



Report Cover Sheet

Report to:	Trust Board	
Date of the Meeting:	29 May 2019	
Agenda Item:	P1-100-19	
Title:	Financial Performance Report – April 2019	
Report prepared by:	John Andrews, 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 April 2019, noting the following:</p> <ul style="list-style-type: none"> - NHSI risk rating (Strategic Outcomes Framework) - Income and expenditure position - Cost Improvement Programme delivery - Capital and cash profile - Risks to the financial 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,	X

information and technology) we will be unable to deliver care close to home.	
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 required.

Trust Board
29th May 2019

Financial Performance

1. Introduction

- 1.1 This paper provides a summary of the Trust's financial performance for April 2019, which is the first month of the 2019-20 year.

It is important to note that this is the first time this format has been used. Comments are invited from colleagues regarding the content and structure of the paper.

2. Summary Financial Performance

- 2.1 For April the key financial headlines are:

Metric	April Actual	April Plan	Variance	Risk Rag
NHSI SoF	1	1	0	
NHSI Control Total	£160k	£75k	£85k	
Cost Improvement Programme	£145	£145	£0	
Cash holding	£53,628	£58,563	-£4,935	
Capital Expenditure	£8,484	£4,204	£4,280	

- 2.2 The key drivers of the positions:

- **Income has overachieved plan by £1.062m.** This is primarily due to clinical income being £0.886m over plan, of which £0.819m relates to drug income, which is matched by expend.
- **Expenditure is over plan by £0.894m.** Consistent with the income position, mostly due to drug expend being £0.802m above plan.
- **Cash held is below plan by £4.93m.** Key driver is that capital expenditure is £4.28m above plan.
- **Capital expend is £4.28m above plan.** This all relates to TCC and a catch up in expend slipped from 2018/19.

3. Regulator Profile (Strategic Outcomes Framework)

- 3.1 The Trust is regulated by NHS Improvement, and a series of financial metrics are used every month to determine financial risk (Strategic Outcomes Framework assessment). The Trust plans to achieve an overall financial risk assessment of < 2.
- 3.2 For April, the Trust's performance against these metrics are detailed in the following table. The only metric that is adverse relates to plan is the agency expenditure criteria. This is due to the operational requirement to employ locum medical consultants to deliver patient care. The service areas where this is an issue are clinical oncology, haemato-oncology and clinical oncology.

NHS Improvement are aware of the Trust's agency metric position.

Metric	April Actual	April Plan	Comment	Previous Period
Overall Rating	1	1	As expected - Lowest Risk Rating	1
Capital Service Cover Ratio	1	2	Higher than planned surplus delivered an improved ratio	1
Liquidity	1	1		1
I&E Margin	2	2	Rating 2 as below 1% of Turnover, Expected to increase in later months due to in year phasing	1
Variance from Control Total	1	1	Delivering Control Total	1
Agency	2	1	Spend in month of £119k against ceiling of £95k	2

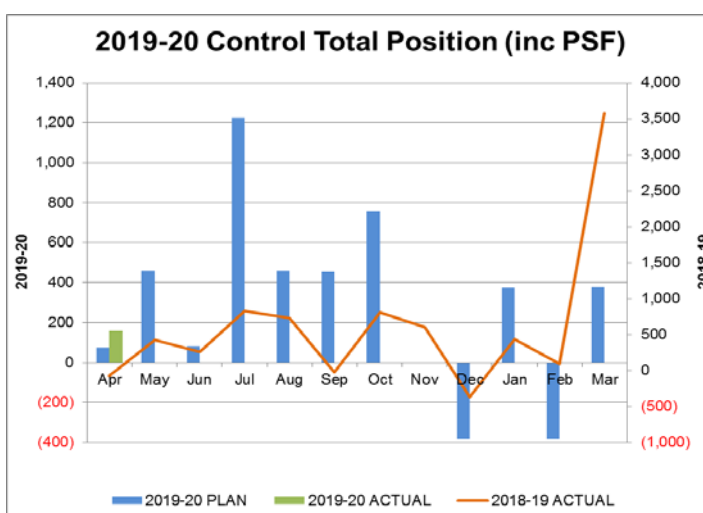
4. Operational Financial Profile – Income and Expenditure

4.1 Overall Income and Expenditure Position

4.1.1 The Trust's surplus for April 2019 is above the NHSI control total by £85k. This gives an I&E margin of 0.4%, per the strategic outcomes framework. This is shown in the table below.

Metric (£000)	April Actual	April Plan	Variance	YTD Actual	YTD Plan	YTD Variance	Annual Plan
Clinical Income	12,841	11,954	887	12,841	11,954	887	151,596
Other Income	1,048	872	176	1,048	872	176	12,077
Total Operating Income	13,889	12,826	1,063	13,889	12,826	1,063	163,673
Total Operating Expenditure	(13,418)	(12,524)	(894)	(13,418)	(12,524)	(894)	(155,833)
Operating Surplus	471	302	169	471	302	169	7,840
Finance Costs	(421)	(397)	(24)	(421)	(397)	(24)	(4,764)
Surplus/Deficit	50	(95)	145	50	(95)	145	3,076
NHSI Control Total	160	75	85	160	75	85	3,492

Based on NHSI Reporting format Depreciation is added into Op Ex



This chart shows monthly planned and actual surplus position for 2019-20.

The line shows the monthly surplus position for 2018-19.

It shows that for April the Trust is ahead of its plan.

4.1.2 The plan and surplus for the Trust NHS Control Total and Trust group position are different because the NHSI Control Total excludes subsidiaries and donated asset depreciation. The following table reconciles the two positions for April.

April	Value £k
Group Trust Surplus	50
Add back Donated Depreciation	36
Add back CPL Profit	36
Add back PropCare Profit	38
NHSI Control Total Delivered	160
Control Total Plan	75
Variance to NHSI Control Total	85

4.1.3 The Trust has assumed that it will receive its notified Provider Sustainability Funding for the period of £21k, (£412k total for 2019-20).

4.2 Income and Activity

4.2.1 For 2019-20, the Trust has agreed a block contract arrangement with NHS England Specialist Commissioning Team. This represents 80% of clinical income. The Trust has a cost and volume contract for CCG commissioned activity, which relates to inpatient services and some outpatient activity. Activity and income values are monitored through the year.

4.2.2 Overall, for April the Trust has generated £12.841m of clinical income. This is ahead of plan by £886k. The primary driver for this performance is drug income above plan of £819k.

4.2.3 The balance of activity is increased private patient activity of £62k above plan. Again this relates to increased drug therapy activity.

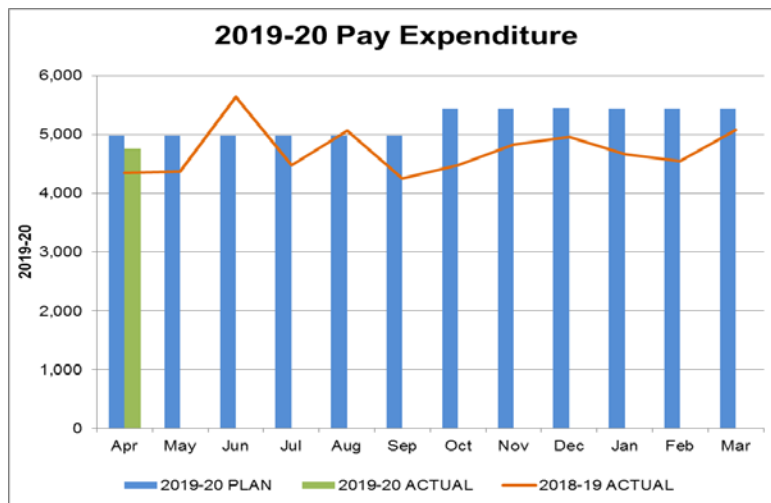
4.2.4 Chemotherapy and Radiotherapy/Proton income was above financial plan in the period by £152k (8%) and £236k (15%) respectively. A driver for the position is that the plan is based on working days, with an expected reduction in patient treatments because of the Easter period. However, services were maintained through the period due to clinical demand. The financial over performance is not realised due to the block nature of the contract.

4.3 Expenditure Profile

4.3.1 Pay

Pay is underspent to plan by £237k. This is primarily driven by approved workforce investments not being recruited to by the end of April.

The graph below summaries the total pay spend to date against the monthly plan (compared to 2018-19 actuals).

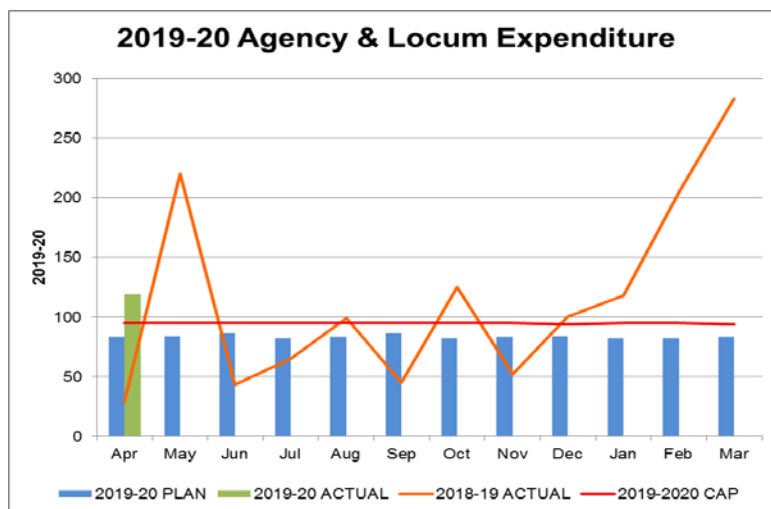


This chart shows monthly planned and actual pay spend for 2019-20.

The line shows the monthly pay spend for 2018-19.

It shows that for April the Trust is underspent against its plan.

Agency expend will continue to be a key focus for the Trust. In month 1 total expend was £119k against a cap of £95k. Although the agency expend is contained within the overall pay budget, there is a non-financial risk of the potential adverse impact on the NHSI risk assessment of the Trust.



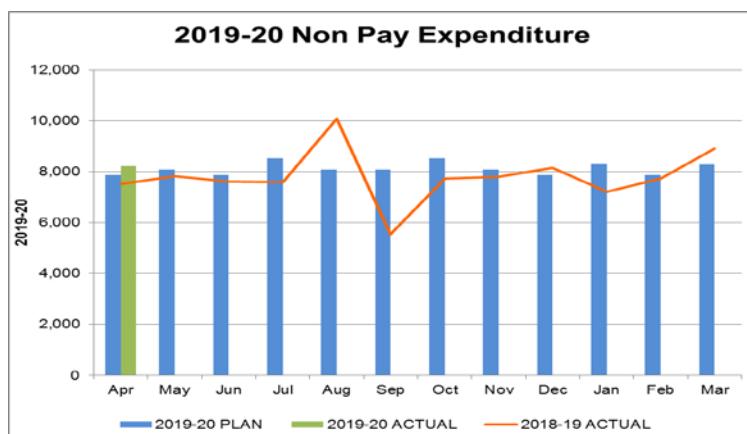
This chart shows monthly planned and actual agency position for 2019-20.

The red line shows the 2019-20 agency cap.

It shows that for April the Trust is over against plan and cap.

4.3.2 Non Pay

Non-pay is overspent by £1,079k. Of this £802k is drug related, and matched by additional income. Of the balance of £277k, the most significant non-drug variance relates to IM&T expend (£117k over) which is due to phasing of expenditure against budget.



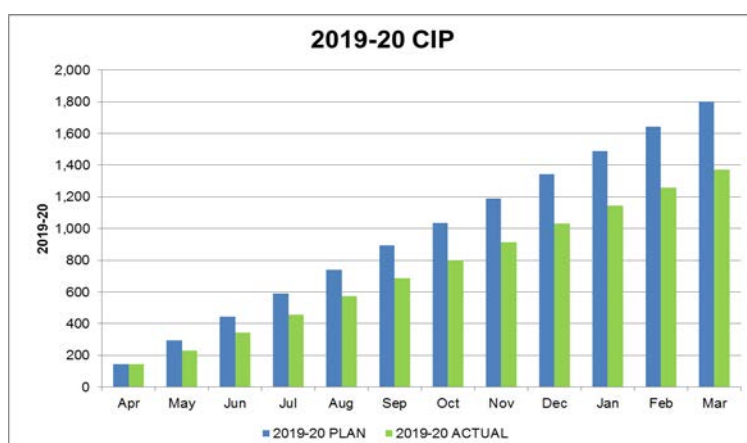
This chart shows monthly planned and actual non pay spend for 2019-20.

The line shows the monthly non pay spend for 2018-19.

It shows that for April the Trust is overspent against its plan.

4.4 Cost Improvement Programme (CIP)

4.4.1 As part of the Trust's financial plan, a cost improvement plan of £1.8m is required to meet target financial performance. The organisation has delivered 8% of its CIP requirement at the end of April. The Trust is planning to achieve the CIP target by Q3 in the financial year. At this stage, this is not considered a significant risk.



This chart shows monthly planned and actual CIP for 2019-20.

It shows that for April the Trust is meeting its CIP Plan.

There is still an unidentified amount of £427k in 2019-20.

4.4.2 Areas under current review for efficiency improvements include:

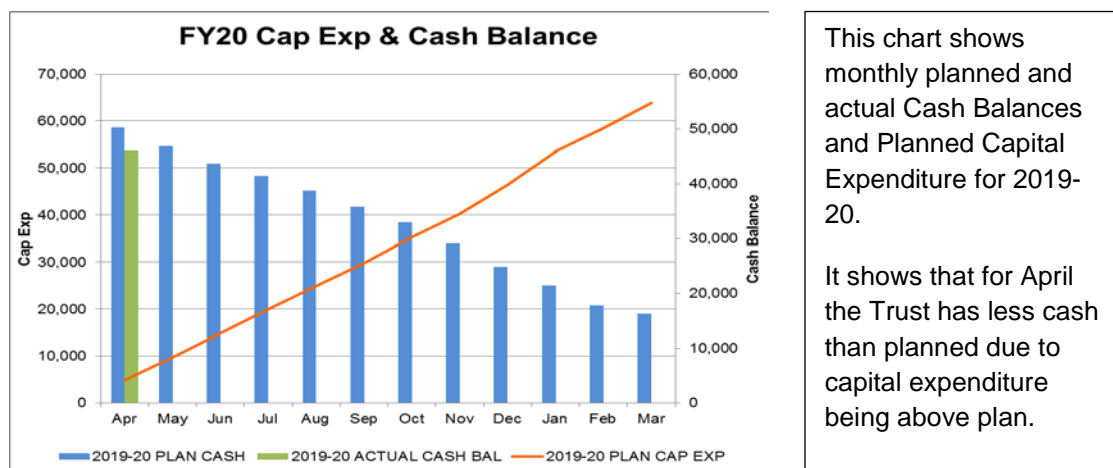
- Chemotherapy – currently the Directorate have identified CIP to deliver their target, but it is all drug related. The Directorate have been tasked with identifying areas for further, non-drug, CIP opportunities.
- Drugs – there may be further CIP opportunities due to significant anticipated expend on new immunotherapy drugs.
- Haemato-Oncology & Radiation Services – both Directorates have unidentified CIP to deliver and have been tasked with identifying a further £250k in total.

5. Cash and Capital

5.1.1 For 2019-20 the Trust has a clear capital programme that supports investment in the new Liverpool hospital, replacement of medical equipment and IT infrastructure.

Capital expenditure of £8.482m occurred in April, against a plan of £4.204m. The key variance relates to TCC, with a catch up of expend slipped from 2018/19.

5.1.2 The capital programme is supported by the organisation's cash position. The Trust has a current cash position of £53.63m (Group £59.46m), which is an adverse variance of £4.93m (8.6%) to the cashflow plan of £58.65m. This is due to capital expend being ahead of plan by £4.28m. Overall the Group is holding £67.02m in cash.



The Balance Sheet is included in Appendix A

6. Financial Risks

6.1 The Trust is currently reviewing its integrated approach to risk. As part of this process financial risks will be re-assessed so that they are consistent with the Trust framework. It is expected that this will be completed during Q2, following the revision to the Board Assurance Framework (BAF).

6.2 The current risk profile is captured in the following analysis.

Issue	Reason	Risk / Mitigation
Risk of non-delivery of CIP	The Trust has started the year with unidentified CIP of £0.43m (24% of the total).	Directorates and departments have been tasked with identifying further CIP. Non-recurrent slippage can support CIP achievement in the short term.
Risk of non-delivery of CQUIN	The Trust could lose income if CQUIN targets not delivered (£1m).	Improved internal processes, coupled with a national reduction in CQUIN dependent income have reduced this risk for 2019-20.
Data Quality & Timeliness-	There remain issues with data timeliness and	In year risk is mitigated in part by block contracts.

possible loss of income	accuracy, particularly for HO (from RLUH).	
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7. Recommendations

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

- Delivery of a financial risk rating of 1.
- Overachievement against the Control Total.
- Risks identified and potential mitigations.

Appendix A

STATEMENT OF FINANCIAL POSITION

	NHSI Plan 2020 £k	YTD Plan	Mar-19 Actual YTD £k	Variance £k	YTD Plan	Apr-19 Actual YTD £k	Variance £k
Non-current assets							
Intangible assets	485	608	1,673	1,065	597	1,652	1,055
Property, plant & equipment	220,606	168,785	158,340	(10,445)	174,760	166,390	(8,370)
Investments in associates	1,920	1,296	1,174	(122)	1,348	1,226	(122)
Other financial assets	140,261	4,560	78,815	74,255	96,515	88,670	(7,845)
Trade & other receivables	277	277	1,667	1,390	4,612	1,655	(2,957)
Other assets		92,515	-	(92,515)		-	-
Total non-current assets	363,549	268,041	241,669	(26,372)	277,832	259,593	(18,239)
Current assets							
Inventories	1,000	1,000	1,263	263	1,000	1,669	669
Trade & other receivables							
NHS receivables	4,860	5,000	8,351	3,351	5,000	17,350	12,350
Non-NHS receivables	5,000	15,000	24,216	9,216	5,000	27,176	22,176
Cash and cash equivalents	19,035	47,255	72,963	25,708	58,563	53,628	(4,935)
Total current assets	29,895	68,255	106,794	38,539	69,563	99,823	30,260
Current liabilities							
Trade & other payables							
Non-capital creditors	15,000	15,000	36,043	21,043	15,000	36,422	21,422
Capital creditors	1,952	1,000	97	(903)	2,020	462	(1,558)
Borrowings							
Loans	1,829	1,730	1,730	-	1,829	1,730	(99)
Obligations under finance leases	53	53	53	0	53	53	0
Provisions	489	489	267	(222)	489	267	(222)
Other liabilities:-							
Deferred income	4,000	4,000	2,402	(1,598)	4,000	2,306	(1,694)
Other	700	700	-	(700)	700	-	(700)
Total current liabilities	24,023	22,972	40,592	17,620	24,091	41,239	17,148
Total assets less current liabilities	369,421	313,324	307,870	(5,454)	323,304	318,177	(5,127)
Non-current liabilities							
Trade & other payables							
Capital creditors	301	301	-	(301)	301	-	(301)
Borrowings							
Loans	35,550	37,280	37,280	-	37,280	37,280	-
Obligations under finance leases	5	56	56	(0)	56	56	(0)
Other liabilities:-							
Deferred income	1,156	1,156	1,156	0	1,156	1,156	0
PropCare liability	140,261	92,515	83,567	(8,948)	96,515	91,959	(4,556)
Total non current liabilities	177,273	131,308	122,059	(9,249)	135,308	130,451	(4,857)
Total net assets employed	192,148	182,016	185,811	3,795	187,996	187,726	(270)
Financed by (taxpayers' equity)							
Public Dividend Capital	57,158	53,063	55,364	2,301	56,042	55,364	(678)
Revaluation reserve	7,839	7,839	8,493	654	7,839	8,493	654
Income and expenditure reserve	127,151	121,114	121,954	840	124,115	123,868	(247)
Total taxpayers equity	192,148	182,016	185,811	3,795	187,996	187,726	(270)