	716,123	713,441	710,459	711,462	708,639	809,399	91,184
Current Assets:														
Inventories	28,518	27,935	27,951	28,941	28,644	28,588	28,436	28,182	28,106	28,324	27,723	27,916	29,103	585
Trade and Other Receivables	58,884	62,770	70,198	84,239	79,530	67,999	73,440	69,281	72,993	73,511	70,492	73,506	82,453	23,569
Cash and Cash Equivalents	57,323	60,600	50,244	34,326	49,709	46,111	38,012	53,389	45,334	38,367	41,352	44,314	32,604	(24,719)
Total Current Assets	144,725	151,305	148,393	147,506	157,883	142,698	139,888	150,852	146,433	140,202	139,567	145,736	144,160	(565)
Total ASSETS	862,940	885,972	876,688	873,161	880,638	862,479	856,718	866,975	859,874	850,661	851,029	854,375	953,559	90,619
Current Liabilities:														
Trade and Other Payables	(155,245)	(158,092)	(158,654)	(151,331)	(158,862)	(149,613)	(149,336)	(146,704)	(145,329)	(141,656)	(148,142)	(141,921)	(171,269)	(16,024)
Other Liabilities: Deferred Income	(3,882)	(12,823)	(10,287)	(12,004)	(17,530)	(13,089)	(9,440)	(22,403)	(17,778)	(14,475)	(11,842)	(17,294)	(3,532)	350
Provisions	(7,958)	(7,034)	(7,034)	(7,034)	(7,034)	(6,775)	(6,747)	(6,556)	(6,556)	(6,556)	(4,741)	(4,741)	(2,230)	5,728
Borrowings	(12,939)	(16,429)	(15,898)	(15,598)	(15,354)	(15,066)	(14,790)	(14,064)	(13,769)	(13,467)	(13,118)	(12,708)	(12,693)	246
Commercial Loans	(426)	(448)	(471)	(434)	(456)	(478)	(443)	(465)	(487)	(434)	(459)	(483)	(443)	(17)
DH Capital Loan	(730)	(746)	(669)	(684)	(704)	(720)	(736)	(752)	(757)	(783)	(703)	(718)	(733)	(3)
Total Current Liabilities	(181,180)	(195,572)	(193,013)	(187,085)	(199,940)	(185,741)	(181,492)	(190,944)	(184,676)	(177,371)	(179,005)	(177,865)	(190,900)	(9,720)
Net Current Assets/(Liabilities)	(36,455)	(44,267)	(44,620)	(39,579)	(42,057)	(43,043)	(41,604)	(40,092)	(38,243)	(37,169)	(39,438)	(32,129)	(46,740)	(10,285)
Total Assets Less Current Liabilities	681,760	690,400	683,675	686,076	680,698	676,738	675,226	676,031	675,198	673,290	672,024	676,510	762,659	80,899
Non Current Liabilities:														
Other Liabilities: Deferred Income	(4,628)	(4,621)	(4,613)	(4,606)	(4,595)	(4,587)	(4,728)	(4,793)	(4,782)	(4,772)	(5,086)	(5,073)	(5,066)	(438)
Provisions	(8,459)	(8,459)	(8,459)	(8,459)	(8,459)	(8,459)	(8,459)	(8,459)	(8,459)	(8,459)	(8,459)	(8,459)	(7,659)	800
Borrowings	(214,842)	(225,995)	(221,990)	(221,125)	(219,953)	(218,880)	(217,443)	(218,401)	(217,378)	(216,199)	(215,174)	(212,624)	(212,140)	2,702
Commercial Loans	(6,095)	(6,095)	(6,095)	(5,984)	(5,984)	(5,984)	(5,872)	(5,872)	(5,872)	(5,778)	(5,778)	(5,778)	(5,662)	433
DH Capital Loan	(15,239)	(15,239)	(14,908)	(14,908)	(14,908)	(14,908)	(14,908)	(14,908)	(14,908)	(14,908)	(14,577)	(14,577)	(14,577)	662
Total Non Current Liabilities	(249,263)	(260,409)	(256,065)	(255,082)	(253,899)	(252,818)	(251,410)	(252,433)	(251,399)	(250,116)	(249,074)	(246,511)	(245,104)	4,159
Assets Less Liabilities (Total Assets Employed)	432,497	429,991	427,610	430,994	426,799	423,920	423,816	423,598	423,799	423,174	422,950	429,999	517,555	85,058
Taxpayers Equity:														
Public Dividend Capital	303,749	303,749	303,749	303,749	303,749	303,749	303,749	303,749	303,749	303,749	303,749	310,235	310,807	7,058
Retained Earnings reserve	(23,432)	(25,185)	(26,706)	(22,568)	(26,008)	(28,133)	(27,483)	(26,947)	(25,991)	(25,245)	(24,717)	(23,397)	(14,828)	8,604
Revaluation Reserve	159,684	158,930	158,070	157,316	156,561	155,807	155,053	154,299	153,544	152,790	152,036	151,282	229,695	70,011
Other Reserves	1,743	1,743	1,743	1,743	1,743	1,743	1,743	1,743	1,743	1,743	1,743	1,743	1,743	0
FV Assets Reserve	(9,246)	(9,246)	(9,246)	(9,246)	(9,246)	(9,246)	(9,246)	(9,246)	(9,246)	(9,246)	(9,864)	(9,864)	(9,864)	(618)
Total Taxpayers Equity	432,498	429,991	427,610	430,994	426,799	423,920	423,816	423,598	423,799	423,173	422,950	429,999	517,553	85,055

Draft figures, pending completion of Q3 TACs

Non-current assets moved significantly in March due to the annual revaluation of land and buildings, compounded by the change in accounting policy to include VAT on the value of retained estate.

Current assets largely unchanged since last month, and last year-end, but there is a significant increase in receivables (including £24m due for NHSE re the revised pay award) and cash has fallen since last year, and last month.

Current liabilities increased by £13m in month, and £10m compared to last year, mainly driven by trade payables, including accruals with a reduction in deferred income at the year-end, and release of provisions.

Non-current liabilities decreased by £4m over the year, with repayments of PFI creditors and loans more than offsetting the impact of IFRS16.

PDC capital increased by £7m last month due to new capital funding from DHSC. The revaluation reserve has been impacted by the revaluation of land and buildings, including the VAT change.

Cash flows from operating activities £000s	MONTH 12 2022	MONTH 1 2023	MONTH 2 2023	MONTH 3 2023	MONTH 4 2023	MONTH 5 2023	MONTH 6 2023	MONTH 7 2023	MONTH 8 2023	MONTH 9 2023	MONTH 10 2023	MONTH 11 2023	MONTH 12 2023
Cash Flows from Operating Activities													
Operating Surplus/(Deficit)	(18,054)	(2,379)	586	6,326	(1,226)	86	2,847	2,905	3,042	2,170	2,940	3,347	10,002
Depreciation and Amortisation	(1,211)	3,312	3,282	4,092	3,687	3,460	3,491	3,515	3,761	5,274	5,048	3,858	6,315
Impairments and Reversals	16,314	0	0	0	0	0	1	0	0	0	0	0	1,093
Donated Assets received credited to revenue but non-cash	175	(27)	(279)	(52)	140	(29)	(66)	(39)	(268)	0	0	(40)	(618)
Interest Paid	(61)	(2,111)	(2,265)	(2,190)	(2,149)	(2,143)	(2,227)	(2,115)	(2,139)	(2,231)	(2,575)	(2,124)	(2,225)
Dividend Paid	(3,331)	0	0	0	0	0	(7,104)	0	0	0	0	0	(5,107)
Release of PFI/deferred credit	0	(7)	(7)	14	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in Inventories	2,130	583	(16)	(990)	297	56	152	254	76	(218)	601	(193)	(1,187)
(Increase)/Decrease in Trade and Other Receivables	14,058	(3,810)	(7,395)	(13,818)	4,899	11,590	(5,421)	3,556	(3,563)	(627)	(243)	(3,051)	(9,024)
Increase/(Decrease) in Trade and Other Payables	(22,481)	5,008	1,025	(6,940)	8,212	(9,482)	7,104	(3,707)	(1,933)	(4,240)	4,651	(7,872)	17,302
Increase/(Decrease) in Other Current Liabilities	0	8,934	(2,544)	1,710	5,515	(4,449)	(3,508)	13,028	(4,636)	(3,313)	(2,319)	5,439	(13,769)
Provisions Utilised	(322)	0	0	0	0	(259)	(28)	(191)	0	0	(815)	0	(825)
Increase/(Decrease) in Movement in non Cash Provisions	3,695	(924)	0	0	0	0	0	0	0	0	(1,000)	0	(2,458)
Net Cash Inflow/(Outflow) from Operating Activities	(9,087)	8,579	(7,614)	(11,848)	19,375	(1,170)	(4,759)	17,207	(5,660)	(3,185)	6,288	(635)	(501)
CASH FLOWS FROM INVESTING ACTIVITIES													
Interest Received	18	44	44	69	74	68	98	110	172	219	203	232	253
(Payments) for Property, Plant and Equipment	(8,554)	(4,003)	(1,201)	(2,446)	(2,539)	(1,045)	(1,964)	(946)	(299)	(1,317)	(1,461)	(441)	(10,915)
(Payments) for Intangible Assets	2,746	0	0	(573)	5	(90)	119	7	(955)	(1,035)	(340)	(1,462)	473
Proceeds of disposal of assets held for sale (PPE)	11	0	49	0	0	0	0	0	5	0	0	0	36
Proceeds from Disposal of Other Financial Assets	0	0	0	0	34	0	204	0	0	0	0	0	0
Net Cash Inflow/(Outflow) from Investing Activities	(5,780)	(3,959)	(1,108)	(2,950)	(2,427)	(1,068)	(1,542)	(829)	(1,076)	(2,133)	(1,597)	(1,671)	(10,153)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	(14,867)	4,620	(8,722)	(14,798)	16,948	(2,237)	(6,301)	16,377	(6,736)	(5,318)	4,690	(2,307)	(10,654)
CASH FLOWS FROM FINANCING ACTIVITIES													
Public Dividend Capital Received	2,612	0	0	0	0	0	0	0	0	0	0	6,486	572
Loans received from DH - New Capital Investment Loans	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans repaid to DH - Capital Investment Loans Repayment of Prior Period	0	0	(331)	0	0	0	0	0	0	0	(331)	0	0
Other Loans Repaid	(103)	0	0	(103)	0	0	(103)	0	0	(103)	0	0	(107)
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(968)	(1,343)	(1,302)	(1,164)	(1,418)	(1,361)	(1,695)	(1,001)	(1,318)	(1,546)	(1,374)	(1,217)	(1,521)
Capital grants and other capital receipts	0	0	0	146	(146)	0	0	0	0	0	0	0	0
Net Cash Inflow/(Outflow) from Financing Activities	1,541	(1,343)	(1,633)	(1,121)	(1,564)	(1,361)	(1,798)	(1,001)	(1,318)	(1,649)	(1,705)	5,269	(1,056)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(13,326)	3,277	(10,355)	(15,919)	15,384	(3,598)	(8,100)	15,377	(8,055)	(6,967)	2,985	2,962	(11,710)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	70,649	57,323	60,600	50,244	34,325	49,709	46,111	38,012	53,389	45,334	38,367	41,352	44,314
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	70,649	57,323	60,600	50,244	34,325	49,709	46,111	38,012	53,389	45,334	38,367	41,352	44,314
Cash and Cash Equivalents (and Bank Overdraft) at YTD	57,323	60,600	50,244	34,325	49,709	46,111	38,012	53,389	45,334	38,367	41,352	44,314	32,604

Draft figures, pending completion of Q3 TACs

The cash balance reduced by £12m in-month, due to the timing of the supplier payment runs. The Trust reported a £17m operating cash surplus, i.e. excluding depreciation and revaluations which are non-cash items and interest payments. We paid the second instalment of our annual PDC dividend in month, and our working capital declined by £7m (i.e. debtor, creditors and inventories). We paid £11m for capital items, £3m to service the PFI interest and reduce our PFI debt. The net impact of these items accounted for the movement in the cash balance.