

Finance, Procurement and Contracting

Financial Performance Report: Month 2

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Financial Performance Report

Integrated themes and issues from Month 2 (May 2024)

Finance

Overall

Income and Expenditure (I&E) reported performance in May was a **£5.1m deficit**, on plan in month*. This included non-recurrent expenditure items and adjustments, as set out later in this report. The underlying in-month deficit in May was £8.3m, this is almost unchanged from April's £8.4m underlying deficit and is still running at significantly more than the £5.0m a month average underlying deficit the plan is based on.

Income

Commissioning income, including passthrough income, was **£4.1m better** than plan in May. Commissioning income was £0.9m better than plan, principally due to additional tariff Consultant pay award funding of £0.6m, most remaining commissioning income was accrued to plan for year to date. Passthrough drugs and devices were £3.2m above plan.

Non-NHS income (PP, Overseas, RTA and other) was **£2.1m worse** than plan, due to a write-off of private patient debtors of £2.2m (offset by reduced bad debt provision in non-pay) and R&D income (£0.5m worse).

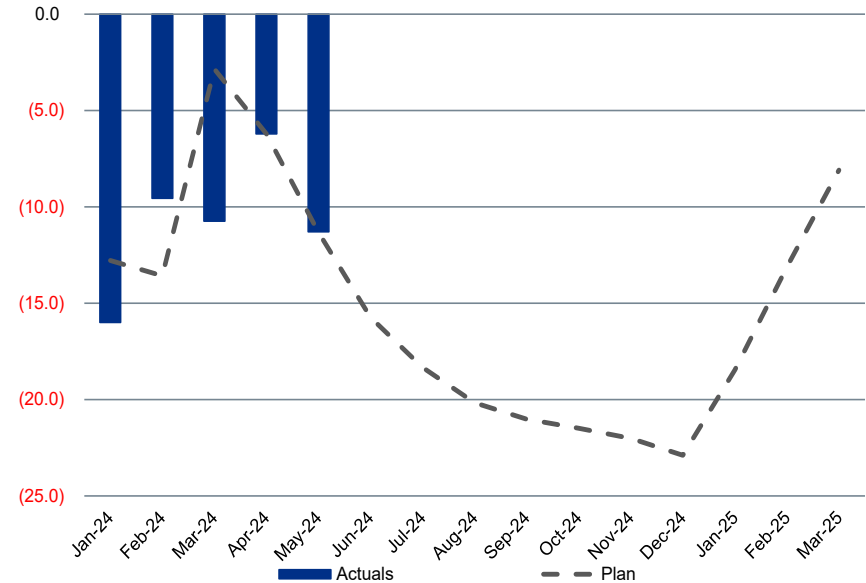
Pay Expenditure

Pay costs were **£0.7m worse** than plan in-month, (£0.2m worse excluding R&D). The £0.2m adverse variance includes £0.7m of released accruals benefit from the consultant pay award costs for March and April being lower than we had allowed for. Overall WTEs were broadly flat after April's reductions following the introduction of additional pay controls, with a net increase in May of 25 WTE. Underlying pay costs continue to be lower since the introduction of the pay controls (after excluding inflation).

Non-Pay Expenditure

Non-pay costs were **£0.9m worse** than plan in May (but were £1.5m better than plan excluding pass through costs and R&D). This included a £2.2m non-recurrent benefit to the non-pay position from releasing bad debt provisions relating to BUPA private patient income.

I&E - YTD Cumulative Performance Versus Plan £m



* Against the revised financial plan made to the ICB in June of an £8.1m deficit for the year.

Financial Performance Report

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Finance

Adjusted Run Rate

The underlying deficit is estimated as **£8.3m** in May, this is a similar level to last month. After adjusting out the pay inflation uplift for this year, the underlying deficit is largely unchanged from the last quarter of last financial year (when the average underlying deficit was £7.3m a month). It is also running at significantly more than the £5.0m a month average underlying deficit this year's plan is based on.

Cash

Cash was £11.3m at the end of May, **£24.4m lower** than the previous month and £0.3m higher than plan. The decrease in the cash balance is due to a catch up of paying for last year's capital expenditure (capital creditors at year end). The cash position would be significantly worse, but for the active cash management measures currently in place. The need for cash support is being monitored on a regular basis.

Productivity & Efficiency Savings

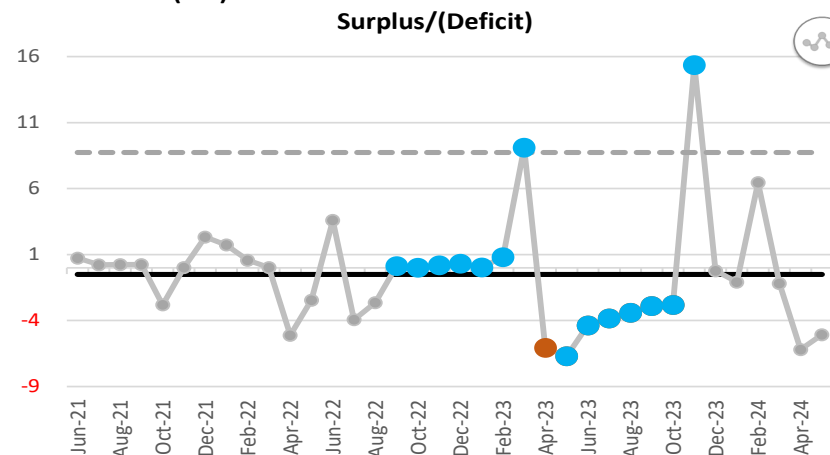
Productivity KPIs had an estimated **£1.0m negative** productivity impact for May when compared to the prior year and planning assumptions. Theatre activity levels (£0.8m), outpatient appointments (£0.8m) and staff sickness (£0.7m) are the drivers of this.

Efficiency savings. To deliver the improved plan of an £8.1m deficit, the Trust needs to make £92.5m of efficiency savings (6% of income). At the end of May £9.5m had been made, which is **£3.6m better** than plan (the plan is weighted towards the second half of the financial year). This is primarily due to non-recurrent central efficiencies.

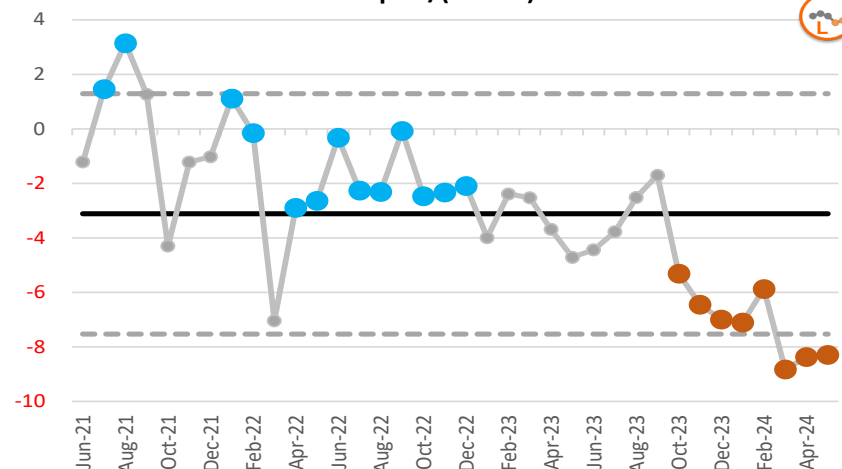
Capital

Capital expenditure against ICS CDEL (before IFRS 16) totalled £2.8m compared with a plan of £3.1m. The underspend is due to delays on Estates projects (including RAAC), a delay on placing equipment orders, and VAT credits realised against Digital. These are partly offset by costs from 2023/24 projects completed in the early weeks of this financial year.

Income & Expenditure – Monthly Reported Performance from June 2021 (£m)



Income & Expenditure – Adjusted Run Rate Performance (£m)

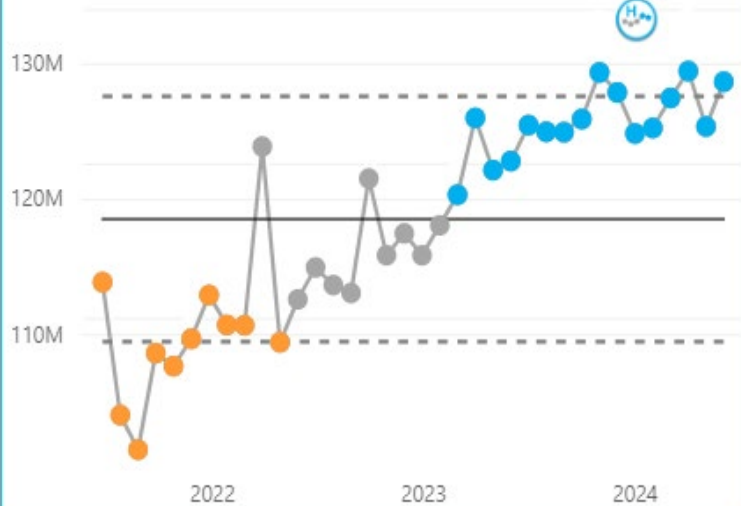


Income Overview

Source: Finance Ledger

*Income in the charts below were adjusted to remove the FY22, FY23 and FY24 (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 and medical pay awards over the YTD. A number of income items including RTA catch up and API performance in FY2024 has been smoothed over the year to avoid distortion to the underlying run rate.

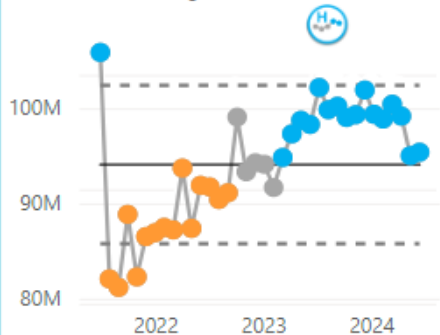
Total Income Excl R&D: RTH - *OUH



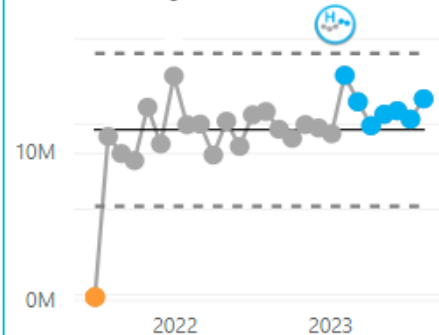
May 2024 (Month 2) - Total in-month Income of £133.4m

- Total income was £3.3m higher in May compared to April.
- Commissioning income was £5.4m higher in May, of this £2.6m related to Passthrough income. The remaining £2.8m increase in May related principally to a £3.3m Agreement of Balances one-off benefit and £0.4m of depreciation funding, offset by movements on the consultant pay award funding.
- API income performance is not available for the month 2 position. The Trust has assumed achievement of 109% of 19/20 income to meet performance targets. In addition, income related to growth for business cases has been included in the plan.
- Other income was £0.3m lower in May compared to April, £0.2m of this was due to R&D income (offset by a reduction in costs).
- Private patients, overseas and RTA income reduced in May by £1.8m this was driven by a write-off of BUPA private patient debtors of £2.2m (which was offset by reduced bad debt provision costs in non-pay).

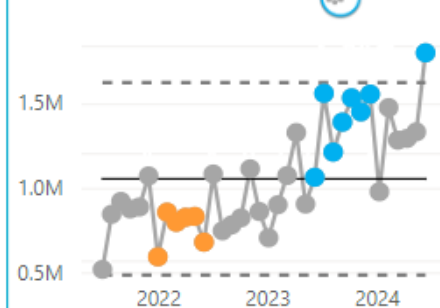
Commissioning Income: RTH - OUH



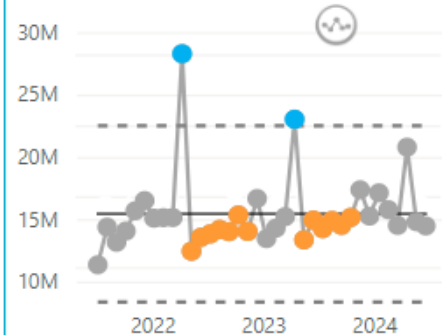
Pass Through Income: RTH - OUH



PP, Overseas & RTA Income: RTH - OUH



Other Income: RTH - OUH



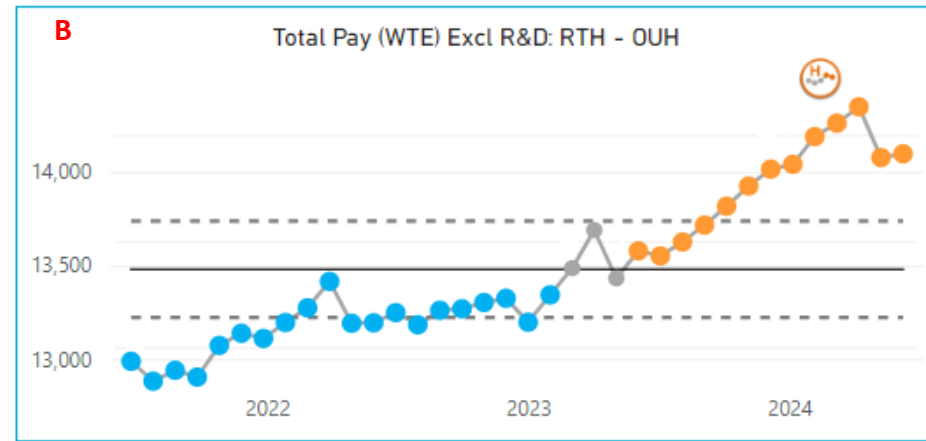
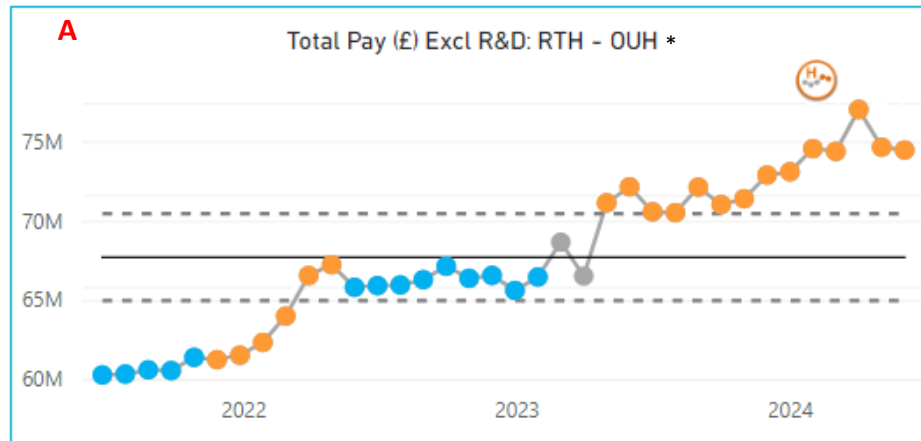
SPC Trend Analysis

Total Income has consistently increased over the last financial year, driven by commissioning income and passthrough income (also seen in the '[Commissioning Income](#)' and '[Pass Through Income](#)' charts 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 and 2023/24.

- [Total Income](#) in March 2022 and March 2023 were all significantly high as a result of year-end adjustments and R&D income.
- [PP, Overseas and RTA Income](#) has been showing an upward trend in 2023/24, this is driven by changes in the RTA income capture process.

Pay: Run Rate Overview

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



*Pay spend in the chart above was adjusted to remove the FY22, FY23 and FY24 (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 and medical pay awards have been smoothed over the YTD. The annual leave accrual releases throughout the year were removed. FY22 pay spend was not adjusted for inflation.

May 2024 (Month 2)

£78.1m
(£73.7m
excl.
R&D)

14,096
WTE

- Total pay was £0.5m higher in May compared to April. Excluding R&D, pay costs were £1.4m lower in May compared to April
- Substantive staffing costs were £0.5m higher in May compared to April. Excluding R&D substantive pay decreased by £1.4m, of this £0.7m relates to released accruals benefit from the consultant pay award costs for March and April being lower than we had allowed for. The Trust plan is based on the month 1-9 run rate of 23/24, the run rate for substantive staff increased in quarter 4 and though it has reduced in April it continues to be above the plan assumption. The Trust has implemented financial controls on vacancies as part of the overall financial controls required across the ICB.
- Temporary staff in-month expenditure was unchanged in May compared to April. The Trust has implemented a temporary staffing programme aiming to reduce temporary staffing by 700 WTE compared to the December 23 position. The Trust plan assumes costs reduce over the first six months of the year. Compared to December 23 temporary staffing costs have reduced by £0.8m, reflecting the work being undertaken to provide additional controls over temporary staffing. Sickness rates have been reducing since January and turnover rates are also reducing which should be supporting the reduction in temporary staffing.
- Overall WTEs were broadly flat after April's reductions following the introduction of additional pay controls, with a net increase in May of 20 WTE (excluding R&D). Substantive staff increased by 13 WTE in May with a small increases in consultant (12) and nursing staff (14) offset by reductions in other staff (18). Bank staff increased by 19 WTE with a small increase in nursing staff (12). These were offset by an 11 WTE reduction in agency staff mainly in nursing staff (11).

Trend Analysis

- Pay spend and WTEs are broadly flat in May after the reductions seen in April, following the introduction of increased pay controls. This trend is seen in Chart A and B above. The previously increasing trend was driven by the annual pay awards, alongside other increases in pay relating to approved business cases, overall pay increase for Junior Doctors, open escalation beds and the use of temporary staffing to backfill sickness. Trend by staff group and type are shown in the additional detail provided in the Diligent Reading Room.

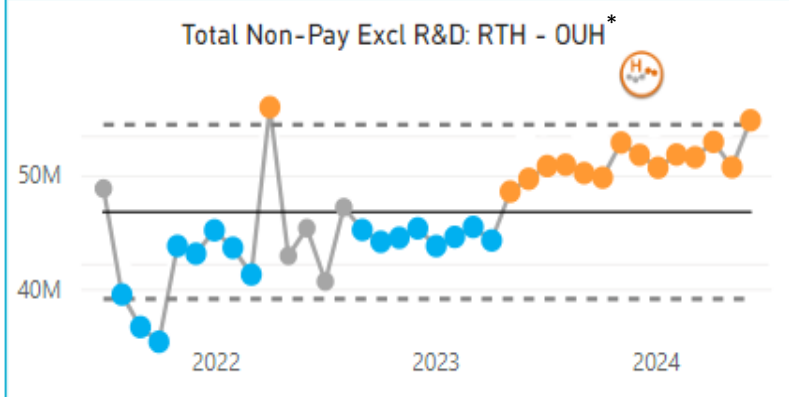
Non-Pay Run Rate Overview



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.

May 2024 (Month 2) – Total Non-Pay £52.4m (£52.6m excl. R&D)

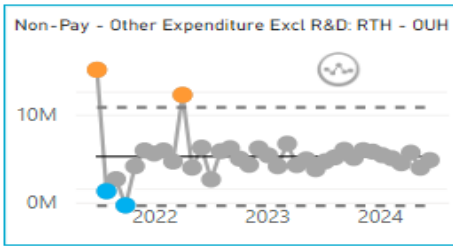
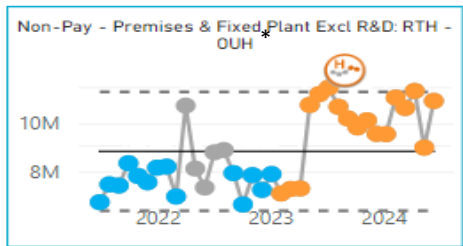
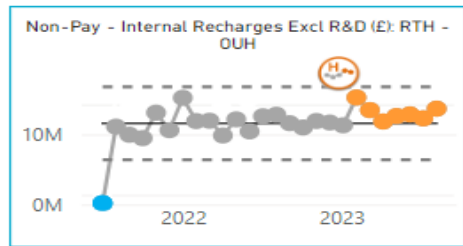
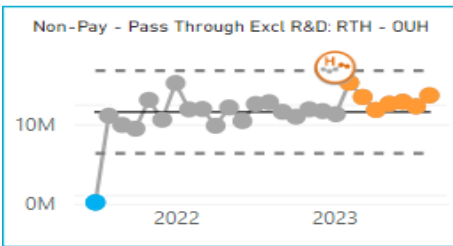
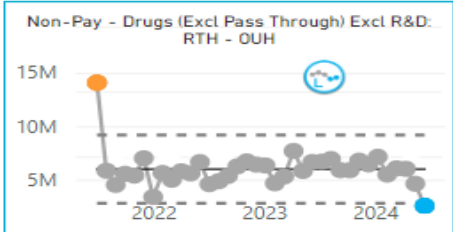
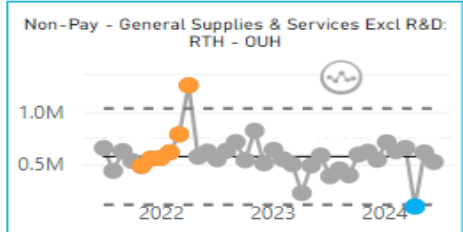
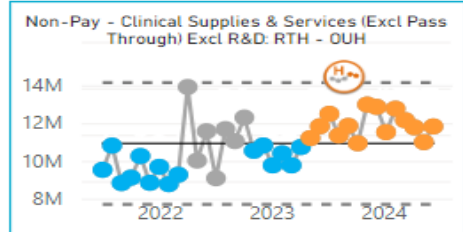
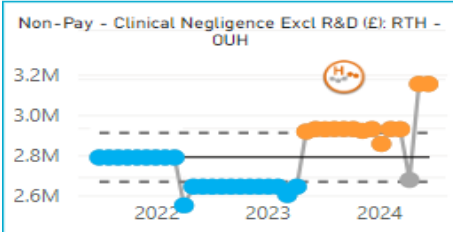
- Total non-pay was £0.4m higher in May than in April. Excluding R&D, non-pay costs were £1.9m higher in May compared to April. This increase was principally due to the unwinding of a £1.9m non-recurrent benefit relating to PFI expenditure for the Churchill PFI that was recognised in April.
- We have moved some pass-through items incorrectly included in non-pass through in 2023/24 since April.



SPC Trend Analysis

Non-pay expenditure has been near the upper control limit though out 2023/24, reflecting persistently high inflation, and continues to trigger an adverse special cause variation.

- Clinical negligence costs have increased in April due to the £2.2m increase (6.2%) in costs (net of the maternity incentive rebate) this financial year.
- Clinical supplies and services costs are an adverse special cause variation, driven by high inflation over the last year.
- General supplies and services costs reduced in March due to PPE stock credits of £0.4m.
- Premises & Fixed Plant has seen an increase in PFI costs since April due to inflation of £0.3m a month offset with a decrease in costs due to energy price reductions of £0.7m a month. In April there was a decrease in costs due to one off PFI benefits of £1.9m.



Please note – estimates are currently being worked on to reflect latest costing data.

Indicator	Target	Unit	£/unit	Actual vs Target (£m)		
				Apr-24	May-24	Total YTD
Elective ALOS	3.9	Days, per Patient	1 day = £0.740m/month	(£0.7)	(£0.3)	(£1.0)
Non-Elective ALOS	4	Days, per Patient	1 day = £4.2m/month	£0.4	£0.8	£1.3
Theatre Session Units (Planned)	1,782	Sessions per month	1 session = £12.1k income per session	(£1.3)	(£0.8)	(£2.1)
Non F2F Outpatients Appointments	25%	% of all appt	1 Appt = £100	(£0.8)	(£0.8)	(£1.6)
Staff Sickness Rate	3.1%	% of staff	1% = £0.85m/month	(£0.6)	(£0.7)	(£1.3)
Staff Turnover Rate	12%	% of staff	1% = £440k/month	£0.8	£0.8	£1.6
Total Impact, Positive/(Adverse)				(£2.1)	(£1.0)	(£3.1)

Impact of key indicators

The selected productivity key indicators above represent the drivers to performance and the financial impact of movements versus the Trust's planning assumptions. The approach seeks to join up the operational data with the financial run rate.

The Trust's run rate deficit is driven by the estimated negative impact of reductions in productivity. YTD (month 2), the negative impact estimated at **£3.1m** and is driven by:

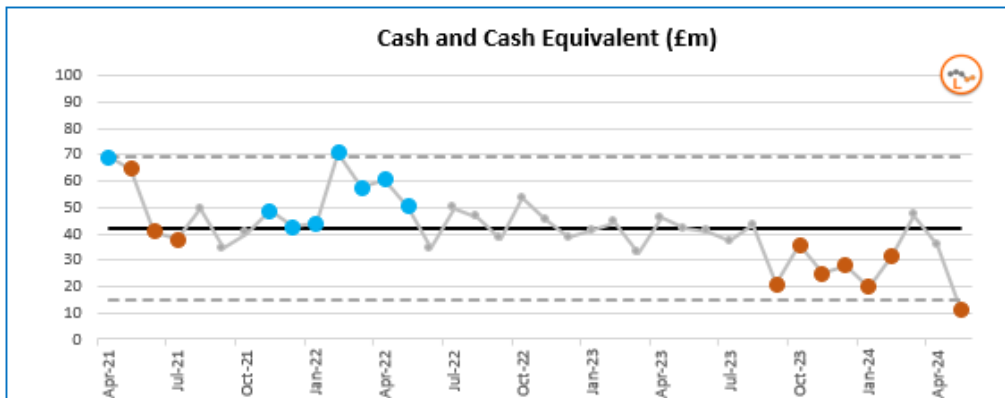
- **£1m** from an increase in Elective ALOS (vs. prior year), predominantly for activity that exclude medically fit patients.
- **£2.1m** from a decrease in planned Theatres sessions activity in May-24 compared to prior year.
- **£1.3m** from sickness rate landing above trust target (for the 12-month rolling average and the in-month rate), which drives the use of temporary staffing to fill staffing gaps.
- The YTD estimated benefit financial impact of ALOS for NEL activity is **£1.3m** and **£1.6m** for staff turnover which were achieved through programmes targeting hospital discharges and recruitment of international nurses.

	Plan 2023/24 (£m)	Plan YTD (£m)	Delivered YTD (£m)	Variance to Plan (£m)	Percentage Delivered
Income					
Private Patient	1.4	0.1	0.0	-0.1	25%
Overseas Visitors	0.4	0.1	0.1	0.0	160%
Non-Patient Care	13.9	0.8	3.3	2.5	402%
Other Income	5.1	0.8	0.8	-0.1	90%
Total Income	20.8	1.8	4.2	2.4	232%
Pay					
Bank	31.0	1.7	0.7	-1.0	41%
Agency	4.2	0.2	0.2	-0.1	67%
Staffing	2.4	0.3	1.1	0.8	355%
Total Pay	37.6	2.2	1.9	-0.3	87%
Non-Pay					
Medicines efficiencies	1.2	0.1	0.1	0.0	126%
Procurement	9.0	0.5	1.4	0.9	263%
Net zero carbon	1.0	0.1	0.0	-0.1	0%
Other Non-Pay	18.9	1.3	2.0	0.7	156%
Total Non-Pay	30.1	1.9	3.5	1.5	180%
Non-EBITDA	4.0	0.0	0.0	0.0	0%
TOTAL £m	92.5	5.9	9.5	3.6	161%

Division	Plan 2023/24 (£m)	Plan YTD (£m)	Identified 2023/24 (£m)	Percentage Identified 2023/24	Delivered YTD (£m)	Variance to Plan (£m)	Percentage Delivered
CSS	12.8	0.7	6.3	49%	0.2	-0.6	22%
MRC	15.6	0.9	4.0	26%	1.2	0.3	136%
NOTSSCAN	18.9	1.1	16.1	85%	1.8	0.7	163%
SUWON	17.0	1.0	9.8	58%	0.7	-0.2	78%
Corporate	5.8	0.3	0.0	0%	0.0	-0.3	5%
Operational Services	0.8	0.0	0.0	0%	0.1	0.0	198%
Education	0.9	0.1	0.0	0%	0.0	-0.1	0%
Estates	1.7	0.1	0.0	0%	0.1	-0.0	86%
Central	18.9	1.7	12.2	65%	5.5	3.8	322%
TOTAL £m	92.5	5.9	48.5	52%	9.5	3.6	162%

Efficiency savings

- 2024/25 planning guidance has set a national efficiency target of 1.1%. Based on the draft deficit position across the ICB all organisations have agreed to set a 6% efficiency target.
- On 12th June 2024, the Trust submitted a plan for 2024/25 to deliver £8.1m deficit. The Trust is awaiting feedback from NHS England. Within the plan was an overall efficiency requirement savings of 6% of total income, which amounts to £92.5m (2023/24 - £70.5m, 4.6% of operational expenditure). This includes non-cash releasing savings.
- This target has been set at a divisional level and allocated to directorates based on 6% of expenditure budgets, not including R&D, CNST, hosted and passthrough (£73.6m). The remaining target (to achieve total of 6% of income) has been allocated to central (£18.9m).
- Efficiency targets have principally been phased based on the delivery trajectory experienced last year, with 30% of those schemes planned for H1 delivery and 70% of those schemes planned for delivery in H2 of this financial year.
- Work is ongoing with divisions to continue to identify efficiency plans. Efficiency meetings with each clinical division and corporate directorates took place during May and early June. The sessions reviewed with services what support could be provided by central teams to improve delivery of efficiencies in the Trust.
- To be eligible for relaxation of the current financial controls on pay, it was proposed that CSUs must have agreed its budget including identifying 75% of efficiencies by 1 June, 85% by 1 July and 95% by 1 August.
- As seen in the table on the left, total identified efficiencies are £48.5m, which is 52% of the plan.



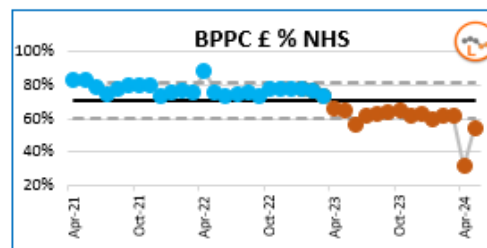
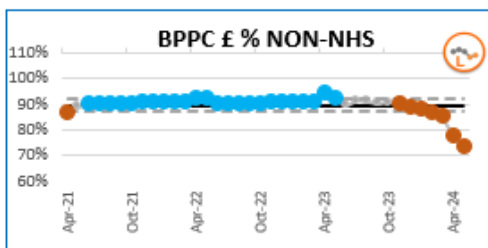
Cash

Cash has decreased in month by £24m compared to last month. The reasons for the decrease are:

- £5m operational deficit;
- £10m additional payments to trade and other creditors; and
- £11m payment of capital creditors from Q4 23/24

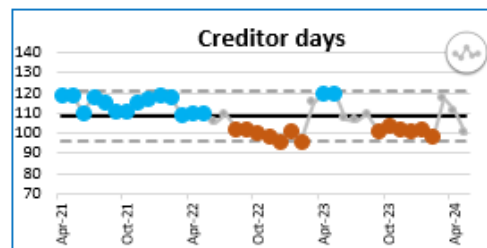
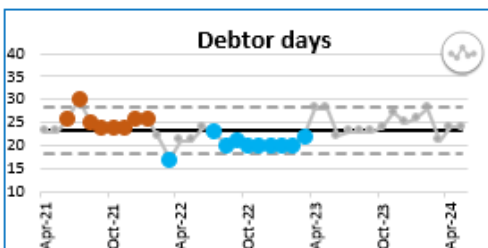
Better Payment Practice Code (BPPC)

Payments are being managed very carefully by the Director of Finance maximising the % of invoices paid on time by number to benefit smaller supplier while delaying some payments to counterparties who also owe significant amounts to the Trust.



Debtor Days

This is a measure of how many days on average our customers take to pay our invoices, so an increase means it takes longer to receive the money. These are broadly consistent as the majority of the Trust's income by value is from NHS commissioners.

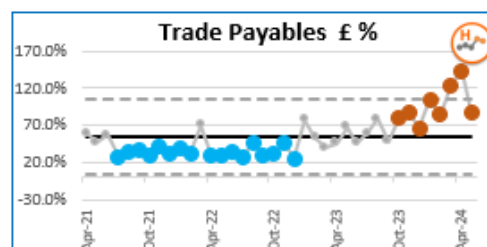
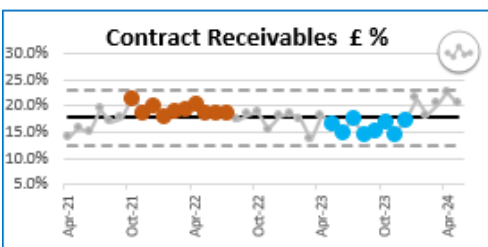


Creditor Days

Creditor days peaked at year end due to the timing of Easter and year end capital and have returned closer to average in line with the cash outflows reported above.

Contract Receivables as a % income

Contract receivables have increased in recent months which should provide an opportunity to improve cash.



Trade Payables as a % of costs

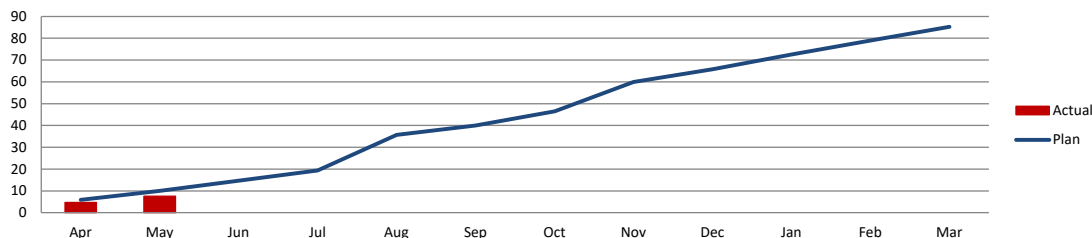
Trade payables are running reasonably high due to the Trust managing payments to suppliers to manage the cash position. This measure improved in M2 due to efforts to make additional payments to suppliers at month end.

Capital

Capital Expenditure - by funding source £m	IN MONTH 2			YEAR TO DATE			Full year Plan
	Plan	Actual	Variance	Plan	Actual	Variance	
Gross Capital Expenditure included in Capital Allocation	1.60	1.33	0.27	3.08	2.84	0.24	29.51
Less disposals/other deductions included in CDEL	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase/(Sale) of Financial Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Capital Expenditure included in Capital Allocation before IFRS 16	1.60	1.33	0.27	3.08	2.84	0.24	29.51
IFRS 16 - Right of Use assets/Lease accounting	0.07	0.00	0.07	0.13	0.00	0.13	19.70
Net Capital Expenditure included in Capital Allocation after IFRS 16	1.67	1.33	0.34	3.21	2.84	0.37	49.21
National Funding PDC	0.10	0.03	0.07	0.19	0.03	0.16	4.56
Residual interest (UK GAAP accounting for PFI life-cycling)	0.45	0.45	0.00	0.90	0.90	0.00	5.40
Capital Departmental Expenditure Limit (CDEL)	2.21	1.81	0.41	4.30	3.77	0.53	59.17
Charitable and other donations	0.20	0.28	-0.08	0.40	0.42	-0.03	3.28
Government grants	0.84	0.56	0.28	3.47	2.93	0.54	12.40
IFRIC 12 - PFI life-cycling (less Residual Interest)	0.87	0.24	0.63	1.73	0.48	1.25	10.40
Net Capital Expenditure	4.12	2.89	1.23	9.91	7.60	2.31	85.25
Add back sales, disposals, and other deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Capital Expenditure	4.12	2.89	1.23	9.91	7.60	2.31	85.25

Capital Expenditure - by strategic theme £m	IN MONTH 2			YEAR TO DATE			Full year Plan
	Plan	Actual	Variance	Plan	Actual	Variance	
Replacement / compliance	3.2	2.2	1.0	8.0	6.8	1.2	47.4
Clinical strategy	0.9	0.4	0.5	1.8	0.4	1.4	37.5
People plan	0.1	0.2	(0.1)	0.1	0.2	(0.1)	0.4
Other	-	0.1	(0.1)	-	0.2	(0.2)	-
Gross Capital Expenditure	4.1	2.9	1.2	9.9	7.6	2.3	85.3

Cumulative Performance Against Plan (£m)



The capital plan in this table matches the Trust's submitted plan of 2 May 2024. The total gross capital expenditure is £85.25m, of which £29.51m is Net Capital Expenditure included in Capital Allocation (ICS CDEL), before the impact of IFRS16 (accounting for leases). ICS CDEL, after the impact of IFRS16, is £49.21m.

The plan also includes provisions for National PDC funding (£4.56m), including £2.13m for the third year of funding for Digital Diagnostics already approved, £1.50m for an MRI scanner recently agreed, and £0.93m for the third tranche of SDE funding.

There is also £12.40m of allocation for government grants, of which £9.15m relates to JR PSDS, the remainder being for NIHR grant funding agreed; £3.28m for charitable and other donations; and a total of £15.80m allocated for PFI life-cycling, of which £8.98m relates to MES equipment replacements.

Expenditure against ICS CDEL (before IFRS 16) totalled £2.84m compared with a plan of £3.08m. The £0.24m underspend to date is due to behind-curve investment on new Estates projects anticipated from April (RAAC among others), a short hiatus on placing equipment orders, and VAT credits realized against Digital. These are partly offset by costs from 2023/4 projects completed in the early weeks of 2024/5.

The £0.54m underspend on grants is due to the NIHR grant, which is profiled evenly but with nil spend realized to date; grant funded expenditure against PSDS is on plan.

Similarly, the PFI MES life-cycling plan is profiled evenly with nil spend in month.

Overall, Gross CapEx totalled £7.60m, £2.31m behind plan to May.

The Trust resubmitted an updated plan on 12 June. The overall totals remain unchanged but the profile has been adjusted to match the YTD outturn.

Appendix 1 – Other Supporting Analysis: Month 2 2024/25

Income and Expenditure: Subjective Analysis

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

I & E Subjective £m	IN MONTH 2				YEAR TO DATE				FULL YEAR
	Plan	Actual	Var	Var %	Plan	Actual	Var	Var %	Plan
Income									
Commissioning Income	97.3	98.2	0.9	0.9%	192.1	193.7	1.6	0.8%	1,160.6
Passthrough Drugs & Devices	17.9	21.2	3.2	18.1%	35.9	39.7	3.8	10.7%	215.3
Other Income	14.8	14.5	(0.4)	-2.6%	30.0	29.3	(0.7)	-2.5%	183.5
PP, Overseas and RTA Income	1.3	(0.4)	(1.7)	-134.5%	2.6	0.9	(1.7)	-65.6%	17.1
Total Income	131.4	133.4	2.0	1.6%	260.6	263.6	3.0	1.1%	1,576.6
Pay									
Consultants and Medics	(25.4)	(25.4)	0.0	0.1%	(50.6)	(52.0)	(1.4)	-2.7%	(300.1)
Health Care Assistants & Support	(6.8)	(6.8)	(0.0)	0.0%	(13.6)	(13.5)	0.1	1.0%	(77.7)
Nurse and Midwives	(22.7)	(23.0)	(0.3)	-1.3%	(45.1)	(44.4)	0.7	1.5%	(252.3)
Other Staff	(11.8)	(11.9)	(0.1)	-1.2%	(23.5)	(23.8)	(0.3)	-1.2%	(137.7)
Scientific, Therapeutic and Technical	(10.7)	(11.0)	(0.2)	-2.1%	(21.6)	(22.0)	(0.4)	-2.0%	(126.9)
Total Pay	(77.5)	(78.1)	(0.7)	-0.8%	(154.4)	(155.7)	(1.3)	-0.8%	(894.8)
Non-Pay									
Clinical negligence	(3.2)	(3.2)	0.0	0.0%	(6.3)	(6.3)	0.0	0.0%	(37.8)
Clinical Supplies & Services	(10.5)	(12.0)	(1.5)	-14.4%	(20.8)	(23.0)	(2.3)	-11.0%	(116.0)
Drugs & Devices	(21.8)	(23.7)	(2.0)	-9.0%	(43.3)	(46.9)	(3.6)	-8.3%	(260.1)
Passthrough Drugs & Devices	(17.9)	(21.2)	(3.2)	-18.1%	(35.9)	(39.7)	(3.8)	-10.7%	(215.3)
Drugs	(3.8)	(2.5)	1.3	33.5%	(7.4)	(7.2)	0.3	3.6%	(44.8)
General Supplies & Services	(0.5)	(0.5)	(0.0)	-7.9%	(1.0)	(1.1)	(0.2)	-17.3%	(4.5)
Internal Recharges	0.0	(0.0)	(0.0)	-100.0%	0.0	0.0	(0.0)	-100.0%	0.5
Premises & Fixed Plant	(10.1)	(10.9)	(0.8)	-8.2%	(20.0)	(19.9)	0.1	0.5%	(113.5)
Other Expenditure	(5.5)	(2.1)	3.4	61.6%	(11.2)	(7.2)	4.0	35.6%	(63.8)
Total Non-Pay	(51.5)	(52.4)	(0.9)	-1.8%	(102.6)	(104.5)	(2.0)	-1.9%	(595.2)
Operational EBITDA	2.4	2.9	0.5	20.0%	3.6	3.3	(0.3)	-7.0%	86.6
Financing and Capital Charges (Excl Tech Adj)	(7.5)	(8.0)	(0.5)	-6.2%	(14.9)	(14.6)	0.3	1.9%	(94.7)
Operational Surplus / (Deficit)	(5.1)	(5.1)	0.0	0.4%	(11.3)	(11.3)	0.0	0.2%	(8.1)

Income

- Commissioning income, including passthrough, is £5.4m better than plan to date. £3.8m is due to passthrough drugs and devices (offset by increased expenditure), the remaining variance mainly relates to additional Consultant pay award funding of £0.6m.
- Other income is £0.7m worse than plan to date, but £0.2m better than plan excluding R&D.
- PP, Overseas and RTA income is £1.7m worse than plan to date driven by a write-off of BUPA private patient debtors of £2.2m (offset by reduced bad debt provision in non-pay).

Pay

- Pay is £1.3m worse than plan to date, £2.2m excluding R&D. This is principally due to a higher run rate of pay since Q4 of last financial year (higher than allowed for in the plan). Temporary staffing pay is £0.2m over plan, reflecting a small shortfall on the temporary staffing reduction programme.

Non-Pay

- Non-pay is net £2.0m worse than plan to date, removing the £3.4m adverse position on passthrough costs and R&D, non-pay is £1.4m better than plan. This is due to the release of the bad debt provision for PP debt, offset in income, and non-recurrent benefits relating to the PFI contract.

Adjusted Run Rate and Underlying Position

2024/25 Reported Position excl. Pass-through and R&D £m	M1	M2	YTD
Income	107.2	108.1	215.3
Pay	(75.1)	(73.7)	(148.9)
Non-Pay	(32.2)	(31.4)	(63.6)
Operational EBITDA	(0.0)	2.9	2.8
Financing and Capital Charges (Excl Tech Adj)	(6.6)	(8.0)	(14.6)
Operational Surplus / (Deficit)	(6.7)	(5.1)	(11.8)

Smoothing Adjustments	M1	M2	YTD
Income	0.0	0.0	0.0
Pay	0.0	0.0	0.0
Non-Pay	0.0	0.0	0.0
Financing and Capital Charges	(0.5)	0.5	0.0
Smoothing Adjustments Total	(0.5)	0.5	0.0

2024/25 'Smoothed' Position excl. Pass-through and R&D £m	M1	M2	YTD
Income	107.0	108.3	215.3
Pay	(74.6)	(74.2)	(148.9)
Non-Pay	(32.2)	(31.4)	(63.6)
Operational EBITDA	0.2	2.7	2.8
Financing and Capital Charges (Excl Tech Adj)	(7.2)	(7.4)	(14.6)
Operational Surplus / (Deficit)	(7.0)	(4.8)	(11.8)

Run Rate Adjustments	M1	M2	YTD
Income	0.0	(3.3)	(3.3)
Pay	0.1	(0.2)	(0.2)
Non-Pay	(1.7)	(2.2)	(3.9)
Financing and Capital Charges	0.0	0.0	0.0
Run Rate Adjustments Total	(1.6)	(5.8)	(7.4)

2024/25 Run Rate Position excl. Pass-through and R&D £m	M1	M2	YTD
Income	107.0	107.3	214.2
Pay	(74.5)	(74.5)	(148.9)
Non-Pay	(33.7)	(33.7)	(67.3)
Operational EBITDA	(1.2)	(0.8)	(2.0)
Financing and Capital Charges (Excl Tech Adj)	(7.2)	(7.4)	(14.6)
Operational Surplus / (Deficit)	(8.4)	(8.3)	(16.6)

- This table shows underlying financial position to the end of May adjusted for timing differences and the position when in-year one-off costs and benefits are removed from the reported position.
- The average run rate deficit for 2022/23 was £2.2m a month, last year this worsened to an average of £5.1m a month. The average run rate deficit to date is now £8.3m for the current year, this is a deterioration of £3.2m from the average underlying deficit last financial year. This underlying deficit continues to trigger an adverse special cause variation.

Statement of Financial Position (SOFP)

Statement of Financial Position £m	MONTH 3 2024	MONTH 6 2024	MONTH 9 2024	MONTH 12 2024	MONTH 1 2025	MONTH 2 2025	MOVEMENT 202412 - 202502
Non Current Assets:							
Property, Plant and Equipment	737.4	738.5	744.0	739.8	740.8	738.8	(0.9)
Intangible Assets	13.7	13.6	13.4	16.6	16.4	16.2	(0.4)
Investment Property	34.4	34.4	39.7	44.8	44.8	44.8	0.0
Other investments/financial assets	13.3	13.3	13.2	12.9	12.9	12.9	0.0
Other property, plant and equipment (excludes leases)	0.7	1.1	1.1	1.1	1.1	1.1	0.0
Trade and Other Receivables	6.9	6.8	6.8	8.7	8.8	8.9	0.2
Total Non Current Assets	806.4	807.7	818.3	823.9	824.7	822.8	(1.1)
Current Assets:							
Inventories	30.1	31.2	30.4	32.2	32.1	32.5	0.2
Trade and Other Receivables	85.0	92.2	100.1	87.3	96.0	94.4	7.1
Credit Loss Allowances	(16.1)	(15.6)	(15.6)	(17.9)	(17.0)	(14.8)	3.1
Cash and Cash Equivalents	40.8	20.9	27.8	46.8	35.7	11.3	(35.6)
Total Current Assets	139.8	128.7	142.7	148.5	146.8	123.4	(25.1)
Total ASSETS	946.2	936.4	960.9	972.4	971.5	946.2	(26.1)
Current Liabilities:							
Trade and Other Payables	(175.9)	(166.0)	(167.9)	(198.1)	(191.9)	(176.8)	21.3
Borrowings	(12.8)	(12.9)	(20.7)	(13.8)	(13.5)	(13.5)	0.4
Commercial Loans	(0.5)	(0.5)	(0.4)	(0.7)	(0.8)	(0.7)	(0.0)
DH Capital Loan	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	0.1
Provisions	(2.2)	(1.1)	(1.1)	(1.3)	(1.1)	(1.1)	0.2
Other Liabilities	(9.6)	(13.2)	(16.0)	(2.7)	(13.2)	(9.0)	(6.3)
Total Current Liabilities	(201.6)	(194.4)	(206.9)	(217.4)	(221.2)	(201.8)	15.6
Net Current Assets/(Liabilities)	(61.8)	(65.8)	(64.2)	(68.9)	(74.5)	(78.4)	(9.5)
Total Assets Less Current Liabilities	744.7	741.9	754.1	755.0	750.3	744.4	(10.5)
Non Current Liabilities:							
Borrowings	(208.9)	(206.1)	(345.2)	(360.1)	(358.5)	(358.0)	2.1
Commercial Loans	(5.5)	(5.4)	(5.3)	(5.1)	(5.1)	(5.1)	(0.0)
DH Capital Loan	(14.2)	(14.2)	(13.9)	(13.9)	(13.9)	(13.6)	0.3
Provisions	(7.7)	(7.7)	(7.7)	(6.2)	(6.2)	(6.2)	0.0
Other Liabilities	(5.0)	(5.6)	(5.5)	(5.5)	(5.5)	(5.5)	0.0
Total Non Current Liabilities	(241.4)	(239.0)	(377.6)	(390.9)	(389.2)	(388.4)	2.5
Assets Less Liabilities (Total Assets Employed)	503.2	503.0	376.5	364.1	361.1	356.0	(8.0)
Public Dividend Capital	310.8	310.8	310.8	329.2	329.2	329.2	0.0
Revaluation Reserve	223.1	219.8	216.6	212.6	211.7	210.7	(1.9)
FV Assets Reserve	(9.9)	(9.9)	(9.9)	(9.8)	(9.8)	(9.8)	0.0
Other Reserves	1.7	1.7	1.7	1.7	1.7	1.7	0.0
Retained Earnings reserve	(22.5)	(19.5)	(142.8)	(169.6)	(171.7)	(175.8)	(6.2)
Total Taxpayers Equity	503.2	503.0	376.5	364.1	361.1	356.0	(8.0)

- There has been a net decrease in PPE reflecting depreciation in excess of additions.
- Current assets have decreased due to the reduced cash balance.
- Current liabilities overall have decreased since last year-end. This is largely due to the payment of last year's capital creditors in this financial year.
- Non-current liabilities have reduced due to the scheduled repayment of loans, leases and PFI liabilities.

Cash flows from operating activities £m	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	MONTH 1	MONTH 2
	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2025	2025
Cash Flows from Operating Activities													
Operating Surplus/(Deficit)	(5.3)	(1.4)	1.0	4.1	4.0	3.8	16.0	0.9	3.0	11.8	(27.8)	(1.0)	(1.4)
Depreciation and Amortisation	4.1	4.1	4.1	4.1	4.3	3.4	4.0	4.3	4.1	4.1	0.0	3.9	5.0
Impairments and Reversals	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	28.6	0.0	0.0
Donated Assets received credited to revenue but non-cash	(0.1)	0.0	(2.4)	(4.6)	(4.3)	(3.7)	(2.2)	(2.0)	(1.1)	(0.6)	(1.3)	(2.5)	(0.7)
Interest Paid	(2.4)	(2.4)	(2.3)	(2.3)	(2.4)	(2.3)	(2.4)	3.1	(1.7)	(1.7)	(1.8)	(1.7)	(1.8)
Dividend Paid	0.0	0.0	0.0	0.0	(9.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Release of PFI/deferred credit	(0.0)	(0.0)	(0.0)	0.6	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.7	(0.0)	(0.0)
(Increase)/Decrease in Inventories	(0.2)	(0.4)	0.1	(0.3)	(0.9)	0.2	0.9	(0.4)	(0.2)	(0.9)	(0.8)	0.1	(0.4)
(Increase)/Decrease in Trade and Other Receivables	(11.6)	23.3	(7.1)	1.4	(4.2)	(3.1)	(14.8)	9.3	(4.8)	(11.0)	31.3	(8.4)	(1.6)
Increase/(Decrease) in Trade and Other Payables	20.2	(21.2)	(4.5)	8.3	(7.0)	2.2	(0.8)	2.3	0.2	(3.8)	14.2	(1.7)	(6.0)
Increase/(Decrease) in Other Current Liabilities	(3.1)	(0.5)	9.9	(2.8)	(3.6)	14.3	(6.1)	(5.4)	(2.4)	1.0	(12.5)	10.5	(4.2)
Provisions Utilised	0.0	(0.1)	(0.0)	0.0	(0.1)	0.0	(0.0)	(0.1)	0.0	0.0	(0.9)	(0.2)	0.0
Increase/(Decrease) in Movement in non Cash Provisions	0.0	0.0	(0.7)	(0.3)	0.0	0.0	0.0	0.0	0.0	0.0	(0.5)	0.0	0.0
Net Cash Inflow/(Outflow) from Operating Activities	1.7	1.5	(1.5)	8.3	(23.8)	14.8	(5.4)	12.0	(3.1)	(1.0)	29.2	(0.9)	(11.1)
CASH FLOWS FROM INVESTING ACTIVITIES													
Interest Received	0.3	0.3	0.4	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.3
(Payments) for Property, Plant and Equipment	(4.5)	(1.8)	(1.6)	(1.4)	2.8	0.9	(5.2)	(2.3)	(3.7)	(2.5)	(10.2)	(8.7)	(11.3)
(Payments) for Intangible Assets	(0.1)	0.0	(0.1)	(0.4)	(0.5)	(0.3)	1.0	(0.1)	(0.1)	(1.4)	(2.3)	(0.0)	(0.0)
Receipt of cash donations to purchase capital assets												0.0	0.0
Net Cash Inflow/(Outflow) from Investing Activities	(4.2)	(1.5)	(1.3)	(1.4)	2.7	1.0	(3.9)	(2.1)	(3.4)	(3.6)	(12.2)	(8.3)	(11.0)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING	(2.5)	0.1	(2.8)	6.9	(21.1)	15.8	(9.3)	9.9	(6.5)	(4.6)	17.1	(9.2)	(22.1)
CASH FLOWS FROM FINANCING ACTIVITIES													
Public Dividend Capital Received	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.4	0.0	0.0	0.0
Loans repaid to DH - Capital Investment Loans Repayment of Principal	(0.3)	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	(0.3)
Other Loans Repaid	0.0	(0.1)	0.0	0.0	(0.1)	0.0	0.0	(0.1)	0.0	0.0	(0.1)	0.0	(0.0)
Capital Element of Payments in Respect of Finance Leases and On-SoFP PFI and LIFT	(1.0)	(1.1)	(0.7)	(1.0)	(1.1)	(1.1)	(1.1)	(6.9)	(1.5)	(1.8)	(1.9)	(1.9)	(2.0)
Net Cash Inflow/(Outflow) from Financing Activities	(1.4)	(1.2)	(0.7)	(1.0)	(1.2)	(1.1)	(1.5)	(7.1)	(1.5)	16.6	(2.0)	(1.9)	(2.4)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(3.9)	(1.1)	(3.6)	6.0	(22.3)	14.8	(10.7)	2.9	(8.0)	12.0	15.0	(11.1)	(24.5)
Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	45.8	41.9	40.8	37.2	43.2	20.9	35.7	24.9	27.8	19.8	31.8	46.8	35.7
Restated Cash and Cash Equivalents (and Bank Overdraft) at Beginning of the Period	45.8	41.9	40.8	37.2	43.2	20.9	35.7	24.9	27.8	19.8	31.8	46.8	35.7
Cash and Cash Equivalents (and Bank Overdraft) at YTD	41.9	40.8	37.2	43.2	20.9	35.7	24.9	27.8	19.8	31.8	46.8	35.7	11.3

The cash balance at the end of May is in line with plan. The forecast is indicating increased stress on the Trust's cash resources and the members of the cash committee are taking actions to address this with a range of options being duly considered.