



Don Richards  
Chief Financial Officer

## Our Chief Financial Officer

### *Financial performance*

We ended 2021/22 with another small surplus and a healthy balance sheet. Another year of record capital investment has led to great improvements for patients and staff.

## Our 2021/22 income & expenditure account reported another small surplus

The 2020/21 **interim financial regime** continued in 2021/22 to support our response to the pandemic.

	2021/22	2020/21	Difference
	£m	£m	
Income	481.1	472.6	2%
Pay costs	(308.5)	(298.0)	4%
Other costs	(171.9)	(174.3)	-1%
Sub total (Expenditure)	(480.5)	(472.3)	2%
Deficit	0.7	0.3	

Resources were made available in **two 6 month allocations** due to pandemic uncertainties.

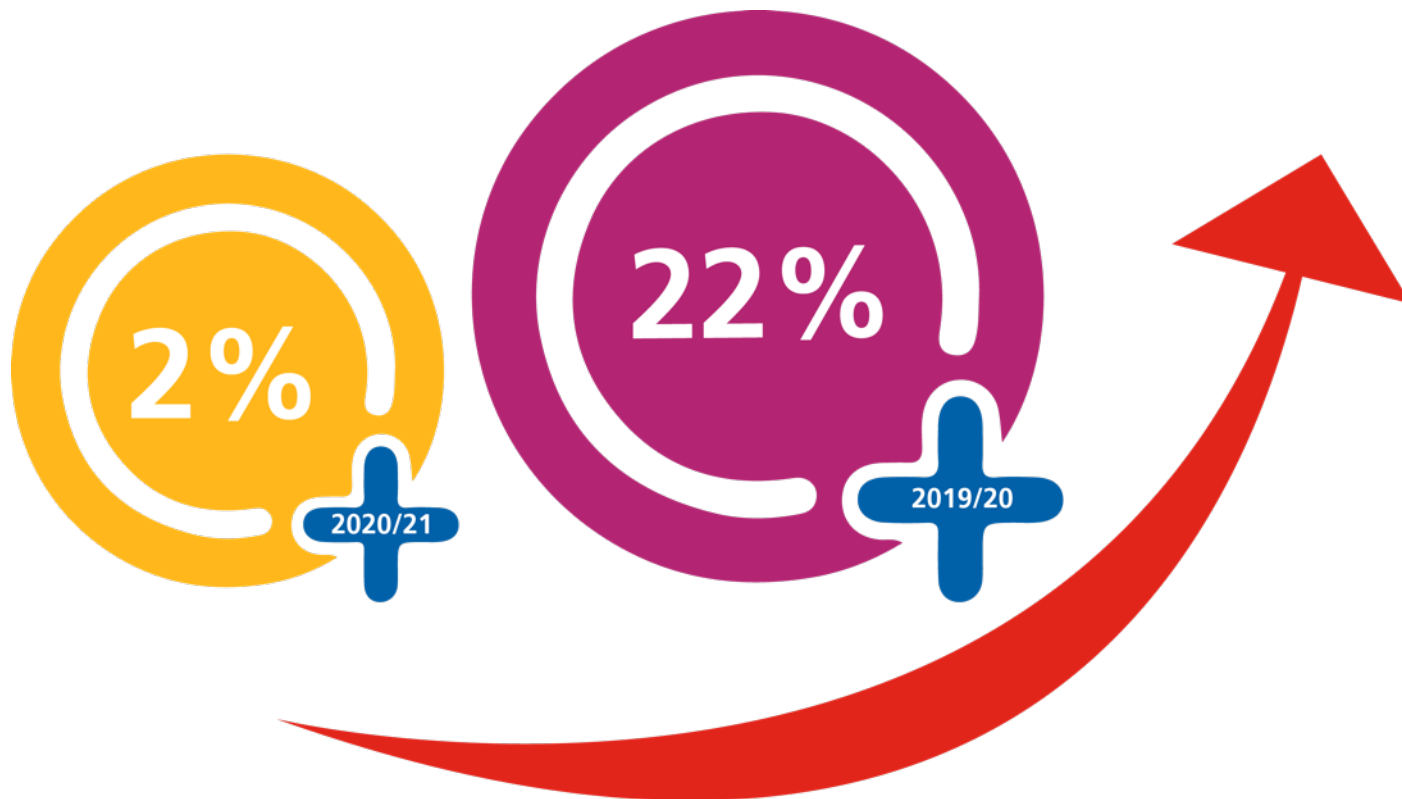
We received **2% more in funding** than in 2020/21 and limited costs to a 2% increase. The growth in income due to inflation and activity growth was offset by a **reduction in pandemic funding** from £25m to £22m. Total pay costs increased by 4%, while non pay costs fell largely due to the non recurrent nature of pandemic costs in the previous year.

	£m				
	As per SOCI	Buildings reval impact	Capital grants and donations	COVID inventories impact	Recognised position
Income	481.1				481.1
Pay	(308.5)				(308.5)
Non Pay	(182.9)	10.2	0.4	0.5	(171.9)
Expenditure	(491.4)	10.2	0.4	0.5	(480.4)
Net	(10.3)				0.7

*Our accounts (compliant with International Financial Reporting Standards) provide a different picture because they reflect some of the revaluation of assets and other factors. The table to the left reconciles the IFRS SOCI to the trust's performance as shown in the table above.*

## Income very similar to 2020/21 and significantly more than 2019/20

The **interim financial regime** resulted in **2% more income** than 2020/21 and **22% more income** than 2019/20



## Income very similar to 2020/21 and significantly more than 2019/20

Our ability to treat as many patients as we wanted was limited by the pandemic but the additional funds meant that we did not have to borrow.

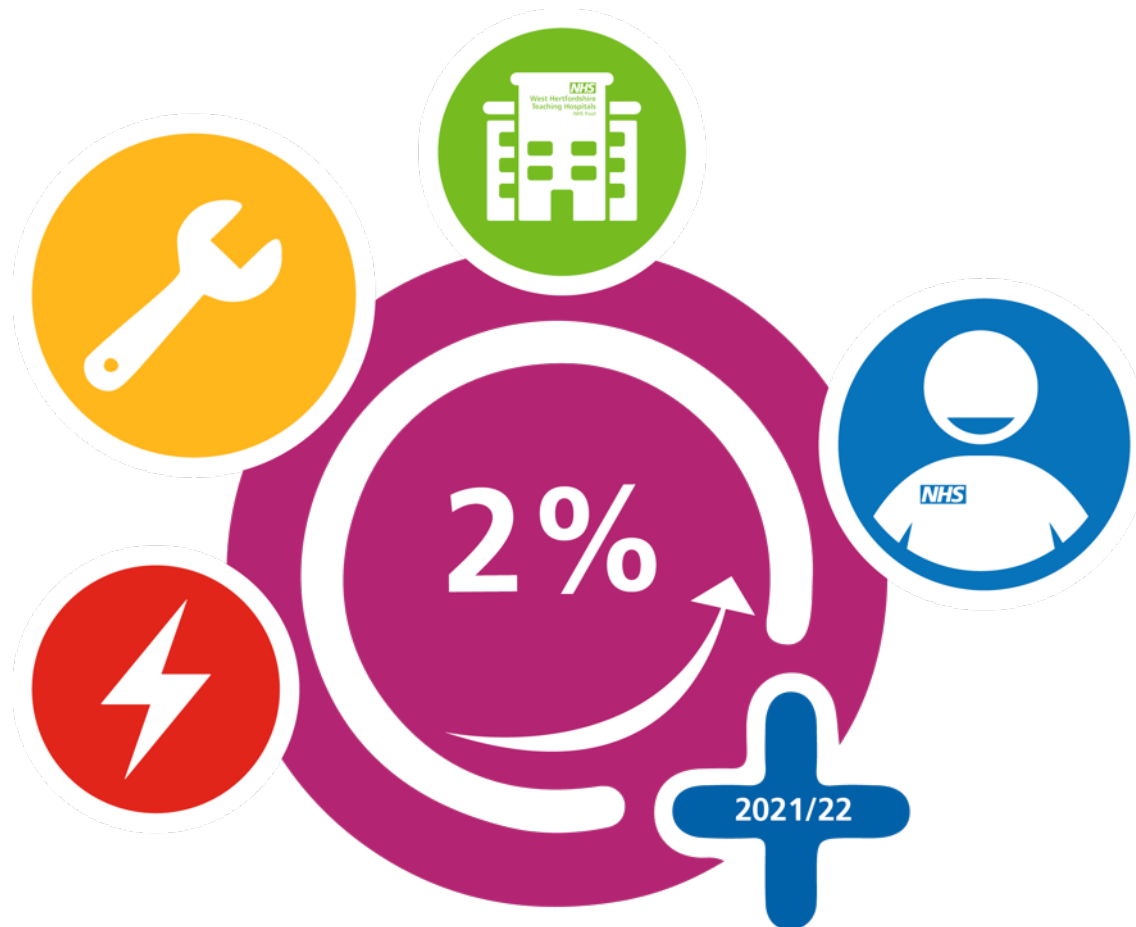
Many staff did not take their leave due to operational pressures and the trust received non recurrent funding from NHS commissioners to reflect additional staffing costs accrued.

There was a recovery in income related to non patient care services such as car parking, leases, retail, research, private patients and fees from overseas visitors.

	2021/22	2020/21	2019/20	(2021/22 vs 2020/21)
	£m	£m	£m	
NHS Fixed and COVID funds	423.7	426.1	343.4	-1%
High cost drugs income	11.5	10.8	11.2	7%
Private patient income	0.8	0.6	0.9	23%
Additional pension income	10.8	10.0	9.6	7%
Education and training	11.3	11.9	10.4	-5%
Non patient care services and other income	23.0	10.3	18.0	124%
Donated asset income	0.1	2.9	0.2	-97%
<b>Total income</b>	<b>481.1</b>	<b>472.6</b>	<b>393.7</b>	<b>2%</b>

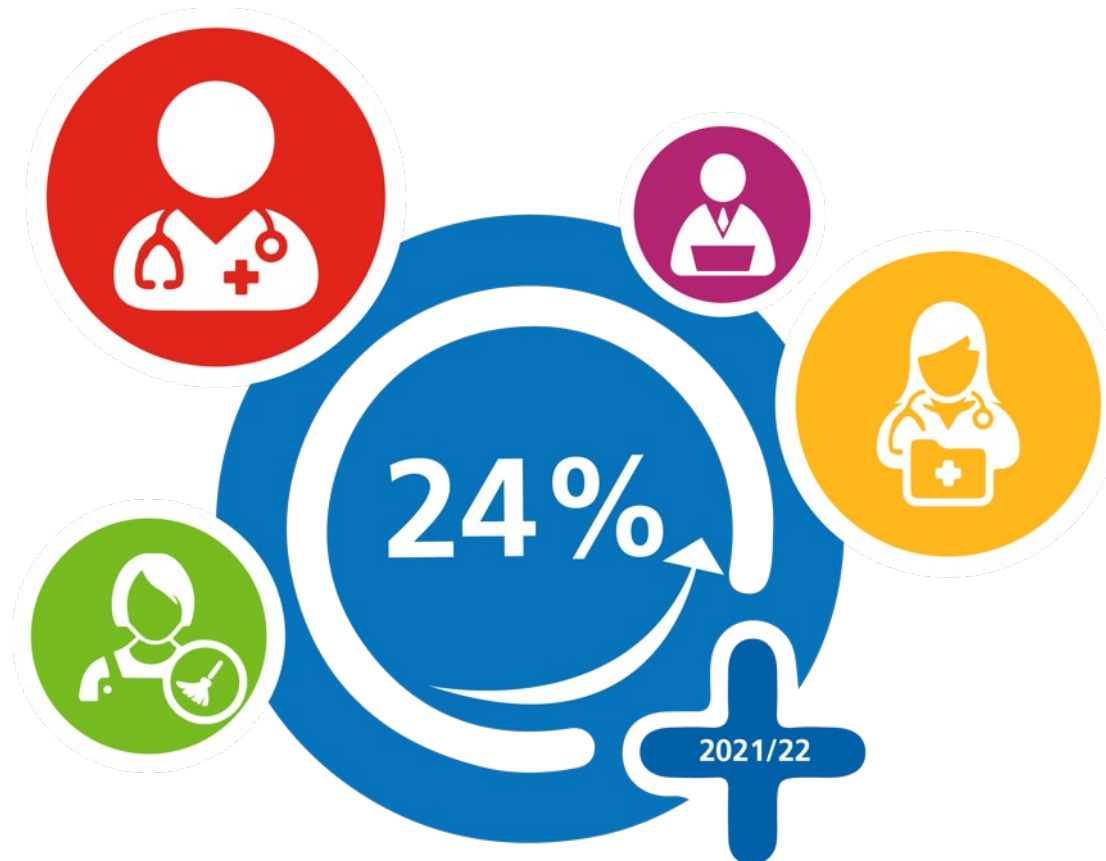
## Revenue expenditure increased modestly

Operating costs increased by **2% to £480.5m** in 2021/22



## Revenue expenditure increased modestly (agency staffing)

**Agency staff costs** increased for the first time since their peak of £36m in 2015/16  
However £5.3m of the **£14.9m** is attributable to the pandemic



## Revenue expenditure increased modestly (details)

Pandemic related costs fell from £25m in 2020/21 to £22m in 2021/22. The underlying 3% increase in costs is due to inflation and growth in services. Costs were kept relatively low due to **non pay efficiencies worth c£8m.**

Pay costs (excluding pensions contributions and agency costs) increased by only **2%**.

**Clinical negligence costs** rose by **12%** in 2021/22 and by 34% in the previous year, linked largely to historic cases.

	2021/22	2020/21	2019/20	(2021/22 vs 20/21)
	£m	£m	£m	
Pay costs (exc pension and agency)	258.3	253.0	226.8	2%
Pension contribution	35.4	33.0	31.5	7%
Agency staff costs	14.9	12.0	13.6	24%
Clinical negligence costs	24.5	21.9	16.4	12%
Other costs (exc impairments)	147.5	152.4	123.6	-3%
<b>Total costs (exc impairments)</b>	<b>480.5</b>	<b>472.3</b>	<b>411.9</b>	<b>2%</b>

## The balance sheet remains healthy

The [balance sheet remains healthy](#) with net assets of £278m as a result of £237m of PDC (public dividend capital) in 2019/20 and balancing revenue income and expenditure in 2021/22.

Record levels of capital expenditure [increased the value of fixed assets](#) despite the downward valuation of buildings.

Increased capital expenditure was mainly financed by [£50m of new public dividend capital](#).

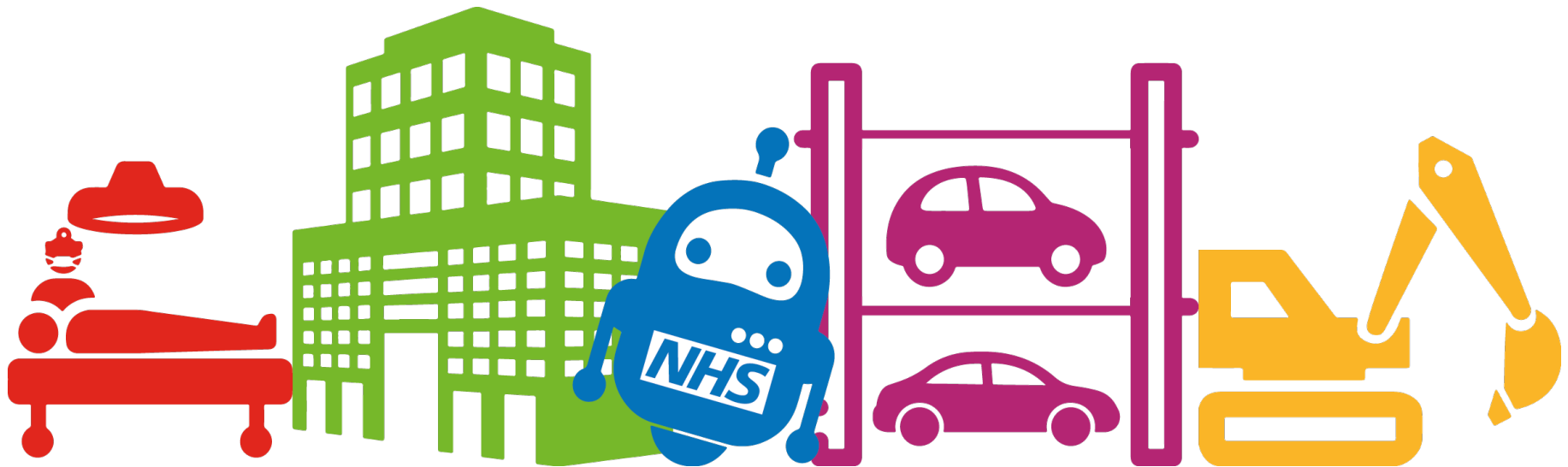
£60m of current assets include a closing [cash balance of £37m](#).

	2021/22	2020/21	2019/20	(2021/22 vs 2020/21)
	£m	£m	£m	
Assets/Liabilities				
Fixed assets	290.2	244.2	201.4	19%
Current assets	60.4	63.8	46.1	-5%
Liabilities	(71.9)	(71.8)	(291.6)	0%
Net assets/ (liabilities)	278.7	236.2	(44.1)	18%
Financed by:				
Equity and reserves	620.5	567.6	282.9	9%
Net I&E reserve	(341.8)	(331.4)	(327.0)	3%
<b>Total equity</b>	<b>278.7</b>	<b>236.2</b>	<b>(44.1)</b>	<b>18%</b>



## Another year of record capital investment

**£65m** in 2021/22 is the most we have ever invested in new assets in a single year



## 2021/22 capital expenditure



## Another year of record capital investment

Capital funds are likely to be limited in 2022/23 and so we will target investment on essential projects to support the future trust wide redevelopment.

Capital expenditure	2021/22	2020/21	2019/20
	£m	£m	£m
Multi-storey car park and surroundings	24.4	14.6	0.0
IT investments (including the EPR)	14.9	6.6	5.0
Fire safety improvements	1.6	3.3	3.5
Winter preparedness for emergency services	0.3	2.6	3.0
Medical equipment (incl surgical robots)	7.2	7.6	3.0
Estate backlog maintenance	3.6	4.2	1.5
WGH operating theatres project	3.8	2.0	1.1
Redevelopment plans	7.5	5.4	0.0
Other	1.9	11.0	4.4
<b>Total</b>	<b>65.1</b>	<b>57.3</b>	<b>21.5</b>

