

Meeting:	Board of Directors (Meeting in Public)
Meeting Date:	13 July 2023
Agenda Item:	Bo.7.23.28

1. Summary Year to Date Income & Expenditure Position (£m)

Details	YTD Budget £m	YTD Actual £m	YTD Variance £m
Income	92.8	93.7	0.8
Pay	(59.1)	(59.8)	(0.7)
Non-Pay	(36.2)	(36.1)	0.1
Underlying Position	(2.5)	(2.2)	0.2
Non-Recurrent support	2.5	2.2	(0.2)
Reported Position	0.0	0.0	0.0

Summary of YTD I&E Position

The Trust has reported a breakeven position at the end of Month 2.

A total of £2.2m of non-recurrent flexibility has been deployed to deliver the breakeven position.

The cumulative underlying position is a deficit of £2.2m, which is £0.2m better than plan. This is a result of run rate expenditure being £0.1m higher than planned and £0.3m year to date over-delivery against the Waste Reduction Plan (WRP).

2. Year to Date I&E Detail (£m)

Details	Annual Budget	In Month Budget	In Month Actual	In Month Variance	YTD Budget	YTD Actual	YTD Variance
Income							
Contract Income	491.4	41.6	41.5	(0.0)	81.9	81.8	(0.1)
R&D Income	19.9	1.7	2.2	0.6	3.3	2.7	(0.6)
HEE Income	22.3	1.9	2.0	0.1	3.7	3.9	0.2
Other Income	20.9	1.8	2.5	0.7	3.5	4.5	1.0
Non-Operating Income	2.2	0.2	0.4	0.2	0.4	0.7	0.4
Income Total	556.7	47.1	48.6	1.5	92.8	93.7	0.8
Pay							
Substantive	(359.9)	(31.3)	(27.8)	3.5	(60.0)	(54.1)	5.9
Bank	(4.0)	(0.2)	(2.2)	(2.0)	(0.7)	(4.3)	(3.6)
Agency	(0.9)	(0.1)	(0.7)	(0.6)	(0.2)	(1.5)	(1.3)
Vacancy Factor	10.7	0.5	(0.0)	(0.5)	1.8	(0.0)	(1.8)
Pay Total	(354.2)	(31.0)	(30.6)	0.4	(59.1)	(59.8)	(0.7)
Non-Pay							
Drugs	(49.2)	(4.1)	(4.2)	(0.1)	(8.2)	(8.0)	0.2
Clinical Supplies	(55.2)	(4.6)	(5.2)	(0.6)	(9.2)	(9.9)	(0.7)
Non-Clinical Supplies	(85.0)	(5.4)	(7.2)	(1.8)	(12.7)	(12.1)	0.6
In / Outsourcing	(8.0)	(1.4)	(1.5)	(0.2)	(2.4)	(2.6)	(0.1)
Deprec'n, PDC & Int.	(21.8)	(1.8)	(1.7)	0.1	(3.6)	(3.4)	0.2
WRP budget (residual)	16.7	1.2	1.8	0.6	2.5	2.2	(0.2)
Non-Pay Total	(202.5)	(16.1)	(18.0)	(1.9)	(33.7)	(33.8)	(0.1)
Grand Total	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)

Commentary - Year to Date I&E Position

Contract Income received from NHS commissioners was £0.1m below plan at Month 2. This reflects a national top slice of provider funding allocations to offset a central cost pressure relating to Microsoft licenses, with an annualised adverse impact of £0.4m for BTHFT. The West Yorkshire ICS has challenged this decision by NHSE which was notified after annual plans had been approved and submitted.

Overall income is ahead of plan by £0.8m, however the majority of this is offset by related costs.

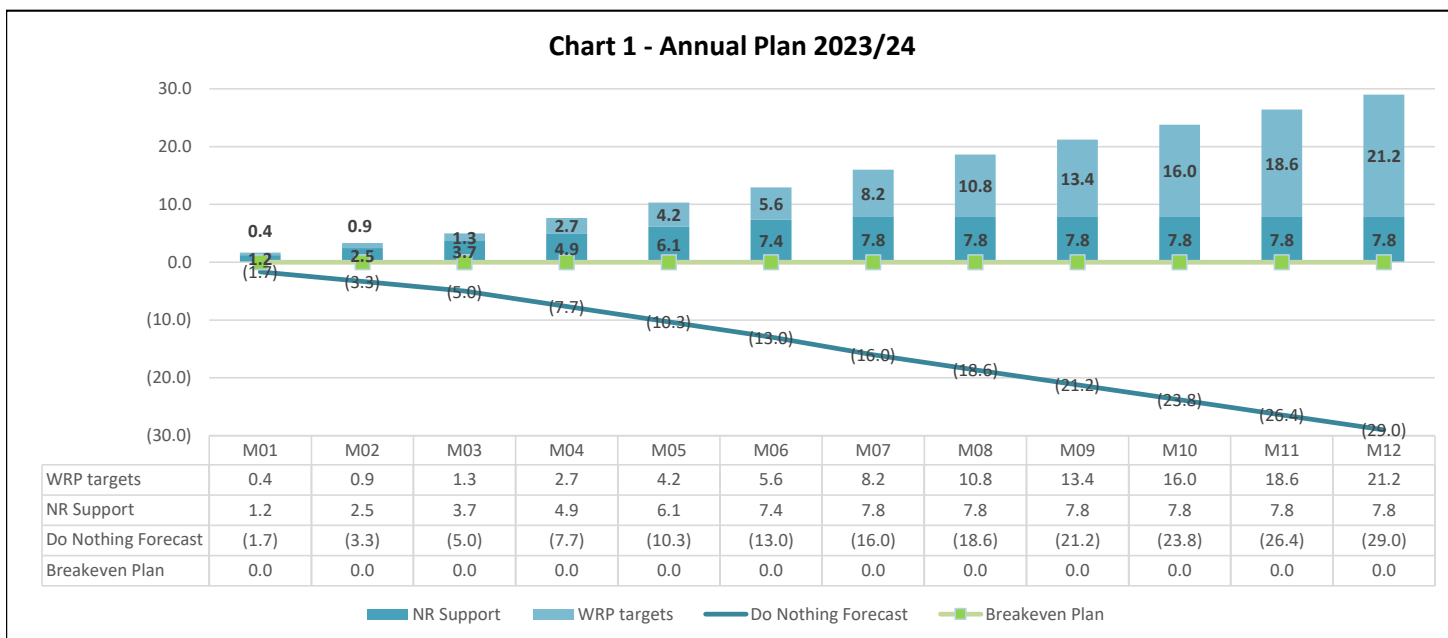
The £0.6m shortfall against the Research income plan is offset by a corresponding underspend against grants and is not a cause for concern. Of the £1m surplus "other income", £0.5m relates to Covid PCR testing income which is offset by associated expenditure within Clinical Supplies.

Non-Operating income is £0.4m ahead of plan, which reflects an over-achievement of Interest earned from cash investments as part of the Waste Reduction Plan.

Pay costs are £0.7m higher than planned at Month 2. The chief driver for this overspend is £0.5m of costs incurred relating to the industrial action. This cost pressure will continue to grow with each period of industrial action.

Agency expenditure of £1.5m is 2.5% of total pay expenditure, which is below the national target of 3.7%. Via the annual planning process, BTHFT agreed to target maximum agency expenditure of £9.9m for the financial year. An extrapolation of the current run rate would result in £9m of agency expenditure by the end of the year.

3. Annual Plan Phasing



Commentary - Annual Plan Phasing

The planned deficit prior to efficiency plans for 2023/24 is £29m, with the Waste Reduction Programme (WRP) targeting the full £29m of savings to deliver a breakeven position.

The £29m WRP plan relies on £9.9m of non-recurrent support to deliver a breakeven position for the year. This is split between a known £2.1m non-recurrent underspend against the originally planned levels of depreciation, and a further £7.8m of various non-recurrent measures.

The plan assumes the £7.8m of non-recurrent measures will be required to offset the phasing of the main WRP initiatives, which are scheduled in the plan to deliver increasing run rate reductions from Quarter 2 and then to increase further still from Quarter 3.

The full year effect of the targeted Quarter 4 WRP run rate improvements is £29m, meaning if it is delivered in full the plan delivers the required cost reductions recurrently heading into 2024/25.

Delivering the 2023/24 financial plan is reliant on the CSUs delivering against their combined £8.9m housekeeping targets from Quarter 2 and achieving the planned (£7m) elimination of in / outsourcing clinical capacity to deliver elective and outpatient activity from Month 7 onwards.

The non-recurrent measures that the plan relies on to maintain the breakeven position were expected to be fully exhausted by Month 7, at which point the recurrent WRPs must be in place to support the I&E position.

4. YTD Performance against Annual Plan - Summary

Details	Annual Plan £m	YTD Plan £m	YTD Actuals £m	YTD Variance £m
Projected Deficit before WRP	(29.0)	(3.3)	(3.4)	(0.1)
WRP Plans	21.2	0.9	1.2	0.3
Non-recurrent support	7.8	2.5	2.2	(0.2)
Position after WRP	0.0	0.0	0.0	0.0

5. Forecast Delivery against I&E Plan

Chart 2 - 2023/24 Forecast at Month 2



Commentary - I&E Forecast

It is too early in the financial year to provide accurate forecasts with high confidence. However, an indicative forecast has been produced based on trends to Month 2, factoring in known upcoming cost pressures and investments, and the first draft of the CSUs' forecast delivery against their housekeeping targets.

This suggests the run rate deficit excluding WRP will be £0.8m higher than the £29m included in the plan. This is largely influenced by the costs of covering industrial action, although this may deteriorate further if the industrial action continues.

This forecast suggests that the non-recurrent flexibility will be fully deployed by Month 5 (rather than Month 7 in the plan), chiefly due to delays in WRP delivery. In these circumstances, the Trust would begin to report unmitigated monthly deficits by Month 6.

WRP delivery, inclusive of non-recurrent support, is forecast to be £21.8m for the year, which is £7.8m lower than required. It should be noted that this is based on the first draft of the CSUs' efficiency plans only, and it is expected that this forecast will improve to some degree once the CSUs develop their plans further. The forecast also excludes £1m of plans rated by CSUs as high risk, which may ultimately improve the position.

This forecast is not presented as the most likely scenario, which will be understood with more clarity after Month 3 reporting, however it does indicate the crucial importance of full and timely delivery against the WRP plans from July onwards to prevent the organisation falling into a deficit position.

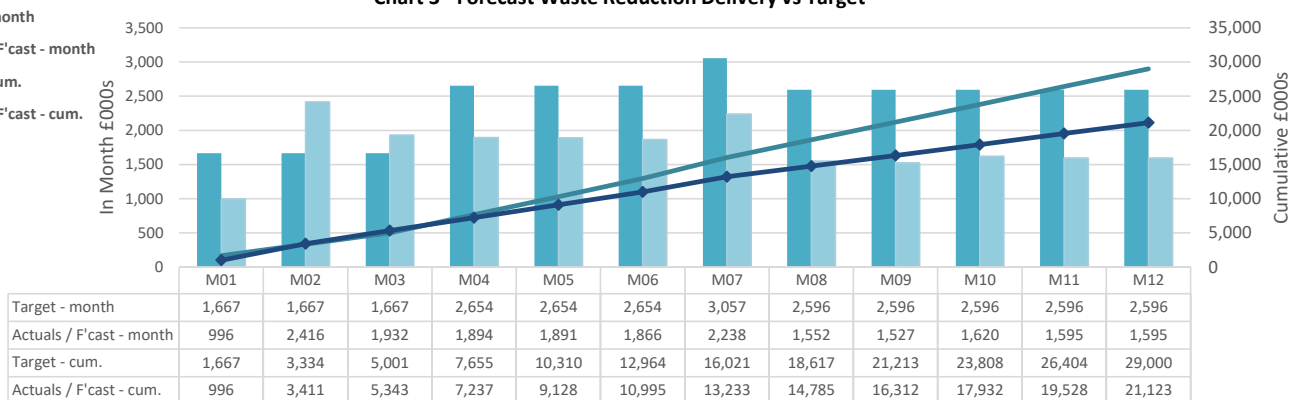
The Trust has put in place strengthened WRP governance processes to increase organisational focus on implementing schemes to bridge the current gap recurrently in 2023/24. It is anticipated that further progress will be made each month to improve the forecast position and that the annual plan will be delivered in full.

The Trust continues to formally report delivery of the breakeven plan at year end, however there remain risks to achieving this.

6. Waste Reduction Programme Summary (£000s)

Scheme Category	In Month Target	In Month Actual	In Month Variance	YTD Target	YTD Actual	YTD Variance	Annual Target	YE Forecast	YE Forecast Variance
Central Non-recurrent	1,227	1,838	611	2,454	2,231	(223)	7,824	7,824	0
Depreciation	173	173	0	346	346	0	2,074	2,074	0
Bank pay rates	125	62	(62)	250	125	(125)	1,499	750	(750)
CNST Maternity	59	59	0	117	117	0	704	704	0
Interest receivable	83	264	181	167	554	387	1,000	2,229	1,229
In / Outsourcing	0	0	0	0	0	0	7,012	5,293	(1,718)
CSU Housekeeping	0	19	19	0	39	39	8,886	2,249	(6,637)
Total	1,667	2,416	749	6,668	6,823	77	28,999	21,123	(7,876)

Chart 3 - Forecast Waste Reduction Delivery vs Target



Commentary on Waste Reduction Programme progress

At Month 2, the WRP for 2023/24 is projected to deliver £21.2m of efficiencies, which is £7.8m below plan. £9.9m of these savings are non-recurrent in nature, leaving a balance of £11.3m of true efficiencies forecast to be delivered in 2023/24.

There is a projected £0.75m shortfall against a reduction in the rates of bank pay to align with WYAAT peers. This is due to the need to pay enhanced surge rates to cover shifts more frequently than anticipated, although work is ongoing to improve this in future months.

There is currently some doubt over the extent to which all in and outsourcing can be ceased from October onwards, which suggests the associated WRP plan of £7m may fall short by £1.7m without further corrective action.

The first draft of the CSUs' housekeeping waste reduction plans falls short of the £8.9m target by £6.6m if high risk opportunities are excluded and by £5.6m if these opportunities are included.

The WRP is now overseen by the Waste Reduction Steering Group, which meets monthly to review progress and to agree actions to progress against corporate targets. The Elective Recovery Group chaired by the COO is overseeing the plans to reduce in / outsourcing and a task and finish group has been established to investigate opportunities to reduce significant overspends against junior doctors bank budgets which may offer a significant WRP opportunity not currently factored into forecasts.

7. Agency Expenditure by Month (£000s)

Staff Groups	APR-23	MAY-23	Grand Total
Consultants	113	102	215
Other Med staff	8	9	17
Nurses & Midwives	204	217	421
Other clinical roles	109	101	211
HCA's	17	34	51
A&C / Managers	38	35	74
Estates & Facilities	303	178	481
Grand Total	794	677	1,470
Total Pay Costs	29,196	30,639	59,835
Agency % of Total Pay	2.7%	2.2%	2.5%

Commentary on Agency Expenditure

Agency costs remain well below the nationally mandated 3.7% ceiling.

Forecast full year expenditure of £9m is below the locally agreed £9.9m target included in the annual plan.

NHSE's Agency Rules mandate that non-clinical agency usage should cease in 2023/24. The Trust is currently reliant on circa 60 agency staff within Estates & Facilities to provide cleaning, catering and security services. This is being reviewed to ensure non-clinical agency use is managed down to ensure compliance, with the plan to recruit into some of these posts substantively, subject to business cases.