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# Trust performance summary - Key indicators



Trust actual and  
'True-up'  
received

0.0

Actual

10.1

'True-up' in month

0.0

Actual

56.9

'True-up' YTD



Covid-19  
spend M5  
and YTD

(6.1)

Revenue actual

(40.5)

Revenue actual

(3.7)

Capital- actual spend



Net current  
assets/(liabilities)  
and debtor days

**Net current liabilities**

(31.1)

actual

Not Available

plan

**Debtor days**

30

This month

30

Previous month



Cash and  
EBITDA

**Cash**

115.2

actual

3.3

plan

**EBITDA**

14.1

actual

15.3

plan

## Legend

£ in million



In month



YTD

### Month 5 financial performance

- **The Trust's financial position at the end of Month 5 and YTD is Breakeven.**
- The underlying Covid-19 financial impact in Month 5 is **£12.6m** – This represents an improvement in run rate performance driven by our service recovery programme. The impact is chiefly driven by direct Covid-19 expenditure and changes in productivity and service delivery to manage the Covid-19 crisis, with Clinical Income, on a payment by activity basis, being adversely impacted by £5.5m in month (refer to page 5 for a detailed breakdown and mitigations)
- The Trust incurred £6.1m of revenue Covid-19 expenditure in M5. This consists of £1.4m of pay and £4.7m of non-pay spend.
- In order to achieve a Breakeven position the Trust received 'top-up' funding of £5.9m and has requested 'true-up' funding of £10.1m, totalling £16.0m in month.
- The 'true-up' payment covers the loss of Clinical and Other Income sources and in M5 is the result of the following main drivers:
  - A reduction in Clinical Income of c.£3.0m
  - Increased risk to Other Income streams (such as inter trust services, private and overseas patients, for example) of c.£2.5m
  - Confirmed deferral of R&D income of c.£3.0m
  - Covid-19 related in month spend of £6.1m, offset by underspends in non Covid-19 related expenditure
- Refer to page 7 for a detailed summary of the components of the 'true-up' payment in month

### The financial regime for M5 and M6 of FY20/21

- The framework for M1-M4 has been extended to cover: 1 August 2020 to 31 September 2020 (M5-M6).

### **Revised financial framework for M7-M12**

- A revised financial framework will be implemented for M7-M12.
- This framework will maintain the Trust's block funding in line with the current regime but will move to a pre-defined system held Covid-19 fund in place of a retrospective top up that covers actual costs incurred.
- In addition, the block funding for the system will be adjusted depending on delivery of service recovery targets i.e. pre Covid-19 activity levels.
- There is an assumption that Trusts can recover to pre Covid-19 income levels. CUH is currently under performing against these by £8.5m in Month 5.
- The framework remains under development and further details are expected to follow.
- Discussions are ongoing between our regional office of NHSE/I and the national team to address the income shortfall the system would present for CUH. However, it is likely that this will focus on the £3m a month in clinical income with an expectation that the Trust will recover R&D and other trading shortfalls as Elective service recovers.
- This new framework therefore poses a significant risk to the Trusts ambition to maintain a break even position for FY 20/21.

### **CIP delivery**

- CIP plans have been suspended for the duration of M1 to M6, as per national guidance to NHS Providers.
- CIP guidance for M7-M12 is expected to be issued in due course.
- Recent guidance already states that providers and CCGs must achieve financial balance within the system envelopes that have been issued: 'Whilst systems will be expected to breakeven, organisations within them will be permitted by mutual agreement across their system to deliver surplus and deficit positions. It is important that a focus on efficiency is maintained so that systems exit 2020/21 with an affordable run-rate position for 2021/22.'

### **Cash and Capital position**

- In response to Covid-19, Trusts are currently being paid on a block contract basis one month in advance. This significantly improves CUH's cash position and results in a forecast cash balance well in excess of the minimum cash balance required for the foreseeable future. Whilst the financial regime is changing from October 2020, we do not believe it will cause a major deterioration in the Trust's cash position during this 13 week period. Some uncertainty remains around the speed of deployment of capital funding and around the timing of reimbursement of Covid-19 capital expenditure, but these are unlikely to have a significant adverse impact over this 13 week timeframe.

## Trust underlying Covid-19 financial impact

M1	M2	M3	M4	M5	YTD	
£m	£m	£m	£m	£m	£m	<b>Covid-19 Financial Pressure</b>
21.3	18.7	13.3	5.2	5.5	64.0	Compromised Clinical Income
-5.4	-5.5	-6.8	-4.4	-4.5	-26.6	Expenditure underspend – Reduced service delivery
<b>15.9</b>	<b>13.2</b>	<b>6.5</b>	<b>0.8</b>	<b>1.0</b>	<b>37.4</b>	<b>Productivity Reduction</b>
6.6	8.4	10.7	8.7	6.1	40.5	Covid-19 revenue costs
<b>6.6</b>	<b>8.4</b>	<b>10.7</b>	<b>8.7</b>	<b>6.1</b>	<b>40.5</b>	<b>Covid-19 – Incremental Costs</b>
2.1	3.1	4.4	3.6	3.0	16.2	R&D income at risk
2.0	1.2	4.8	1.4	2.5	11.9	Other compromised income
<b>4.1</b>	<b>4.3</b>	<b>9.2</b>	<b>5.0</b>	<b>5.5</b>	<b>28.1</b>	<b>Other compromised Income</b>
<b>26.6</b>	<b>25.9</b>	<b>26.4</b>	<b>14.5</b>	<b>12.6</b>	<b>106.0</b>	<b>Full adverse impact of Covid-19</b>
£m	£m	£m	£m	£m	£m	<b>Mitigations</b>
-18.3	-15.7	-10.2	-2.4	-2.4	-49.0	Clinical income through block payments
-8.3	-10.3	-16.2	-12.1	-10.1	-56.9	'True-up' payment
<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>Breakeven position</b>

This table sets out the adverse impact of Covid-19 on the Trust's finances and the mitigating mechanisms currently in place.

The underlying performance is driven by three factors:

### 1) Productivity Reduction

Compromised clinical income offset to an extent by service delivery related underspends in pay and non-pay

### 2) Covid-19 – Incremental Costs

Covid-19 direct expenditure and incremental Covid-19 related increases in our usual cost base

### 3) Other compromised income

R&D income deferral of NIHR contract, Inter Trust services and non NHS paying patient income

**YTD the underlying financial pressure from Covid-19 stands at £106.0m**

**Please note:** At this stage we are not analysing the total cost of Covid-19 service provision.

# CFO message- summary financials

	In Month					YTD				
	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)
Clinical Income - exc. D&D*	53.8	48.8	0.0	(5.0)	(5.0)	269.0	255.1	0.0	(13.9)	(13.9)
Clinical Income - D&D*	11.9	13.9	0.0	2.0	2.0	59.5	58.4	0.0	(1.1)	(1.1)
Devolved Income	20.1	24.5	10.1	4.4	(5.7)	100.5	129.1	56.9	28.6	(28.3)
<b>Total Income</b>	<b>85.8</b>	<b>87.2</b>	<b>10.1</b>	<b>1.4</b>	<b>(8.7)</b>	<b>429.0</b>	<b>442.7</b>	<b>56.9</b>	<b>13.7</b>	<b>(43.2)</b>
Pay	45.6	47.1	1.3	(1.4)	(0.2)	228.1	238.1	13.5	(10.0)	3.6
Drugs	11.2	12.0	0.0	(0.8)	(0.8)	56.0	56.3	0.3	(0.4)	(0.1)
Non Pay	25.9	25.3	4.8	0.6	5.4	129.7	134.2	26.7	(4.5)	22.1
<b>Operating Expenditure</b>	<b>82.7</b>	<b>84.4</b>	<b>6.1</b>	<b>(1.6)</b>	<b>4.5</b>	<b>413.7</b>	<b>428.6</b>	<b>40.5</b>	<b>(14.9)</b>	<b>25.6</b>
<b>EBITDA</b>	<b>3.1</b>	<b>2.9</b>		<b>(0.2)</b>	<b>(4.2)</b>	<b>15.3</b>	<b>14.1</b>		<b>(1.2)</b>	<b>(17.6)</b>
Depreciation, Amortisation & Financing	3.1	2.8	0.0	0.2	0.2	15.3	14.1	0.0	1.2	1.2
<b>Deficit</b>	<b>0.0</b>	<b>0.0</b>		<b>(0.0)</b>	<b>(3.9)</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>	<b>(16.5)</b>

Table 1 - CUH Financial Position in month at Month 5

\*D&D = Drugs & devices

## Covid-19 'true-up' payment of £10.1m key drivers in M5 and YTD

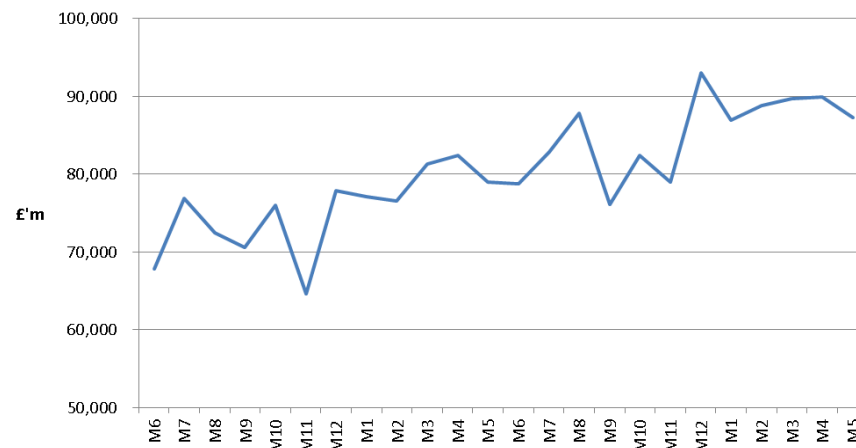
M1	M2	M3	M4	M5	YTD	Narrative
£m	£m	£m	£m	£m	£m	
-3.0	-3.0	-3.1	-2.8	-3.0	-14.9	NHS Clinical Income: Non-contracted activity not billable to Commissioners or recovered via top-up mechanism
-2.0	-1.2	-4.8	-1.4	-2.5	-11.9	Other non NHS Clinical Income: Inter Trust & Lower private patient and Injury Cost Recovery Scheme
-2.1	-3.1	-4.4	-3.6	-3.0	-16.2	R&D - income deferral of NIHR contract
<b>-7.1</b>	<b>-7.3</b>	<b>-12.3</b>	<b>-7.8</b>	<b>-8.5</b>	<b>-43.0</b>	<b>Overall income position variance</b>
-6.6	-8.4	-10.7	-8.7	-6.1	-40.5	Covid-19 – Revenue costs
5.4	5.5	6.8	4.4	4.5	26.6	Expenditure underspend (pay & non-pay) – Reduced service delivery
<b>-8.3</b>	<b>-10.3</b>	<b>-16.2</b>	<b>-12.1</b>	<b>-10.1</b>	<b>-56.9</b>	<b>'True-up' payment</b>

This table summarises the main components behind the YTD 'True-up' payment, which brings the Trust's in month positions and YTD position to break-even.

Note that there is considerable uncertainty at this stage over how much Other Income is at risk, as this will only begin to crystallise over the course of the coming months.

- At the end of month 5, the Trust's YTD overall income position is £13.6m greater than plan. Clinical income is £15.0m less than plan, with devolved income £28.6m above plan.
- Note that in M5, as was the case in M1-M4, the Trust applied a 'true up' payment in order to achieve the expected breakeven position. The 'true-up' for M5 was £10.1m (£56.9m YTD).
- It is important to recognise that the 'Other Activity' income includes additional income received by the trust through the block contract agreements (in place Mth1-5) that is over and above income from services delivered.

**Total income: 24 months to M5 FY20/21**

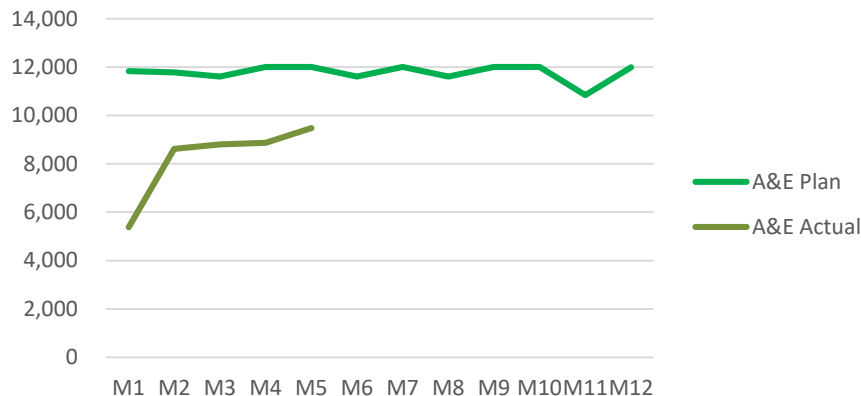


£'m	In Month			Year to Date		
	Plan	Actual	Variance	Plan	Actual	Variance
Admitted Patient Care		26.9	21.2 (5.7)		140.1	90.9 (49.1)
Outpatient		10.4	7.7 (2.7)		51.5	38.2 (13.3)
Accident and Emergency		2.1	1.7 (0.4)		10.4	7.4 (3.0)
Other Activity		26.2	32.1 5.9		126.6	177.0 50.4
<b>Total Clinical Income</b>		<b>65.6</b>	<b>62.7 (3.0)</b>		<b>328.5</b>	<b>313.5 (15.0)</b>
Devolved Income		20.1	24.5 4.4		100.5	129.1 28.6
<b>Total Trust Income</b>		<b>85.7</b>	<b>87.2 1.4</b>		<b>429.0</b>	<b>442.7 13.6</b>

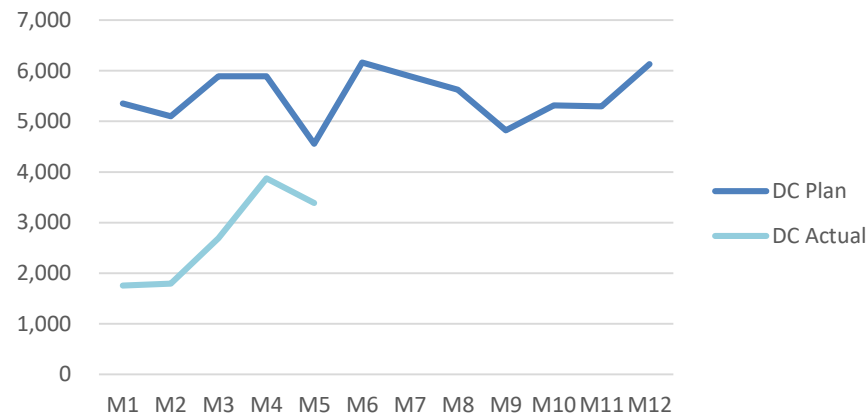


## Clinical Income - Activity Information

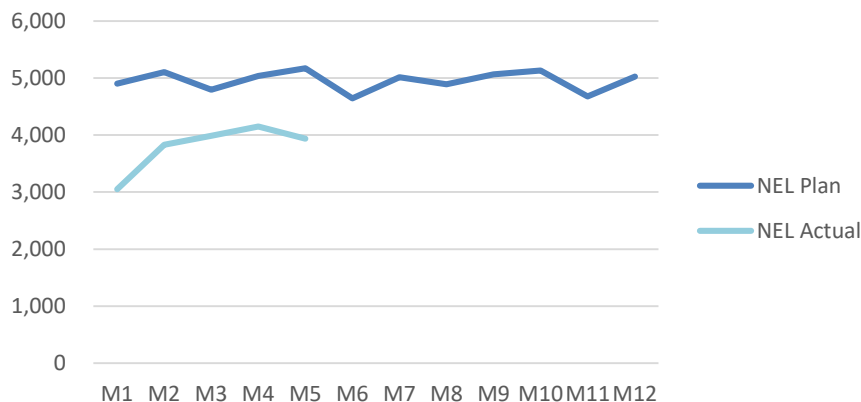
### A&E



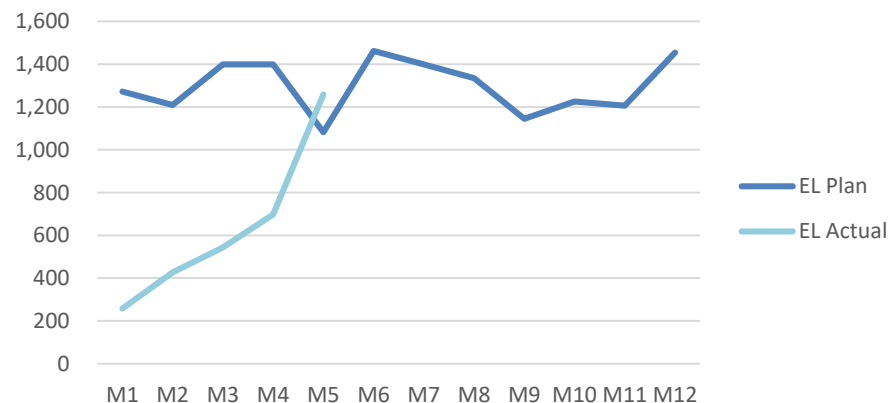
### Day Case



### Non-Elective Inpatient



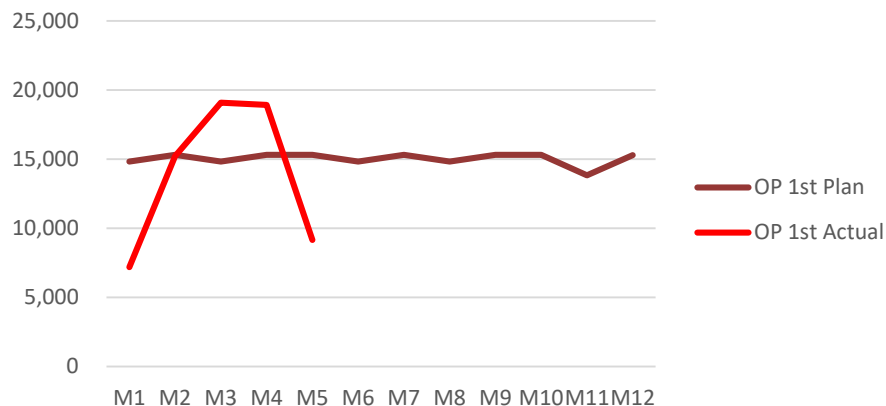
### Elective Inpatient



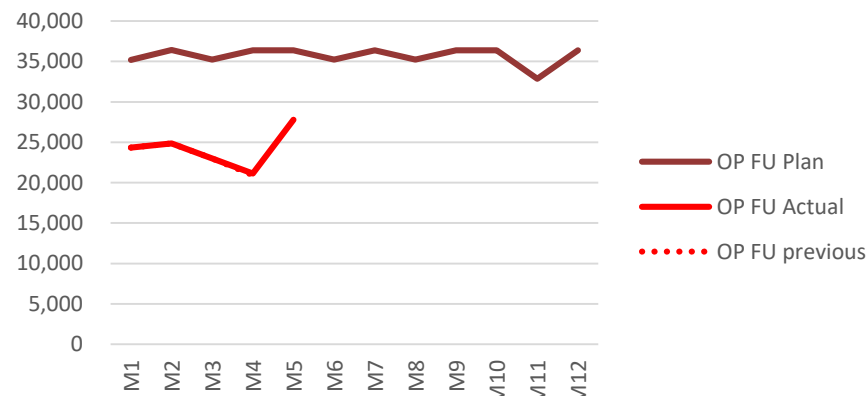
The above graphs show the adverse impact of Covid-19 on the Trust's billable activity; In month 5 there is a continuation of recovery, which is particularly apparent in Elective Inpatient Spells with activity levels exceeding the original plan, which had been phased for August holidays.

## Clinical Income - Activity Information Continued

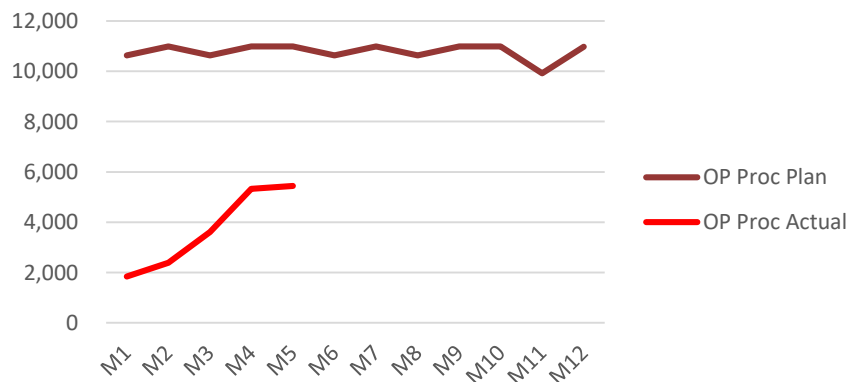
OP 1st attendance



OP follow-up



OP procedures



A coding update was applied in month 5 to outpatient attendances, resulting in a realignment of first/follow up activity; from month 1-5 there has been an overall increase of activity.

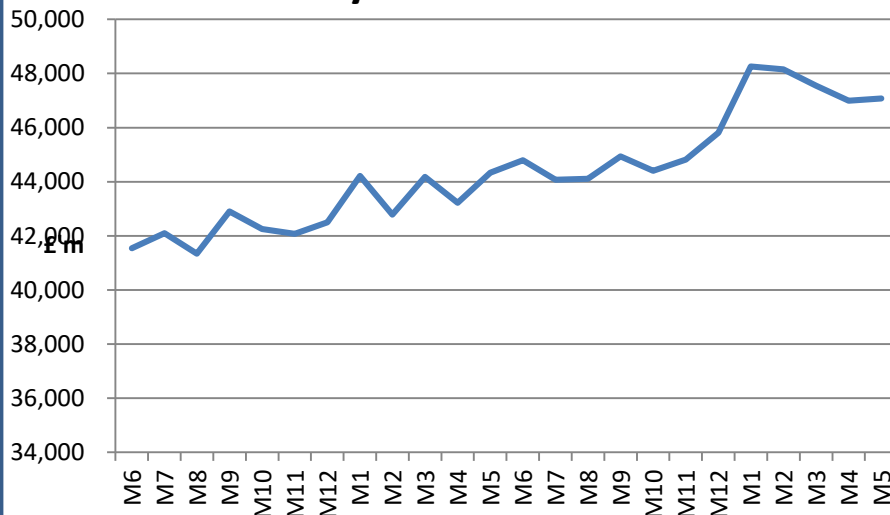
The below table summarises the key components of the overall adverse income variance:

£m	M5
1.8	Drugs and Devices over-performance
(4.3)	Contracted clinical commissioning income under-performance
(3.0)	Non-contracted clinical commissioning income under-performance
<b>(5.5)</b>	<b>In month overall service under-performance</b>
<b>2.4</b>	<b>Offset - by clinical income through block payments</b>
<b>(3.0)</b>	<b>NET clinical income under-performance</b>

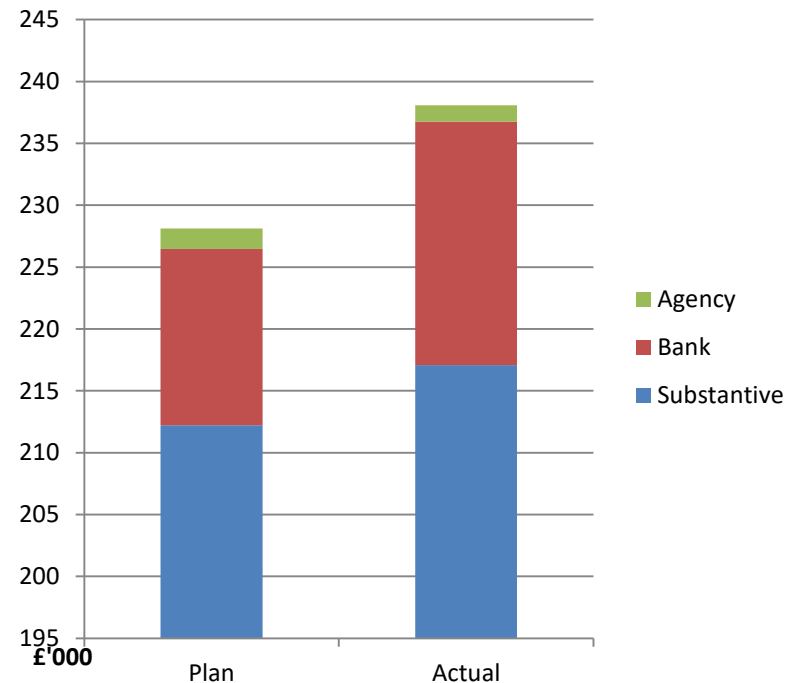
## Pay expenditure in M5

- At the end of month 5, the Trust's YTD pay position is £10.0m adverse to budget.
- This is mainly due to overspends year to date in Bank spend.
- Of the £10.0m overspend, the Trust has reported £13.5m of Covid related pay expenditure, which nets to an underlying favourable pay variance of £3.6m
- Refer overleaf of an additional analysis of the Covid element in pay expenditure.

### Pay: 24 months



### Pay analysis- YTD



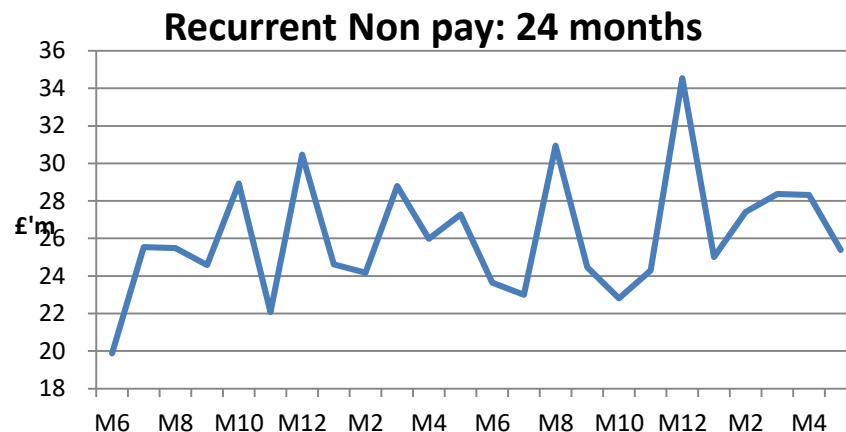
# Pay expenditure YTD (Continued)

	In Month					Year to Date				
	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)
<i>£ Millions</i>										
Administrative & Clerical	6.9	6.5	(0.7)	0.3	(0.4)	34.3	36.3	1.1	(2.0)	(0.9)
Allied Healthcare Professionals	2.5	2.6	0.0	(0.0)	(0.0)	12.7	12.7	0.3	(0.1)	0.2
Clinical Scientists & Technicians	4.2	4.2	0.0	0.0	0.0	21.0	20.8	0.1	0.2	0.3
Medical and Dental Staff	14.8	15.6	0.9	(0.8)	0.1	73.9	78.8	6.7	(5.0)	1.8
Nursing	16.2	17.1	1.0	(1.0)	0.1	81.1	84.1	5.2	(3.1)	2.1
Other Pay Costs	1.1	1.1	0.0	(0.0)	(0.0)	5.3	5.3	0.1	(0.1)	0.0
<b>TOTAL PAY</b>	<b>45.6</b>	<b>47.1</b>	<b>1.3</b>	<b>(1.5)</b>	<b>(0.2)</b>	<b>228.1</b>	<b>238.1</b>	<b>13.5</b>	<b>(10.0)</b>	<b>3.6</b>

	In Month					Year to Date				
	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)
<i>£ Millions</i>										
Agency	0.3	0.2	0.0	0.1	0.1	1.7	1.3	0.4	0.4	0.7
Bank	2.8	4.3	1.3	(1.5)	(0.2)	14.2	19.7	7.0	(5.5)	1.5
Contracted	0.2	0.3	0.0	(0.1)	(0.1)	1.1	1.9	0.8	(0.8)	(0.0)
Substantive	42.2	42.2	(0.0)	(0.0)	(0.0)	211.1	215.1	5.3	(4.0)	1.3
<b>TOTAL PAY</b>	<b>45.6</b>	<b>47.1</b>	<b>1.3</b>	<b>(1.5)</b>	<b>(0.2)</b>	<b>228.1</b>	<b>238.1</b>	<b>13.5</b>	<b>(10.0)</b>	<b>3.6</b>

# Non-pay expenditure in M5

- At the end of month 5, the Trust's non pay position is £4.9m adverse to plan (including Covid costs)
- When excluding Covid related non-pay spend, the underlying favourable variance becomes £22.1m YTD
- This is mainly driven by underspends in Drugs, Clinical Supplies and Other non pay costs.



Emillions	Non Pay costs					Year to Date				
	In Month					Year to Date				
	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)
Drugs	11.3	12.0	0.0	(0.7)	(0.7)	56.3	56.3	0.3	(0.0)	0.3
Clinical Supplies	11.5	9.6	1.0	1.9	3.0	57.4	53.1	10.4	4.3	14.7
Misc Other Operating expenses	6.7	8.7	3.5	(2.0)	1.5	33.4	40.3	13.5	(6.9)	6.6
Premises	4.0	3.1	0.2	0.9	1.0	19.9	21.3	2.0	(1.3)	0.7
Clinical Negligence	1.6	1.7	0.0	(0.1)	(0.1)	8.0	8.5	0.0	(0.5)	(0.5)
Other non pay costs ( including CIP )	2.0	2.2	0.0	(0.2)	(0.1)	9.9	10.1	0.8	(0.2)	0.6
<b>Total Recurrent</b>	<b>37.0</b>	<b>37.3</b>	<b>4.8</b>	<b>(0.3)</b>	<b>4.5</b>	<b>185.0</b>	<b>189.6</b>	<b>27.0</b>	<b>(4.5)</b>	<b>22.5</b>
eHospital	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0
Other non pay costs	0.1	0.1		0.0	0.0	0.6	1.0		(0.4)	(0.4)
NR System support	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0
<b>Total Non-recurrent</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.6</b>	<b>1.0</b>	<b>0.0</b>	<b>(0.4)</b>	<b>(0.4)</b>
<b>Total Non Pay</b>	<b>37.1</b>	<b>37.3</b>	<b>4.8</b>	<b>(0.2)</b>	<b>4.6</b>	<b>185.6</b>	<b>190.5</b>	<b>27.0</b>	<b>(4.9)</b>	<b>22.1</b>

# Cash flow and creditor payment days

Weighed average creditor payment days				
M1	M2	M3	M4	M5
38	37	31	38	36

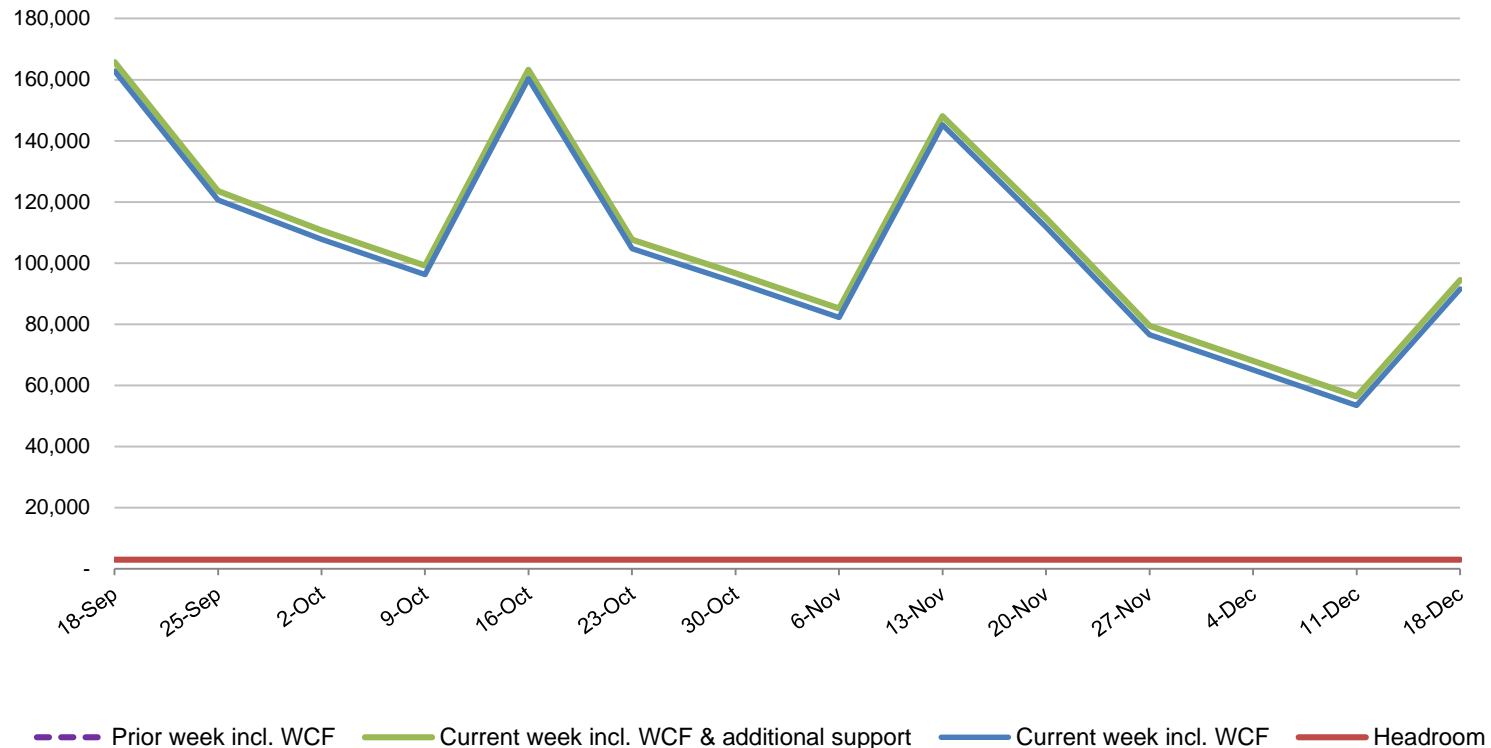


Chart 2 – CUH 13 week rolling cash flow forecast (£000)

In response to Covid-19, Trusts are currently being paid on a block contract basis one month in advance. This significantly improves CUH's cash position and results in a forecast cash balance well in excess of the minimum cash balance required for the foreseeable future. Whilst the financial regime is changing from October 2020, we do not believe it will cause a major deterioration in the Trust's cash position during this 13 week period. Some uncertainty remains around the speed of deployment of capital funding and around the timing of reimbursement of Covid-19 capital expenditure, but these are unlikely to have a significant adverse impact over this 13 week timeframe.

## M5 position

Year to Date (M5)			
	Budget	Actuals	Variance
	£m	£m	£m
<b>Programme</b>			
Estates	3.4	1.9	1.6
e Hospital / Legacy Systems	0.8	0.1	0.7
Medical Equipment Replacement	0.5	0.4	0.0
G2	0.5	0.0	0.5
Addenbrookes 3	0.1	0.0	0.1
Childrens Hospital	0.3	0.0	0.3
Other Developments	5.4	4.1	1.3
<b>Programme Total</b>	<b>11.0</b>	<b>6.6</b>	<b>4.4</b>

Forecast		
	Budget	Variance
	£m	£m
	18.6	0.0
	5.1	0.0
	6.0	0.0
	4.4	0.0
	5.0	0.0
	8.8	0.0
	10.2	0.0
	<b>58.2</b>	<b>0.0</b>

Capital Commitments 2020/21		
	Planned Budget	Committed
	£m	£m
Estates	18.6	4.7
e Hospital / Legacy Systems	5.1	0.7
Medical Equipment Replacement	6.0	0.9
G2	4.4	0.2
Addenbrookes 3	5.0	0.1
Childrens Hospital	8.8	0.1
Other Developments	10.2	7.5
	<b>58.2</b>	<b>14.1</b>

<b>Key Issues/Notes Year to Date</b>
<ul style="list-style-type: none"> <li>Year to date Budget now based on £58.2m full year budget</li> <li>COVID 19 Expenditure included in other developments (£3.7m)</li> <li>Underspend reflects slippage in early months prior to budget clarity in July.</li> </ul>

<b>Key Issues/Notes Forecast</b>
<ul style="list-style-type: none"> <li>Capital budget now £58.2m</li> <li>A3/Childrens Hospital/G2 DH funded.</li> <li>Forecast spend is £58.2m, but will be closely monitored.</li> </ul>

<b>Capital Commitments 2020/21</b>
<ul style="list-style-type: none"> <li>2020/21 committed expenditure reflects contractual commitments (unavoidable) against this year's budget, including actual spending YTD.</li> </ul>

## Balance Sheet at M5

	<b>M5 Actual £million</b>
<b>Non-current assets</b>	
Intangible assets	28.2
Property, plant and equipment	342.2
<b>Total non-current assets</b>	<u>370.4</u>
<b>Current assets</b>	
Inventories	12.6
Trade and other receivables	80.3
Cash and cash equivalents	115.2
<b>Total current assets</b>	<u>208.1</u>
<b>Current liabilities</b>	
Trade and other payables	(118.9)
Borrowings	(6.3)
Provisions	(2.3)
Other liabilities	(111.7)
<b>Total current liabilities</b>	<u>(239.2)</u>
<b>Total assets less current liabilities</b>	<u>339.3</u>
<b>Non-current liabilities</b>	
Borrowings	(101.4)
Provisions	(3.2)
<b>Total non-current liabilities</b>	<u>(104.6)</u>
<b>Total assets employed</b>	<u>234.7</u>
<b>Taxpayers' equity</b>	
Public dividend capital	480.0
Revaluation reserve	37.4
Income and expenditure reserve	(282.7)
<b>Total taxpayers' and others' equity</b>	<u>234.7</u>

### Balance sheet commentary at M5

- The balance sheet now shows positive net assets of £234.7m following the debt refinancing exercise in August which converted £340m of DH loans to Public Dividend Capital.
- Non-current liabilities now stand at £101.4m for borrowings (including PFI), and £3.2m for provisions
- Cash remains strong despite creditor payments being accelerated to support the private sector during COVID-19.