



Report Cover Sheet

Report to:	Trust Board	
Date of the Meeting:	24 February 2021	
Agenda Item:	P1-033-21	
Title:	Financial Report Month 10	
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 January 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		
	YES	NO
Are there concerns that the policy/service could have an adverse impact on:		
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
24th February 2021

Financial Performance Report

1. Introduction

1.1 This paper provides a summary of the Trust's financial performance for January 2021, the tenth 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 January the key financial headlines are:

Metric	In Mth 10 Actual	In Mth 10 Plan*	Variance	Risk RAG	YTD Actual	YTD Plan*	Variance	Risk RAG
Trust Surplus/ (Deficit) (£000)	491	(112)	603	Green	195	(377)	572	Green
CPL/Propcare Surplus/ (Deficit) (£000)	(1)	0	(1)	Green	472	0	472	Green
Control Total Surplus/ (Deficit) (£000)	490	(112)	602	Green	667	(377)	1,044	Green
Cash holding (£000)	63,734	56,139	7,595	Green	63,734	56,139	7,595	Green
Capital Expenditure (£000)	387	1,408	(1,021)	Yellow	9,505	11,616	2,111	Yellow

*The plan for month 10 reflects the plan submission for M7-12 (22nd October 2020)

2.2 The Trust's funding for the remainder of the year 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 December is a surplus of £667k against a planned deficit of £(377)k. The year to date Trust position shows a surplus of £195k, against a planned deficit of £(377)k.

3.1.2 The table below summarises. Please see Appendix 1 for the more detailed Income & Expenditure position.

Metric (£000)	YTD Actual M10	Trust Plan YTD	Variance	Trust Annual Plan
Clinical Income	153,401	147,836	5,565	178,466
Other Income	12,273	13,639	(1,366)	16,389
Total Operating Income	165,674	161,475	4,199	194,855
Total Operating Expenditure	(161,028)	(157,939)	(3,089)	(190,985)
Operating Surplus	4,646	3,536	1,110	3,870
Finance Costs	(4,451)	(3,913)	(538)	(4,724)
Trust Surplus/Deficit	195	(377)	572	(854)
CPL/Propcare	472		472	
Consolidated Surplus/Deficit	667	(377)	1,044	(854)

3.1.3 The Trust were requested to provide an updated forecast year end position to the C&M Healthcare Partnership on 29th January. This required us to provide our estimate of our worst, most likely and best case scenarios. The figures we provided were (£3m) deficit, £0.9m surplus and a £2.1m surplus respectively, this remains the same as the previously reported forecasts provided on 5th January. The assumptions made between the 29th January and 5th January submissions still hold. The most likely scenario which is a £0.9m surplus is based on the following:

- An improvement in private patient activity in Q3
- 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.

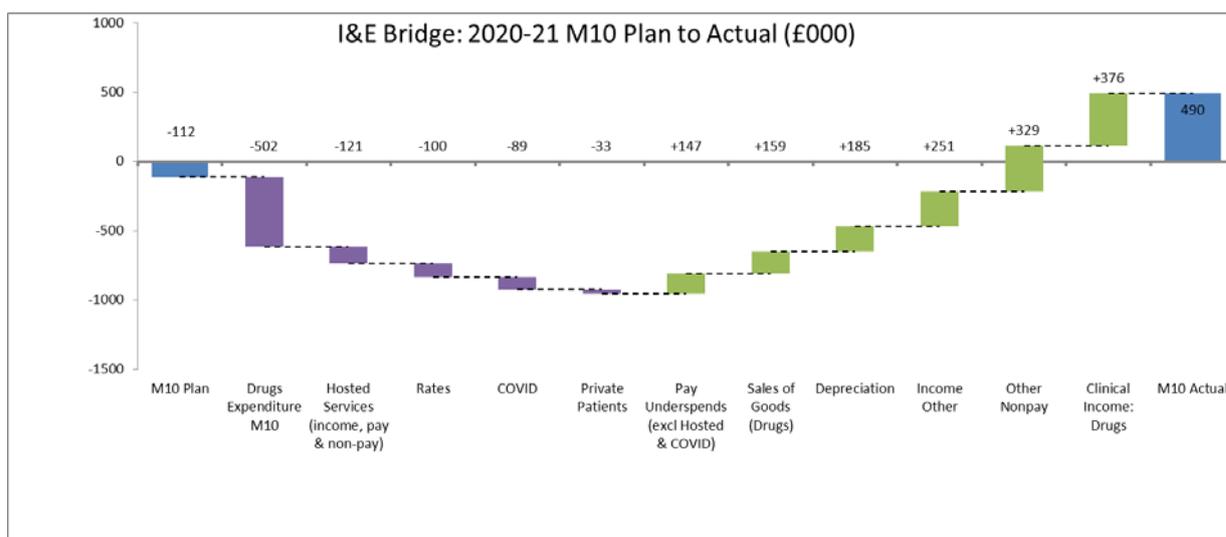
3.1.4 The table below summaries the consolidated financial position

January 2020 (10)	In Month Actual £'000s	YTD Actual £'000s
Trust Surplus/(Deficit)	385	(447)
Donated Depreciation	106	642
Trust Retained Surplus/(Deficit)	491	195
CPL	40	168
Propcare	(41)	304
Consolidated Financial Position	490	667

3.2 Expenditure position

3.2.1 The bridge below shows the key drivers between the in-month plan of £112k deficit against an actual surplus of £490k.

- Drug expenditure is £502k more than plan, however, this is offset with an over recovery of income, as the arrangement for the recovery of high cost drugs has moved back to a pass through arrangement,
- Depreciation is £185k lower than plan, this is a non-recurrent benefit and relates to the reassessment of a group of IT assets.
- Pay costs £147k under plan (excl hosted and COVID). Pay spend is increasing due to substantive vacancies being filled, there was an increase in substantive wte of 9.56 compared to month 9. There is a slight increase in bank spend in month 10.
- Other non-pay is showing an underspend of £329k, this included unused contingency.
- Additional COVID-19 costs in January were £89k



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

The Directorate pay position for Month 10 shows that operational departments are operating with pay underspends, however, pay has increased in terms of run rate. The level of underspend is expected to further erode over the final two months as posts are filled. Drugs spend is showing on one line and is showing an overall overspend of £502, offset by income. In general, excluding drugs, the Directorates are break even against non- pay budgets. CIP targets have been reviewed and corrected within budgets in line with new expectations in the plan for the final half of the year.

£000	Pay			Non-Pay			Total Expenditure
	Budget	Actual	Variance	Budget	Actual	Variance	Variance
Radiation Services	(1,603)	(1,613)	(10)	(360)	(380)	(20)	(29)
Chemotherapy	(1,040)	(972)	69	(837)	(864)	(27)	41
Integrated Care	(996)	(1,005)	(9)	(98)	(76)	22	13
Haemato-Oncology	(572)	(604)	(32)	(342)	(294)	48	16
Drugs - All	0	0	0	(6,012)	(6,513)	(502)	(502)
Research	(328)	(256)	72	(30)	(35)	(5)	68
Other / Corporate	(1,377)	(1,286)	91	(1,977)	(2,117)	(141)	(50)
Sub-Total Operating	(5,917)	(5,736)	181	(9,656)	(10,280)	(624)	(443)
Cancer Alliance	(134)	(103)	31	(429)	(266)	163	194
Non Operating Costs	0	0	0	(405)	(446)	(41)	(41)
TOTAL	(6,051)	(5,839)	212	(10,489)	(10,992)	(502)	(290)

20-21 Budget M10	WTE			M9 Actual
	Budget	Actual	Variance	
Radiation Services	323.57	312.70	10.87	311.53
Chemotherapy	265.44	237.17	28.27	236.17
Integrated Care	344.20	342.01	2.19	339.32
Haemato-Oncology	57.06	55.75	1.31	53.38
Research	73.95	58.51	15.44	59.73
Other / Corporate	402.70	411.03	(8.33)	407.62
TOTAL	1,466.92	1,417.17	49.75	1,407.75
Cancer Alliance	27.40	20.89	6.51	19.05
TOTAL	1,494.32	1,438.06	56.26	1,426.80
Of which Bank	0.00	45.18	(45.18)	43.48
Of which Substantive	1,494.32	1,392.88	101.44	1,383.32

3.3 Bank and Agency Reporting

Bank spend as at month 10 is £130k in month. This has increased in compared to previous months, with average monthly spend of £117k over the past 3 months. This was expected as sickness increased due to the current COVID situation. Agency spend in month is £89k which is in line with 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 has been undertaken 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.

3.7 The achieved scheme recurrent/non-recurrent profile is included in the table below.

Achievement Profile	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	M7-12 Total
Non Recurrent	(12,946)	(12,946)	(12,946)	(12,946)	(12,946)	(12,946)	(77,674)
Recurrent	(28,371)	(28,371)	(28,371)	(28,371)	(28,371)	(28,023)	(169,878)
Total Achieved	(41,317)	(41,317)	(41,317)	(41,317)	(41,317)	(40,969)	(247,552)
Budget Underspend	(59,720)	(59,327)	(59,720)	(58,933)	(58,933)	(60,116)	(356,747)
Total Forecast Achievement	(101,036)	(100,643)	(101,036)	(100,249)	(100,249)	(101,084)	(604,299)

4. Cash and Capital

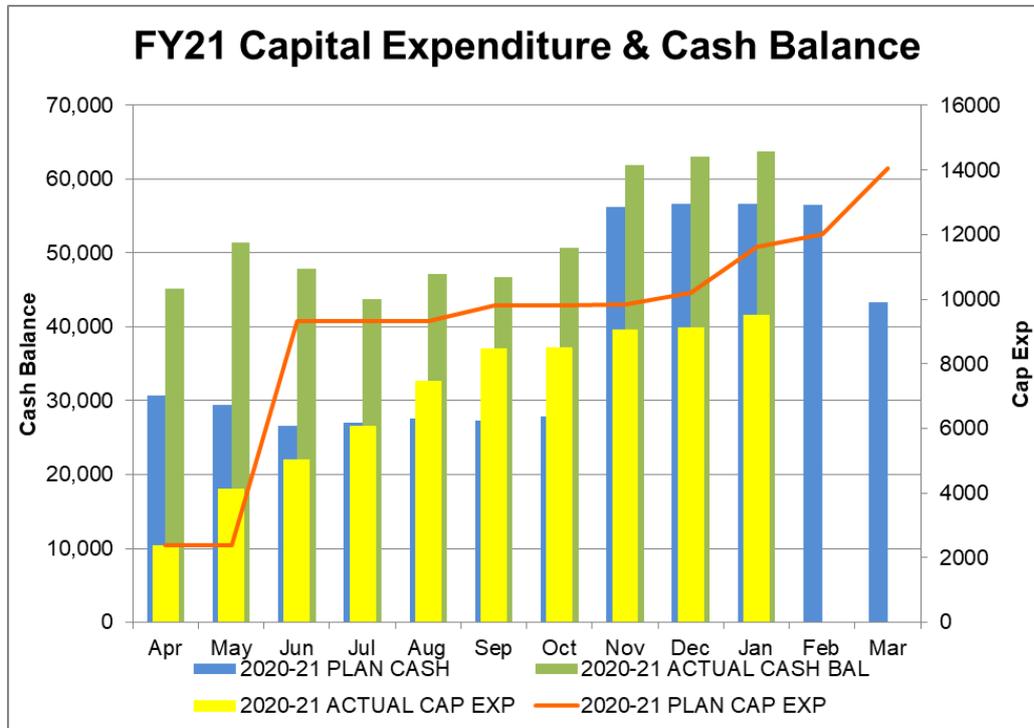
4.1 The original capital plan previously approved by the Board is £12.8m. It has since been revised to reflect changes in PDC funding, and the latest plan submitted to NHSI is £13.5m.

4.2 Capital expenditure of £9.5m has been incurred to the end of January against the year to date plan of £11.6m. This underspend is due to the transfer of the Linear accelerators being treated as revenue rather than capital. Also, an underspend to date on the GDE / Aspirant IM&T programmes, although a large number of orders have been placed in early February.

4.3 The capital programme is supported by the organisation's cash position. The Group has a current cash position of £63.7m, which is a positive variance of £7.0m to the cash-flow

plan of £56.7m. Trust cash is higher than plan due to a combination of factors including the underspend on capital.

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 January the Trust has more cash than planned.

5. Balance Sheet Commentary

5.1 Current assets

NHS Receivables, favourable variance of £10.9m. This is due in the main to the change in payment arrangements this year meaning we have less invoiced income to NHSE in year.

5.2 Current liabilities

Non-capital creditors, favourable variance of £3.9m. This is due to a number of historic issues / queries being resolved and payment being made.

Deferred Income £4.9m adverse variance. The main area which has increases is Cancer Alliance funding held, which has been re-profiled in month.

6. Recommendations

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

- The updated forecast submission on 29^h January with the likely case of £0.9m surplus.
- The continuing strong liquidity position of the Trust

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

	Month 10			Cumulative YTD				Annual Plan (£000)
	Plan (£000)	Actual (£000)	Variance (£000)	Plan (£000)	Actual (£000)	Variance (£000)	%	
Clinical Income	15,256	16,029	773	147,863	153,401	5,537	4%	178,466
Other Income	531	809	278	4,946	7,316	2,370		5,991
Hosted Services	866	483	(383)	8,665	4,957	(3,708)		10,398
Total Operating Income	16,654	17,322	668	161,475	165,674	4,199	3%	194,855
Pay: Trust (excluding Hosted)	(5,581)	(5,471)	110	(54,793)	(52,615)	2,178		(66,511)
Pay: Hosted	(463)	(359)	104	(4,467)	(3,543)	924		(5,367)
Drugs expenditure	(6,012)	(6,513)	(502)	(58,451)	(61,265)	(2,814)		(70,474)
Other non-pay: Trust (excluding Hosted)	(3,846)	(3,741)	105	(35,637)	(41,294)	(5,657)		(43,125)
Non-pay: Hosted	(459)	(301)	158	(4,590)	(2,311)	2,279		(5,508)
Total Operating Expenditure	(16,360)	(16,385)	(25)	(157,938)	(161,028)	(3,090)	2%	(190,986)
Operating Surplus	294	937	643	3,536	4,646	1,109	31%	3,869
Profit /(Loss) from Joint Venture	44	(28)	(72)	577	175	(402)		664
Interest receivable (+)	8	399	391	82	4,087	4,006		98
Interest payable (-)	(57)	(416)	(360)	(566)	(4,710)	(4,144)		(679)
Finance Lease interest	(1)	0	1	(5)	(2)	3		(7)
PDC Dividends payable (-)	(400)	(400)	0	(4,000)	(4,000)	0		(4,800)
Trust Retained surplus/(deficit)	(112)	491	603	(377)	195	572	-152%	(854)
CPL/Propcare	0	(1)	(1)	0	472	472		0
Consolidated Surplus/(deficit)]	(112)	490	602	(377)	667	1,044	-152%	(854)

Appendix B – Balance Sheet (Statement of Financial Position)

	Audited 2020 (£000)	NHSI Plan 2021 (£000)	YTD Plan (£000)	Jan-21 Actual YTD (£000)	Variance (£000)
Non-current assets					
Intangible assets	2,143	1,857	1,929	1,906	(23)
Property, plant & equipment	205,907	177,462	177,559	178,822	1,263
Investments in associates	519	710	580	93	(487)
Other financial assets	124,317	-	-	-	-
Trade & other receivables	21	-	-	147	147
Other assets	-	-	-	-	-
Total non-current assets	332,908	180,029	180,068	180,969	901
Current assets					
Inventories	1,649	4,000	4,000	4,372	372
Trade & other receivables					
NHS receivables	19,301	20,000	20,000	9,036	(10,964)
Non-NHS receivables	25,800	8,000	8,000	9,896	1,896
Cash and cash equivalents	29,299	43,285	56,726	63,734	7,008
Total current assets	76,049	75,285	88,726	87,038	(1,688)
Current liabilities					
Trade & other payables					
Non-capital creditors	35,747	37,000	50,000	46,081	(3,919)
Capital creditors	7,157	1,000	1,000	623	(377)
Borrowings					
Loans	1,925	1,830	1,830	1,871	41
Obligations under finance leases	56	-	-	-	-
Provisions	233	500	500	476	(24)
Other liabilities:-					
Deferred income	2,900	2,000	2,000	6,863	4,863
Other	-	-	-	-	-
Total current liabilities	48,018	42,330	55,330	55,913	583
Total assets less current liabilities	360,939	212,984	213,464	212,093	(1,371)
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	177,180	(1,839)
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	102,536	(6,464)
Total taxpayers equity	199,185	178,664	179,019	177,180	(1,839)

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)	(25,716)	(1,420)
Depreciation	5,832	5,698	(134)
Amortisation	214	237	23
Impairments	30,739	30,209	(530)
Movement in Trade Receivables	10,870	19,791	8,921
Movement in Other Assets	0	0	0
Movement in Inventories	(455)	(826)	(371)
Movement in Trade Payables	15,647	14,614	(1,033)
Movement in Other Liabilities	(900)	4,022	4,922
Movement in Provisions	165	141	(24)
CT paid	(174)	(171)	3
Net cash used in operating activities	37,642	48,001	10,359
Cash flows from investing activities			
Purchase of PPE	(23,062)	(18,730)	4,332
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)	(18,101)	4,838
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	(1,659)	(1,659)
Capital element of finance lease	(56)	(56)	0
Interest paid	(485)	(520)	(35)
Interest element of finance lease	(2)	(2)	(0)
PDC dividend paid	(1,200)	(4,000)	(2,800)
Finance lease - capital element repaid	0	0	0
Net cash used in financing activities	1,288	(1,599)	(2,887)
Net change in cash	15,991	28,301	12,310
Cash b/f	35,435	35,435	0
M7 adj for revised plan	5,300		(5,300)
Cash c/f	56,726	63,734	7,008

Appendix D – Capital

	Profile	NHSI plan		Month 10		Forecast	
		Full year £000	Month 10 £000	Actual £000	Variance £000	Profile	Full year £000
Estates							
DR X-ray room	Q1	40	40	0	-40		40
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	0	0		90
Contingency	Q4	500	500	0	-500		235
		540	540	0	-540		440
Medical Equipment							
MRI (Liverpool)	Q1	632	632	564	-68		564
LinAcc transfer costs x4 (2020/21)	Q1	1,195	1,195	-5	-1,200		-5
X-ray (Liverpool)	Q1	153	153	152	-1		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		294
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		16
- Draeger IACS Monitoring with C700	Q3/4	0	0	15	15		53
- Replacement of Mobius 3D (SunCHECK)		0	0	19	19		28
- Ultrasound				0	0		82
- Unallocated	Q4	500	500	0	-500		213
Prior year schemes		0	0	-114	-114		-114
OPBT Equipment (Cyclotron)		1,149	0	0	0		1,149
		3,923	2,774	683	-2,091		3,008
IM&T							
Infrastructure		161	161	112	-49		161
GDE		651	651	148	-503		651
Digital Aspirant Programme		1,310	947	387	-560		1,310
Covid		0	0	0	0		0
Other minor programmes	Q1-4	104	78	0	-78		104
7 Home Reporting Workstations		52	0	0	0		52
		2,278	1,837	648	-1,189		2,278
Building for the Future							
Building works							
- Liverpool		3,234	3,234	5,072	1,838		5,072
- Wirral		1,200	400	0	-400		0
Group 3 equipment		2,310	2,310	2,216	-94		2,216
IM&T		62	62	886	824		886
	Q1	6,806	6,006	8,175	2,169		8,175
TOTAL		13,547	11,157	9,505	-1,652		13,900

Appendix E – Bank and Agency Spend

