

## BOARD OF DIRECTORS MEETING

Agenda Item	P1-010-18	Date: 7 <sup>th</sup> February 2018
Subject /title	Finance Report - Month 9	
Author	Paul Corbett, Assistant Director of Finance	
Responsible Director	Yvonne Bottomley, Deputy Chief Executive / Finance Director	
Executive summary and key issues for discussion		
This report and the attached appendices detail the financial performance of the Trust and of the Group (including the Charity) for the first nine months of the financial year.		
Areas to note include:		
<ul style="list-style-type: none"><li>• A group surplus (Including Charity) of £4,296k against a plan of £4,448k.</li><li>• A Trust surplus of £2,856k against a planned surplus of £2,746k, a favourable variance of £110k.</li><li>• The Trust has delivered against its control total of £2,711k, with an actual year to date comparator of £3,281k.</li><li>• Although overall solid tumour clinical activity (excluding drugs and HO) remains above plan (being £623k (or 1.3%) above plan), Radiotherapy and Admitted Patient Care income remain below plan.</li><li>• Clinical activity for Haemato-Oncology (HO) is above plan, being £321k or (5.6%) above plan. However the contribution from HO remains below expected levels primarily due to drug expend.</li><li>• The CIP programme has achieved savings of £1,450k, which is £83k above plan.</li><li>• Capital expenditure is £13,290k against a plan of £31,497k. The revised year end forecast is £21,424k and the Trust is on target to deliver this.</li><li>• Agency spend is well within the NHSI cap (actual expend of £534k against the cap of £916k). However due to the use of temporary medical staff the year end target to reduce outturn locums spend will not be achieved.</li><li>• The forecast surplus for the Trust remains at £3,814k</li></ul>		
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.		

### Recommended Resolution

- Note the satisfactory financial performance and surplus for month 9
- Note the overall financial risk rating of a 1 under the risk assessment framework,
- Note the Trust has delivered against its control total of £2,711k, with an actual year to date comparator of £3,281k.
- Approve the declaration to NHSI for quarter 3, that the board anticipates the Trust will maintain a financial risk rating of at least 1 over the next 12 months.

### Risk and assurance

Key risk areas being reviewed:-

Drugs expenditure  
H-O contribution  
Medical staffing expenditure

### 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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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.		
<b>Next steps</b>		
To notify the Council of Governors Nomination & Remuneration Committee of the skills and experience required for Non-Executive Directors.		
<b>Appendices</b>		

### Strategic 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

<b>Patients</b>		<b>Staff</b>	
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"> <li>Involved and represented</li> <li>Able to raise grievances</li> <li>Able to make suggestions</li> <li>Able to raise concerns and complaints</li> </ul>	
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 9 – 2017/18

**AUTHOR:** PAUL CORBETT, ASSISTANT DIRECTOR OF FINANCE

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

**FOR:** DISCUSSION / DECISION

## 1. Key Points of Note

At month 9, the Trust is reporting:-

- A group surplus (Including Charity) of £4,296k against a plan of £4,448k.
- A Trust surplus of £2,856k against a planned surplus of £2,746k, a favourable variance of £110k.
- The Trust has delivered against its control total of £2,711k, with an actual year to date comparator of £3,281k.
- Although overall solid tumour clinical activity (excluding drugs and HO) remains above plan (being £623k (or 1.3%) above plan), Radiotherapy and Admitted Patient Care income remain below plan.
- Clinical activity for Haemato-Oncology (HO) is above plan, being £321k or (5.6%) above plan. However the contribution from HO remains below expected levels primarily due to drug expend which is currently
  - being reviewed.
- The CIP programme has achieved savings of £1,450k, which is £83k above plan.
- Capital expenditure is £13,290k against a plan of £31,497k. The revised year end forecast is £21,424k and the Trust is on target to deliver this.
- Agency spend is well within the NHSI cap (actual expend of £534k against the cap of £916k). However due to the use of temporary medical staff the year end target to reduce outturn locums spend will not be achieved.
- The forecast surplus for the Trust remains at £3,814k

## 2. Key Financial Performance Indicators

The key financial performance indicators, with RAG ratings, for the Trust are shown in the table below.

	KEY: Better than target	Green
	Below target	Red
	Below target but within acceptable limits	Amber
<b>Key Indicator</b>		
Group Surplus (Inc. Charity) of £4,296k against a plan of £4,448k		Amber
Trust net surplus of £2,856k vs a planned surplus of £2,746k		Green
Net Trust I&E margin of 2.9% vs a planned margin of 2.8% (excludes impairments)		Green
NHSI Control total of £3,281k against actual year to date comparator of £2,711k		Green
Capital expenditure at £13,290k against a plan of £31,497k		Red
Cash balances at £59,219k are £12,122k above planned balances of £47,097k		Green
Liquidity ratio of 150 days vs plan of 142 days		Green
Agency spend of £534k, which is £382k below the NHSI agency cap year to date		Green
Use of resources – risk rating of 1		Green

The group surplus is made up of the following components:-

<b>The Clatterbridge Cancer Centre Group Accounts:</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	Plan	Actual	Variance
The Clatterbridge Cancer Centre NHS Foundation Trust	2,746	2,856	110
The Clatterbridge Cancer Charity	1,384	1,079	(305)
The Clatterbridge Pharmacy Ltd	140	291	151
Clatterbridge Prop Care Services Ltd (excludes PURP)	178	70	(108)
<b>Total Group Surplus</b>	<b>4,448</b>	<b>4,296</b>	<b>(152)</b>

Note: PURP is the Provision for Unrealised Profit which results from accounting for the Prop Care agreement for the new build in Liverpool. It has to be excluded on consolidation. It is £78k year to date.

#### Red or Amber KPIs:

**Group Surplus (Amber):** As the table above illustrates, the Group surplus at £4,296k is £152k below plan. This is primarily due to the Charity income being below plan for the year to date. The Charity is not required to be included in the consolidated performance submitted monthly to NHSI.

**Capital Expend (Red):** Capital expenditure is £13,290k against a plan of £31,497k, a variance of £18,207k. The majority of this spend relates to Building for the Future (£11,679k) and EPR (£916k). The underspend is due to slippage on the Building for the Future project as a result of the delayed stage 4 contract sign off. The revised capital expenditure forecast for the full year is £21,424k, and the Trust is on target to deliver this revised forecast.

### 3. Activity (Solid Tumour):

The financial value of income from clinical activity for Solid Tumour contracts has been calculated using actual activity for April to November and estimated for December. Overall clinical activity (excluding drugs and HO) remains close to plan being £623k (or 1.3%) above plan. However, of this only £46k is outside of the block contract (a favourable movement of £40k in month)

#### Alert KPI's (from Integrated Board Report): Activity

**Radiotherapy:** continues to underperform on activity due to the reduction in Prostate fractionation. The contract will be rebased in 2018/19 to reflect this change. All outstanding data capture issues within Radiotherapy have been resolved.

**Admitted Patient Care:** is under performing on activity by 22.9% and underperforming in monetary terms by 0.2%. Activity for spells (i.e. number of patients discharged) is 1.9% (or 55 spells) above plan. The Trust is reviewing its bed base requirements going forward, in the context of the reduced average length of stay. An analysis needs to be carried out by the Contracting and Business Manager as to whether the reason is an actual reduction in excess bed days or whether it is related to a move from HRG 4 to HRG 4+ and whether there is still an issue with length of stay.

### 4. New Service: Haemato-Oncology (HO)

The financial value of income from clinical activity for HO has been calculated using actual activity for July to October and estimated for November and December.

From a finance perspective the expectation is that HO will not have a significant impact on the Trusts financial surplus in year due to the need to write back part of the £10m pre-payment made to the Royal Liverpool at the end of 2016/17.

Currently the HO service is making a contribution lower than planned. There appears to be a significant issue with drug expenditure (as the net adverse variance, after allowing for income, is £963k), which is being investigated by the Contracting and Business Manager in conjunction with RLUH. Meetings to resolve this issue will commence within the first week of February.

The Trust will be seeking to renegotiate the agreement with the Royal Liverpool, as the current plan (£1.4m) does not provide the expected write back of £2.1m in 2017/18, and HO is not currently delivering against that plan.

### 5. Other:

#### a. Operating Expenditure

Total operating expenditure is overspent by £3,019k of which £3,494k relates to an overspend on drugs. The remaining £475k underspend relates to an underspend on pay of £596k, offset by overspends of £37k on other non-pay and £84k on hosted services.

There has also been an adverse in month movement in hosted services of £282k (due to redundancy costs within NATCATSAT) which is covered by an income stream.

#### **b. Agency Spend**

The Trust has been issued with a 'cap' for 2017/18 of £1.2m by NHSI. As part of this 'cap' the Trust is also required to reduce its outturn locum doctor spend from £587k in 2016/17 to £511k in 2017/18. The Trust is well within the overall cap, having spent £534k in the year to date which is £382k below the agency cap of £916k. However Medical staffing is over plan by £195k and based on current projections is likely to exceed the NHSI target spend for the year of £511k by circa £200k.

In December, total agency spend was £19k, due to a reversal of locum doctor agency spend accrual.

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

#### **6. Recommendations**

- Note the satisfactory financial performance and surplus for month 8.
- Note the overall financial risk rating of a 1 under the risk assessment framework,
- Note the Trust has delivered against its control total of £3,292k, with an actual year to date comparator of £3,386k.
- Approve the declaration to NHSI for quarter 3, that the board anticipates the Trust will maintain a financial risk rating of at least 1 over the next 12 months.

**STATEMENT OF COMPREHENSIVE INCOME**  
**2017-18**

	NHSI Original Plan £k	Revised Plan inc HO £k	Plan £k	Dec-17 Actual £k	Variance £k	Plan £k	Cumulative YTD Actual £k	Variance £k	%
<b>Clinical Income:</b>									
Elective	2,484	4,446	406	359	(47)	3,168	2,785	(383)	-12.1%
Non-Elective	3,981	4,313	338	540	201	3,203	3,734	531	16.6%
Out-patient Attends	13,765	15,461	1,230	1,573	343	11,441	13,399	1,958	17.1%
Radiotherapy Attends	20,727	20,727	1,569	1,495	(74)	15,525	14,198	(1,327)	-8.5%
Chemotherapy Attends	18,056	18,439	1,409	1,414	5	13,779	13,598	(181)	-1.3%
Impact of Contract Tolerances / Agreed Outturn	0	0	0	(303)	(303)	0	(613)	(613)	0.0%
Drugs	38,539	45,631	3,705	4,661	955	33,594	35,473	1,880	5.6%
Diagnostic Imaging	1,872	1,872	142	178	37	1,402	1,638	236	16.8%
Bone marrow transplants	0	3,933	437	724	287	2,622	2,798	176	6.7%
Other Currencies	2,766	2,939	229	229	0	2,187	2,188	1	0.0%
Private Patients / External Drug Sales	1,791	1,791	151	140	(10)	1,357	1,252	(104)	-7.7%
<b>Sub-Total: Total Clinical Income</b>	<b>103,980</b>	<b>119,552</b>	<b>9,616</b>	<b>11,010</b>	<b>1,394</b>	<b>88,277</b>	<b>90,451</b>	<b>2,174</b>	<b>2.5%</b>
Other Income	6,785	6,785	874	888	14	5,693	6,115	422	7.4%
Hosted Services	3,705	3,705	303	496	193	2,726	2,739	13	0.5%
<b>Total Operating Income</b>	<b>114,470</b>	<b>130,042</b>	<b>10,793</b>	<b>12,394</b>	<b>1,601</b>	<b>96,697</b>	<b>99,305</b>	<b>2,609</b>	<b>2.7%</b>
<b>Operating Expenditure:</b>									
Pay - Non Hosted	(43,128)	(46,449)	(4,290)	(4,333)	(43)	(35,266)	(34,671)	596	-1.7%
Pay reserves	(600)	(600)	10	10	0	(2)	(2)	(0)	0.0%
Pay - Hosted	(3,262)	(3,262)	(266)	(247)	19	(2,390)	(2,146)	245	-10.2%
Drugs expenditure	(34,157)	(34,157)	(3,370)	(4,692)	(1,321)	(30,289)	(33,783)	(3,494)	11.5%
Other non-pay - Non hosted	(19,629)	(31,880)	(2,280)	(2,143)	137	(19,148)	(19,185)	(37)	0.2%
Non-pay reserves	(1,475)	(1,475)	(122)	(232)	(110)	(828)	(828)	0	0.0%
Other Non-pay hosted	(448)	(448)	(37)	(319)	(282)	(335)	(664)	(329)	98.0%
<b>Total Operating Expenditure</b>	<b>(102,699)</b>	<b>(118,270)</b>	<b>(10,355)</b>	<b>(11,957)</b>	<b>(1,602)</b>	<b>(88,259)</b>	<b>(91,279)</b>	<b>(3,019)</b>	<b>3.4%</b>
<b>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>	<b>11,771</b>	<b>11,771</b>	<b>438</b>	<b>437</b>	<b>(0)</b>	<b>8,437</b>	<b>8,027</b>	<b>(411)</b>	<b>-4.9%</b>
Depreciation	(4,636)	(4,636)	(386)	(367)	20	(3,477)	(3,291)	186	-5.3%
Amortisation	(80)	(80)	(7)	(7)	(0)	(60)	(60)	(0)	0.0%
Fixed Asset Impairment	0	0	0	0	0	0	(0)	(0)	0.0%
Profit /(Loss) from Joint Venture	0	0	31	31	0	277	485	208	75.2%
Interest receivable (+)	86	86	7	94	87	64	198	133	206.8%
Interest payable (-)	(141)	(141)	(12)	(12)	(0)	(106)	(108)	(2)	1.6%
PDC Dividends payable (-)	(3,180)	(3,180)	(265)	(265)	0	(2,385)	(2,385)	0	0.0%
Finance lease interest	(7)	(7)	(1)	0	1	(5)	(9)	(4)	88.8%
<b>Retained surplus/(deficit)</b>	<b>3,814</b>	<b>3,814</b>	<b>(195)</b>	<b>(88)</b>	<b>106</b>	<b>2,746</b>	<b>2,856</b>	<b>110</b>	<b>4.0%</b>
<b>NET I&amp;E Margin (%)</b>	<b>3.3%</b>	<b>2.9%</b>	<b>-1.8%</b>	<b>-0.7%</b>	<b>1.1%</b>	<b>2.8%</b>	<b>2.9%</b>	<b>0.0%</b>	<b>1.3%</b>
<b>EBITDA Margin (%)</b>	<b>10.3%</b>	<b>9.1%</b>	<b>4.1%</b>	<b>3.5%</b>	<b>-0.5%</b>	<b>8.7%</b>	<b>8.1%</b>	<b>-0.6%</b>	<b>-7.4%</b>



**STATEMENT OF FINANCIAL POSITION**  
**2017-18**

	Post Audit 2017 £k	NHSI Plan 2018 £k	YTD Plan	Nov-17 Actual YTD £k	Variance £k	YTD Plan	Dec-17 Actual YTD £k	Variance £k
<b>Non-current assets</b>								
Property, plant & equipment	67,842	108,367	93,837	80,021	(13,816)	96,818	81,175	(15,643)
Intangible assets	682	682	682	628	(54)	682	699	17
Investments in associates	895	401	401	722	321	401	753	352
Other financial assets	-	-	-	10,928	10,928	-	12,931	12,931
Prepayments	10,391	262	262	8,276	8,014	262	8,283	8,021
<b>Total non-current assets</b>	<b>79,810</b>	<b>109,712</b>	<b>95,182</b>	<b>100,575</b>	<b>5,393</b>	<b>98,163</b>	<b>103,841</b>	<b>5,678</b>
<b>Current assets</b>								
Inventories	898	800	800	1,593	793	800	2,478	1,678
Trade & other receivables:-								
NHS receivables	2,452	3,002	2,727	7,971	5,244	2,796	3,747	951
Non-NHS receivables	12,514	6,284	6,263	15,667	9,404	6,268	15,696	9,428
Cash and cash equivalents								
GBS	62,828	35,901	50,234	54,888	4,654	47,095	59,217	12,122
Commercial / cash in hand	3	2	2	3	1	2	3	1
<b>Total current assets</b>	<b>78,695</b>	<b>45,989</b>	<b>60,026</b>	<b>80,122</b>	<b>20,096</b>	<b>56,961</b>	<b>81,141</b>	<b>24,180</b>
<b>Current liabilities</b>								
Trade & other payables:-								
Non-capital creditors	13,755	8,664	2,257	17,513	15,256	2,419	17,917	15,498
Capital creditors	177	2,907	9,287	110	(9,177)	9,546	161	(9,385)
Other liabilities:-								
Deferred income	3,132	162	156	4,122	3,966	157	3,915	3,758
Other	581	600	600	676	76	600	3,256	2,656
Borrowings:-								
FT Loan	250	250	250	250	-	250	250	-
Obligations under finance leases	49	-	-	51	51	-	51	51
Provisions	60	-	-	60	60	-	60	60
<b>Total current liabilities</b>	<b>18,004</b>	<b>12,583</b>	<b>12,550</b>	<b>22,781</b>	<b>10,231</b>	<b>12,972</b>	<b>25,610</b>	<b>12,638</b>
<b>Total assets less current liabilities</b>	<b>140,501</b>	<b>143,118</b>	<b>142,658</b>	<b>157,916</b>	<b>15,258</b>	<b>142,152</b>	<b>159,372</b>	<b>17,220</b>
<b>Non-current liabilities</b>								
Other liabilities:-								
Deferred income	-	-	-	1,156	1,156	-	1,156	1,156
Unitary charge	-	-	-	10,079	10,079	-	11,622	11,622
Borrowings:-								
FT Loan	3,000	2,750	2,875	2,875	-	2,875	2,875	-
Obligations under finance leases	160	-	-	109	109	-	109	109
<b>Total non current liabilities</b>	<b>3,160</b>	<b>2,750</b>	<b>2,875</b>	<b>14,219</b>	<b>11,344</b>	<b>2,875</b>	<b>15,762</b>	<b>12,887</b>
<b>Total net assets employed</b>	<b>137,341</b>	<b>140,368</b>	<b>139,783</b>	<b>143,697</b>	<b>3,914</b>	<b>139,277</b>	<b>143,609</b>	<b>4,332</b>
<b>Financed by (taxpayers' equity)</b>								
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	6,996	3,100	3,896	6,996	3,100
Income and expenditure reserve	111,561	114,275	113,690	114,505	815	113,184	114,417	1,233
<b>Total taxpayers equity</b>	<b>137,341</b>	<b>140,368</b>	<b>139,783</b>	<b>143,697</b>	<b>3,914</b>	<b>139,277</b>	<b>143,609</b>	<b>4,332</b>