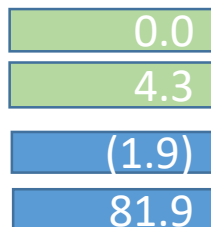


Title	Page
Trust performance summary- Key indicators	2
CFO Message	3
Trust underlying Covid-19 financial impact	6
Summary Financials	7
Forecast Outturn FY20/21	8
Clinical & Other Income	9
Pay Expenditure	12
Non-Pay Expenditure	15
Cash Flow Forecast	16
Appendices	17

Trust performance summary - Key indicators



Trust actual and
System Covid
envelope funding
received



Actual

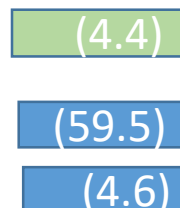
System Covid funding
in month

Actual YTD

Covid funding (and
'True-up' M1-M6) YTD



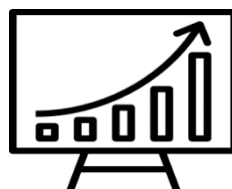
Covid-19
spend



Revenue actual

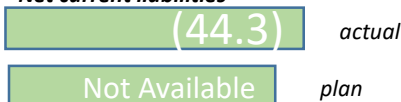
Revenue actual YTD

Capital- actual spend



Net current
assets/(liabilities)
(p.19) and debtor
days

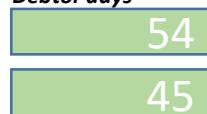
Net current liabilities



actual

plan

Debtor days



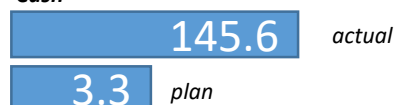
This month

Previous month



Cash and
EBITDA

Cash



actual

plan

EBITDA



actual

plan

Legend

£ in million



In month

YTD

Month 9 Financial Performance

- **For Month 9, the actual result is breakeven** (the phasing of the M7-M12 deficit is summarised in this report on page 8). Year to date the **deficit is £1.9m** which is **£0.7m favourable to forecast**.
- The underlying Covid-19 financial impact in Month 9 is £10.3m. Clinical Income, on a payment by activity basis, being adversely impacted by £4.6m in month (refer to page 6 for a detailed breakdown and mitigations).

Covid-19 Expenditure

- The Trust incurred £4.4m of revenue Covid-19 expenditure in M9. This consists of £2.0m of pay and £2.4m of non-pay spend.

Changes to Covid-19 funding

- While the NHSE/I regime in place for M1-M6 saw Covid-19 costs fully reimbursed through a top-up process with NHSE/I, a new framework is in place from October 2020 which comprises:
 - A monthly top-up of £7.8m, (this is higher than the top-up of £5.9m received during M1-M6),
 - The additional £1.9m received in top-up is largely to compensate the Trust for Other Compromised income (£1.6m).
 - An allocation of c.£26m from our STP system-wide Covid fund, £4.3m of which has been received in M9.
 - In total, **£12.1m** of Devolved Income was included in the Trust's forecast for M9 and this has been received with **£6.2m** of this in addition to plan.

Elective Incentive Scheme (EIS)

- The EIS is effective from M6 onwards (September) however performance information at a system level is only available for September.
- The EIS impact for M6-M9 has been internally estimated at a penalty of £1.0m to £2.2m if it were to be enforced . However M6 national information suggests a system benefit of £0.9m of which CUH potentially would receive a share.
- Given the M6 system position and the new EIS rules, which state that the EIS will not apply if 15% of beds are occupied by Covid patients, the Trust has chosen to report a net neutral position.
- Note that this constitutes a residual risk to the Trust until further guidance is received.

Forecast and Plan M7 to M12

- At M9, the **M07-M12 forecast is for a deficit of £5m**. This scenario uses a 'low covid' scenario as agreed by the Regulator.
- The Trust forecast for M7-M12 is now the plan against which the Trust is monitored by its Regulator.
- For the purpose of internal reporting, the Trust has maintained the monthly budget used in M1-M6 for M7-M12. For information page 12 includes a summary of in month performance against the Trust forecast.
- In this second half of the year our key financial risk and driver of our expected deficit remains the under recovery of other income streams by £20m. The costs of operating in a Covid-19 environment should be funded through reduced service delivery, the CUH share of the STP cost growth and Covid-19 block allocations. Combined with the additional income streams now expected from NHSE Specialist Commissioners this would deliver a surplus of £15m. This, therefore leaves the Trust with a forecast deficit of £5m for 2020/21.
- **The deficit forecast excludes the impact of income reductions linked to elective service under recovery (EIS).** The Trust has forecast that this could range from £3.3m to £12.5m depending on the levels of Covid-19 and our ability to offer sufficient inpatient bed capacity to elective activity.
- This is currently excluded from our forecast as current rules for the EIS indicate that if 15% of beds are occupied by Covid-19 patients the scheme does not apply – we believe this threshold was met in M9 and forecasts suggest that the high number of Covid-19 inpatients will continue for a number of months.
- Due to the rising level of Covid-19 patients and associated government action, the Trust expects to improve on the forecast deficit by year end.
- This is expected to be driven by lower than forecast non elective activity and slower than anticipated investment in recovery. Elective and non elective activity continue below Plan (for details refer to page 10).

CIP delivery

- A CIP plan of £3.5m (all pay efficiencies) has been included in the Trust's forecast for M7-M12. At M9, CIP delivery is on track with £1.8m as per forecast but due to high Covid levels we do not expect to deliver further benefits across the remainder of year.
- This programme is expected to be delivered non recurrently through pay underspend (in the underlying, not Covid-19 related), pay position.

Cash and Capital position

- The Trust's funded capital plan now stands at £101.3m for 2020/21 following a number of additional allocations from national funds. Contractual commitment now exceed £59.5m, including actual spend year to date of £22.1m. Whilst good progress is being made, not all the funding available for major projects (Addenbrooke's 3, Children's and Surge Centre) is likely to be spent in year. We forecast that £14m from the 2020/21 plan is likely to need carrying forward to 2021/22 in addition to £19.2m from the expected surge centre allocation. The remainder of the capital programme is forecast to spend to budget through the ongoing mitigation of any further slippage.
- 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. The Trust is aware that NHSE/I is reviewing the timing of block payments from March 2021 onwards which may have a material impact on the Trust's cash position.

Planning for 2021/22

- NHSE/I has published guidance that confirms that the current financial regime will continue for quarter 1, 2021/22.
- We expect to receive detailed planning guidance for quarter 2-4 2021/22 in March/April. A separate paper details our current understanding of the likely requirements of this planning round.
- Due to this level of uncertainty the Trust is maintaining financial forecasts of underlying and Covid-19 related expenditure with the aim to implement an appropriate and rapid planning process in response to guidance in the new year.

Trust underlying Covid-19 financial impact

M1-M8	M9	YTD	
£m	£m	£m	Covid-19 Financial Pressure
80.0	4.6	84.6	Compromised Clinical Income
-25.4	1.6	-23.8	Expenditure underspend – Reduced service delivery
54.6	6.2	60.8	Productivity Reduction
55.1	4.4	59.5	Covid-19 revenue costs
3.7	0.0	3.7	Covid-19 impact on outstanding annual leave
58.8	4.4	63.2	Covid-19 – Incremental Costs
18.5	0.1	18.6	R&D income at risk
11.1	-0.4	10.7	Other compromised income
29.6	-0.4	29.3	Other compromised income
143.0	10.3	153.3	Full adverse impact of Covid-19
£m	£m	£m	Mitigations
-57.7	-2.4	-60.1	Clinical income through block payments
-77.7	-4.3	-82.1	System Covid funding (M1-6 was 'True Up' funding)
-2.1	-1.7	-3.8	Clinical income through pass through
-3.7	-1.8	-5.5	Additional top-up from £5.9m per month to £7.8m in month
1.9	0.0	1.9	Reported Position: Breakeven/Deficit/(Surplus)

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 £143.1m

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

CFO message - summary financials

(£'m)	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	54.4	0.0	0.6	0.6	484.5	467.3	0.0	(17.2)	(17.2)
Clinical Income - D&D*	11.9	11.0	0.0	(0.9)	(0.9)	107.1	103.5	0.0	(3.6)	(3.6)
Devolved Income	20.0	26.5	6.2	6.4	0.3	180.4	238.7	87.5	58.3	(29.3)
Total Income	85.8	91.9	6.2	6.1	(0.0)	772.0	809.6	87.5	37.5	(50.0)
Pay	45.6	48.4	2.0	(2.8)	(0.8)	410.6	432.5	23.2	(21.9)	1.2
Drugs	11.3	13.4	0.1	(2.2)	(2.1)	101.4	107.0	0.3	(5.6)	(5.3)
Non Pay	25.8	27.2	2.3	(1.3)	1.0	232.5	246.0	36.0	(13.5)	22.4
Operating Expenditure	82.7	89.1	4.4	(6.3)	(1.9)	744.5	785.6	59.5	(41.1)	18.4
EBITDA	3.1	2.9		(0.2)	(1.9)	27.5	24.0		(3.5)	(31.6)
Depreciation, Amortisation & Financing	3.1	2.9	0.0	0.2	0.2	27.5	25.9	0.0	1.7	1.7
Deficit	(0.0)	0.0		0.0	(1.7)	(0.0)	(1.9)		(1.9)	(29.9)

Table 1 - CUH Financial Position in month at Month 8

*D&D = Drugs & devices

M7-M12 Forecast – key messages

£'m	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	M7-M12
Clinical Income	78.8	78.8	80.5	79.2	79.2	79.7	476.2
Devolved Income	10.9	11.4	11.4	11.5	11.6	11.6	68.4
Total operating income	89.7	90.2	91.9	90.7	90.7	91.4	544.5
Employee expenses	(49.7)	(50.2)	(50.8)	(50.3)	(50.1)	(50.1)	(301.2)
Operating expenses excluding employee expenses	(39.7)	(40.4)	(40.7)	(40.1)	(41.2)	(40.5)	(242.6)
OPERATING SURPLUS/(DEFICIT)	0.2	(0.4)	0.4	(0.2)	(0.6)	0.2	(0.2)
Finance expense	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(3.4)
PDC dividends payable/refundable	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(2.4)
NET FINANCE COSTS	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(5.8)
SURPLUS/(DEFICIT) FOR THE PERIOD/YEAR	(0.7)	(1.3)	(0.5)	(0.7)	(1.5)	(0.2)	(5.0)

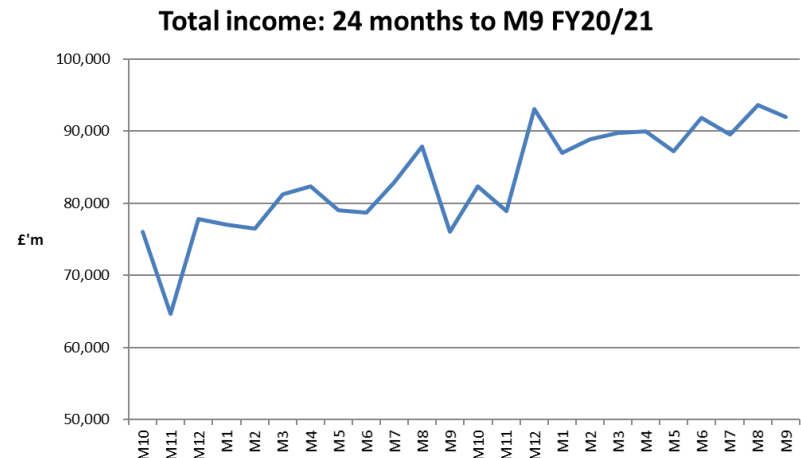
Key messages:

- A revised forecast was submitted on 18 November 2020, showing a total deficit of £5m, i.e. an improvement of £1m.
- Note that the Trust is, in the context of the rapidly changing Covid environment, anticipating it will improve on this forecast.
- The above forecast now forms the basis of our monthly reporting to the Regulator, i.e. it is the current Plan for the rest of FY20/21.
- It is important to note that the deficit forecast excludes the impact of income reductions linked to the Elective Incentive Scheme.
- The Trust has forecast centrally that this could range from £3.3m to £12.5m depending on the levels of Covid-19 and our ability to offer sufficient inpatient bed capacity to Elective activity.
- This is currently excluded from our forecast as it is unclear whether or not the proposed adjustment to income, linked to elective service recovery, will be enforced by NHSE/I as the Covid-19 levels change.

- At the end of month 9, the Trust's YTD overall income position is £30.6m greater than plan. Clinical income is £20.7m less than plan, with devolved income £58.3m above plan.
- Devolved Income includes 'true up' payments for M1-M6 of £69m and the M7-M9 Covid funding of £18.5m. Devolved Income therefore continues to underperform at £29.3m.
- It is important to recognise that the 'Other Activity' income includes additional income received by the Trust through the block contract agreements (in place M1-9) that is over and above income from services delivered.

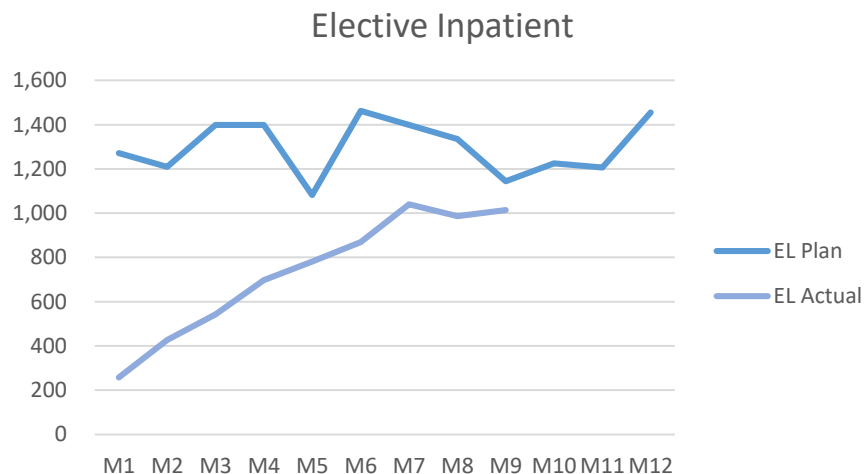
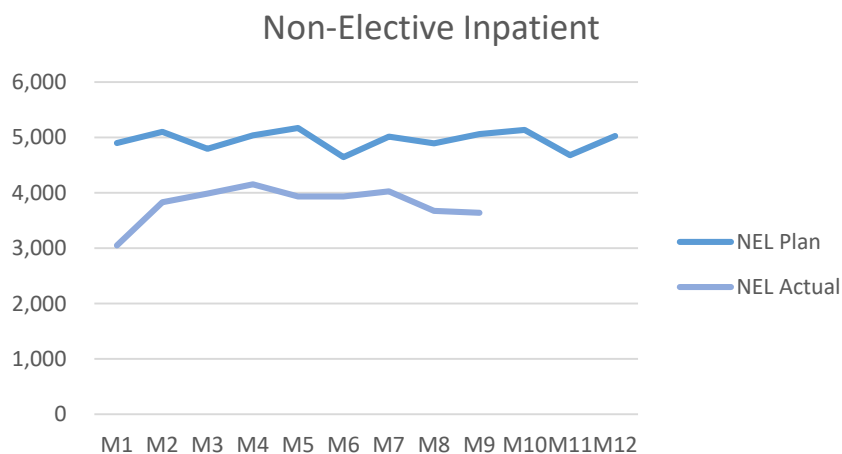
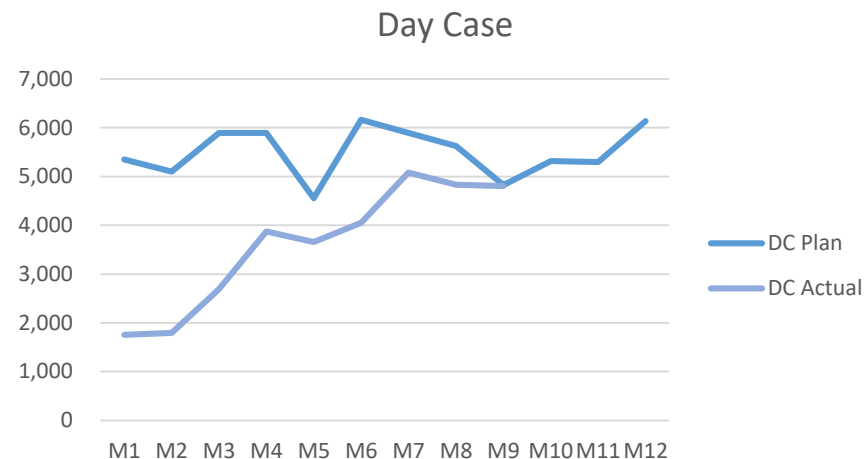
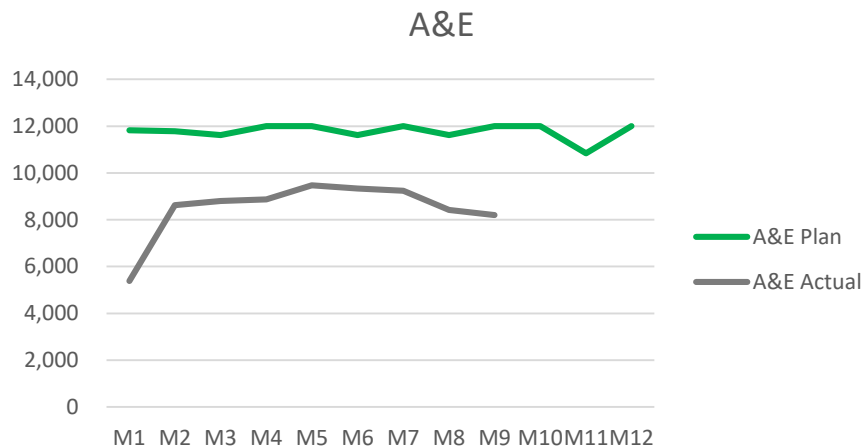
Key movements in month:

- £4.3m Covid system funding in Devolved Income (STF)
- Passthrough payments received of £1.7m in Drugs & Devices
- Top-up payment increased from £5.9m to £7.8m. in Devolved Income (STF)



£'m	In Month			Year to Date		
	Plan	Actual	Variance	Plan	Actual	Variance
Admitted Patient Care	27.1	24.9	(2.2)	253.1	187.1	(66.0)
Outpatient	10.4	9.0	(1.5)	92.5	73.0	(19.6)
Accident and Emergency	2.1	1.6	(0.5)	18.6	14.0	(4.6)
Other Activity	26.1	30.0	3.9	227.4	296.8	69.5
Total Clinical Income	65.7	65.4	(0.3)	591.6	570.9	(20.7)
Devolved Income	20.0	26.5	6.4	180.4	238.7	58.3
Total Trust Income	85.8	91.9	6.1	772.0	809.6	37.5

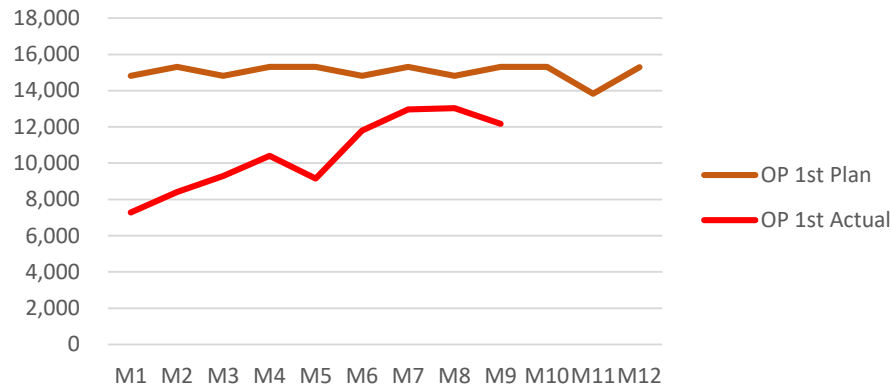
Clinical Income - Activity Information



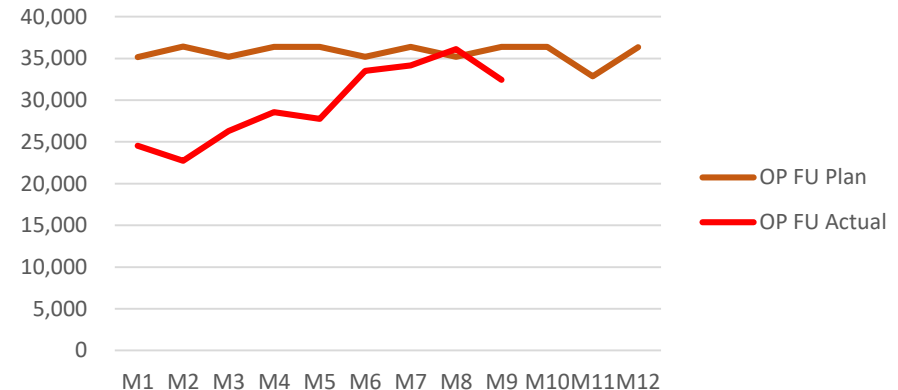
The above graphs show the adverse impact of Covid-19 on the Trust's billable activity. Month 9 has shown a small decline in A&E and NEL inpatients when compared to month 8, with Elective inpatients stabilising, reflecting the national lockdown in operation.

Clinical Income - Activity Information Continued

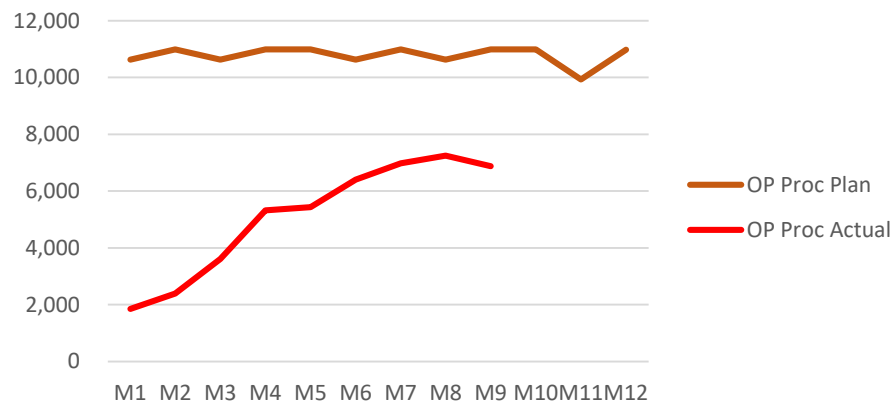
OP 1st attendance



OP follow-up



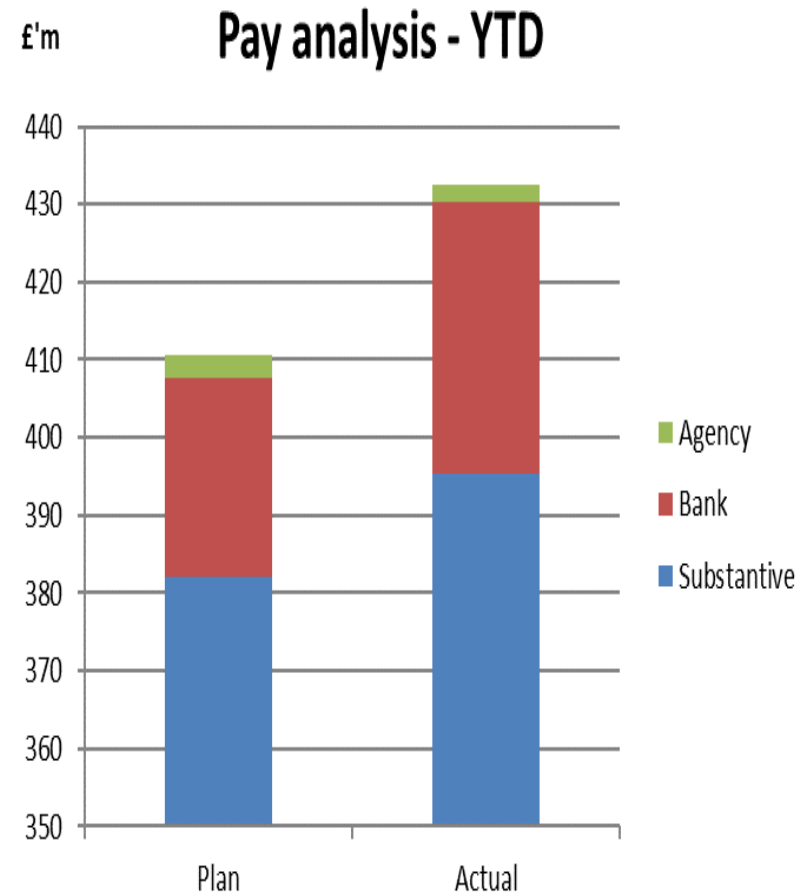
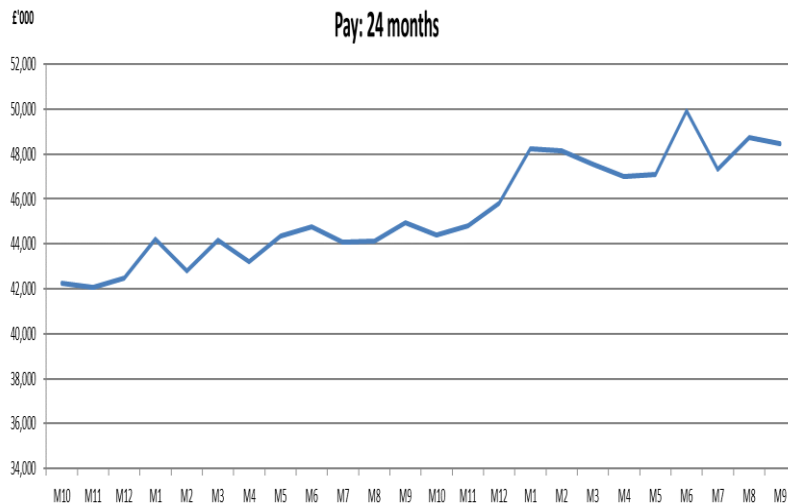
OP procedures



In month 9 there has been a decline in all activity in outpatient points of delivery reflecting the national lockdown in operation.

£m	M9
0.0	Drugs and Devices break even
-2.4	Contracted clinical commissioning income under-performance
-2.2	Non-contracted clinical commissioning income under-performance
-4.6	In month overall service under-performance
4.4	Offset - by clinical income through block (£2.4m), non-recurrent funding (£0.3m) & pass through (£1.7m)
-0.2	NET clinical income under-performance

- At the end of month 9, the Trust's YTD pay position is £21.9m adverse to budget.
- This is mainly due to overspends year to date in Bank & substantive spend.
- Of the £21.9m overspend, the Trust has reported £23.2m of Covid related pay expenditure, which nets to an underlying favourable pay variance of £1.2m
- Refer overleaf for an additional analysis of the Covid element in pay expenditure.
- Note also that M6 saw the backdated pay element (M1-M5) of the Medical Staff pay award (at £1.2m)



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)
£ Millions										
Administrative & Clerical	6.9	7.3	0.2	(0.5)	(0.3)	61.7	66.3	2.6	(4.6)	(2.0)
Allied Healthcare Professionals	2.5	2.7	0.1	(0.1)	(0.0)	22.9	23.2	0.5	(0.4)	0.2
Clinical Scientists & Technicians	4.2	4.3	0.0	(0.1)	(0.1)	37.8	37.8	0.2	0.0	0.2
Medical and Dental Staff	14.8	16.0	0.7	(1.2)	(0.5)	133.0	144.2	11.3	(11.2)	0.1
Nursing	16.2	17.0	0.9	(0.9)	0.1	145.7	151.5	8.3	(5.8)	2.5
Other Pay Costs	1.1	1.1	0.0	(0.0)	(0.0)	9.5	9.5	0.3	(0.1)	0.2
TOTAL PAY	45.6	48.4	2.0	(2.8)	(0.8)	410.6	432.5	23.2	(21.9)	1.2

	In Month					Year to Date				
	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)
£ Millions										
Agency	0.3	0.2	0.1	0.1	0.2	3.0	2.1	0.7	0.8	1.5
Bank	2.8	4.1	1.2	(1.3)	(0.1)	25.6	35.0	10.7	(9.4)	1.3
Contracted	0.2	0.2	0.1	(0.0)	0.0	2.0	2.9	0.9	(0.9)	(0.0)
Substantive	42.2	43.8	0.7	(1.6)	(0.9)	380.0	392.4	10.9	(12.4)	(1.5)
TOTAL PAY	45.6	48.4	2.0	(2.8)	(0.8)	410.6	432.5	23.2	(21.9)	1.2

Variances in Administrative & Clerical Pay expenditure M9 YTD

	£ m
Adverse variance M9 YTD	(2.0)
less funded items:	
Increase in R&D Funded WTE	0.4
Investment Committee approved:	
Genetic Laboratory Hub (GLH), and	0.2
Chimeric Antigen Receptors - T cell therapy in Cancer (CAR-T)	
Apprenticeship Levy	0.1
Unfunded variance:	(1.3)
Recruitment toward filling FY19/20 M10 vacancies and new Corporate roles :	
<i>Recruitment to operational delivery roles (Band 7 and lower)</i>	<i>(0.5)</i>
<i>Strengthening operational management structures</i>	<i>(0.5)</i>
Corporate	(1.0)
Clinical Divisions	(0.3)
Total unfunded variance	(1.3)

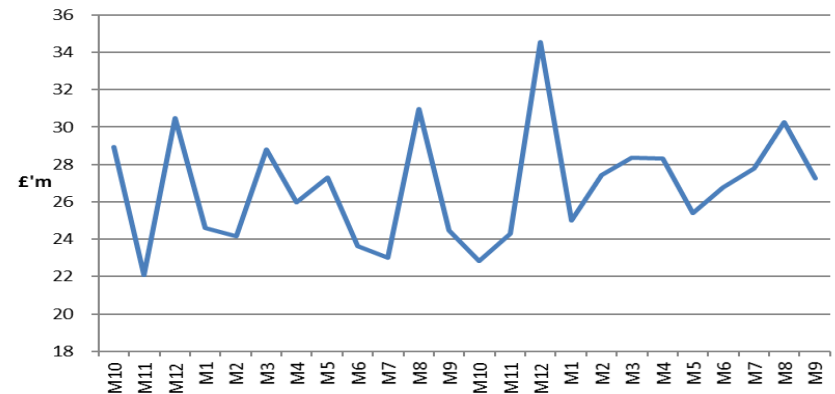
Note:

- The above is additional analysis of the M8 Admin and Clerical pay variance position, excluding Covid expenditure.
- R&D funded posts, GLH and CAR-T are matched by corresponding income and are therefore not part of an adverse increase in pay spend.
- The Apprenticeship Levy expense is calculated at 0.5% of total CUH pay subject to Class 1 NIC
- The majority of Corporate unfunded pay increases relate to delivery roles within the support functions and strengthening operational management structures as part of the Covid response.
- The classification of this expenditure remains under review and will potentially be reclassified as part of the M10 reports.
- The monthly recurrent unfunded pay pressure for Admin & Clerical is assessed to be c.£0.14m.

Non Pay expenditure in M9

- At the end of month 9, the Trust's non pay position is £19.1 m adverse to plan (including Covid costs)
- When excluding Covid related non-pay spend, the underlying favourable variance becomes £17.2m YTD
- This is mainly driven by underspends in Clinical Supplies, Misc. Other and Premises costs.

Recurrent Non pay: 24 months



Emillions

	In Month					Year to Date				
	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)	Budget	Actual	Covid	Variance	Variance (Exc Covid Expenditure)
Drugs	11.3	13.4	0.1	(2.2)	(2.1)	101.4	107.0	0.3	(5.6)	(5.3)
Clinical Supplies	11.5	11.5	1.0	0.0	1.0	103.1	99.4	13.8	3.8	17.6
Misc Other Operating expenses	6.7	8.6	0.8	(1.9)	(1.2)	60.1	71.9	17.3	(11.8)	5.5
Premises	4.0	5.1	0.4	(1.1)	(0.8)	35.9	39.2	3.7	(3.3)	0.4
Clinical Negligence	1.6	1.7	0.0	(0.1)	(0.1)	14.4	15.4	0.0	(0.9)	(0.9)
Other non pay costs (including CIP)	2.0	0.4	0.3	1.6	1.9	17.8	17.3	1.2	0.5	1.7
Total Recurrent	37.0	40.7	2.4	(3.7)	(1.3)	332.8	350.1	36.3	(17.3)	19.0
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)		0.2	0.2	1.1	2.9		(1.8)	(1.8)
NR System support	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0
Total Non-recurrent	0.1	(0.1)	0.0	0.2	0.2	1.1	2.9	0.0	(1.8)	(1.8)
Total Non Pay	37.1	40.6	2.4	(3.5)	(1.1)	333.9	353.0	36.3	(19.1)	17.2

Cash flow and creditor payment days

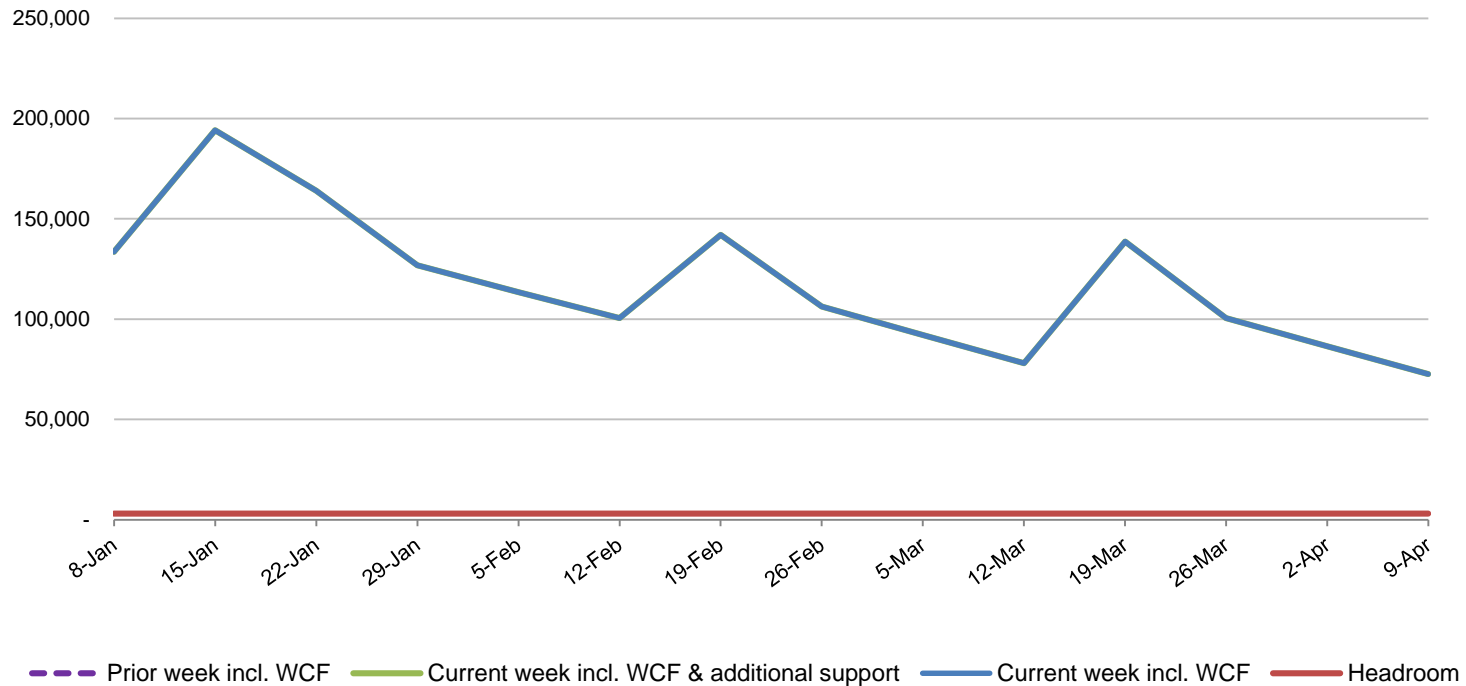


Chart 2 – CUH 13 week rolling cash flow forecast (£000)

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.

Appendices

M9 position

Year to Date (M9)			
Programme	Budget £m	Actuals £m	Variance £m
Estates	9.7	6.8	2.9
e Hospital / Legacy System	2.0	0.6	1.3
Medical Equipment Replacement	2.3	1.5	0.7
G2	1.1	0.2	0.9
Addenbrookes 3	0.5	0.4	0.1
Childrens Hospital	1.1	0.3	0.8
Surge Centre	6.7	6.4	0.3
Other Developments	6.8	5.8	1.0
Programme Total	30.2	22.1	8.1

Forecast		
Budget £m	Expenditure £m	Variance £m
18.8	15.7	3.0
2.8	2.2	0.5
6.5	6.5	0.0
5.4	3.6	1.8
5.0	4.4	0.6
8.8	2.8	6.0
45.6	37.9	7.7
8.4	11.8	-3.5
101.3	85.0	16.3

Capital Commitments 2020/21		
	Planned Budget £m	Committed £m
Estates	18.8	12.5
e Hospital / Legacy Systems	2.8	0.9
Medical Equipment Replacement	6.5	3.5
G2	5.4	3.6
Addenbrookes 3	5.0	1.4
Childrens Hospital	8.8	0.4
Surge Centre	45.6	29.6
Other Developments	8.4	7.7
	101.3	59.5

Key Issues/Notes Year to Date

- Underspend largely reflects slippage in early months prior to initial budget clarity in July and the impact of COVID-19.
- Further capital funding has been confirmed since, causing the programme to be phased towards the end of the year.
- Over £7m was spent in December, including £3.6m for the Surge Centre

Key Issues/Notes Forecast

- Business as usual budgets are forecast to spend to plan. Major projects are forecast to underspend by £14.3m, but it is hoped this funding can be carried forward to 2021/22.
- Mitigations against further slippage are being implemented.

Capital Commitments 2020/21

- 2020/21 committed expenditure reflects contractual commitments (unavoidable) against this year's budget, including actual spending YTD.

Balance Sheet at M9

	M9 Actual £million
Non-current assets	
Intangible assets	28.3
Property, plant and equipment	350.5
Total non-current assets	<u>378.8</u>
Current assets	
Inventories	12.5
Trade and other receivables	144.3
Cash and cash equivalents	145.6
Total current assets	<u>302.4</u>
Current liabilities	
Trade and other payables	(127.3)
Borrowings	(5.4)
Provisions	(7.4)
Other liabilities	(206.7)
Total current liabilities	<u>(346.7)</u>
Total assets less current liabilities	<u>334.5</u>
Non-current liabilities	
Borrowings	(98.5)
Provisions	(3.2)
Total non-current liabilities	<u>(101.6)</u>
Total assets employed	<u>232.8</u>
Taxpayers' equity	
Public dividend capital	480.0
Revaluation reserve	37.4
Income and expenditure reserve	(284.6)
Total taxpayers' and others' equity	<u>232.8</u>

Balance sheet commentary at M9

- The balance sheet now shows positive net assets of £232.8m following the debt refinancing exercise in August which converted £340m of DH loans to Public Dividend Capital.
- In FY20/21 we are forecasting PDC and interest payments will be £2.2m lower than 19/20.
- Future capital investments will, however, result in higher PDC costs.
- Non-current liabilities now stand at £101.6m 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.