

Agenda item:	10
Attachment:	B

HRA Board cover sheet

15 November 2023

Title of paper:	Finance report – 6 months to 30 September 2023
Submitted by:	Matt Balding, Deputy Director Finance and Estates
Summary of paper:	To enable an informed understanding of our financial performance for the 6 months to 30 September of the 2023/24 financial year in line with the HRA’s standing financial instructions and scheme of delegation.
Reason for submission:	For approval
Further information:	<p>Main points to note:</p> <ul style="list-style-type: none"> • Net expenditure to 30 September 2023 is £9.2m against a plan of £10.0m. • Forecast 2023/24 non-ringfenced day-to-day revenue expenditure is £19.2m against funding of £19.6m. • Forecast 2023/24 capital expenditure is £2.3m against funding of £2.8m. • The HRA's cash balance on 30th September is £2.4m, whilst the forecast cash balance at 31st March 2024 is £6.8m. • DHSC have confirmed £0.7m revenue funding to cover the additional costs of the 2023/24 pay award. This is included in the figures above reversing the forecast overspend reported previously and generating a small forecast underspend.
Dissemination:	<i>HRA Board papers are available on HRA website</i>
Time required:	5 mins

HRA Finance Report

6 months to 30 September 2023

Executive summary

The HRA has expected revenue funding of £21,760k for 2023/24. This consists of:

- £19,330k DHSC grant in aid funding (including revenue funding for Research Systems Programme (RSP));
- £221k NHS AI Lab funding;
- £88k seed funding to begin to implement some of the recommendations of the Lord O'Shaughnessy Review;
- £2,209k funding to cover depreciation and amortisation charges.

Forecast day-to-day revenue spend for 2023/24 is £21,293k, £247k (1%) below expected revenue funding. This forecast takes into account funding awarded by the Department of Health and Social Care to cover the cost of the 2023/24 pay award estimated at £697k but does not cover funding for other inflationary pressures. It also assumes that the HRA's meets its £784k vacancy factor.

Our financial reporting focuses on forecast closing positions for the year and less on in-month expenditure. The aim of this is to produce more valuable insight throughout the year to inform strategic and operational decisions. This process encourages budget holders to consider the full year's activities and so reduce the chance of unexpected movements at year end. This helps inform strategic investment decisions in year, to maximise benefits for patients and the public.

Tight vacancy and establishment control is necessary to ensure we can manage significant cost increases due to wider inflationary pressures.

Revenue:

The HRA's initial revenue funding for 2023/24 is £21,760k, of which £19,639k is cash funding and £2,209k is non-cash funding. The table below provides a breakdown:

Health Research Authority	NRF Admin £'000	RF Admin £'000	Programme £'000	Total Rev Funding £'000
DHSC Revenue Funding	19,330	2,209	0	21,539
NHS AI Lab	221	0	0	221
O'Shaughnessy Seed Funding	88	0	0	0
Total 2023/24 Revenue Funding	19,639	2,209	0	21,760

Government funded revenue expenditure:

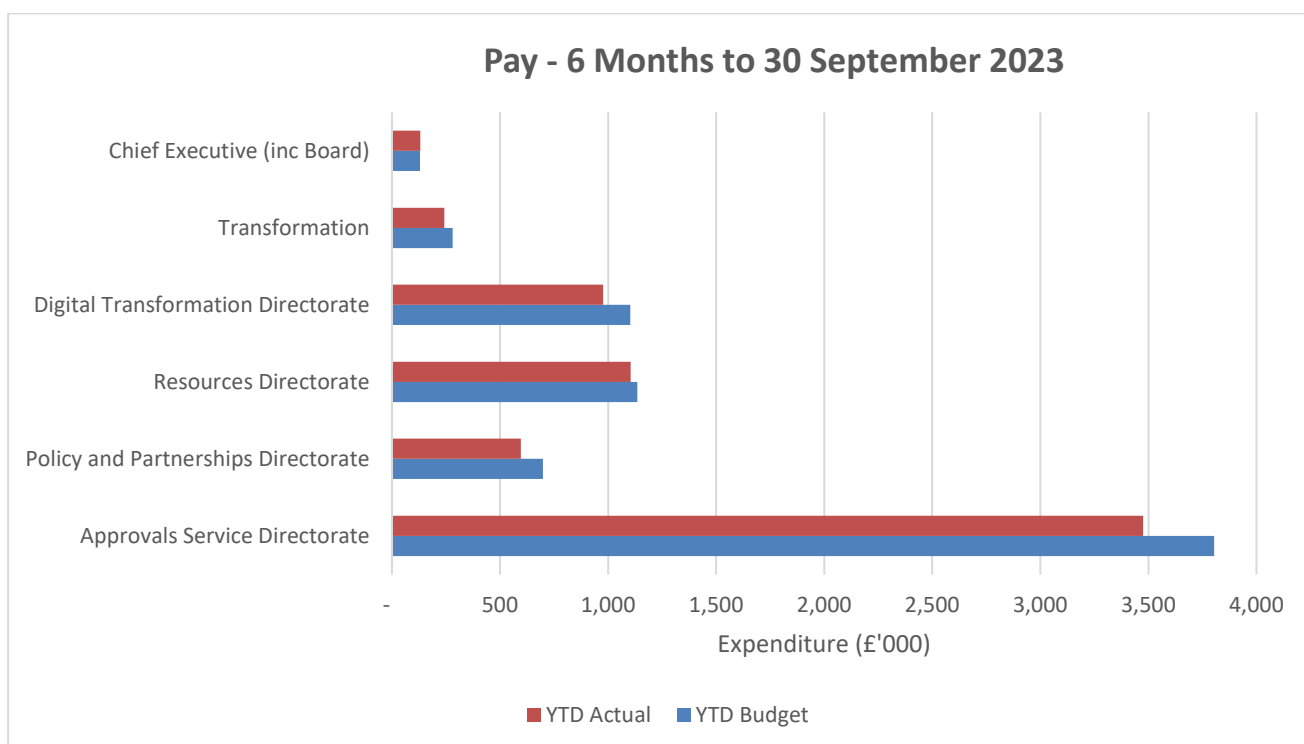
The table below provides an overview of actual expenditure to date against year-to-date expenditure budgets and forecast expenditure for the full year compared to annual budgets.

Forecasts are revised each month in line with service lead expectations of activity.

	YTD M6				Forecast			
	Plan £'000	Actual £'000	Variance £'000	Variance %	Plan £'000	Y/E Forecast £'000	Variance £'000	Variance %
Approvals Service Directorate	4,054	3,672	382	9%	8,130	7,591	540	7%
Policy and Partnerships Directorate	735	655	80	11%	1,530	1,429	101	7%
Resources Directorate	1,871	1,892	(21)	(1%)	3,857	3,969	(113)	(3%)
Digital Transformation Directorate	2,056	1,729	327	16%	5,480	5,503	(23)	(0%)
Transformation	289	253	36	12%	596	564	32	5%
Chief Executive (inc Board)	138	137	1	1%	298	298	(0)	(0%)
Centralised Costs	1,227	902	1,227	100%	2,433	1,939	495	20%
Vacancy Factor	(392)	0	(392)	100%	(784)	0	(784)	100%
Total	9,978	9,240	1,639	16%	21,539	21,293	247	1%

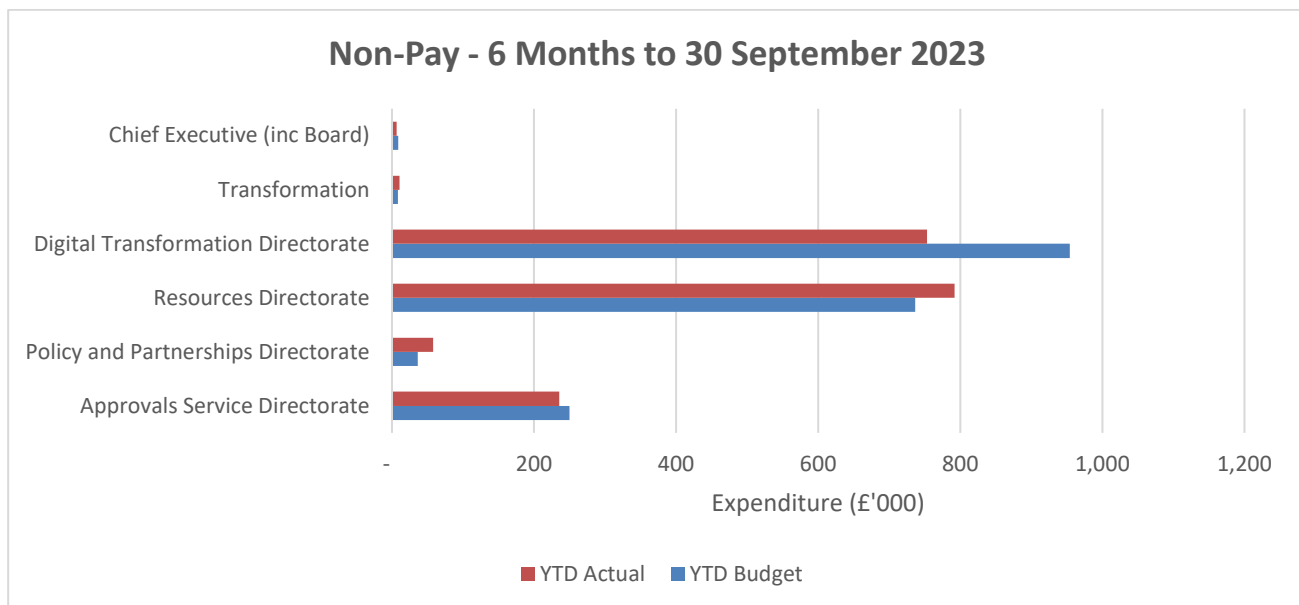
Year-to-date revenue expenditure at 30th September is £9,240k, £1,639k (16%) lower than plan. Forecast revenue spend for 2023/24 is £21,293k, some £247k (1%) lower than plan.

Of Which Pay Activity: 6 months to 30 September 2023



Year to date pay spend is £6,790k, £281k (4%) lower than plan. This includes costs relating to the 2023/24 pay award. Vacancy factor was set at 5% this year to reflect historic trends and has a year-to-date value of £392k slightly greater than the current trend.

Of Which Non-Pay Activity: 6 months to 30 September 2023



Year to date non-pay spend is £2,710k, £396k (13%) below plan. This underspend is not expected to continue as expenditure increased on the RSP with the on-boarding of the digital supplier in November 2023.

Capital expenditure

Our capital allocation for 2023/24 is £2,800k. Most of this is funding for the capital element of the Research Systems Programme, whilst the remainder covers core infrastructure capital expenditure (estates and digital infrastructure).

Year to date capital expenditure incurred at 30 September 2023 is £320k. £304k of this spend relates to the replacement of aged servers. Our forecast position on capital is £2,333k, and assumes that construction of the replacement Research Systems commences later in 2023/24, following the digital supplier joining the programme in November.

Better Payments Practice Code (BPPC) performance

The HRA have a duty to pay 95% of invoices in 30 days. For the 6 months to 30 September the HRA achieved both the target by value (98%), and by number (96%).

	Month 6	Target	Over/(Under) Target	2022/23
	%	%	%	%
Number of invoices paid within 30 days	96%	95%	1%	94%
Value of invoices paid within 30 days	98%	95%	3%	98%

Cash performance

The HRA have an annual cash allocation in 2023/24 of £22,130k. The cash balance at the end of September 2023 was £2,370k, which is 11% of the annual cash allocation.

The forecast year end cash balance is £6,817k, which is 31% of the annual cash allocation and a £3,903k increase on the cash balance at 30 September. This increase is due to an anticipated increase in liabilities at year end, including those relating to expenditure on RSP.

Reserve Commitments

At 30 September 2023, the HRA had a reserve of £485k to allocate to expected cost pressures arising or for other commitments.

The previous Board Report (showing the position at 30 June) stated that there was no reserve available at that time. The reserve funding outlined above became available during September following confirmation from the Department of Health and Social Care that they would now provide funding to cover the 2023/24 centrally agreed pay award.

Recommendations

The HRA Board are asked to review and approve the finance report for the 6 months ended 30 September 2023.

Matt Balding

Deputy Director Finance and Estates