



Report Cover Sheet

Report to:	Board of Directors	
Date of the Meeting:	30 September 2020	
Agenda Item:	P1-138-20	
Title:	Financial Report Month 5	
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 five months ending August 2020, noting the following:</p> <ul style="list-style-type: none"> - The updated position re the extension of the interim financial regime to the end of September as a result of the COVID-19 pandemic - The requirement for all Trusts to deliver an NHSI target of breakeven in month and additional Top Up income required to do that - Capital and cash position
---	--

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.
---------------------	--

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 required.

**Trust Board
September 2020**

Financial Performance Report

1. Introduction

- 1.1 This paper provides a summary of the Trust's financial performance for August 2020, the fifth 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 August the key financial headlines are:

Metric	In Mth 5 Actual	In Mth 5 Plan*	Variance	Risk RAG	YTD Actual	YTD Plan*	Variance	Risk RAG
Trust Deficit (£000)	(205)	(549)	344		(406)	(1,089)	683	
Control Total Surplus (£000)	0	0	0		0	0	0	
Cash holding (£000)	47,180	27,531	19,649		47,180	27,531	19,649	
Capital Expenditure (£000)	1,377	9	1,368		7,466	9,331	(1,865)	

*The plan for month 5 is the original plan approved by the Board in March 2020. The Control Total Surplus is the revised NHSI plan issued to the Trust.

- 2.2 Since the last report NHSI have confirmed that the interim funding arrangements originally put in place for April – July where by Trust's are funded on a cost basis by way of a top-up have been extended to the end of September. The arrangements for the remainder of the year have been confirmed as a block funding envelope with incentives. The value of the funding envelope has not yet been confirmed but is due imminently.

- Commissioning contracts continue to be suspended until at least October.
- The financial risk rating metrics in the Strategic Outcomes Framework have been suspended.
- To breakeven the Trust requires additional Top Up funding of £1.9m for August, £5.7m cumulatively.

3. Operational Financial Profile – Income and Expenditure

3.1 Overall Income and Expenditure Position

- 3.1.1 The financial position of the Trust at the end of August is a deficit of £406k, against an original planned deficit £461k.

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

3.1.3

Metric (£000)	YTD Actual M5	Trust Plan YTD	Variance	YTD Actual	YTD NHSI Plan	NHSI Variance	Trust Annual Plan
Clinical Income	71,787	71,062	725	71,787	70,075	1,712	173,538
Other Income	6,467	7,419	(952)	6,467	9,640	(3,173)	17,727
Total Operating Income	78,254	78,481	(227)	78,254	79,715	(1,461)	191,265
Total Operating Expenditure	(76,202)	(77,032)	830	(76,202)	(77,600)	1,398	(186,354)
Operating Surplus	2,052	1,449	603	2,052	2,115	(63)	4,911
Finance Costs	(2,458)	(1,910)	(548)	(2,458)	(2,115)	(343)	(4,584)
Surplus/Deficit	(406)	(461)	55	(406)	0	(406)	327

3.1.4 The August NHSI Plan shown above is the revised plan issued by NHSI which only covers April to September. The plan is not the same plan as the draft submitted by the Trust in March. NHSI have calculated plans for all organisations based on historic run rates for income and expenditure from 2019-20.

3.1.5 The Trust is being funded on a cost basis rather than activity for April to September. For Month 5 the Trust has assumed additional top up income of £1.9m in month is required to deliver a break even Control Total Surplus. There is a cumulative top up of £5.7m required to achieve break even. The main reason for the need for top up is the additional costs of the new hospital which are not currently included on the cost base funding calculated by NHSI as it is based on months 8 to 10 of 2019-20.

3.1.6 The table below summaries the position against the revised NHSI target of breakeven.

Cumulative to August (M5)	£000
Trust Deficit	(2,322)
In month top-up	1,916
Trust Deficit after top-up	(406)
CPL Deficit	(17)
Propcare Surplus	240
Consolidated Deficit	(183)
Add back Donated Asset dep'n	183
Adjusted Financial position	0

3.2 Income, Expenditure and Activity

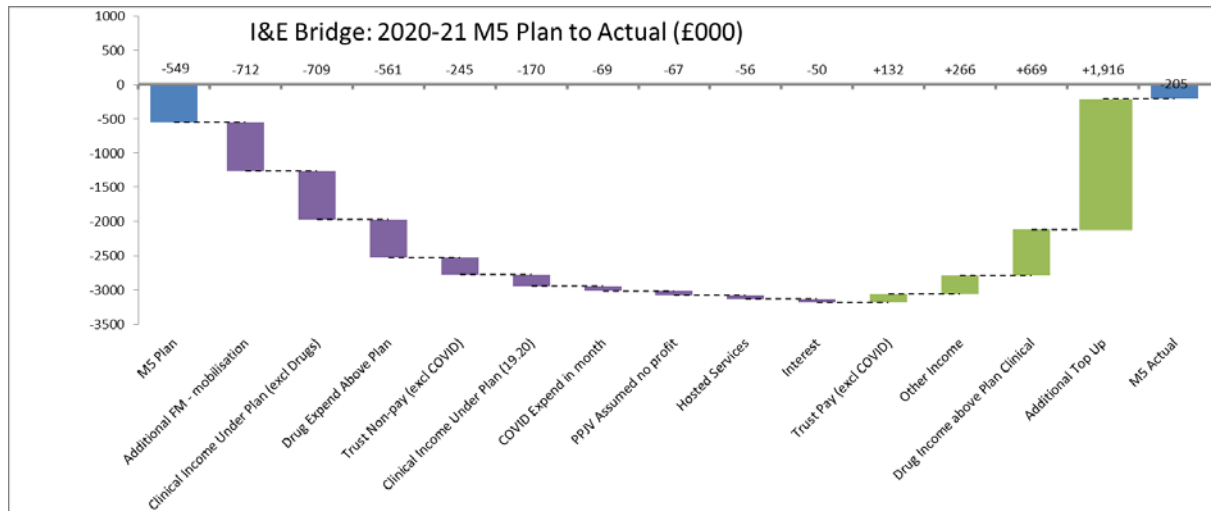
3.2.1 Activity information for month 4 was not available at the time of writing this report.

3.2.2 The bridge below shows the key drivers between the month 5 original Trust plan - a deficit of £549k and actual deficit of £205k.

- Clinical Income increasing to £709k below plan
- Drug Income funded as a block amount increased to £669k above plan
- Drugs expenditure has significantly increased and are £561k above plan
- Pay costs reduced in month to £132k under plan
- Additional COVID-19 costs in June were £70k

- CCC-L mobilisation and costs to move 3 linear accelerators of £712k.

The reduction in income and additional costs have outweighed the savings due to reduced activity leading to the need for the additional top up income.



3.3 Cost Improvement Programme (CIP)

3.3.1 Due to the continuing interim financial arrangements, CIP continues to be effectively suspended in the short term. This is consistent with NHSI guidance. Once the funding arrangements for the remainder of the year are confirmed, the Trust will review its CIP target for 2020-21 and undertake a risk assessment of the identified schemes to determine whether they are still deliverable in 2020-21. For example, any NHS commissioned activity related CIPs will not be deliverable under the current regime. However, schemes based on reducing costs should still be deliverable and will be pursued.

4. Cash and Capital

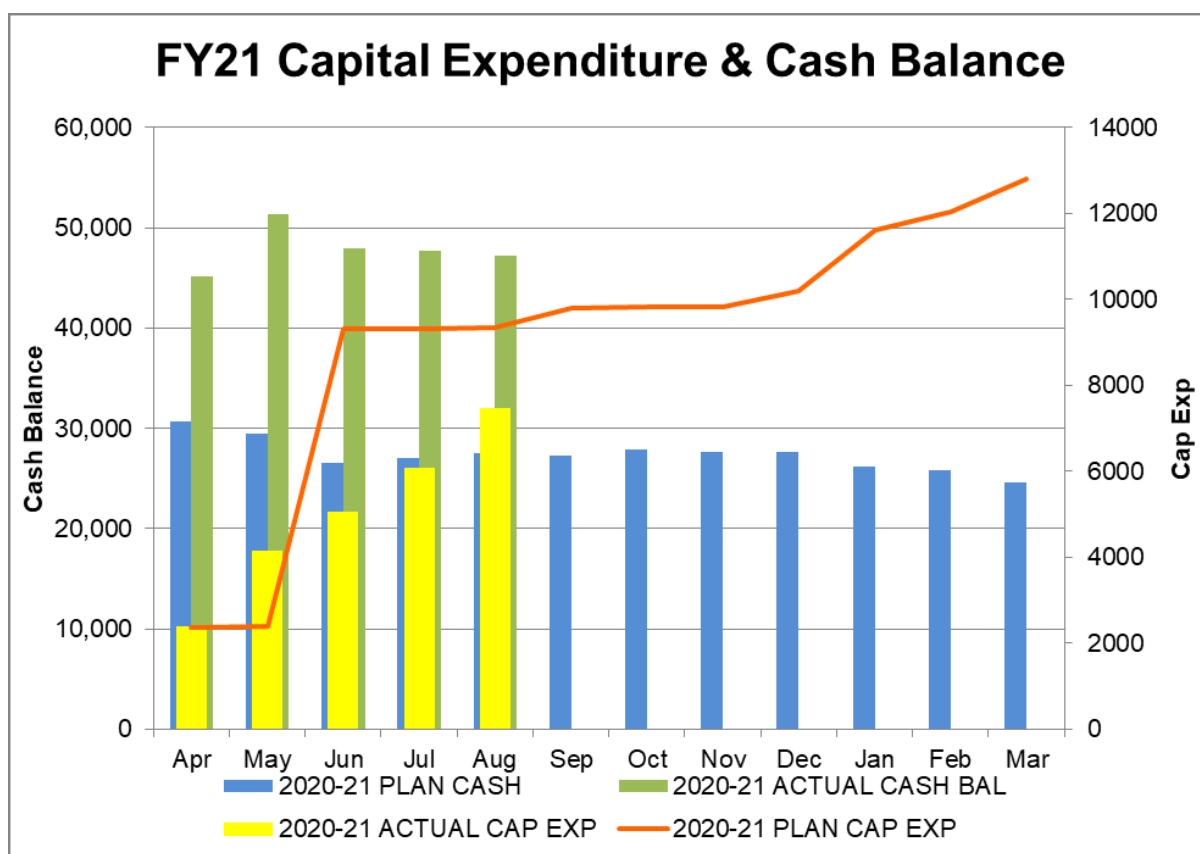
4.1 The revised capital plan previously approved by the Board is £12.8m.

4.2 Capital expenditure of £7.5m has been incurred to the end of August against the year to date plan of £9.3m. This underspend is due to the transfer of the Linear accelerators being treated as revenue rather than capital, and also an underspend to date on GDE which we are reviewing the profiling of with the IT Team.

4.3 The capital programme is supported by the organisation's cash position. The Trust has a current cash position of £47.2m, which is a positive variance of £19.6m to the cash-flow plan of £27.5m. Trust cash is higher than plan due to combination of factors. The two most significant ones relate to PDC received and payment in advance from commissioners.

- £2.5m PDC received for expedited opening of CCC-L during the COVID-19 pandemic.
- £4.2m to fund additional costs due to the delay of the new Royal opening.
- c£13m from commissioners as payment on account for September in August.

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 August the Trust has more cash than originally planned.

5. Recommendations

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

- The cumulative Top Up funding required of £5.7m achieving a break-even control total position.
- The continuation of the interim funding arrangements into September.
- The continuing strong liquidity position of the Trust

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

	August 2020			Cumulative YTD				Annual Plan (£000)
	Plan (£000)	Actual (£000)	Variance (£000)	Plan (£000)	Actual (£000)	Variance (£000)	%	
Clinical Income:								
Elective	455	0	(455)	2,365	0	(2,365)	-100%	5,777
Non-Elective	715	0	(715)	3,717	(0)	(3,717)	-100%	9,078
Out-patient Attends	2,142	0	(2,142)	11,139	3	(11,135)	-100%	27,204
Radiotherapy Attends	1,793	0	(1,793)	9,324	2	(9,322)	-100%	22,773
Chemotherapy Attends	2,078	0	(2,078)	10,806	0	(10,806)	-100%	26,391
Impact of Contract Tolerances / Agreed Outturn	0	15,297	15,297	0	72,146	72,146	0%	0
Drugs	5,668	0	(5,668)	29,474	(243)	(29,717)	-101%	71,983
Diagnostic Imaging	203	21	(182)	1,057	71	(986)	-93%	2,581
Bone marrow transplants	480	0	(480)	2,496	0	(2,496)	-100%	6,095
Other Currencies	72	(170)	(242)	360	(422)	(782)	-217%	865
Private Patients (inc drug sales)	62	42	(21)	324	229	(95)	-29%	791
Sub-Total: Total Clinical Income	13,668	15,190	1,521	71,061	71,787	725	1%	173,538
Other Income	604	1,055	451	3,077	4,750	1,673	54%	7,306
Hosted Services	868	303	(566)	4,342	1,717	(2,625)	-60%	10,420
Total Operating Income	15,141	16,547	1,406	78,481	78,254	(226)	0%	191,265
Pay: Trust (excluding Hosted)	(5,431)	(5,332)	98	(27,101)	(25,757)	1,344	-5%	(65,097)
Pay: Hosted	(543)	(347)	196	(2,715)	(1,718)	997	-37%	(6,521)
Drugs expenditure	(5,328)	(5,888)	(561)	(27,685)	(28,012)	(326)	1%	(67,597)
Other non-pay: Trust (excluding Hosted)	(3,670)	(4,663)	(993)	(17,849)	(20,388)	(2,540)	14%	(43,102)
Non-pay: Hosted	(336)	(23)	314	(1,682)	(328)	1,354	-80%	(4,037)
Total Operating Expenditure	(15,307)	(16,253)	(946)	(77,032)	(76,202)	829	-1%	(186,354)
Operating Surplus	(167)	294	460	1,449	2,052	603	42%	4,911
Profit /(Loss) from Joint Venture	67	0	(67)	335	0	(335)	-100%	804
Interest receivable (+)	8	414	406	41	2,076	2,036	4985%	98
Interest payable (-)	(57)	(513)	(456)	(286)	(2,534)	(2,249)	787%	(686)
PDC Dividends payable (-)	(400)	(400)	0	(2,000)	(2,000)	0	0%	(4,800)
Retained surplus/(deficit)	(549)	(205)	343	(461)	(406)	54	-12%	327
NET I&E Margin (%)	(0)	(0)	0	(0)	(0)	0	-12%	0
Operating Surplus Margin (%)	(0)	0	0	0	0	0	42%	0

Appendix B – Balance Sheet (Statement of Financial Position)

	Pre Audit 2020 (£000)	NHSI Plan 2021 (£000)	YTD Plan (£000)	Jul-20 Actual YTD (£000)	Variance (£000)	YTD Plan (£000)	Aug-20 Actual YTD (£000)	Variance (£000)
Non-current assets								
Intangible assets	2,143	858	1,077	2,048	971	1,050	2,025	975
Property, plant & equipment	205,907	198,506	198,308	209,896	11,588	197,757	210,756	12,999
Investments in associates	448	1,078	588	448	(140)	649	448	(201)
Other financial assets	124,317	-		127,184	127,184		127,184	127,184
Trade & other receivables	21	-		0	0		-	-
Other assets	-	-		-	-		-	-
Total non-current assets	332,836	200,442	199,973	339,577	139,604	199,456	340,412	140,956
Current assets								
Inventories	1,649	1,500	1,500	1,651	151	1,500	1,826	326
Trade & other receivables								
NHS receivables	20,920	15,000	15,000	17,778	2,778	15,000	19,858	4,858
Non-NHS receivables	24,181	10,000	10,000	27,321	17,321	10,000	26,898	16,898
Cash and cash equivalents	29,299	24,646	27,019	43,715	16,696	27,531	47,180	19,649
Total current assets	76,049	51,146	53,519	90,464	36,945	54,031	95,762	41,731
Current liabilities								
Trade & other payables								
Non-capital creditors	35,996	25,000	25,000	55,259	30,259	25,000	60,512	35,512
Capital creditors	7,157	1,000	1,000	577	(423)	1,000	866	(134)
Borrowings								
Loans	1,730	1,829	1,829	1,730	(99)	1,829	1,730	(99)
Obligations under finance leases	56	-	-	-	-	-	-	-
Provisions	229	500	500	225	(275)	500	225	(275)
Other liabilities:-								
Deferred income	2,900	4,000	4,000	4,433	433	4,000	4,931	931
Other	-	-	-	-	-	-	-	-
Total current liabilities	48,067	32,329	32,329	62,224	29,895	32,329	68,265	35,936
Total assets less current liabilities	360,818	219,259	221,163	367,817	146,654	221,158	367,909	146,751
Non-current liabilities								
Trade & other payables								
Capital creditors				-	-		-	-
Borrowings								
Loans	35,550	33,820	34,810	34,810	-	34,810	34,810	-
Obligations under finance leases	-	-	-	-	-	-	-	-
Other liabilities:-								
Deferred income	1,156	1,156	1,156	1,156	0	1,156	1,156	0
PropCare liability	124,926			128,229	128,229		128,527	128,527
Total non current liabilities	161,633	34,976	35,966	164,195	128,229	35,966	164,493	128,527
Total net assets employed	199,185	184,283	185,197	203,621	18,424	185,192	203,416	18,224
Financed by (taxpayers' equity)								
Public Dividend Capital	60,819	64,209	64,209	65,457	1,248	64,209	65,457	1,248
Revaluation reserve	4,562	8,493	8,493	4,562	(3,931)	8,493	4,562	(3,931)
Income and expenditure reserve	133,804	111,581	112,495	133,603	21,108	112,489	133,398	20,909
Total taxpayers equity	199,185	184,283	185,197	203,621	18,424	185,191	203,416	18,224

Appendix C – Cash Flow Statement

Movement from 1st April 2020	Plan (£000)	Actual (£000)	Variance (£000)
Cash flows from operating activities:			
Operating surplus	(16,352)	1,987	18,339
Depreciation	2,739	2,617	(122)
Amortisation	135	119	(16)
Impairments	25,500	0	(25,500)
Movement in Trade Receivables	(14,863)	(1,634)	13,229
Movement in Other Assets	0	(2,867)	(2,867)
Movement in Inventories	(500)	(178)	322
Movement in Trade Payables	10,611	24,513	13,902
Movement in Other Liabilities	(700)	5,632	6,332
Movement in Provisions	11	(4)	(15)
CT paid	0	0	0
Net cash used in operating activities	6,581	30,185	23,604
Cash flows from investing activities			
Purchase of PPE	(5,990)	(13,757)	(7,767)
Purchase of Intangibles	(702)	0	702
Proceeds from sale of PPE	0	65	65
Interest received	10	2,076	2,066
Investment in associates	1,576	0	(1,576)
Net cash used in investing activities	(5,106)	(11,615)	(6,509)
Cash flows from financing activities			
Public dividend capital received	4,100	4,638	538
Public dividend capital repaid	(740)	0	740
Loans received	0	0	0
Movement in loans	0	(737)	(737)
Capital element of finance lease	(58)	(56)	2
Interest paid	(257)	(2,532)	(2,275)
Interest element of finance lease	0	(2)	(2)
PDC dividend paid	(2,000)	(2,000)	0
Finance lease - capital element repaid	0	0	0
Net cash used in financing activities	1,045	(689)	(1,734)
Net change in cash	2,520	17,880	15,360
Cash b/f	25,010	29,299	4,289
Cash c/f	27,530	47,180	19,650

Appendix D – Capital Expenditure

	Profile	NHSI plan Full year £000	Month 5 £000	Actual £000	Month 5 Variance £000	Forecast Full year £000
Estates						
DR X-ray room	Q1	40	40	0	-40	40
Contingency	Q4	500	0	0	0	500
		540	40	0	-40	540
Medical Equipment						
MRI (Liverpool)	Q1	632	632	888	256	632
LinAcc transfer costs x4 (2020/21)	Q1	1,195	1,195	0	-1,195	1,195
X-ray (Liverpool)	Q1	153	153	0	-153	153
HDR & Papillon transfer costs (Liverpool)	Q1	14	14	0	-14	14
DR X-ray room	Q1	180	180	11	-169	180
Minor medical equipment	Q2	100	0	0	0	100
Contingency	Q4	500	0	11	11	500
		2,774	2,174	910	-1,264	2,774
IM&T						
Infrastructure		161	0	109	109	161
GDE		2,421	1,469	218	-1,251	2,421
Covid		0	0	0	0	0
Other minor programmes	Q1-4	104	43	0	-43	104
		2,686	1,512	327	-1,185	2,686
Building for the Future	Q1	6,806	5,606	6,228	622	6,806
TOTAL		12,806	9,332	7,466	-1,866	12,806