

Board of Directors - Public Meeting

SUMMARY REPORT

Meeting Date: 26 July 2023
Agenda Item: 17

Report Title:	Financial Performance Report as of 31st May 2023 (month 2)	
Author(s):	Jill Savoury, Head of Finance	
Accountable Director:	Phillip Easthope, Executive Director of Finance, IMST and Performance	
Other meetings this paper has been presented to or previously agreed at:	Committee/Tier 2 Group/Tier 3 Group	Finance & Performance Committee
	Date:	13 th July 2023
Key points/recommendations from those meetings	<ul style="list-style-type: none"> - No emerging risks or concerns to escalate at present. - CIP programmes are progressing well as planned. - Emerging cost pressures in relation to pay award and Microsoft licenses are assumed funded whilst negotiated nationally. Emerging pressures are offset by over-achievement of interest receivable due to higher interest rates. 	

Summary of key points in report

At this early stage of the year, we are reporting on plan with a year-to-date (YTD) position deficit of £0.640m and a forecast deficit of £3.262m.

There are variances in the YTD position arising from estimations of pay award pressures, funding for the pay award and increased interest receipts.

The month 2 closedown process was a light touch approach concentrating on the YTD position due to the ongoing year-end audit and the implementation of the new financial system. Consequently, forecast was maintained as plan for all lines. Whilst there will be fluctuations at line level compared to plan, it is appropriate to report forecast breakeven to plan as intelligence and information shows that new pressures have been offset by mitigations such as the increased interest receipt.

Delivery of recurrent efficiency savings is ahead of plan. The main driver is the additional interest receipts but progress is also being made on the reduction of out of area and agency spend compared to prior year.

Cash balances remains healthy. Debt owed to SHSC is low compared to the prior year at £2.565m. A significant balance of £1.055m is owed by Sheffield City Council and assurances have been received that payment will be made imminently. This is not considered to be a risk of bad debt at present.

Capital is underspent year-to-date with spend of £0.211m against a phased plan of £2.550m. This is a timing issue as the 2022/23 capital programme was accelerated to avoid losing CDEL funding. The full programme is forecast to be spent in full and assumes £1.810m additional CDEL allocation arising from 2022/23 system financial performance achievement and a £4m receipt from the sale of Fulwood. This funding uncertainty is a planned and accepted risk at present hence the amber rating. The situation is being monitored very closely and will be reported promptly if the risk increases or materialises.

Unplanned risks to achieving the forecast position at year-end have been identified in relation to the Agenda for Change pay award settlement (£0.5m minimum) and a withdrawal of funding related to Microsoft licenses (£0.15m). Additional interest receipts are expected to mitigate these pressures. These risks and mitigations will be reviewed and included in the forecast for month 3 onwards.

Appendices attached:

Financial Performance Report M2

Recommendation for the Board/Committee to consider:

Consider for Action		Approval		Assurance	X	Information	
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Board are asked to note the financial position as at 31st May 2023. No concerns or risks are considered requiring escalating to the Trust Board from Finance and Performance Committee at this time.

Please identify which strategic priorities will be impacted by this report:

Recover services and improve efficiency	Yes	X	No	
Continuous quality improvement	Yes	X	No	
Transformation – Changing things that will make a difference	Yes	X	No	
Partnerships – working together to make a bigger impact	Yes	X	No	

Is this report relevant to compliance with any key standards ? State specific standard

Care Quality Commission Fundamental Standards	Yes	X	No		Regulation 17: Good Governance Regulation 13: Financial Position
Data Security and Protection Toolkit	Yes		No	X	
Any other specific standard?				X	

Have these areas been considered ? YES/NO

If Yes, what are the implications or the impact?
If no, please explain why

Service User and Carer Safety, Engagement and Experience	Yes	X	No		No adverse impact
Financial (revenue & capital)	Yes	X	No		Identification of financial sustainability risks
Organisational Development /Workforce	Yes	X	No		No adverse impact
Equality, Diversity & Inclusion	Yes	X	No		No adverse impact
Legal	Yes	X	No		No adverse impact
Environmental sustainability	Yes	X	No		No adverse impact

Financial Performance Report

May 2023

Contents	Slide/Page
Executive Summary	3
Financial Overview	4
Forecast	5
Cost Improvement Programme (CIP)	6
Summary of Financial Position	10
12 Months Cash Flow	12
Capital Programme	13
Risks and Mitigations	14
Appendix 1 – Income and Expenditure Trends	15

Executive Summary

KPI	Year to	Year To	Variance £'000	Annual Plan £'000	23/24 Forecast £'000	Variance £'000
	Date Plan £'000	Date Actual £'000				
Surplus/(Deficit)	(640)	(640)	(0)	(3,262)	(3,262)	0
Out of Area spend *	(1,556)	(1,519)	37	(8,510)	(8,510)	0
Agency spend	(1,144)	(1,104)	40	(6,479)	(6,622)	(143)
Cash	50,517	53,548	3,031	47,405	47,405	0
Efficiency Savings #	554	780	226	5,734	5,734	0
Capital	(2,550)	(211)	2,339	(12,791)	(12,791)	0
KPI			Target	Number	Value	
Invoices paid within 30 days	NHS		95%	100%	100%	
(Better Payments Practice Code)	Non-NHS		95%	98.9%	99.2%	

Summary at May 2023:

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The month 2 closedown process was a light touch approach concentrating on the YTD position due to the ongoing year-end audit and the implementation of the new financial system. Consequently, forecast was maintained as plan for all lines. Whilst there will be fluctuations at line level compared to plan, it is appropriate to report forecast breakeven to plan as intelligence and information shows that new pressures have been offset by mitigations such as the increased interest receipt.

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Unplanned risks to achieving the forecast position at year-end have been identified in relation to the 2023/24 Agenda for Change pay award settlement (£0.5m minimum) and a withdrawal of funding related to Microsoft licenses (£0.15m). Additional interest receipts are expected to mitigate these pressures. These risks and mitigations will be reviewed and included in the forecast for month 3 onwards.

* Includes Purchase of Healthcare only, excludes travel costs.

NHSE reporting showed on plan achievement, this has been updated to reflect further work undertaken after ICB reporting deadlines.

Financial Overview

INCOME & EXPENDITURE SUMMARY

	Year to Date				Forecast (FOT)			
	Plan	Actual	Variance		Plan	Forecast	Variance	
	£000	£000	£000	%	£000	£000	£000	%
Clinical Income	21,074	21,750	676	3%	126,438	126,437	(1)	(0%)
Other Income	3,484	3,731	247	7%	20,897	20,836	(61)	(0%)
Total Income	24,558	25,481	923		147,335	147,273	(62)	(0%)
Pay	(19,890)	(20,794)	(904)	5%	(118,915)	(118,915)	0	0%
Non Pay	(5,163)	(5,434)	(271)	5%	(30,827)	(30,827)	0	0%
Total Expenditure	(25,053)	(26,228)	(1,175)		(149,742)	(149,742)	0	
Net Finance Costs	(174)	78	252	(145%)	(1,055)	(993)	62	(6%)
Net Surplus / (Deficit)	(669)	(669)	(0)		(3,462)	(3,462)	0	
Technical Adjustments	29	29	0	0%	200	200	0	0%
Adjusted Net Surplus / (Deficit)	(640)	(640)	(0)		(3,262)	(3,262)	0	
KPI's								
Acute Out of Area purchase of healthcare	(1,030)	(994)	36	(3%)	(5,443)	(5,443)	0	0%
PICU Out of Area purchase of healthcare	(293)	(409)	(116)	40%	(1,657)	(1,657)	0	0%
Rehab Out of Area purchase of healthcare	(233)	(115)	118	(50%)	(1,397)	(1,397)	0	0%
Agency	(1,144)	(1,104)	40	(4%)	(6,479)	(6,622)	(143)	2%

The year-to-date (YTD) and forecast positions are both on plan at month 2. This is to be expected at this early stage of the financial year. There are variances in the YTD position arising from estimations of pay award pressures, funding for the pay award and increased interest receipts.

The month 2 closedown process was a light touch approach concentrating on the YTD position due to the ongoing year-end audit and the implementation of the new financial system. Consequently, forecast was maintained as plan for all lines. Whilst there will be fluctuations at line level compared to plan, it is appropriate to report forecast breakeven against plan as intelligence and information shows that new pressures have been offset by mitigations such as the increased interest receipt.

Month-end forecast processes will be implemented in full for month 3.

Monthly Income & Expenditure Profile

Commentary: The year-to-date position has been split equally over months 1 and 2 as a full month-end closedown did not take place. This is normal for NHS finance reporting as NHS England remove reporting requirements to allow time to concentrate on year-end accounts and the audit process. The position is on plan for the year-to-date and forecast.

The forecast is not yet accurately phased over the 12 months in all areas due to reporting difficulties arising from the implementation of the new financial system. Progress has been made to resolve this and the information will be provided for the M3 Finance Report.

	Prior Year £'000	Actual		Forecast										M12 Plan £'000	Forecast £'000	Variance £'000
		Apr-23 £'000	May-23 £'000	Jun-23 £'000	Jul-23 £'000	Aug-23 £'000	Sep-23 £'000	Oct-23 £'000	Nov-23 £'000	Dec-23 £'000	Jan-24 £'000	Feb-24 £'000	Mar-24 £'000			
Income																
Income from Patient Care Activities	137,970	10,875	10,875	10,469	10,469	10,469	10,469	10,469	10,469	10,469	10,469	10,469	10,469	126,438	126,437	1
Other Operating Income	22,571	1,866	1,866	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	1,710	20,897	20,836	61
Total Income	160,541	12,741	12,741	12,179	12,179	12,179	12,179	12,179	12,179	12,179	12,179	12,179	12,179	147,335	147,273	62
Expenditure																
Substantive	110,235	(9,521)	(9,521)	(8,938)	(8,938)	(8,938)	(8,938)	(8,938)	(8,938)	(8,938)	(8,938)	(8,938)	(8,938)	(111,800)	(108,418)	(3,382)
Bank	4,409	(286)	(286)	(286)	(286)	(286)	(286)	(286)	(286)	(286)	(286)	(286)	(286)	(195)	(3,434)	3,239
Agency	8,963	(552)	(552)	(552)	(552)	(552)	(552)	(552)	(552)	(552)	(552)	(552)	(552)	(6,479)	(6,622)	143
NHSE pension costs	4,835															
Other (Apprenticeship Levy)	470	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)	(441)	(441)	0
Total Pay	128,913	(10,397)	(10,397)	(9,812)	(9,812)	(9,812)	(9,812)	(9,812)	(9,812)	(9,812)	(9,812)	(9,812)	(9,812)	(118,915)	(118,915)	(0)
Out of Area healthcare	9,549	(759)	(759)	(748)	(736)	(929)	(671)	(673)	(654)	(656)	(639)	(646)	(639)	(8,510)	(8,510)	0
Drugs	1,262	(73)	(73)	(73)	(73)	(73)	(73)	(73)	(73)	(73)	(73)	(73)	(73)	(871)	(871)	0
Other non pay	18,034	(1,625)	(1,625)	(1,477)	(1,477)	(1,477)	(1,477)	(1,477)	(1,477)	(1,477)	(1,477)	(1,477)	(1,477)	(18,022)	(18,022)	0
Total Non Pay	28,845	(2,457)	(2,457)	(2,298)	(2,286)	(2,479)	(2,221)	(2,223)	(2,204)	(2,206)	(2,189)	(2,196)	(2,189)	(27,402)	(27,402)	0
Total Expenditure	157,758	(12,854)	(12,854)	(12,110)	(12,098)	(12,291)	(12,033)	(12,035)	(12,016)	(12,018)	(12,001)	(12,008)	(12,001)	(146,317)	(146,317)	(0)
EBITDA	2,783	(113)	(113)	69	81	(112)	146	144	163	161	178	171	178	1,018	956	62
Depreciation & Amortisation	3,142	(260)	(260)	(291)	(291)	(291)	(291)	(291)	(291)	(291)	(291)	(291)	(291)	(3,425)	(3,425)	0
Net Operating Surplus / (Deficit)	(360)	(373)	(373)	(221)	(209)	(402)	(144)	(146)	(127)	(129)	(112)	(119)	(112)	(2,407)	(2,469)	62
Net Finance Costs	(1,045)	39	39	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(107)	(1,055)	(993)	(62)
Technical Adjustments	(1,092)	15	15	17	17	17	17	17	17	17	17	17	17	200	200	0
Adjusted Net Surplus / (Deficit)	(2,497)	(320)	(320)	(311)	(299)	(492)	(234)	(236)	(217)	(219)	(202)	(209)	(202)	(3,262)	(3,262)	(0)

Cost Improvement Programme as at May 2023

£000s

CIP lead	Scheme	Scheme Status													
		Apr Actual £	May Actual £	Jun Forecast £	Jul Forecast £	Aug Forecast £	Sep Forecast £	Oct Forecast £	Nov Forecast £	Dec Forecast £	Jan Forecast £	Feb Forecast £	Mar Forecast £	YTD £	Total £
Out Of Area Delivery Group															
Mike Hunter	Rephased spend 22/23	826	835	826	835	959	840	850	840	850	850	840	850	1,661	10,197
	Actual spend	801	718	-	-	-	-	-	-	-	-	-	-	1,519	
	Variance	24	117											141	
	CIP plans	17	88	103	124	29	168	177	185	194	211	194	211	105	1,701
	Gap to CIP plan	7	29											36	
Agency Reduction Delivery Group															
Caroline Parry	Average spend 22/23	747	747	747	747	747	747	747	747	747	747	747	747	1,494	8,963
	Spend 23/24	552	552											1,103	
	Variance	195	195											391	
	CIP plans	190	160	183	183	181	205	257	223	219	227	224	232	350	2,484
	Gap to CIP plan	5	35											40	
Efficiency Delivery Group															
Phillip Easthope	CIP plans	49	49	49	49	69	69	110	114	114	114	119	642	98	1,549
	Achieved	122	126	-										248	
	Gap to CIP plan	73	77											149	
Totals	CIP plans	257	297	335	356	279	442	544	523	527	552	537	1,085	554	5,734
	Achieved	342	438	-	-	-	-	-	-	-	-	-	-	780	
	Gap to CIP plan	85	141											226	

- The CIP program target for 2023/24 is £5.734m. Overall YTD the target is £0.554m and achievement is ahead of plan by £0.226m.
- The main driver of the performance ahead of plan is increased interest receipts following interest rate rises.
- The combined workstreams are currently forecast to achieve the year-end target.
- All schemes are ahead of plan with a further breakdown provided in the following pages

Key : Signage – Gap to CIP plan - ahead / (behind) plan.

Cost Improvement Programme - Out of Area (OOA) Efficiencies

Out of Area as at May 23

Adult	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD	Total
Adult Planned Spend	546	484	460	449	667	423	424	406	407	390	397	390	1,030	5,442
Adult Actual Spend ^(Note 1)	508	487											994	
Variance Spend	38	(3)	460	449	667	423	424	406	407	390	397	390	35	5,442
PICU	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD	Total
PICU Planned Spend	146	146	146	146	146	132	132	132	132	132	132	132	293	1,657
PICU Spend	204	204											409	
Variance Spend	(58)	(58)	146	146	146	132	132	132	132	132	132	132	(116)	1,657
IFR	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD	Total
Rehab Planned Spend	116	116	116	116	116	116	116	116	116	116	116	116	233	1,397
Rehab Spend	89	27											116	
Variance Spend	27	89	116	116	116	116	116	116	116	116	116	116	117	1,397
Total	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD	Total
Total planned spend	808	747	723	711	929	671	673	654	656	639	646	639	1,555	8,496
Total actual spend	801	718											1,519	
Total Variance to Plan	7	29	723	711	929	671	673	654	656	639	646	639	36	8,496

- Year to date performance is positive with spend £0.036m below plan.
- The OOA Delivery Group is currently focusing in detail on the OOA avoidable - Acute beds.
 - The plan assumes 15 contracted beds will still be in use in March 2023.
 - Bed nights have reduced by 72 compared to the planned target.
- PICU is also under review. It is currently overspending to plan however savings are expected to materialise from September onwards.
- This table will be refined going forward by introducing the bed night data from Month 3, with further updates on PICU and IFR.
- All planned spend is net of the CIP target.

Notes

1) There will be fluctuations in previous months reporting as estimates are replaced with actuals. Whilst this is kept to a minimum, we are reliant on the speed of other organisations and information flows.

KEY : Signage () is behind/overspend compared to plan

Cost Improvement Programme - Agency Efficiencies

Agency Directorate Summary £000s									
	22/23 Outturn	Target	Outturn	Var (F) / A		YTD Target	YTD Actual	Var (F) / A	
Acute & Community	7,101	5,023	4,950	(73)	Green	837	825	(12)	Green
Rehab & Specialist	724	693	885	192	Red	116	148	32	Red
Clinical Central	150	120	23	(97)	Green	20	4	(16)	Green
Clinical Total	7,975	5,837	5,858	22	Red	973	976	4	Red
Medical	182	123	212	89	Red	20	35	15	Red
Chair/Chief Exec Office	0	0	15	15	Red	0	3	3	Red
Nursing & Professions	75	66	4	(63)	Green	11	1	(10)	Green
People Directorate	155	113	0	(113)	Green	19	0	(19)	Green
Finance	415	303	71	(232)	Green	51	12	(39)	Green
IMST	267	195	242	47	Red	33	40	8	Red
Special Projects & Facilities	198	148	220	72	Red	25	37	12	Red
Corporate Governance	8	6	0	(6)	Green	1	0	(1)	Green
Deputy Chief Exec	16	16	0	(16)	Green	3	0	(3)	Green
Central / Obsolete/CIPS	(328)	(328)	0	330	Red	(55)	(0)	54	Red
Corporate Total	988	642	764	123	Red	107	127	20	Red
Total	8,963	6,478	6,622	145	Red	1,080	1,103	24	Red
Comment									
The target for 23/24 is 22/23 less planned CIP 22/23. The YTD phasing is to be refined to match the CIP profiling									
Agency Profession Summary £000s									
	22/23 Outturn	Target	Outturn	Var (F) / A		YTD Target	YTD Actual	Var (F) / A	
Health Care Assistant	2,718	1,717	1,901	185	Red	286	317	31	Red
Consultants	1,451	1,174	1,279	105	Red	196	212	17	Red
Other Medical	1,316	1,064	1,015	(50)	Green	177	169	(8)	Green
Admin & Clerical	1,281	932	553	(379)	Green	155	92	(63)	Green
Nursing Registered	1,646	1,040	1,402	362	Red	173	234	60	Red
Ancillary	311	311	251	(60)	Green	52	42	(10)	Green
Scientific Therapeutic & Tech	207	207	220	13	Red	35	37	2	Red
Allied Health Professions	32	32	0	(32)	Green	5	0	(5)	Green
Total	8,963	6,478	6,622	145	Red	1,080	1,103	24	Red

- The Agency Reduction Delivery Group scheme is £0.024m (0.02%) behind target for the year to date. However, the target is profiled in 12ths of the total and this phasing will be adjusted in month 3 to match budgets and ensure consistency of reporting.
- Corporate agency staffing is the main contributor due to significant recruitment in this area in the later part of 22/23.
- The EPR project is being assessed and could have a negative impact if the costs cannot be capitalised.
- The forecast currently shows under delivery of £0.145m, which equates to 0.02% overspend. In context this is a small value and is not yet a cause for concern at this early stage of the financial year.
- The agency dashboard will be developed and refined further over the coming months.

Cost Improvement Programme – Efficiency Delivery Group

Cost Improvement Programme as at June 2023

£000s

CIP lead	Service Area	Scheme	CIP Efficiency Target	(Under) / Over Achievement to date	Risk Rating	SID	QEIA	Includes non recurrent												
								Scheme Status												
								Apr Actual £	May Actual £	Jun Forecast £	Jul Forecast £	Aug Forecast £	Sep Forecast £	Oct Forecast £	Nov Forecast £	Dec Forecast £	Jan Forecast £	Feb Forecast £	Mar Forecast £	Total £
Efficiency Delivery Group																				
Pat Keeling	Special Projects & Facilities	Waste contract renewal	24			✓	n/a	4	4	4	4	4	4						24	
Sarah Bawden	People	Occupational Health contract	10			✓	tbc	2	2	2	2	2	2						10	
Neil Robertson	Central Management	Patient Transport	50	(8)						4	4	4	4	4	4	4	4	4	42	
Samantha Crosby	Special Projects & Facilities	Electric Vehicle (Phase 2)	10															5	10	
Phill Easthope	Trust Wide	Corporate OH reduction	250										42	42	42	42	42	42	250	
Pat Keeling	Special Projects & Facilities	Fulwood Site (Phase 2)	171	(29)						14	14	14	14	14	14	14	14	14	143	
Abiola Allinson	Medical	Pharmacy Formulary	30										5	5	5	5	5	5	30	
Caroline Parry	People	External Venues - training	10											2	2	2	2	2	10	
Caroline Parry	Trust Wide	Mandatory training	10											2	2	2	2	2	10	
Pete Kendal	Trust Wide	Telecoms Contract	80							10	10	10	10	10	10	10	10	10	80	
Pete Kendal	Trust Wide	IT Asset utilisation	30							10	10	10	10						30	
Pat Keeling	Trust Wide	Improved HQ space utilisation	50											10	10	10	10	10	50	
James Sabin	Central Budgets	Cash investments / interest	323	186		✓	n/a	116	120	113	113	108	108	108	108	103	98	98	126	1323
Philip Easthope	Trust Wide	Technical Adj - System wide approach (N/R)	500																500	500
Total Efficiency Delivery Group			1549	149				122	125	138	138	153	153	194	198	193	188	193	720	2512

The overall position is £0.149m ahead of plan to date with an anticipated overachievement of the whole workstream of £1m. This is due to the non-recurrently revised anticipated delivery of cash investment / interest receipts with the increasing high interest rates and so it was felt the revision to target would be appropriate and provide little risk. This will create some flexibility and also help mitigate any underperformance across other workstreams if performance drops and as such, the overall CIP programme forecast remains on plan.

There are 2 schemes that are behind target with 12 out of 15 having not yet completed the formal Scheme initiation documents (SIDs). However, this is not expected to impact on the final out turn or delivery.

KEY : Signage () is behind/overspend compared to plan

SOFP | Statement of Financial Position

	Closing 2022/23	YTD Actual	YTD Movement	Annual Plan	Forecast for end of year	Closing Balance v Planned Balance
	£'000	£'000	£'000	£'000	£'000	£'000
Non-Current Assets						
Property, Plant & Equipment (PPE)	71,868	71,483	(385)	66,650	66,650	4,833
Intangible Assets	4,478	4,554	76	4,658	4,658	(104)
Other Non-Current Assets	414	136	(278)	4,270	4,270	(4,134)
Non-Current Assets Total	76,760	76,173	(587)	75,578	75,578	595
Current Assets						
Receivables	12,357	12,871	514	9,268	9,268	3,603
Cash and Cash Equivalents	53,715	53,548	(167)	47,405	47,405	6,143
Assets held for sale (Fulwood HQ)	12,000	12,000	0	8,000	8,000	4,000
Other Current Assets	54	0	(54)	2,089	2,089	(2,089)
Total Current Assets	78,126	78,419	293	66,762	66,762	11,657
Current Liabilities						
Provisions	(662)	(661)	1	(759)	(759)	98
Payables	(19,452)	(18,626)	826	(15,992)	(14,102)	(2,634)
Other Current Liabilities	(1,385)	(2,062)	(677)	0	(1,890)	(2,062)
Total Current Liabilities	(21,499)	(21,349)	150	(16,751)	(16,751)	(4,598)
Net Current Assets/ (Liabilities)	56,627	57,070	443	50,011	50,011	7,059
Total Non-Current Liabilities	(6,452)	(6,452)	0	(9,418)	(9,418)	2,966
Total Net Assets	126,935	126,791	(144)	116,171	116,171	10,620
Total Taxpayers Equity	126,935	126,791	(144)	116,171	116,171	10,620

Year to date

The values for the year to date as at the end of month 2 haven't moved significantly from the audited closing balances of 2022/23.

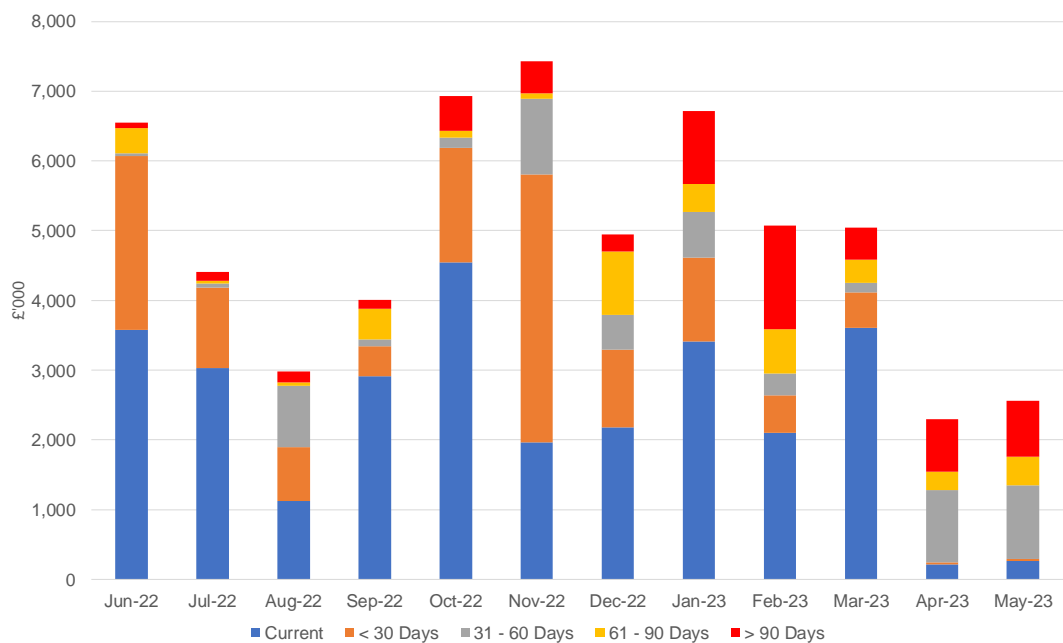
The movements on non-current assets are mainly due to amortisation and depreciation which decrease the asset values. The year to date spend on non current assets is behind plan but this is a timing issue.

Forecast

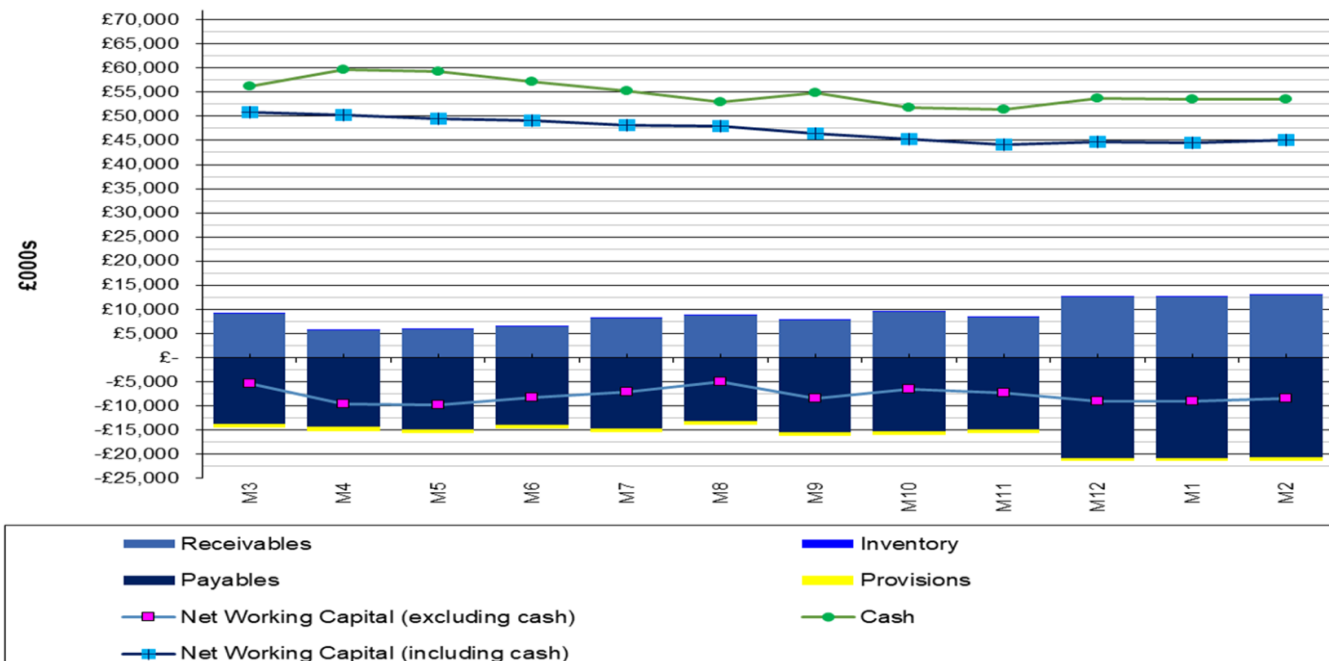
The year-end forecast matches plan. At this early stage of the year, there are no reasons to suggest deviations from the plan.

SOFP | Statement of Financial Position – Aged Debt & Working Capital

AGED DEBT ANALYSIS



The Last 12 months Net Working Capital Movements



Customer Type	Total Balance 31/05/2023	Sum of In Date	Sum of 1-30 Days	Sum of 31-60 days	Sum of 61-90 Days	Sum of 91-120 days	Sum of Over 120 days
NHS Trusts, Ft's and ICB	1137	225	4	662	210	29	6
NHSE and DOH	210	0	4	48	59	45	55
Sheffield City Council	1055	0	0	349	92	0	614
Staff Overpayments	118	37	19	0	0	12	49
Other	44	1	1	3	43	36	-39
Grand Total	2565	263	28	1062	404	122	685

Aged Debt Analysis: As at 31st May 2023 there were unpaid receivable invoices totalling £2.565m. £0.263m of the unpaid invoices relates to invoices raised during May 2023 and were not overdue at the reporting date. The balance is significantly lower than any point during the previous 12 months.

The significant remaining older debt is with Sheffield City Council Trust who have an overdue balance of £1.055m. The Trust have been in discussion with the Council and assurances have been received that the overdue balance will be paid.

Working Capital Movements: At the end of May 2023 SHSC had a cash balance of £53.5m compared to £53.7m at the end of the last financial year.

The Trust had a negative net working capital balance of £8.5m excluding cash (positive NWC of £45.1m including cash). This has remained stable during the past 12 months.

The high liquidity ratio of 3.7:1 (current assets: current liabilities) allows SHSC to operate without the need to borrow to finance working capital.

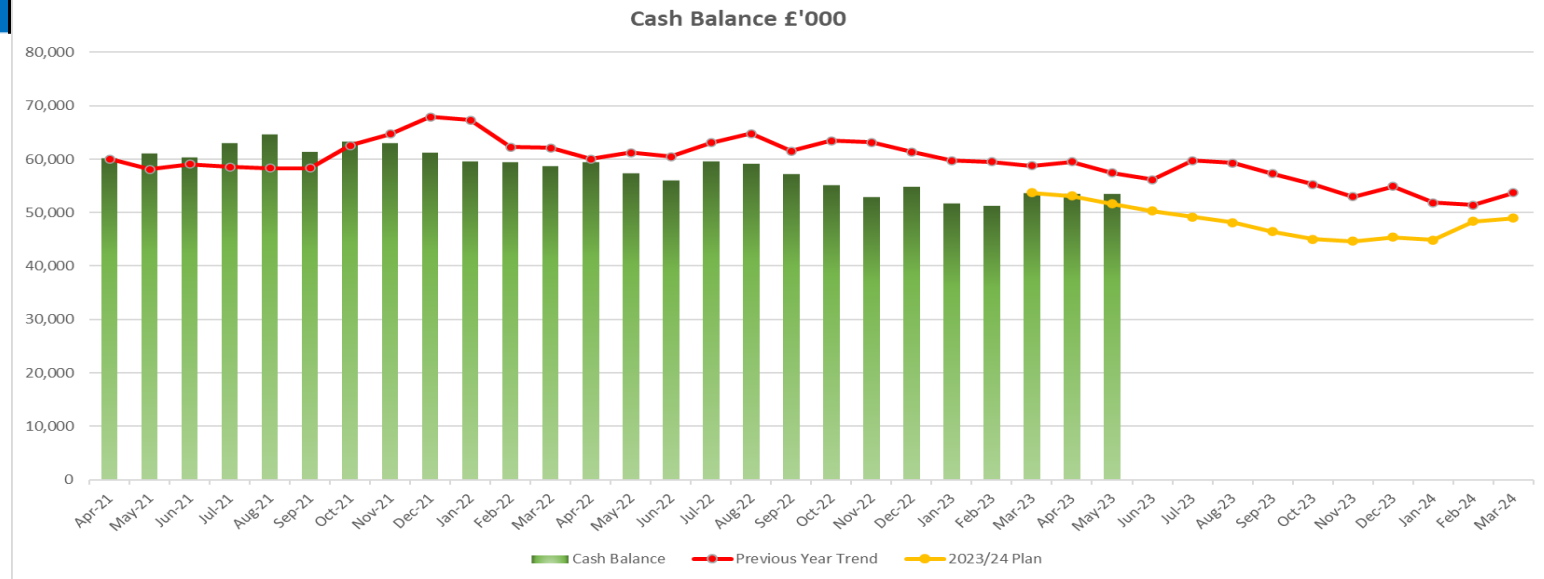
12 Months Cash Flow Forecast

Cash flow as at May 2023	Prior Year Mar-23 £000s	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
		2022/23 Apr-23 £000s	2022/23 May-23 £000s	2022/23 Jun-23 £000s	2022/23 Jul-23 £000s	2022/23 Aug-23 £000s	2022/23 Sep-23 £000s	2022/23 Oct-23 £000s	2022/23 Nov-23 £000s	2022/23 Dec-23 £000s	2022/23 Jan-24 £000s	2022/23 Feb-24 £000s	2022/23 Mar-24 £000s
Operating Surplus/(deficit)	1,800	(373)	(374)	(256)	(184)	(303)	(166)	(137)	(162)	(173)	(192)	(185)	(155)
Net cash generated from / (used in) operations	(808)	355	523	447	367	428	390	416	393	408	460	417	421
Net cash inflow/(outflow) from investing activities, Total	(3,563)	95	94	(1,109)	(1,171)	(949)	(1,758)	(1,470)	(469)	(425)	(535)	3,422	(705)
Net cash inflow/(outflow) before financing	(2,571)	77	243	(919)	(987)	(824)	(1,534)	(1,191)	(238)	(190)	(267)	3,654	(439)
Net Cash inflow/(outflow) from financing activities, Total	4,912	(244)	(243)	(243)	(243)	(243)	(243)	(242)	(242)	883	(242)	(242)	883
Increase/(decrease) in cash and cash equivalents	2,340	(167)		(1,162)	(1,231)	(1,068)	(1,777)	(1,434)	(480)	693	(509)	3,412	444
Cash and cash equivalents at start of period	51,375	53,715	53,548	53,548	52,386	51,155	50,088	48,310	46,877	46,397	47,090	46,580	49,992
Increase/(decrease) in cash and cash equivalents	2,340	(167)		(1,162)	(1,231)	(1,068)	(1,777)	(1,434)	(480)	693	(509)	3,412	444
Cash and cash equivalents at end of period	53,715	53,548	53,548	52,386	51,155	50,088	48,310	46,877	46,397	47,090	46,580	49,992	50,436

NARRATIVE

The cash balance at the end of May 2023 was £53.5m. Spend on the capital programme in months 1 and 2 has been low as the 2022/23 capital programme was accelerated to avoid losing CDEL funding.

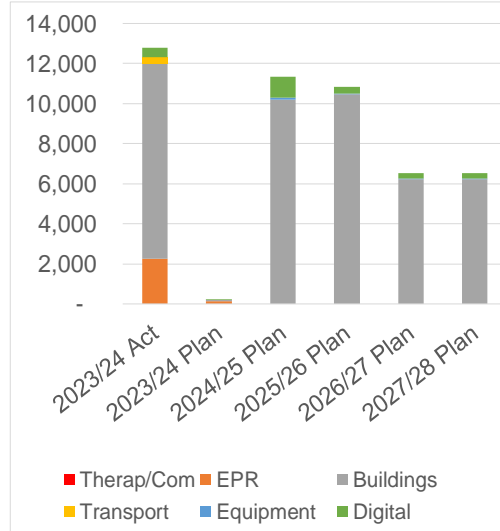
The Trust has a capital programme of £12.791m for the financial year and this has been built into the forecast. £1.810m of this is dependent on the confirmation of ICS system performance in 2022/23 and £4m is dependent on a capital receipt for the sale of Fulwood. Without these items the CDEL could be as low as £6.981m. SHSC is planning to spend the full capital programme but is managing the position to avoid over-committing until the increased CDEL is confirmed.



Capital Programme

CAPITAL FORECAST 2023/24 TO 2027/28

Category	2023/24		2024/25	2025/26	2026/27	2027/28	Total Programme Forecast £'000
	Plan £000	Actual £000	Plan £000	Plan £000	Plan £000	Plan £000	
Therap/Com	-	-	-	-	-	-	-
EPR	2,250	131	-	-	-	-	2,250
Buildings	9,759	75	10,197	10,449	6,209	6,209	42,823
Transport	297	-	-	-	-	-	297
Equipment	-	-	100	50	50	50	250
Digital	485	5	1,044	342	282	282	2,435
Total	12,791	211	11,341	10,841	6,541	6,541	48,055



The plan for 2023/24 + next 4 years was finalised in March 2023

The new build therapeutic environment facilities are not in the plan require external funding

POSITION SUMMARY 2023/24

Capital Position to Date	Plan £'000	Actual £'000	Variance £'000	Indicator			
In-month spend	1,085	156	(929)	Amber			
Cumulative spend	2,550	211	(2,339)	Red			
Capital expenditure is <85% or >115% of plan for year to date				Amber			
Capital Forecast Outturn	CDEL: Limit £'000	Revised Plan £'000	Actual Exp £'000	Variance against CDEL Limit	Variance against plan £'000	Indicator against CDEL	Indicator against plan
Full Year cumulative spend	12,791	12,791	12,791	0	0	Green	Green

Capital expenditure is <85% or >115% of plan for full year forecast

NARRATIVE

The original capital programme for 2023/24 submitted to the ICS in March 2023 was £12.791m. This assumes the £1.810m additional CDEL allocation arising from 2022/23 system financial performance achievement and a £4m receipt from the sale of Fulwood. This is an accepted risk at present, which will be monitored closely and reported promptly if the risk increases or materialises.

As at the end of month 2 the actual capital spend was £0.211m against a phased plan of £2.550m. The main reason for the underspend variance is due to timing. The capital programme was accelerated in March to ensure relevant costs were recorded in 2022/23 to avoid losing CDEL funding. As such, materials on site and certificated works were recognised in 2022/23 with minimal additional costs being confirmed in the first 2 months of 2023/24.

Since the month 2 position was finalised it has been recognised that the delay to the EPR programme is likely to cause a cost pressure in the region of £1m. Work is ongoing to determine the impact on capital and revenue budgets. The business case for work on Maple Ward is also likely to be significantly higher than the £3.6m we have in the plan over the next 2 years. This will put the already stretched capital programme under increased pressure and require it to be reprioritised in order to spend with the financial constraints of the CDEL.

The month 2 capital position continues to show these schemes as per the original plan value. These schemes will be updated in month 3 when we get further clarity on values and how the additional costs will be managed

During month 3, updated cashflow forecasts have been received from the quantity surveyors for the 3 large schemes: Stanage, HBPOs and Woodland View roof. The latest cashflows will be reflected in the updated plan phasing from month 3 onwards.

The financial plan incorporated all known cost pressures and mitigations at the time it was developed. Circumstances change quickly however, and we are aware of possible pressures that weren't in the plan and are also not yet reflected in the forecast.

- ***Agenda for Change pay award settlement*** – the plan assumed a settlement for 2023/24 of 2.1% for all staff. It has been confirmed as an average of 5.2% and funding is not likely to cover this in full. Early indications are a minimum additional cost of £0.5m.
- ***Microsoft licensing national agreement*** – we have been informed that £0.15m will be removed from the contract with South Yorkshire ICB as a result of a national agreement on Microsoft licenses. Costs will not reduce however, as contracts are already in place for this year. ICB colleagues are challenging this decision nationally on behalf of all providers.
- ***Electronic Patient Record (EPR) rollout delay*** – the EPR project was due to be implemented in June but this has been delayed until later in the year. This has cost implications in the region of £1m split between capital and revenue. Work is ongoing to understand the impact on capital and revenue budgets.

In mitigation of these concerns, the increase in interest rates has led to significantly increased interest income. This is expected to be £1m higher than the £1.3m income included in the financial plan.

The above risks and mitigations will be quantified and included in the forecast from M3 onwards.

Appendix 1 – Income and Expenditure Trends

	18/19	19/20	20/21	21/22	22/23	23/24 FOT
	£000	£000	£000	£000	£000	£000
Income from patient care activities	98,720	105,734	118,174	130,481	137,970	126,437
Other Income	29,216	25,741	35,537	21,368	22,571	20,836
Total Income	127,936	131,475	153,711	151,849	160,541	147,273
Pay	(94,015)	(104,443)	(116,244)	(117,422)	(128,913)	(118,915)
Non Pay	(20,798)	(22,547)	(33,569)	(32,245)	(31,988)	(30,827)
Total Expenditure	(114,813)	(126,990)	(149,813)	(149,667)	(160,901)	(149,742)
Net Finance Costs	(1,432)	(1,148)	(1,415)	(1,762)	(1,045)	(993)
Net Surplus / (Deficit)	11,691	3,337	2,483	420	(1,405)	(3,462)
Technical Adjustments	172	145	182	1,391	(1,092)	200
Adjusted Net Surplus / (Deficit)	11,863	3,482	2,665	1,811	(2,497)	(3,262)
KPI's						
Acute Out of Area purchase of healthcare	(270)	(625)	(2,079)	(5,283)	(6,460)	(5,443)
PICU Out of Area purchase of healthcare	(1,088)	(881)	(1,403)	(1,696)	(1,764)	(1,657)
Rehab Out of Area purchase of healthcare	(628)	(1,691)	(1,789)	(1,525)	(1,324)	(1,397)
Total Out of Area healthcare	(1,986)	(3,197)	(5,271)	(8,504)	(9,549)	(8,497)
<i>Year on year % increase</i>		61%	65%	61%	12%	-11%
Total Agency Spend	(3,540)	(4,096)	(4,721)	(5,899)	(8,963)	(6,622)
<i>Year on year % increase</i>		16%	15%	25%	52%	-26%

Finance and Performance Committee (FPC) has requested high level information on expenditure trends to be included in this report. This is to give context to discussions regarding drivers of the deficit and efficiency saving opportunities.

The table to the left shows the changes in income and expenditure at summary level from 2018/19 to 2023/24.

Pay was significantly higher in 2022/23 as a result of agency spend but also because a non-recurrent of £4.8m was included in the position for the non-consolidated backdated pay award. Income from NHS England was recognised to offset the cost.

Agency and out of area expenditure is shown separately as these are the key drivers of the deficit position and focus points for efficiency savings.

Out of area spend is broken down into 3 components of acute, PICU and rehab. Acute is the key area of concern as expenditure has gone up significantly year on year.