

BOARD OF DIRECTORS MEETING

Agenda Item	P1-160-17	5th July 2017
Subject /title	Finance Report - Month 2	
Author	Paul Corbett, Assistant Director of Finance	
Responsible Director	Yvonne Bottomley, Deputy Chief Executive / Finance Director	
Executive summary and key issues for discussion		
<p>This report and the attached appendices detail the financial performance of the Trust for the first two months of the financial year.</p> <p>The Trust is reporting a deficit of £51k against a planned deficit of £154k, a favourable variance of £103k.</p> <p>The main drivers behind the reduced deficit are an underspend of £360k against Pay relating to vacancies across the Trust, additional loan note interest of £35k from Clatterbridge Private Clinic, which are offset by an overspend of £293k on drug expenditure.</p> <p>Areas to note include:</p> <p><u>Activity data</u></p> <p>Due to problems with both timing of data being available, and data accuracy, clinical income has been estimated based on plan for month 1 and 2, so therefore there are no variances. Although the full clinical data set is not available at the time of reporting, actual drug income is available, and has been confirmed as being slightly ahead of plan. The reconciliation of clinical data is ongoing and an update will be provided at the board meeting.</p> <p>A contract has been signed for 2017/18 – 2018/19 with NHS England – Specialised Commissioning. Discussions are ongoing with CCGs as to whether contracts should be based on 2016-17 plan or outturn.</p> <p>At the CCC extraordinary board meeting, held on 28 June 2017, the transfer of Haemato-oncology services from the Royal Liverpool University Hospital (RLUH) to CCC was approved. The board minute relating to this approval has been forwarded to the RLUH which will allow Specialised Commissioning and other CCG's to action a contract reduction with the RLUH for this service. Once this has been actioned a contract variation will be made to CCC's contract for the transfer of this service.</p> <p><u>Capital</u></p> <p>Capital expenditure is £1,375k against a plan of £6,758k, a variance of £5,383k. This spend relates to Building for the Future (£275k), Papillion (£184k) and EPR (£916k). The underspend to date is due to the phasing of Building for the Future.</p> <p><u>Cost Improvement Programme</u></p> <p>At month 2, the CIP programme has achieved savings of £251k, which is £53k below plan.</p>		

Agency spend

The Trust has been issued with a 'cap' for 2017-18 of £1.2m by NHS Improvement, This is the same as 2016-17.

In May, agency spend was £0.060m, which is below the monthly run rate of £0.100m. Overall pay costs remain within the planned budget. The Workforce Redesign Group, continue to review all Trust vacancies and improving controls for the use of agency staff.

Control Total

The Trust has delivered against its control total of (£532k), with an actual year to date comparator of £113k.

All other key indicators are above target or within acceptable limits.

Strategic context and background papers (if relevant)

Delivery of financial plans and complying with NHS Improvements Risk Assessment Framework.

Recommendations

The Board are requested to:

- Note the satisfactory financial performance and planned deficit for month 2.
- Note the overall financial risk rating of a 1 under the risk assessment framework,
- Note the Trust has delivered its NHSI control total of (£532k), with an actual year to date comparator of £113k.

N/A

Link to CQC Regulations

Regulation 12: Safe Care and Treatment

Resource Implications

N/A

Key communication points (internal and external)

N/A

Freedom of Information Status

FOI exemptions must be applied to specific information within documents, rather than documents as a whole. Only if the redaction renders the rest of the document non-sensical should the document itself be redacted.

Application Exemptions:

- **Prejudice to effective conduct of public affairs**
- **Personal Information**
- **Info provided in confidence**
- **Commercial interests**
- **Info intended for future publication**

Please tick the appropriate box below:

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X
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A. This document is for full publication

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IMPORTANT:

If you have chosen B above, highlight the information that is to be redacted within the document, for subsequent removal.

Confirm to the Trust Secretary, which applicable exemption(s) apply to the whole document or highlighted sections.

Equality & Diversity impact assessment		
Are there concerns that the policy/service could have an adverse impact because of:	Yes	No
Age		√
Disability		√
Sex (gender)		√
Race		√
Sexual Orientation		√
Gender reassignment		√
Religion / Belief		√
Pregnancy and maternity		√
Civil Partnership & Marriage		√
If YES to one or more of the above please add further detail and identify if full impact assessment is required.		
Next steps		
N/A		
Appendices		
Appendix 1 Statement of Comprehensive Income		
Appendix 2 Statement of Financial Position		
Appendix 3 SOPF & cash flow		

Corporate Objectives supported by this report

Improving Quality		Maintaining financial sustainability	√
Transforming how cancer care is provided across the Network		Continuous improvement and innovation	
Research		Generating Intelligence	

Link to the NHS Constitution

Patients		Staff	
Access to health care		<i>Working environment</i> Flexible opportunities, healthy and safe working conditions, staff support	
Quality of care and environment		<i>Being heard:</i> <ul style="list-style-type: none"> Involved and represented Able to raise grievances Able to make suggestions Able to raise concerns and complaints 	
Nationally approved treatments, drugs and programmes			
Respect, consent and confidentiality			
Informed choice		Fair pay and contracts, clear roles and responsibilities	
Involvement in your healthcare and in the NHS		Personal and professional development	
Complaint and redress		Treated fairly and equally	

THE CLATTERBRIDGE CANCER CENTRE

TITLE: FINANCE REPORT FOR MONTH 2– 2017-18

AUTHOR: PAUL CORBETT, ASSISTANT DIRECTOR OF FINANCE

RESPONSIBLE DIRECTOR: YVONNE BOTTOMLEY, DEPUTY CHIEF EXECUTIVE/
FINANCE DIRECTOR

FOR: DISCUSSION / DECISION

1. Executive Summary

This report and the attached appendices detail the financial performance of the Trust for the first two months of the financial year.

The Trust is reporting a deficit of £51k against a planned deficit of £154k, a favourable variance of £103k. The main drivers behind the reduced deficit are an underspend of £360k against pay relating to vacancies across the Trust, additional loan note interest of £35k from Clatterbridge Private Clinic, which are offset by an overspend of £293k on drug expenditure.

Due to problems with both timing of data being available, and data accuracy, clinical income has been estimated based on plan for month 1 and 2, so therefore there are no variances. Although the full clinical data set is not available at the time of reporting, actual drug income is available, and has been confirmed as being slightly ahead of plan. The reconciliation of clinical data is ongoing and an update will be provided at the board meeting.

The Trust had planned for a deficit in months 1 and 2 (as there were only 18 working days in month 1 due to two bank holidays over the Easter period), with the expectation that the Trust will move into surplus in month 3.

The CIP programme has achieved savings of £251k, which is £53k below plan.

Capital expenditure is £1,375k against a plan of £6,758k. The underspend is due to the phasing of expenditure for Building for the Future.

A contract has been signed for 2017/18 – 2018/19 with NHS England – Specialised Commissioning. Discussions are ongoing with CCGs as to whether contracts should be based on 2016-17 plan or outturn.

At the CCC extraordinary board meeting, held on 28 June 2017, the transfer of Haematology services from the Royal Liverpool University Hospital (RLUH) to CCC was approved. The board minute relating to this approval has been forwarded to the RLUH which will allow Specialised Commissioning and other CCG's to action a contract reduction with the RLUH for this service. Once this has been actioned a contract variation

will be made to CCC's contract for the transfer of this service. An update will be provided at the board meeting.

All other key indicators are above target or within acceptable limits.

2. Key Financial Performance Indicators

KEY: Better than target	Green
Below target	Red
Below target but within acceptable limits	Amber

Key Indicator	
EBITDA surplus of £1,177k vs a planned surplus of £1,144k	Green
EBITDA margin of 6.6% vs a planned margin of 6.4%	Green
Net deficit of £51k vs a planned deficit of £154k	Green
Net I&E margin of -0.3% vs a planned margin of -0.9% (excludes impairments per NHS Improvement risk assessment framework)	Green
Total Operating Income below plan by £37k	Amber
Total Contracted activity(excluding drugs) estimated in month 1	
Total expenditure is underspent by £70k	Green
Total expenditure excluding drug variance is underspent by £363k	Green
Actual CIP achieved £251k against a plan of £304k	Amber
Capital expenditure at £1,375k against a plan of £6,758k	Amber
Cash balances at £59,075k are £6,009k below planned balances of £65,084k	Amber
Liquidity ratio of 212 days vs plan of 214 days	Amber
Debtors > £5k and 90 days £374k	Amber
Non NHS Creditors > 90 days £81k	Amber
Use of resources – risk rating of 1	Green

EBITDA - The Trust is reporting an operating surplus (before Depreciation, Public Dividend Capital and Interest) in month 2 of £1,177k, against a plan of £1,144k, a favourable variance of £33k.

EBITDA Margin (%) The Trust is reporting an operating margin at month 2 of 6.6%, against a plan of 6.4%.

Activity

Overall clinical activity performance

Due to problems with both timing of data being available, and data accuracy, clinical income has been estimated based on plan for month 1 and 2, so therefore there are no variances. Although the full clinical data set is not available at the time of reporting, actual drug income is available, and has been confirmed as being slightly ahead of plan.

The reconciliation of clinical data is ongoing and an update will be provided at the board meeting.

Operating Expenditure

Total operating expenditure is underspent by £70k, of which £460k relates to an underspend on pay which is offset by an overspend on non pay of £98k and drugs of £293k.

Capital Programme

Capital expenditure is £1,375k against a plan of £6,758k, a variance of £5,383k. This spend relates to Building for the Future (£275k), Papillion (£184k) and EPR (£916k). The underspend to date is due to the phasing of Building for the Future.

Cost Improvement Programme

At month 2, the CIP programme has achieved savings of £251k, which is £53k below plan (recurrent CIP £43k below plan, non-recurrent CIP £10k below plan).

Other Metrics

There is a total of £374k of debts which are greater than £5k and over 90 days old; this represents 12.11% (April £572k or 15.89%) of the total debtors on the Balance Sheet as at 31 May 2017. This is split between NHS Debts of £154k and Non NHS debts of £220k, which relate mainly to debts within R&D where data relating to clinical trials is being validated and recharges to other NHS hospitals. The Finance team are working to chase all outstanding debts.

The Trust holds **cash** at the end of month 2 of £59.1 million, which is £6.0m below plan. The main reason cash is below plan is following negotiations with the Royal Liverpool University Hospital, the Trust paid £10m upfront in late March 2017 to secure future cash flows for the newly acquired Haemato-oncology service. This is offset by an underspend against the capital programme of circa £5m.

Under the **Public Sector Payment Policy**, performance for May Non NHS suppliers is 94% in terms of volume and 97% in terms of value. The Trust's target is 95%. All obvious invoices in query or in dispute have been excluded from the calculation.

NHS Improvement - Risk Assessment Framework

The NHSI risk ratings comprises of 5 metrics, each with an equal weighting (a rating of 1 being the best and a rating of 4 being the worst). They are; Capital Service Cover, Liquidity, I&E Margin, I&E Margin Variance and Agency spend.

Under the framework, the Trust has an overall risk rating of '1' for its 2017/18 plan. Actual performance based on month 2 data, compared to the submitted NHSI Trust plan, is:

- Capital Service Cover – rating of 2
- Liquidity – rating of 1
- I&E Margin – rating of 2

- I&E Margin Variance – rating of 1
- Agency spend - rating of 1

Overall the risk rating for the Trust remains at 1.

The Capital Service Cover and I&E Margin both have a rating of 2 because of the planned deficit. This will improve in month 3 as the Trust is expected to move into surplus.

Agency Spend

The Trust has been issued with a ‘cap’ for 2017-18 of £1.2m by NHS Improvement, This is the same as 2016-17.

In May, agency spend was £0.060m, which is below the monthly run rate of £0.100m. Overall pay costs remain within the planned budget. The Workforce Redesign Group, continue to review all Trust vacancies and improving controls for the use of agency staff.

Control total – NHS Improvement

The Trust has delivered against its control total of (£532k), with an actual year to date comparator of £113k.

Financial Metrics after “normalising” cash balances

Source	£k
Net surplus	(51)
Cash Balances	£8m
Liquidity	28 days
Use of Resources	1

After “normalising” the significant cash holding relating to TCC, the Trust would still have a risk rating of 1 under the financial metrics.

Group position

The consolidated surplus at month 2 is £187k.

The Clatterbridge Cancer Centre Group Accounts:	£k
The Clatterbridge Cancer Centre NHS Foundation Trust	(51)
The Clatterbridge Cancer Charity	156
The Clatterbridge Pharmacy Ltd	67
Clatterbridge Prop Care Services Ltd	15
Total Group Surplus	187

There are no other major/critical issues to report this month.

Recommendations

- Note the satisfactory financial performance and planned deficit for month 2.
- Note the overall financial risk rating of a 1 under the risk assessment framework,
- Note the Trust has delivered its NHSI control total of (£532k), with an actual year to date comparator of £113k.

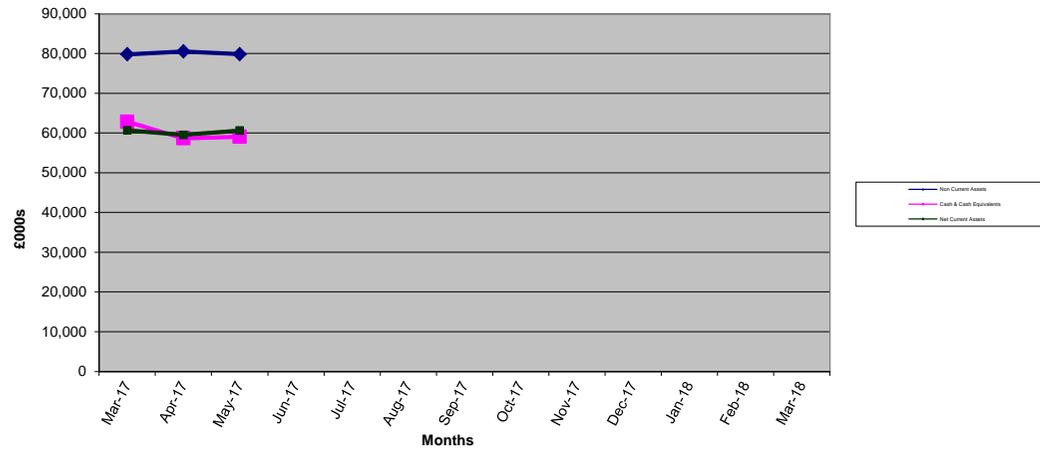
STATEMENT OF COMPREHENSIVE INCOME
2017-18

	NHSI Original Plan £k	May 2017			Cumulative YTD			
		Plan £k	Actual £k	Variance £k	Plan £k	Actual £k	Variance £k	%
Clinical Income	103,980	8,699	8,686	(13)	16,176	16,148	(29)	-0.2%
Other Income	10,490	815	897	82	1,692	1,684	(8)	-6.3%
Total Operating Income	114,470	9,514	9,583	69	17,869	17,832	(37)	-0.2%
Pay expenditure	(46,990)	(3,870)	(3,724)	147	(7,833)	(7,372)	460	-98.4%
Non-pay expenditure	(55,709)	(4,676)	(4,854)	(179)	(8,892)	(9,282)	(391)	36.2%
Total Operating Expenditure	(102,699)	(8,546)	(8,578)	(32)	(16,725)	(16,655)	70	-0.4%
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	11,771	968	1,005	37	1,144	1,177	33	2.9%
Financing	(7,957)	(635)	(596)	39	(1,298)	(1,228)	70	130.1%
Retained surplus/(deficit)	3,814	333	409	76	(154)	(51)	103	-66.7%
NET I&E Margin (%)	3.3%	3.5%	4.3%	0.8%	-0.9%	-0.3%	0.6%	-66.6%
EBITDA Margin (%)	10.3%	10.2%	10.5%	0.3%	6.4%	6.6%	0.2%	3.1%

**STATEMENT OF FINANCIAL POSITION
2017-18**

	Pre Audit 2017 £k	NHSI Plan 2018 £k	YTD Plan	Apr-17 Actual YTD £k	Variance £k	YTD Plan	May-17 Actual YTD £k	Variance £k
Non-current assets								
Property, plant & equipment	67,842	108,367	71,832	68,567	(3,265)	74,831	68,460	(6,371)
Intangible assets	682	682	682	675	(7)	682	668	(14)
Investments in associates	895	401	401	895	494	401	331	(70)
Prepayments	6,649	262	262	10,376	10,114	262	10,360	10,098
Total non-current assets	76,068	109,712	73,177	80,513	7,336	76,176	79,820	3,644
Current assets								
Inventories	898	800	800	1,027	227	800	944	144
Trade & other receivables:-	18,709	9,286	8,477	14,879	6,402	8,550	15,113	6,563
Cash and cash equivalents	62,830	35,903	67,388	58,661	(8,727)	65,084	59,075	(6,009)
Total current assets	82,437	45,989	76,665	74,566	(2,099)	74,434	75,133	699
Current liabilities								
Trade & other payables	13,932	11,571	10,251	10,957	706	10,674	11,155	481
Other liabilities	3,713	762	744	3,723	2,979	746	2,989	2,243
Borrowings	299	250	250	299	49	250	299	49
Provisions	60	-	-	60	60	-	60	60
Total current liabilities	18,004	12,583	11,245	15,039	3,794	11,670	14,503	2,833
Total assets less current liabilities	140,501	143,118	138,597	140,040	1,443	138,940	140,449	1,509
Non-current liabilities								
Borrowings	3,160	2,750	3,000	3,160	160	3,000	3,160	160
Total non current liabilities	3,160	2,750	3,000	3,160	160	3,000	3,160	160
Total net assets employed	137,341	140,368	135,597	136,881	1,284	135,940	137,290	1,350
Financed by (taxpayers' equity)								
Public Dividend Capital	22,197	22,197	22,197	22,197	(0)	22,197	22,197	(0)
Revaluation reserve	3,584	3,896	3,896	3,584	(312)	3,896	3,584	(312)
Income and expenditure reserve	111,561	114,275	109,504	111,100	1,596	109,847	111,509	1,662
Total taxpayers equity	137,341	140,368	135,597	136,881	1,284	135,940	137,290	1,350

Statement of Financial Position 2017-18



Note:

- 1) Non current assets include:land,buildings, medical equipment,IM&T & motor vehicles
- 2) Net current assets include:current assets of debtors, pre-payments,accrued income and cash less current liabilities of creditors,accruals,loans & provisions.

Forecast vs Actual Cash Balances 2017-18

