

Finance, Procurement and Contracting

Financial Performance Report: Month 4

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Financial Performance Report

Integrated themes and issues from Month 4 (July 2023)

Finance

Overall

Income and Expenditure (I&E) performance in July generated a reported **£3.8m deficit**. After adjusting for non-recurrent items, the average underlying deficit after four months is £6.6m per month. This is c.£4.4m/month greater than last financial year's average deficit of £2.2m/month. 1/3rd of this is due to inflationary costs hitting in full from April and a slow ramp up of offsetting efficiency gains. The balance is over-spending. The YTD deficit of £21m is worse than the £8m deficit at this point last year and corrective action has been started earlier and at a greater scale than in 2022/23.

Income

Commissioning income including passthrough income was **£2.6m better** than plan in July. Passthrough drugs and devices were £1.5m better than plan and other commissioning income was accrued to plan for Month 4 apart from the recognition of £1.1m of 2022/23 drugs income (NHSE).

Non-NHS income (PP, Overseas, RTA and other) was **£0.8m worse** than plan in July. Excluding R&D, non-NHS income was **£1.1m worse** than plan. This position reflected £0.4m for the loss of income from the end of contracts with government agencies for Covid-related activities and reduced Education income (£0.6m). Private patient income and overseas income was £0.5m worse than plan.

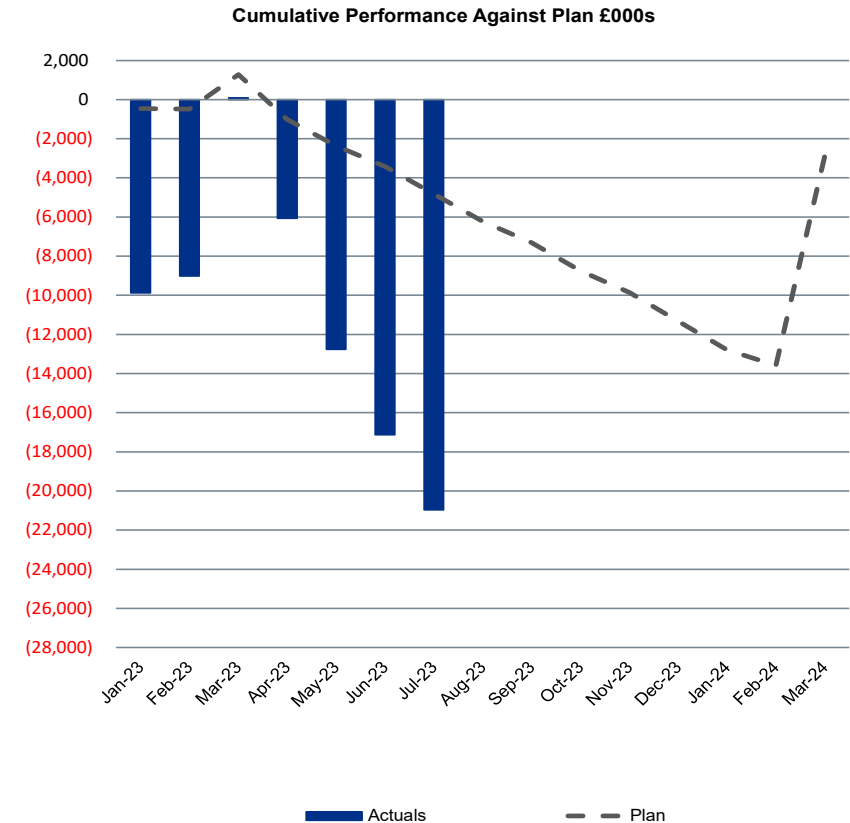
Pay Expenditure

Pay costs were **£0.7m worse** than plan in-month. Excluding R&D pay costs were **£0.9m worse** than plan. This is predominantly driven by the impact of industrial action (£0.6m), pay costs relating to recovery and COVID-19 (£0.6m) and a shortfall against the efficiency target (£0.4m in-month). Substantive WTEs increased by 27 in July.

Non-pay expenditure

Non-pay costs were **£4.1m worse** than plan in July. Excluding the impact of R&D non-pay costs were **£3.6m worse** than plan in month. This is mainly driven by a £1.3m shortfall against the efficiency target, passthrough expenditure being £1.5m worse than plan (offset by income), a £0.4m negative variance on PFI due to timing differences against plan. These were partly offset by a non-recurrent PFI accrual adjustment of £0.7m.

Income & Expenditure - Performance Versus Plan



Values are cumulative within each financial year (Q4 2022/23 and 2023/24)

Financial Performance Report

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Finance

Adjusted run rate

After adjusting for non-recurrent items, the underlying deficit was **£6.4m** in July, this is an improvement of £0.6m from June. The average underlying deficit after four months is £6.6m per month, this is a **£4.4m deterioration** on the average underlying deficit last financial year of £2.2m. This deterioration has been predominantly driven by excess inflation cost rises such as energy and PFI contracts. Efficiency savings have not yet been delivered to offset these effects.

Productivity & Efficiency savings

Productivity KPIs continue to track below planned levels with sickness, theatre activity levels and higher ALOS all contributing to an estimated **£4.4m** negative productivity impact in the financial position for July which is the underlying cause of pay overspends. Theatre activity levels are the primary driver of this, with an estimates £3.5m impact in July, but note that ongoing issue with theatre data may distort this calculation.

Efficiency savings the financial plan includes an of savings of £70.5m (4.6% of operating expenses). Savings has been assumed to be delivered in 12ths throughout the year. In practice 87% of savings are currently identified and benefits will be skewed towards the later months. YTD efficiency delivery is **£3.5m** behind plan. Work is underway to test assurance over this as it will be a key assumption in forecasting.

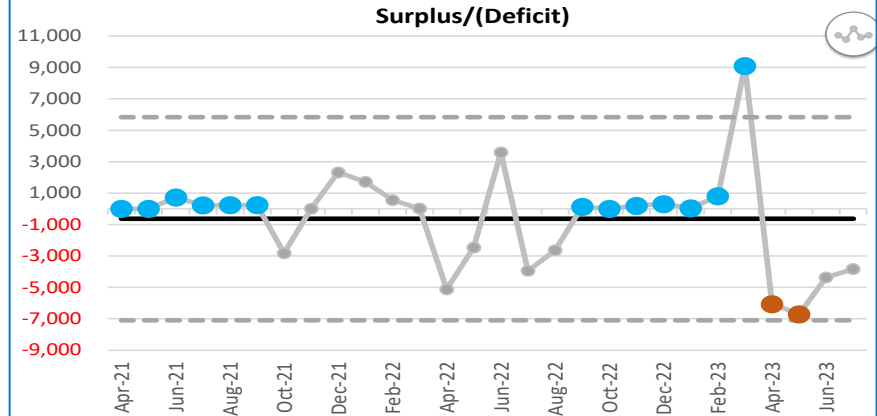
Cash

Cash was £37.2m at the end of July, **£3.6m lower** than the previous month, largely due to capital and PFI payments being higher than previous months. Cash continues to be an **adverse special cause variation**, now indicating nine months of deteriorating trend on cash.

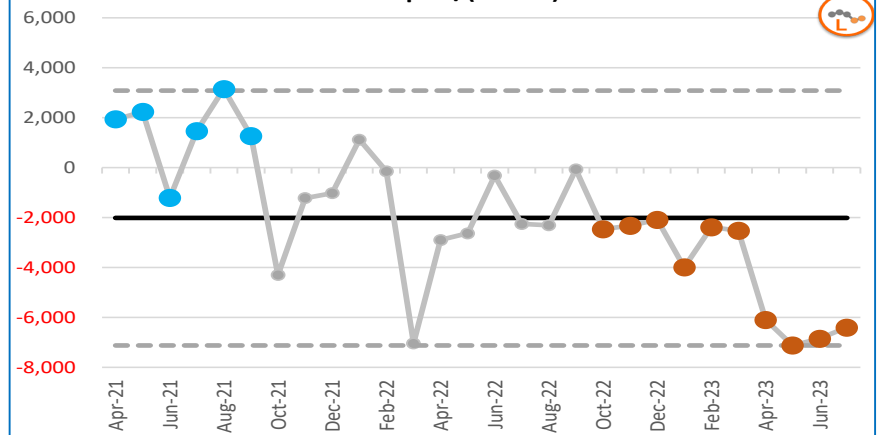
Capital

Gross capital expenditure was £8.0m for July, **more than plan by £2.1m**, due to spend on grant-funded PSDS being ahead of plan. YTD gross capital expenditure is £13.6m, £0.7m more than plan.

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



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

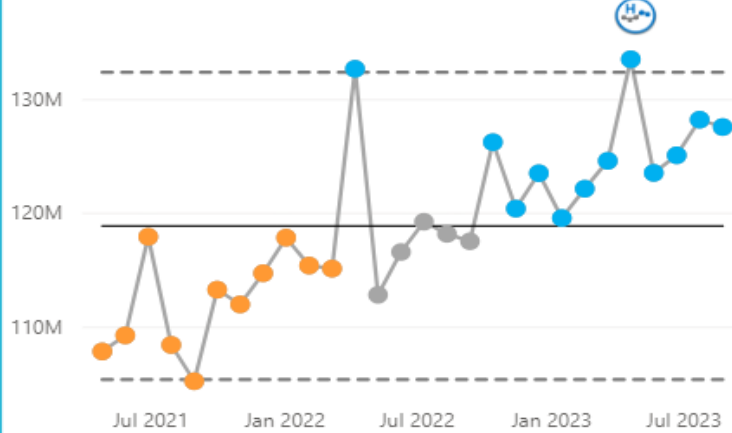


Income Overview

Source: Finance Ledger

*Income in the charts below were adjusted to remove the 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 and to smooth the FY24 AFC pay award over the YTD.

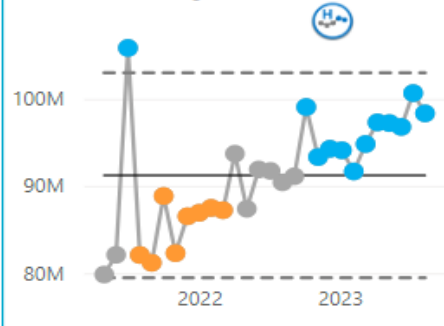
Total Income: RTH - OUH *



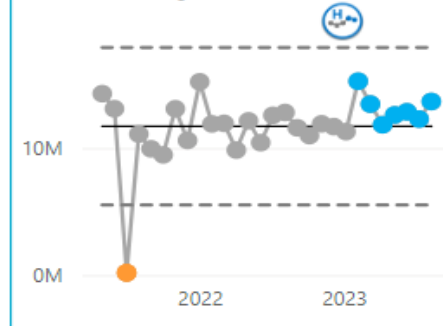
July 2023 (Month 4) - Total in-month Income of £127.5m

- Total income was £1.8m higher in July compared to June.
- Commissioning income was £0.9m lower in July. This was driven by a £3.5m one-off benefit from the settlement of commissioning income for the last financial year received last, compared to the £1.1m one-off benefit for it this month. Passthrough income was £1.4m higher this month.
- Commissioning income has been accrued to plan, but elective activity could be subject to income clawback as activity was 94% in April, 106% in May and 109% in June of 2019/20 levels versus NHS England's expectation of 109% being delivered.
- Other income was £0.6m higher in July compared to June, mainly due to the fallout of the one-off impact from international nurse recruitment income last month of £0.4m and a £0.2m increase in salary recharges income.
- Private patient, Overseas and RTA income was £0.4m lower in July compared to June at £0.9m. Private patient income decreased by £0.4m and Overseas income by £0.1m, these were partly offset by RTA income, which increased by £0.1m. The reduction this month in Private patient income is mainly due to the fallout of £0.3m to correct the year-to-date position last month.

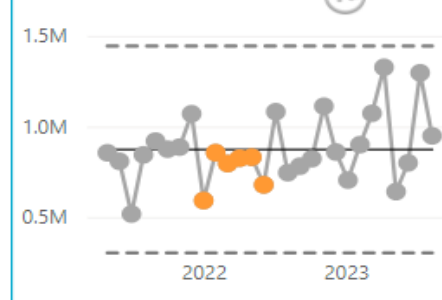
Commissioning Income: RTH - OUH



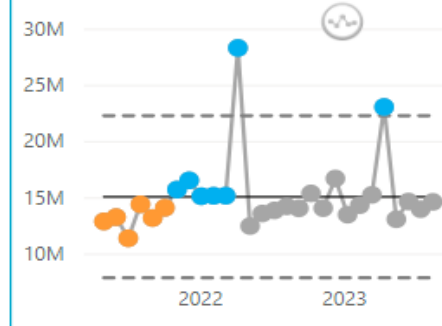
Pass Through Income: RTH - OUH



PP, Overseas & RTA Income: RTH - OUH



Other Income: RTH - OUH

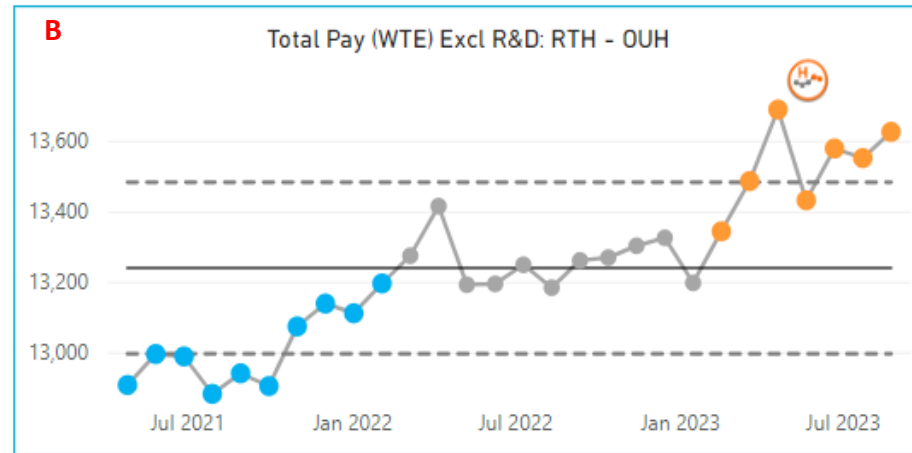
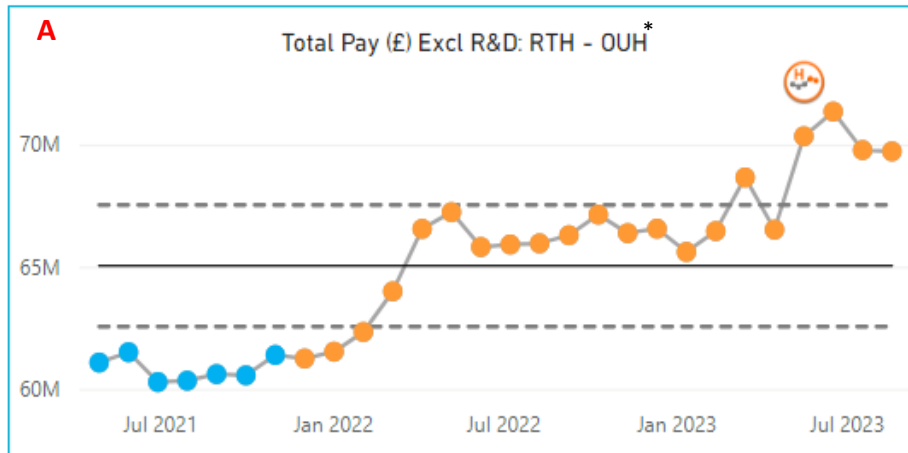


SPC Trend Analysis

Total Income has consistently increased over the last financial year, driven by commissioning income (also seen in the '[Commissioning Income](#)' chart above). This a result of the pay award funding as well as the recognition of additional non-recurrent commissioner funding in the second half of 2022/23.

- [Total Income](#) in March 2022 and March 2023 were all significantly high as a result of year-end 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. Only M12 entries generate special cause variations after 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 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 been removed. The FY24 AFC pay award has been smoothed over the YTD. The annual leave accrual releases throughout the year were removed. FY22 pay spend was not adjusted for inflation.

July 2023 (Month 4)

£73.1m
(£69.7m
excl. R&D)

13,625
WTE

- Total pay was £0.3m lower in July compared to June. Excluding R&D, pay costs were also £0.3m lower in July compared to June.
- Substantive staffing costs were unchanged in July from June. There was a marginal net increase in industrial action costs (from £0.5m last month to £0.6m in July). The run rate on substantive pay expenditure continues to be higher (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 and nurses and midwives expenditure.
- Temporary staff in-month expenditure was £0.3m lower in July compared to June. Bank staff expenditure decreased by £0.2m from June while agency staff costs decreased by £0.1m (the bank reduction was driven by a release of £0.4m relating to lower-than-expected pay award costs). Temporary staff spend in July is just below last year's monthly average of £7.0m per month, both agency and bank expenditure continue to be a 'special cause variation', even though the sickness trend has been improving now for more than six months. This means that the level of agency and bank spend continues to be significantly higher than in 2021/22 and as high as 2022/23.
- WTE increased in month by 74 to 13,625 (excluding R&D) and are a special cause variation again this month. Substantive staff have increased by 29 WTE, bank staff increased by 64 WTE and agency staff decreased by 18 WTE.
- COVID-19 pay costs were £0.2m in-month, which is £0.1m lower than last month.

Trend Analysis

- Pay spend and WTEs continue to be on an upward trend (WTEs are a special cause variation again), this trend is seen in Chart A and B above). Overall, the 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 have increased over the 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 all staff groups with the exception of health care assistants.
- **Bank** expenditure and WTEs are also up over the last financial year. This is predominantly driven by increase in consultant spend (up 35% on 2021/22 and remaining high in 2022/23), health care assistant spend (up 24%) and nursing spend (up 18%), linked with the increased sickness rate.
- **Agency** spend and WTEs have increased significantly over the last financial year, with consultants and nurses being predominant contributors to costs, although there has been an improvement in the consultant expenditure trend in the last two months.

Non-Pay Run Rate Overview

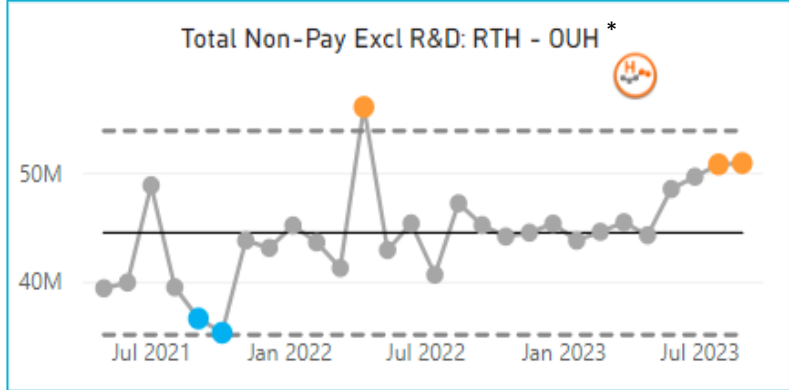


Source: Finance Ledger, excluding R&D costs, including COVID and recovery costs.

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

July 2023 (Month 4) – Total Non-Pay £51.3m (£50.2m excl. R&D)

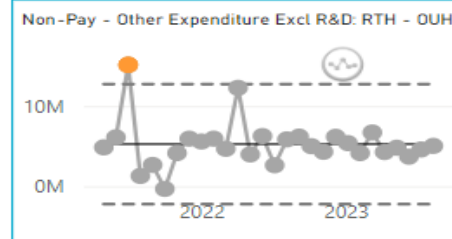
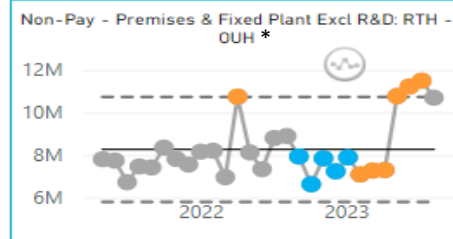
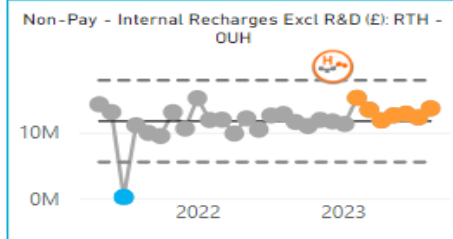
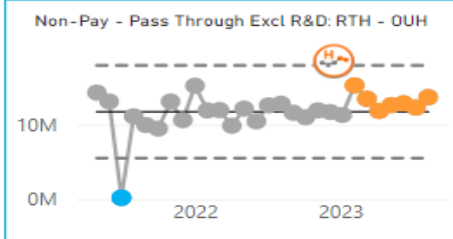
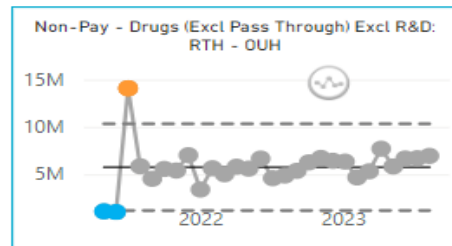
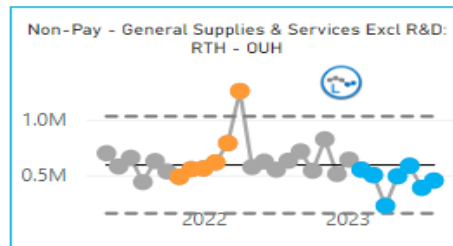
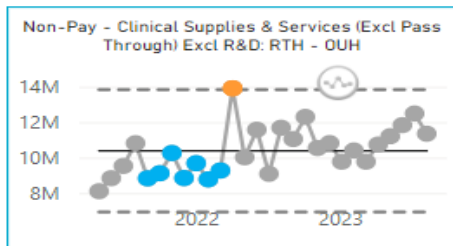
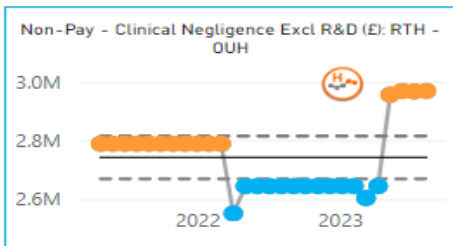
- Total non-pay was £0.7m lower in July than June. Excluding R&D, non-pay costs were £0.5m lower in July compared to June. Non-pay expenditure continues to be an adverse special cause variation this month, indicating a deteriorating trend.
- This decrease was driven by non-recurrent items, with a PFI accrual adjustment of £0.7m in premises and plant expenditure and a £0.4m VAT credit along with reduced activity related expenditure in clinical supplies (£1.1m). These were offset by passthrough costs which increased by £1.4m (with a corresponding increase in income).



SPC Trend Analysis

Non-pay spend during the financial year 2021/22 had been significantly lower compared to 2022/23 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 has been a special cause variation (since Q4 2022/23), reflecting persistently high inflation over the last year, with RPI currently at 9.0%.

- Non-pay expenditure continues to reflect an adverse special cause variation this month, indicating a deteriorating trend.
- Clinical negligence costs are an adverse special cause variation, driven by a £3.9m cost pressure this financial year (net of maternity incentive rebate).
- Passthrough costs continue to reflect an adverse special cause variation this month, indicating a deteriorating trend. However, this will be offset by income.



Indicator	Currency	Target	£/unit	Actual Vs Target - Indicative financial Impact (£)		
				Q1 FY24	Jul-23	FY24 YTD
Elective ALOS	Days	4 <i>(FY23 Avg)</i>	1 day = £0.6m/month	£0.4m	£0m	£0.3m
Non-elective ALOS	Days	4 <i>(FY23 Avg)</i>	1 day = £3.3m/month	(£1.6m)	(£0.3m)	(£2m)
Theatre sessions (Planned)	Sessions	980 <i>(FY23 Monthly Avg)</i>	£12.1k income per session	(£8m)	(£3.5m)	(£11.5m)
Face to Face Appts	Appt	81,363 <i>(FY23 Monthly Avg)</i>	1 Appt = £100	(£0.7m)	(£0.4m)	(£1.1m)
Staff sickness rate	% of staff	3.1% <i>(Trust target)</i>	1% = £0.8m/month	(£2.5m)	(£0.7m)	(£3.3m)
Staff turnover rate	% of staff	12% <i>(Trust target)</i>	1% = £440k/month	£1.1m	£0.5m	£1.5m
Total adverse impact				(£11.5m)	(£4.4m)	(£15.9m)

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).
- Year-to-date the Trust's 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 2023/24 (£m)	Identified 2023/24 (£m)	Variance 2023/24 (£m)	Plan YTD (£m)	Delivered YTD (£m)	Variance to Plan YTD (£m)	Recurrent		Non-Recurrent	
							Cash Releasing £m	Non-Cash Releasing £m	Cash Releasing £m	Non-Cash Releasing £m
CSS	8.0	5.4	-2.6	2.7	1.5	-1.2	0.9	0.5	0.1	
MRC	8.4	6.5	-1.9	2.8	2.7	-0.1	1.0	1.7		
NOTSSCaN	11.3	7.4	-3.9	3.8	0.9	-2.9	0.6	0.2	0.1	
SuWOn	10.0	9.9	-0.1	3.3	1.7	-1.6	0.8	0.8	0.1	
Corporate	3.8	1.0	-2.8	1.3		-1.3				
Operational Services	0.5		-0.5	0.2		-0.2				
Estates	1.5		-1.5	0.5		-0.5				
Education	0.6		-0.6	0.2		-0.2				
Central - recurrent	7.1	0.5	-6.6	2.4	1.3	-1.1	1.0	0.3		
Central - non recurrent	19.3	20.1	0.8	2.3	7.8	5.5			6.6	1.2
TOTAL £m	70.5	50.8	-19.7	19.4	15.9	-3.5	4.3	3.5	6.9	1.2

Efficiency savings

- The year-to-date efficiencies are **£3.5m worse** than plan, as set out in the summary table above. This is a primary driver of the overall £16.1m adverse variance to plan year to date on income and expenditure.
- The efficiency plan was phased into equal twelfths other than non-recurrent items. This was done to avoid a misleading impression being given at the start of the year that the Trust was on plan while large deficits were incurred.
- The financial plan includes an overall efficiency requirement of £70.5m (4.6% of total operating expenses excluding efficiencies). This includes £41.3m of recurrent cash releasing efficiencies (2.7%), £17.0m of non-cash releasing savings (1.1%) and £12.3m of cash releasing one-off items (0.8%).
- The clinical divisions have £37.7m of the total and have identified 77% of this target. Corporate directorates are further behind with most not having submitted their plans. 66% of central schemes have been identified.
- Moving from identification to delivery is now essential. This is being monitored in detail by the Productivity Committee and via monthly performance meetings. TME has agreed that new business case development should not take place until a division or corporate directorate has a robust efficiency plan in place as operational and clinical leaders must prioritise efficiency over service development until plans are well developed.

Source: Finance Ledger

Statement of Financial Position £000s	MONTH 12 2023	MONTH 2 2024	MONTH 3 2024	MONTH 4 2024	YTD Movement
Non Current Assets:					
Property, Plant and Equipment	741,927	736,549	737,363	741,093	(834)
Intangible Assets	14,689	14,074	13,736	13,455	(1,234)
Investment Property	34,418	34,418	34,418	34,418	0
Other investments/financial assets	13,345	13,346	13,346	13,346	1
Other property, plant and equipment (excludes le	676	675	675	821	145
Trade and Other Receivables	6,647	6,879	6,874	6,857	210
Total Non Current Assets	811,703	805,941	806,412	809,990	(1,713)
Current Assets:					
Inventories	29,103	29,694	30,095	30,016	913
Trade and Other Receivables	97,876	108,136	85,049	90,049	(7,827)
Credit Loss Allowances	(15,386)	(15,886)	(16,136)	(16,386)	(1,000)
Cash and Cash Equivalents	32,604	41,913	40,794	37,238	4,634
Total Current Assets	144,195	163,857	139,802	140,917	(3,278)
Total ASSETS	955,898	969,798	946,214	950,907	(4,991)
Current Liabilities:					
Trade and Other Payables	(171,304)	(194,277)	(175,905)	(174,203)	(2,899)
Borrowings	(12,693)	(12,704)	(12,758)	(12,761)	(68)
Commercial Loans	(443)	(492)	(453)	(477)	(34)
DH Capital Loan	(733)	(672)	(687)	(702)	31
Provisions	(2,230)	(2,230)	(2,175)	(1,496)	734
Other Liabilities	(3,532)	(10,117)	(9,581)	(18,889)	(15,357)
Total Current Liabilities	(190,935)	(220,492)	(201,559)	(208,528)	(17,593)
Net Current Assets/(Liabilities)	(46,740)	(56,635)	(61,757)	(67,611)	(20,871)
Total Assets Less Current Liabilities	764,963	749,306	744,655	742,379	(22,584)
Non Current Liabilities:					
Borrowings	(212,140)	(210,074)	(208,941)	(208,230)	3,910
Commercial Loans	(5,662)	(5,662)	(5,545)	(5,545)	117
DH Capital Loan	(14,577)	(14,246)	(14,246)	(14,246)	331
Provisions	(7,659)	(7,659)	(7,659)	(7,659)	0
Other Liabilities	(5,066)	(5,039)	(5,026)	(5,599)	(533)
Total Non Current Liabilities	(245,104)	(242,680)	(241,417)	(241,279)	3,825
Assets Less Liabilities (Total Assets Employed)	519,859	506,626	503,238	501,100	(18,759)
Public Dividend Capital	310,807	310,807	310,807	310,807	0
Revaluation Reserve	226,380	224,265	223,085	221,950	(4,430)
FV Assets Reserve	(9,864)	(9,864)	(9,864)	(9,864)	0
Other Reserves	1,743	1,743	1,743	1,743	0
Retained Earnings reserve	(9,209)	(20,325)	(22,533)	(23,536)	(14,327)
Total Taxpayers Equity	519,857	506,626	503,238	501,100	(18,757)

Non-Current Assets

- The movements in PPE and intangibles are due to the net effect of the YTD capital programme and the YTD depreciation.

Current Assets

- Current assets have decreased due to the receipt of accrued income for the back dated pay award in June.

Current Liabilities

- Current liabilities have increased largely due to the receipt of quarterly education income in advance, as expected.

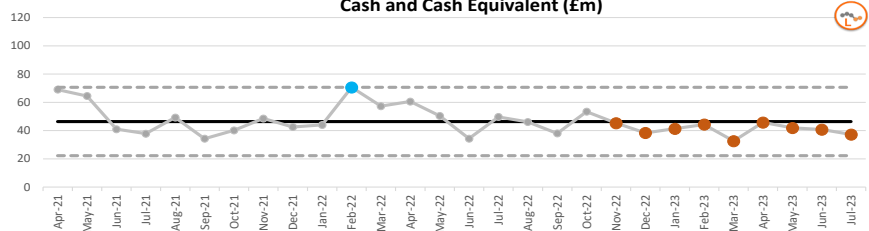
Non-Current Liabilities

- Non-current liabilities have decreased due to the PFI and loan liability reductions as a result of the scheduled repayments.

Cash

- Cash has decreased slightly in month, and overall, an increase of £5m compared to the year-end. Some payments to suppliers are being deferred to preserve cash, the large adverse variance on I&E performance is of significant concern and is anticipated to be reflected in cash in due course. Cash resilience is a priority and is being addressed through the cash committee.

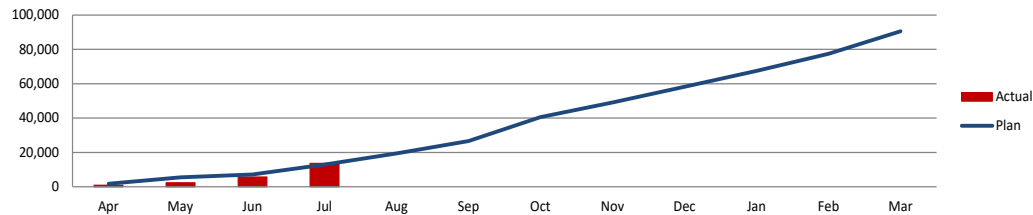
Cash and Cash Equivalent (£m)



Capital Expenditure - by funding source £000s	IN MONTH 4			YEAR TO DATE			FULL YEAR
	Plan	Actual	Variance	Plan	Actual	Variance	PLAN
Gross Capital Expenditure included in Capital Allocation	2,485	101	2,384	4,483	2,219	2,264	28,538
Less disposals/other deductions included in CDEL	0	(26)	26	0	(26)	26	0
Net Capital Expenditure included in Capital Allocation	2,485	75	2,410	4,483	2,193	2,290	28,538
National Funding PDC	196	0	196	977	0	977	12,399
IFRS 16 - Right of Use assets/Lease accounting	42	0	42	937	0	937	6,544
Residual interest (UK GAAP accounting for PFI life-cycling)	574	383	191	2,298	1,534	764	6,893
Capital Departmental Expenditure Limit (CDEL)	3,297	459	2,839	8,695	3,726	4,968	54,374
Charitable and other donations	482	14	468	842	229	613	4,732
Government grants	2,290	4,379	(2,089)	2,290	6,499	(4,209)	20,621
IFRIC 12 - PFI life-cycling (less Residual Interest)	(249)	3,077	(3,327)	1,125	3,136	(2,010)	10,815
Add back sales, disposals, and other deductions	0	26	(26)	0	26	(26)	0
Gross Capital Expenditure	5,820	7,955	(2,135)	12,952	13,617	(665)	90,542

Capital Expenditure - by strategic theme £000s	IN MONTH 4			YEAR TO DATE			FULL YEAR
	Plan	Actual	Variance	Plan	Actual	Variance	PLAN
Replacement / compliance	4,361	7,972	(3,611)	10,526	13,232	(2,706)	62,041
Clinical strategy	1,404	64	1,340	2,371	443	1,927	27,981
People plan	56	0	56	56	1	55	520
Other	0	(80)	80	0	(59)	59	0
Gross Capital Expenditure	5,820	7,955	(2,135)	12,952	13,617	(665)	90,542

Cumulative Performance Against Plan (£000s)



The plan included in this table matches the plan submission of 15 May, totalling £90.5m gross capital expenditure with £28.5m against the ICS Capital Allocation (ICS CDEL). The ICS CDEL is key metric against which the Trust's performance is measured.

The base plan also included £11.3m for the Elective Surgical Hub (JR Theatres) and £1.1m for Digital Diagnostics. The Surgical Hub funding has not been secured but the total value (£12.4m) remains as the plan that was submitted.

The gross capital expenditure also includes provision for grants and donations, IFRS 16 (lease accounting), and PFI life-cycling.

Expenditure against ICS CDEL to July totalled £2.2m, £2.3m behind plan, having been slightly ahead of plan in Q1

The plan had a step increase in Q2 compared with Q1 with £2.5m planned for July. However, only £101k of ICS CapEx was recorded offset by £26k disposals, netting just £75k.

The variances making up the cumulative underspend include: Medical Equipment £1.6m, resulting from holds on order placements over the first quarter; Digital £0.5m pending finalization of detailed plans; Estates CIR £0.3m.

Spend against planned national funding is nil against a plan of £1.0m, of which £0.6m is the plan for Elective Surgical Hub. As the plan is fixed, this variance will continue to increase as the year progresses.

Spend to July on grant-funded PSDS is £6.5m, £4.2m ahead of the £20.6m annual plan, profiled evenly from July.

There has been no impact due to IFRS 16 to June compared with an expectation of £0.9m but PFI MES is now £1.2m over plan as the value of the Truebeam Linac, accepted in July, was significantly higher than plan. Due to IFRS-12 accounting protocols, this higher value has no net impact on Trust control totals or cash flows.

The overall gross capital expenditure reported to July was £13.6m against a plan of £13.0m.

Appendix 1 – Other Supporting Analysis: Month 4 2023/24

I & E Subjective £000s	IN MONTH 4				YEAR TO DATE				FULL YEAR
	Plan	Actual	Var	Var %	Plan	Actual	Var	Var %	Plan
Income									
Commissioning Income	97,225	98,331	1,106	1.1%	388,901	392,978	4,077	1.0%	1,166,703
Passthrough Drugs & Devices	12,150	13,655	1,506	12.4%	48,598	51,369	2,771	5.7%	145,794
Other Income	14,954	14,583	(370)	-2.5%	59,834	56,170	(3,664)	-6.1%	179,527
PP, Overseas and RTA Income	1,424	948	(476)	-33.4%	4,764	3,685	(1,079)	-22.6%	14,148
Total Income	125,753	127,518	1,766	1.4%	502,097	504,202	2,105	0.4%	1,506,172
Pay									
Consultants and Medics	(22,717)	(24,092)	(1,375)	-6.1%	(91,615)	(95,467)	(3,853)	-4.2%	(274,843)
Health Care Assistants & Support	(6,940)	(6,717)	223	3.2%	(26,189)	(26,204)	(15)	-0.1%	(78,661)
Nurse and Midwives	(21,247)	(20,612)	636	3.0%	(85,001)	(86,903)	(1,902)	-2.2%	(255,028)
Other Staff	(11,485)	(11,359)	126	1.1%	(45,152)	(45,205)	(53)	-0.1%	(135,187)
Scientific, Thec., Therapeutic	(10,006)	(10,359)	(353)	-3.5%	(39,411)	(40,815)	(1,404)	-3.6%	(118,238)
Total Pay	(72,395)	(73,139)	(744)	-1.0%	(287,367)	(294,593)	(7,226)	-2.5%	(861,959)
Non-Pay									
Clinical negligence	(2,968)	(2,968)	0	0.0%	(11,873)	(11,859)	14	0.1%	(35,620)
Clinical Supplies & Services	(11,226)	(11,595)	(369)	-3.3%	(44,778)	(47,441)	(2,662)	-5.9%	(134,322)
Drugs & Devices	(17,706)	(20,583)	(2,877)	-16.2%	(70,825)	(77,443)	(6,619)	-9.3%	(212,474)
General Supplies & Services	(252)	(453)	(201)	-79.7%	(1,274)	(1,919)	(645)	-50.6%	(3,820)
Internal Recharges	13	0	(13)	-100.0%	52	(0)	(52)	-100.0%	157
Premises & Fixed Plant	(10,284)	(10,083)	200	1.9%	(40,821)	(43,693)	(2,872)	-7.0%	(122,477)
Other Expenditure	(4,811)	(5,611)	(800)	-16.6%	(20,041)	(19,941)	101	0.5%	(60,245)
Total Non-Pay	(47,234)	(51,293)	(4,059)	-8.6%	(189,561)	(202,296)	(12,735)	-6.7%	(568,800)
Operational EBITDA	6,124	3,086	(3,038)	-49.6%	25,169	7,313	(17,856)	-70.9%	75,414
Financing and Capital Charges (Excl Tech Adj)	(7,525)	(6,920)	605	8.0%	(29,986)	(28,278)	1,708	5.7%	(78,268)
Operational Surplus / (Deficit)	(1,401)	(3,833)	(2,433)	-173.7%	(4,817)	(20,965)	(16,148)	-335.2%	(2,854)

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

Income

- Commissioning income, including passthrough drugs and devices, is £6.8m better than plan to date. This is due to passthrough drugs and devices (£2.8m), which is offset by increased expenditure. Commissioning income includes a one-off benefit of £4.6m from the settlement of the last financial year offset by devices income which was reduced by £0.5m relating to TAVI expenditure credits.
- Other income is £3.7m worse than plan to date (including R&D £0.5m worse than plan). Excluding R&D, other income was £3.2m worse than plan. In CSS Division income ceased since April from ONS and UKHSA, with a combined £1.5m impact.
- PP, Overseas and RTA income is £1.1m worse than plan to date, principally due to the additional efficiency target on private patient income (aiming for a 34% increase in private income this financial year).

Pay

- Pay is £7.2m worse than plan to date. Excluding R&D, pay costs were £8.3m worse than plan. This is predominantly driven by a shortfall against the efficiency target (£3.3m to date), pay cost pressures (£1.4m) and pay costs relating to recovery and COVID-19 (£2.0m). This also includes a £1.5m cost impact from the pay cover costs for industrial action year to date..

Non-Pay

- Non-pay is £12.7m worse than plan to date. Excluding R&D, non-pay costs were £12.1m worse than plan (£9.3m worse than plan if passthrough expenditure is excluded). The remaining variance is driven primarily by the shortfall against the required efficiency target (£7.2m worse than plan to date). Elective recovery non-pay costs are £0.7m lower than plan and COVID-19 non-pay costs on plan.

Income and Expenditure: Subjective Analysis (R&D, Recovery and COVID-19)

I & E Subjective £000s	IN MONTH 4 - ACTUAL					YEAR TO DATE - ACTUAL				
	Excl R&D, RECOVERY & COVID	R&D	RECOVERY	COVID	Total	Excl R&D, RECOVERY & COVID	R&D	RECOVERY	COVID	Total
Income										
Commissioning Income	94,759	0	2,661	912	98,331	378,688	0	10,643	3,648	392,978
Passthrough Drugs & Devices	13,655	0	0	0	13,655	51,369	0	0	0	51,369
Other Income	9,943	4,501	0	140	14,583	38,970	16,640	0	560	56,170
PP, Overseas and RTA Income	948	0	0	0	948	3,685	0	0	0	3,685
Total Income	119,305	4,501	2,661	1,052	127,518	472,712	16,640	10,643	4,208	504,202
Pay										
Consultants and Medics	(22,963)	(602)	(473)	(54)	(24,092)	(91,605)	(2,327)	(1,100)	(434)	(95,467)
Health Care Assistants & Support	(6,677)	(24)	(3)	(13)	(6,717)	(25,938)	(94)	(23)	(149)	(26,204)
Nurse and Midwives	(19,318)	(1,190)	(78)	(26)	(20,612)	(81,455)	(4,812)	(319)	(316)	(86,903)
Other Staff	(10,438)	(852)	(14)	(55)	(11,359)	(41,664)	(3,280)	(57)	(204)	(45,205)
Scientific, Thec., Therapeutic	(9,578)	(752)	(12)	(16)	(10,359)	(37,791)	(2,896)	(47)	(80)	(40,815)
Total Pay	(68,975)	(3,420)	(579)	(165)	(73,139)	(278,453)	(13,410)	(1,547)	(1,184)	(294,593)
Non-Pay										
Clinical negligence	(2,968)	0	0	0	(2,968)	(11,859)	0	0	0	(11,859)
Clinical Supplies & Services	(11,298)	(253)	(39)	(6)	(11,595)	(46,698)	(577)	(135)	(31)	(47,441)
Drugs & Devices	(20,576)	(2)	0	(4)	(20,583)	(77,443)	0	0	0	(77,443)
General Supplies & Services	(452)	(1)	0	(0)	(453)	(1,764)	(4)	0	(151)	(1,919)
Internal Recharges	193	(193)	0	0	0	581	(581)	0	(0)	(0)
Premises & Fixed Plant	(9,998)	(42)	(18)	(25)	(10,083)	(43,340)	(182)	(106)	(66)	(43,693)
Other Expenditure	(4,294)	(590)	(727)	0	(5,611)	(15,255)	(1,884)	(2,801)	(2)	(19,941)
Total Non-Pay	(49,394)	(1,081)	(783)	(35)	(51,293)	(195,747)	(3,230)	(3,042)	(278)	(202,296)
Operational EBITDA	937	0	1,298	852	3,086	(1,488)	0	6,054	2,746	7,313
Non-EBITDA (Excl Tech Adj)	(6,920)	0	0	0	(6,920)	(28,278)	0	0	0	(28,278)
Operational Surplus / (Deficit)	(5,983)	0	1,298	852	(3,833)	(29,766)	0	6,054	2,746	(20,965)

Source: Finance Ledger

- COVID-19 costs total £0.2m for July. Compared to June, pay costs were £0.1m lower at £0.2m. Non-pay costs were also £0.1m lower than June. COVID-19 expenditure for July is on plan.
- £0.1m of income has been accrued in-month for COVID-19 testing costs.
- Recovery costs in July were £1.4m. The recovery costs included are the incremental costs of delivering additional elective activity and some independent sector outsourcing costs (these costs are subject to further review against the agreed expenditure in the recovery plans).
- R&D reported a break-even position in July and for the year-to-date.