



Report Cover Sheet

Report to:	Trust Board	
Date of the Meeting:	31 March 2021	
Agenda Item:	P1-055-21	
Title:	Financial Report Month 11	
Report prepared by:	Jo Bowden, Deputy Director of Finance	
Executive Lead:	James Thomson, Director of Finance	
Status of the Report:	Public	Private
	X	

Paper previously considered by:	N/A
Date & Decision:	N/A

Purpose of the Paper/Key Points for Discussion:	<p>To present the Trust's financial performance for the ten months ending February 2021, noting the following:</p> <ul style="list-style-type: none"> - The undated financial plan and forecast outturn position - Capital and cash position
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Action Required:	Discuss	X
	Approve	
	For Information/Noting	X

Next steps required	The Trust Board will be informed of progress against the plan on a regular basis in accordance with the Board Reporting Cycle.
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The paper links to the following strategic priorities (please tick)

Deliver outstanding care locally	X	Collaborative system leadership to deliver better patient care	X
Retain and develop outstanding staff	X	Be enterprising	
Invest in research & innovation to deliver excellent patient care in the future		Maintain excellent quality, operational and financial performance	X

The paper relates to the following Board Assurance Framework (BAF) Risks

BAF Risk	Please Tick
1. If we do not optimise quality outcomes we will not be able to provide outstanding care	
2. If we do not prioritise the costs of the delivering the Transforming Cancer Care Programme we will not be able to maintain our long-term financial strength and make appropriate strategic investments.	
3. If we do not have the right infrastructure (estate, communication & engagement, information and technology) we will be unable to deliver care close to home.	X
4. If we do not have the right innovative workforce solutions including education and development, we will not have the right skills, in the right place, at the right time to deliver the outstanding care.	
5. If we do not have an organisational culture that promotes positive staff engagement and excellent health and well-being we will not be able to retain and attract the right workforce.	
6. If we fail to implement and optimise digital technology we will not deliver optimal patient outcomes and operational effectiveness.	
7. If we fail to position the organisation as a credible research partner we will limit patient access to clinical trials and affect our reputation as a specialist centre delivering excellent patient care in the future.	
8. If we do not retain system-wide leadership, for example, SRO for Cancer Alliance and influence the National Cancer Policy, we will not have the right influence on the strategic direction to deliver outstanding cancer services for the population of Cheshire & Merseyside.	
9. If we do not support and invest in entrepreneurial ideas and adapt to changes in national priorities and market conditions we will stifle innovative cancer services for the future.	
10. If we do not continually support, lead and prioritise improved quality, operational and financial performance, we will not provide safe, efficient and effective cancer services.	X

Equality & Diversity Impact Assessment		
Are there concerns that the policy/service could have an adverse impact on:	YES	NO
Age		X
Disability		X
Gender		X
Race		X
Sexual Orientation		X
Gender Reassignment		X
Religion/Belief		X
Pregnancy and Maternity		X

If YES to one or more of the above please add further detail and identify if a full impact assessment is require

Trust Board
31st March 2021

Financial Performance Report

1. Introduction

- 1.1 This paper provides a summary of the Trust's financial performance for February 2021, the eleventh month of the 2020-21 financial year.

Colleagues are asked to note the content of the report, and the associated risks.

2. Summary Financial Performance

- 2.1 For February the key financial headlines are:

Metric	In Mth 11 Actual	In Mth 11 Plan*	Variance	Risk RAG	YTD Actual	YTD Plan*	Variance	Risk RAG
Trust Surplus/ (Deficit) (£000)	161	79	82		357	(297)	654	
CPL/Propcare Surplus/ (Deficit) (£000)	(17)	0	(17)		455	0	455	
Control Total Surplus/ (Deficit) (£000)	144	79	65		812	(297)	1,109	
Cash holding (£000)	70,830	55,400	15,430		70,830	55,400	15,430	
Capital Expenditure (£000)	288	(50)	338		9,793	11,566	1,773	

*The plan for month 11 reflects the plan submission for M7-12 (22nd October 2020)

- 2.2 The Trust's funding for the remainder of the year as previously advised is a fixed allocation and includes amounts for both growth and Covid-19 costs. The funding continues to be routed through the Cheshire and Mersey HCP, with the HCP being required to achieve aggregate financial balance.

3. Operational Financial Profile – Income and Expenditure

3.1 Overall Income and Expenditure Position

- 3.1.1 The year to date consolidated financial position to the end of February is a surplus of £812k against a planned deficit of £(297)k. The year to date Trust position shows a surplus of £357k, against a planned deficit of £(297)k.
- 3.1.2 The table below summarises. Please see Appendix 1 for the more detailed Income & Expenditure position.

Metric (£000)	YTD Actual M11	Trust Plan YTD	Variance	Trust Annual Plan
Clinical Income	168,345	162,268	6,077	177,467
Other Income	14,257	15,878	(1,621)	17,421
Total Operating Income	182,602	178,146	4,456	194,888
Total Operating Expenditure	(177,426)	(174,125)	(3,301)	(191,018)
Operating Surplus	5,176	4,021	1,155	3,870
JV Profit	218	620	(402)	664
Finance Costs	(5,037)	(4,938)	(99)	(5,388)
Trust Surplus/Deficit	357	(297)	654	(854)
CPL/Propcare	455		455	
Consolidated Surplus/Deficit	812	(297)	1,109	(854)

3.1.3 The Trust was requested to provide a further forecast year-end position to the C&M Healthcare Partnership on 16th March. This required us to provide our estimate of our worst, most likely and best case scenarios. The figures we provided were (£0.3m) deficit, £0.6m surplus and a £1.8m surplus respectively. Previously the most likely scenario we reported was a £0.9m surplus, the reason for the reduction to £0.6m is that we have carried out an exercise to identify the likely value of the annual leave accrual at year-end and this has identified an increase of £0.3m from the existing accrual of £620k. The most likely scenario of a £0.6m surplus is based on the following:

- An continuation of improvement in private patient activity
- Pay underspend due to delays in recruitments to additional posts for the new hospital.
- Depreciation on new hospital equipment assets lower than planned
- Some contingencies relating to the new hospital move not materialising such as car parking costs.
- The additional Annual Leave costs mentioned above.

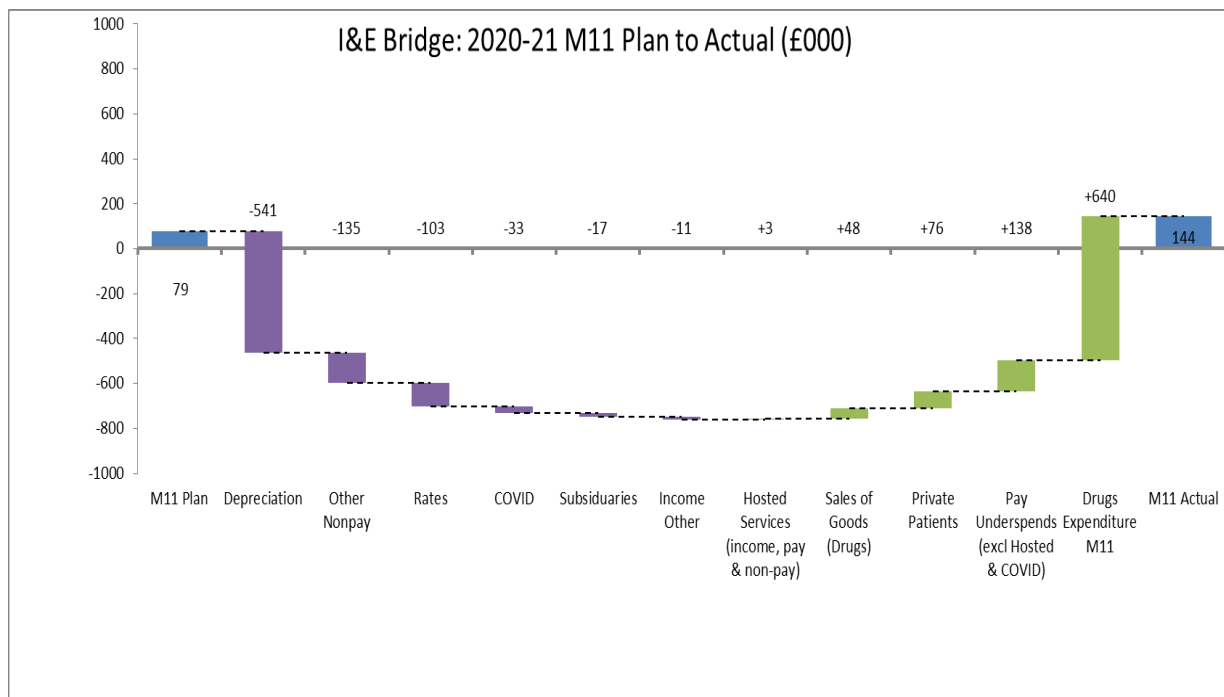
3.1.4 The table below summaries the consolidated financial position

February 2021 (11)	In Month Actual £'000s	YTD Actual £'000s
Trust Surplus/(Deficit)	55	(392)
Donated Depreciation	106	749
Trust Retained Surplus/(Deficit)	161	357
CPL	35	203
Propcare	(52)	252
Consolidated Financial Position	144	812

3.2 Expenditure position

3.2.1 The bridge below shows the key drivers between the in-month plan of £79k surplus against an actual surplus of £144k.

- Drug expenditure is £640k less than plan, however, this is offset with a reduction in income, as the arrangement for the recovery of high cost drugs has moved back to a pass through arrangement,
- Depreciation is £541k higher than plan, this includes a one-off non-recurrent charge in month of £608k cost relating to catch-up depreciation due to the re-assessment of the asset lives of GDE assets. This review was carried out to ensure these asset lives were consistent with other similar IT assets.
- Pay costs £138k under plan (excl. Cancer Alliance and COVID). Pay spend in terms of run rate is increasing due to substantive vacancies being filled, there was an increase in substantive wte of 14.9 compared to month 10. There is a slight reduction in bank spend in month 11.
- Other non-pay is showing an overspend of £135k, this relates to a number of small items.
- Additional COVID-19 costs in February were £33k



3.2.2 In terms of directorate budgetary performance, the February position is shown in the table below.

The cumulative directorate pay position for February shows that operational departments are operating with pay underspends on the whole, however, pay has increased in terms of run rate. Drugs spend is showing on one line and is showing an overall under spend of £649, offset by a reduction in income. In general, excluding drugs, the Directorates are near break-even against non- pay budgets, excluding our Corporate budgets which is where both the additional depreciation charged in month and the CCCL Rates additional costs are charged.

£000	Pay			Non-Pay			Total Expenditure
	Budget	Actual	Variance	Budget	Actual	Variance	Variance
Radiation Services	(1,769)	(1,778)	(9)	(378)	(392)	(14)	(24)
Chemotherapy	(1,153)	(1,107)	46	(845)	(855)	(11)	36
Integrated Care	(987)	(1,007)	(21)	(98)	(88)	10	(10)
Haemato-Oncology	(629)	(670)	(41)	(342)	(345)	(3)	(44)
Drugs - All	0	0	0	(6,012)	(5,371)	640	640
Research	(316)	(231)	85	(30)	(133)	(103)	(18)
Other / Corporate	(1,405)	(1,267)	138	(1,660)	(2,465)	(804)	(666)
Sub-Total Operating	(6,259)	(6,062)	198	(9,365)	(9,649)	(284)	(87)
Cancer Alliance	(134)	(181)	(47)	(429)	(507)	(78)	(125)
Non Operating Costs	0	0	0	(405)	(369)	36	36
TOTAL	(6,394)	(6,243)	151	(10,199)	(10,525)	(326)	(175)

20-21 Budget M11	WTE			M10 Actual
	Budget	Actual	Variance	
Radiation Services	323.57	318.21	5.36	312.70
Chemotherapy	265.44	246.18	19.26	237.17
Integrated Care	344.20	343.31	0.89	342.01
Haemato-Oncology	57.06	54.58	2.48	55.75
Research	73.95	58.58	15.37	58.51
Other / Corporate	402.70	408.58	(5.88)	411.03
TOTAL	1,466.92	1,429.44	37.48	1,417.17
Cancer Alliance	27.40	25.26	2.14	20.89
TOTAL	1,494.32	1,454.70	39.62	1,438.06
Of which Bank	0.00	47.02	(47.02)	45.18
Of which Substantive	1,494.32	1,407.68	86.64	1,392.88

3.3 Bank and Agency Reporting

Bank spend as at month 11 is £130k in month. This has decreased slightly since month 10. Agency spend in month is £107k which is a slight increase compared to previous months spend. See Appendix E for a breakdown of bank and agency spend.

3.4 Cost Improvement Programme (CIP)

3.5 As previously reported CIP was suspended for the first 6 months of the year. In line with the STP minimum requirement of 1.1% for the second half of the year a CIP requirement of £600k has been planned for the final 6 months of the year.

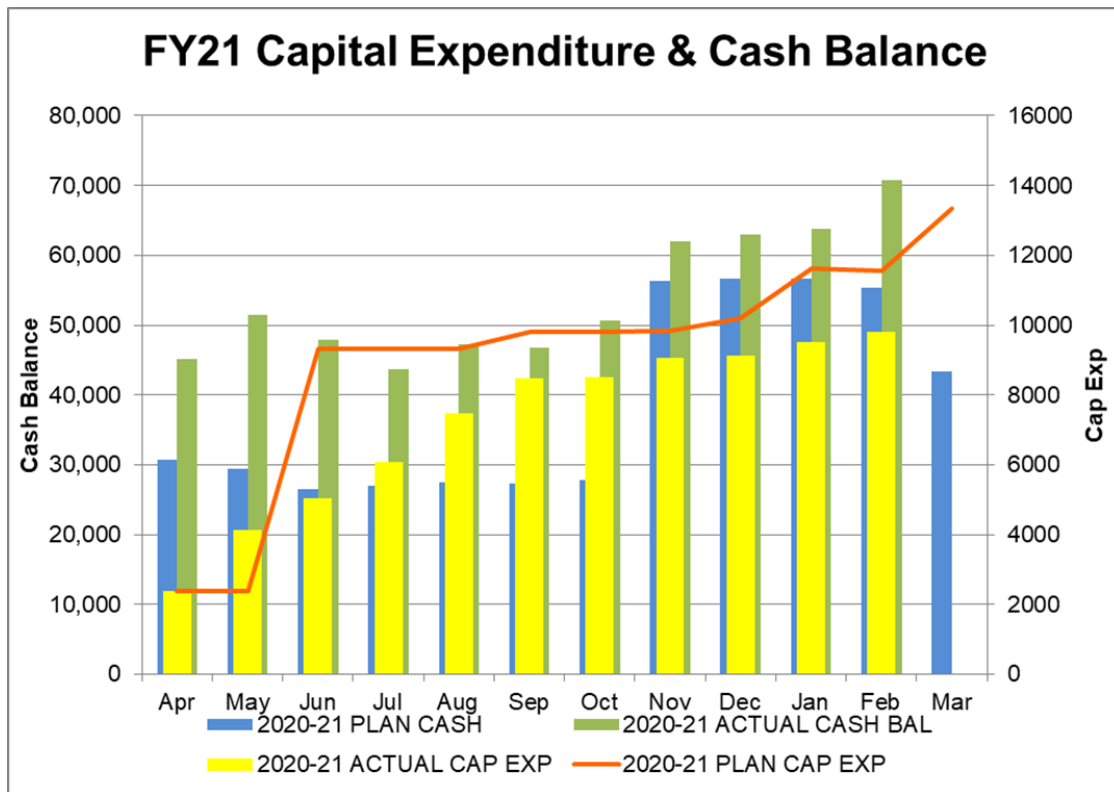
3.6 A detailed piece of work was undertaken earlier in the year to check confidence in delivery. This has been split into a scheme profile for October to March:

- CIP achieved £248k
- CIP budget underspends £356k

Overall, this gives a total delivery value of £604k, in line with the plan. The achieved schemes have been approved and transacted.

4. Cash and Capital

- 4.1 The original capital plan previously approved by the Board is £12.8m. It has since been revised to reflect additional National PDC funding received in year for agreed additional schemes. The latest plan submitted to NHSI is £13.7m.
- 4.2 Capital expenditure of £9.8m has been incurred to the end of February against the year to date plan of £11.6m. The underspend to date is due to the transfer of the Linear accelerators being treated as revenue rather than capital, this has been reported previously. The timing of both the GDE & Aspirant IM&T programmes are occurring later in the year than originally profiled, the same applies to the spend on the Cyclotron project. Significant spend has occurred in March to ensure that the schemes are achieved and the current forecast outturn is £14.1m. This is slightly higher than the revised plan but is in line with a request from the C&M HCP who have requested that where feasible to do so schemes for 2021/22 are brought forward due to an underspend across C&M of their Capital Resource Limit. He have brought forward the purchase of two items of equipment on this basis.
- 4.3 The capital programme is supported by the organisation's cash position. The Group has a current cash position of £70.8m, which is a positive variance of £15.4m to the cash-flow plan of £55.4m. Trust cash is higher than plan due to a combination of factors including the underspend on capital. In February the Trust also received cash of £7m from the Charity relating to the 2019/20 capital contribution to CCCL. Also significant debtor balances were clearing in February including £3.4m from the Isle of Man, £1.1m from Liverpool CCG and £0.5m from the private clinic.
- 4.4 The Balance Sheet (Statement of Financial Position) is included in Appendix B and Cashflow in Appendix C.



This chart shows monthly planned and actual Cash Balances and Planned Capital Expenditure for 2020-21. It shows that for February the Trust has more cash than planned.

5. Recommendations

5.1 The Trust Board is asked to note the contents of the report, with reference to:

- The updated forecast submission to the C&M Healthcare Partnership on 16th March with the most likely forecast outturn position of a £0.6m surplus.
- The continuing strong liquidity position of the Trust

Appendix A – Income & Expenditure (Statement of Comprehensive Income)

	Month 11			Cumulative YTD				Annual Plan (£000)
	Plan (£000)	Actual (£000)	Variance (£000)	Plan (£000)	Actual (£000)	Variance (£000)	%	
Clinical Income	15,107	15,274	167	162,268	168,345	6,077	4%	177,467
Other Income	698	644	(55)	6,346	8,289	1,942		7,023
Hosted Services	866	1,011	145	9,531	5,969	(3,563)		10,398
Total Operating Income	16,672	16,929	258	178,146	182,603	4,457	3%	194,888
Pay: Trust (excluding Hosted)	(5,935)	(5,823)	113	(60,728)	(58,437)	2,291		(66,875)
Pay: Hosted	(450)	(412)	38	(4,917)	(3,955)	962		(5,367)
Drugs expenditure	(6,012)	(5,371)	640	(64,463)	(66,637)	(2,174)		(70,474)
Other non-pay: Trust (excluding Hosted)	(3,331)	(4,153)	(823)	(38,968)	(45,447)	(6,479)		(42,794)
Non-pay: Hosted	(459)	(640)	(181)	(5,049)	(2,950)	2,098		(5,508)
Total Operating Expenditure	(16,187)	(16,399)	(213)	(174,125)	(177,427)	(3,301)	2%	(191,018)
Operating Surplus	485	530	45	4,021	5,176	1,155	29%	3,869
Profit /(Loss) from Joint Venture	44	44	0	620	218	(402)		664
Interest receivable (+)	8	399	391	90	4,486	4,396		98
Interest payable (-)	(57)	(411)	(355)	(622)	(5,122)	(4,499)		(679)
Finance Lease interest	(1)	0	1	(6)	(2)	4		(7)
PDC Dividends payable (-)	(400)	(400)	0	(4,400)	(4,400)	0		(4,800)
Trust Retained surplus/(deficit)	80	161	81	(298)	357	654	-220%	(854)
CPL/Propcare	0	(17)	(17)	0	455	455		0
Consolidated Surplus/(deficit)]	80	144	64	(298)	812	1,109	-220%	(854)

Appendix B – Balance Sheet (Statement of Financial Position)

	Audited 2020 (£000)	NHSI Plan 2021 (£000)	YTD Plan (£000)	Feb-21 Actual YTD (£000)	Variance (£000)
Non-current assets					
Intangible assets	2,143	1,857	1,929	1,882	(47)
Property, plant & equipment	205,907	177,462	177,559	177,760	201
Investments in associates	519	710	580	137	(443)
Other financial assets	124,317	-	-	-	-
Trade & other receivables	21	-	-	143	143
Other assets	-	-	-	1,351	1,351
Total non-current assets	332,908	180,029	180,068	181,273	1,205
Current assets					
Inventories	1,649	4,000	4,000	4,514	514
Trade & other receivables					
NHS receivables	19,301	20,000	20,000	4,822	(15,178)
Non-NHS receivables	25,800	8,000	8,000	5,420	(2,580)
Cash and cash equivalents	29,299	43,285	56,726	73,764	17,038
Total current assets	76,049	75,285	88,726	88,520	(206)
Current liabilities					
Trade & other payables					
Non-capital creditors	35,747	37,000	50,000	43,637	(6,363)
Capital creditors	7,157	1,000	1,000	348	(652)
Borrowings					
Loans	1,925	1,830	1,830	1,918	88
Obligations under finance leases	56	-	-	-	-
Provisions	233	500	500	482	(18)
Other liabilities:-					
Deferred income	2,900	2,000	2,000	7,192	5,192
Other	-	-	-	-	-
Total current liabilities	48,018	42,330	55,330	53,576	(1,754)
Total assets less current liabilities	360,939	212,984	213,464	242,963	29,499
Non-current liabilities					
Trade & other payables					
Capital creditors		500	500	970	470
Borrowings					
Loans	35,550	33,820	33,945	33,945	-
Obligations under finance leases	-	-	-	-	-
Other liabilities:-					
Deferred income	1,156	-	-	-	-
Provisions	121	-	-	-	-
PropCare liability	124,926	-	-	-	-
Total non current liabilities	161,754	34,320	34,445	34,914	469
Total net assets employed	199,185	178,664	179,019	181,302	2,283
Financed by (taxpayers' equity)					
Public Dividend Capital	60,819	65,457	65,457	65,457	(0)
Revaluation reserve	4,562	4,562	4,562	4,562	(0)
Income and expenditure reserve	133,804	108,645	109,000	111,284	2,284
Total taxpayers equity	199,185	178,664	179,019	181,303	2,284

Appendix C – Cash Flow Statement

Movement from 1st April 2020	Plan (£000)	Actual (£000)	Variance (£000)
Cash flows from operating activities:			
Operating surplus	(24,296)	(22,232)	2,064
Depreciation	5,832	7,048	1,216
Amortisation	214	261	47
Impairments	30,739	30,209	(530)
Movement in Trade Receivables	10,870	25,238	14,368
Movement in Other Assets	0	0	0
Movement in Inventories	(455)	(968)	(513)
Movement in Trade Payables	15,647	12,168	(3,479)
Movement in Other Liabilities	(900)	4,363	5,263
Movement in Provisions	165	147	(18)
CT paid	(174)	(345)	(171)
Net cash used in operating activities	37,642	55,889	18,247
Cash flows from investing activities			
Purchase of PPE	(23,062)	(19,123)	3,939
Purchase of Intangibles	0	0	0
Proceeds from sale of PPE	65	65	0
Interest received	58	35	(23)
Investment in associates	0	529	529
Net cash used in investing activities	(22,939)	(18,495)	4,444
Cash flows from financing activities			
Public dividend capital received	4,638	4,638	(0)
Public dividend capital repaid	(1,607)	0	1,607
Loans received	0	0	0
Movement in loans	0	(1,612)	(1,612)
Capital element of finance lease	(56)	(56)	0
Interest paid	(485)	(566)	(81)
Interest element of finance lease	(2)	(2)	(0)
PDC dividend paid	(1,200)	(4,400)	(3,200)
Finance lease - capital element repaid	0	0	0
Net cash used in financing activities	1,288	(1,999)	(3,287)
Net change in cash	15,991	35,396	19,405
Cash b/f	35,435	35,435	0
M7 adj for revised plan	5,300		(5,300)
Cash c/f	56,726	70,830	14,104

Appendix D – Capital

	Profile	NHSI plan Full year £000	Month 11 £000	Month 11 Actual £000	Variance £000	Forecast Full year £000
Estates						
DR X-ray room	Q1	40	40	0	-40	49
Cyclotron office area refurb		0	0	0	0	28
CCC-A Linacc Oak Refurb		0	0	0	0	47
CCC-W Crest refurb		0	0	29	29	124
Spine		0	0	16	16	296
Contingency	Q4	500	500	0	-500	0
		540	540	45	-495	544
Medical Equipment						
MRI (Liverpool)	Q1	632	632	564	-68	564
LinAcc transfer costs x4 (2020/21)	Q1	1,195	1,195	0	-1,195	0
X-ray (Liverpool)	Q1	153	153	153	0	153
HDR & Papillon transfer costs (Liverpool)	Q1	14	14	0	-14	0
DR X-ray room	Q1	180	180	11	-169	194
Minor medical equipment	Q2	100	100	0	-100	100
CCC-W HVX Replacement		0	0	0	0	240
Brachytherapy applicators		0	0	0	0	279
Contingency:						
- Endoscopic Camera System	Q3/4	0	0	11	11	11
- Brachy Line Applicator	Q3/4	0	0	30	30	30
- Omniboard Accessories	Q3/4	0	0	0	0	11
- Draeger IACS Monitoring with C700	Q3/4	0	0	15	15	53
- Replacement of Mobius 3D (SunCHECK)		0	0	22	22	22
- Ultrasound		0	0	0	0	82
- Unallocated	Q4	500	500	0	-500	0
Prior year schemes		0	0	-119	-119	-119
OPBT Equipment (Cyclotron)		1,149	0	50	50	1,149
		3,923	2,774	737	-2,037	2,769
IM&T						
Infrastructure		161	161	125	-36	125
GDE		651	651	123	-528	123
Digital Aspirant Programme		1,310	947	589	-358	589
Covid		0	0	0	0	0
Other minor programmes	Q1-4	104	87	0	-87	0
7 Home Reporting Workstations		52	0	0	0	52
Cyber Security Resilience		96	0	0	0	96
Ipads - Anytime Anywhere - Videoconf		20	0	0	0	20
		2,394	1,846	836	-1,010	1,005
Building for the Future						
Building works						
- Liverpool		3,234	3,234	5,038	1,804	5,038
- Wirral		1,200	800	0	-800	0
Group 3 equipment		2,310	2,310	2,251	-59	2,251
IM&T		62	62	886	824	886
Link bridge installation		0	0	0	0	1,600
	Q1	6,806	6,406	8,175	1,769	9,775
TOTAL		13,663	11,566	9,793	-1,773	14,092

Plan previously reported	12,806
- Less Digital Aspirant revenue funding previously included as capital	-460
- Plus Additional PDC funding approved for OPBT (Cyclotron)	1,149
- Plus Additional PDC funding approved for 7 Home Reporting Workstations	52
- Plus Additional PDC funding approved for Cyber Security Resilience	96
- Plus Additional PDC funding approved for Ipads - Anytime Anywhere - Videoconf	20
Revised plan	13,663

Appendix E – Bank and Agency Spend

