



Report Cover Sheet

Report to:	Board of Directors	
Date of the Meeting:	25 November 2020	
Agenda Item:	P1-186-20	
Title:	Financial Report Month 7	
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 seven months ending October 2020, noting the following:</p> <ul style="list-style-type: none"> - The undated financial plan and forecast outturn position for the second half of the year - 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

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
25th November 2020

Financial Performance Report

1. Introduction

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

Metric	In Mth 7 Actual	In Mth 7 Plan*	Variance	Risk RAG	YTD Actual	YTD Plan*	Variance	Risk RAG
Trust Deficit (£000)	(664)	(733)	69	Green	(1,038)	(719)	(319)	Green
CPL/Propcare Surplus/ (Deficit) (£000)	66	0	66	Green	440	0	440	Green
Control Total Surplus/ (Deficit) (£000)	(598)	(733)	135	Green	(598)	(719)	121	Green
Cash holding (£000)	50,666	27,832	22,834	Green	50,666	27,832	19,649	Green
Capital Expenditure (£000)	11	9	2	Yellow	8,502	9,819	(1,865)	Yellow

*The plan for month 7 has now been updated to reflect the plan submission for M7-12 (22nd October 2020)

2.2 The Trust has provided an updated plan for the remainder of the year. This funding 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 financial position of the Trust at the end of September is a deficit of £664k, against a planned deficit £733k.

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

Metric (£000)	YTD Actual M7	Trust Plan YTD	Variance	Trust Annual Plan
Clinical Income	102,637	101,088	1,548	176,190
Other Income	9,736	10,505	(770)	22,390
Total Operating Income	112,372	111,593	779	198,580
Total Operating Expenditure	(110,001)	(109,616)	(385)	(194,726)
Operating Surplus	2,371	1,978	394	3,854
Finance Costs	(3,409)	(2,697)	(712)	(4,709)
Surplus/Deficit	(1,038)	(719)	(318)	(854)

3.1.3 Where previously we have been dual reporting both the Trust's original plan and the NHSI plan from this month, we now have a single revised plan. The Trust's planned outturn position at month 7 is £0.9m which is consistent with the plan submitted to NHSE/I on 22nd October.

3.1.4 Subsequent to the October submission, the Cheshire & Merseyside HCP requested that providers and commissioners review their financial plans for the year. This is in response to the aggregated HCP deficit plan for 2020/21, £180m. The Trust has reviewed its plan and is able to reduce its deficit to £0.3m. The only adjustment made to the plan has been the removal of the additional annual leave accrual.

3.1.5 This revision will be submitted to NHSE/I on 18th November. Also, due to the second wave of Covid-19 and financial uncertainty in the NHS system, NHSE/I will ask Trusts for produce a further revised forecast in December.

3.1.6 The table below summaries the position against the 22nd October plan of £0.9m deficit.

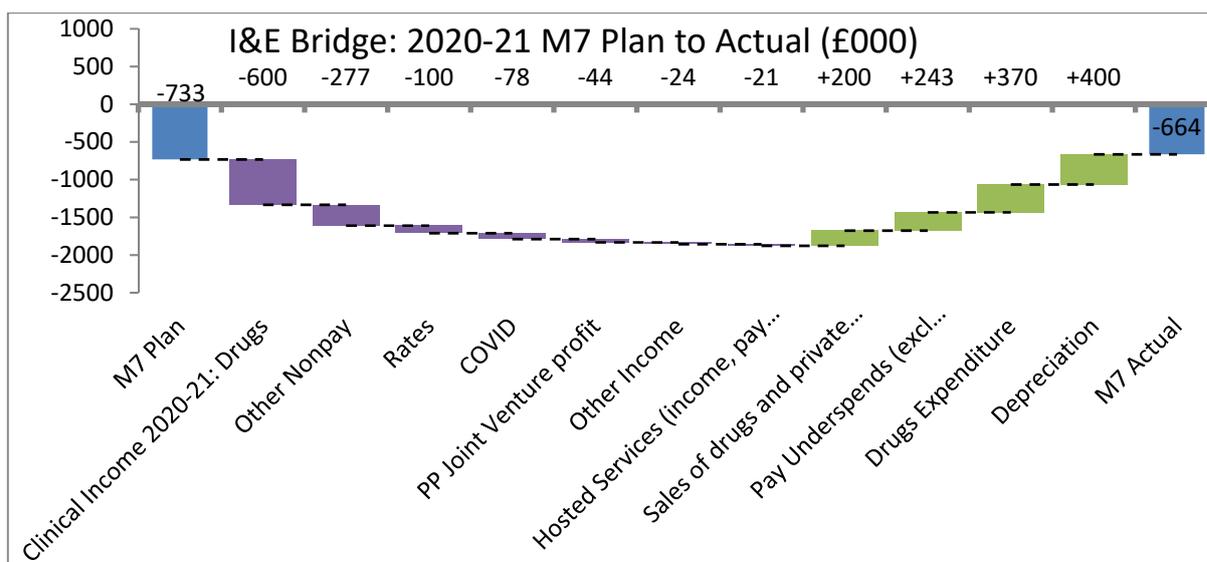
October 2020 (M7)	In Month Actual £'000s	YTD Actual £'000s
Trust Deficit	(766)	(1,360)
Donated Depreciation	103	322
Trust Retained Deficit	(663)	(1,038)
CPL	50	50
Propcare	15	390
Consolidated Financial Position	(598)	(598)

3.2 Expenditure position

3.2.1 The bridge below shows the key drivers between the month 7 updated plan - a deficit of £733k and actual deficit of £664k.

- Drug expenditure is £370k below plan, however, this is offset with reduction to income as this has now moved back to a pass through arrangement,
- Depreciation is £400k lower than plan, this reflects a non-recurrent one off adjustment due to profiling.
- Pay costs £243k under plan, however, plan has been reset and expected spend was higher, so this underspend is non recurrent. In terms of run rate pay spend has increased by £60k.
- Other non pay is above plan and this includes CCC-L rates, IT Equipment and radiology reporting fees.
- Additional COVID-19 costs in October were £77k

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.



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

The in month Directorate position is also included below. This shows that operational departments are operating with pay underspends, however, compared to prior months' pay spend has increased. The underspend is expected to further erode over the final 5 months as posts are filled. Drugs spend is showing on one line and is showing an overall underspend of £370k, offset by income. In general the Directorates all have a slight overspend on non- pay budgets. CIP targets are being reviewed with a view to correct these 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	(1,579)	(1,552)	27	(323)	(436)	(112)	(85)
Chemotherapy	(969)	(897)	72	(757)	(856)	(99)	(28)
Integrated Care	(854)	(867)	(13)	(97)	(94)	4	(9)
Haemato-Oncology	(606)	(603)	3	(302)	(335)	(32)	(30)
Drugs - All	0	0	0	(6,880)	(6,511)	369	369
Research	(244)	(205)	39	(29)	(108)	(79)	(41)
Other / Corporate	(1,622)	(1,484)	138	(1,378)	(1,565)	(187)	(49)
Sub-Total Operating	(5,874)	(5,609)	266	(9,767)	(9,905)	(138)	128
Cancer Alliance	(258)	(46)	212	(307)	(223)	85	296
Non Operating Costs	0	0	0	(1,145)	(792)	352	352
TOTAL	(6,132)	(5,655)	477	(11,219)	(10,920)	299	776

*Please note drugs budget for plan re-set centrally, further review to Directorates will take place in Month 8

3.3 Cost Improvement Programme (CIP)

3.4 CIP was suspended for the first 6 months of the year. In line with the STP minimum requirement of 1.1% for CIP requirement of £600k has been planned for the final 6 months of the year.

3.5 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 transacted.

The Trust has also identified budget underspends that support the achievement of CIP. The value of this is consistent with the current payroll underspend for the Trust. However, there is a risk that any change to budget performance will negate delivery of the required savings. To fully understand this position each directorate has been asked to forecast its outturn position.

4. Cash and Capital

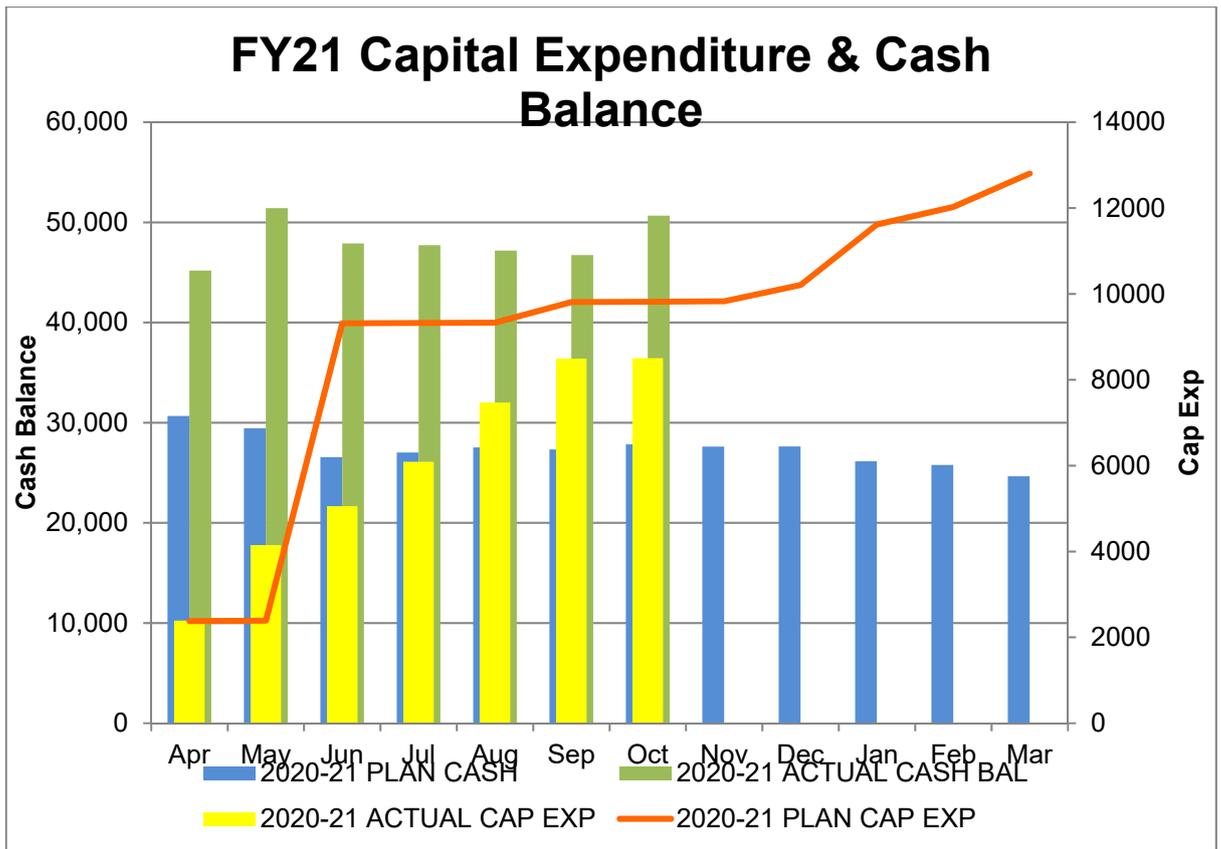
4.1 The original capital plan previously approved by the Board is £12.8m. It has since been revised to reflect changes in PDC funding, and the latest plan submitted to NHSI is £13.5m.

4.2 Capital expenditure of £8.5m has been incurred to the end of October against the year to date plan of £9.8m. 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 the GDE / Aspirant programmes 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 £50.7m, which is a positive variance of £22.8m to the cash-flow plan of £27.8m. 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£11.8m from commissioners as payment on account for November in October.

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 October the Trust has more cash than planned.

5. Recommendations

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

- The updated finance plan with £0.9m forecast deficit.
- The continuing strong liquidity position of the Trust

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

	October 2020			Cumulative YTD				Annual Plan (£000)
	Plan (£000)	Actual (£000)	Variance (£000)	Plan (£000)	Actual (£000)	Variance (£000)	%	
Clinical Income	14,999	14,184	(815)	101,088	102,637	1,548	2%	176,190
Other Income	751	1,127	376	4,427	6,750	2,324	52%	11,970
Hosted Services	868	600	(269)	6,079	2,985	(3,093)	-51%	10,420
Total Operating Income	16,618	15,911	(707)	111,593	112,372	779	1%	198,580
Pay: Trust (excluding Hosted)	(5,576)	(5,349)	227	(38,121)	(36,423)	1,698	-4%	(66,587)
Pay: Hosted	(544)	(295)	249	(3,803)	(2,341)	1,461	-38%	(6,522)
Drugs expenditure	(6,880)	(6,511)	369	(40,417)	(41,177)	(760)	2%	(70,474)
Other non-pay: Trust (excluding Hosted)	(3,611)	(3,630)	(19)	(24,929)	(28,939)	(4,011)	16%	(47,120)
Non-pay: Hosted	(335)	(337)	(2)	(2,347)	(1,121)	1,226	-52%	(4,023)
Total Operating Expenditure	(16,946)	(16,122)	824	(109,616)	(110,001)	(385)	0%	(194,726)
Operating Surplus	(328)	(211)	117	1,978	2,371	394	20%	3,854
Profit /(Loss) from Joint Venture	44	0	(44)	446	0	(446)	-100%	679
Interest receivable (+)	8	399	391	57	2,891	2,834	4957%	98
Interest payable (-)	(57)	(452)	(395)	(400)	(3,500)	(3,100)	775%	(686)
PDC Dividends payable (-)	(400)	(400)	0	(2,800)	(2,800)	0	0%	(4,800)
Trust Retained surplus/(deficit)	(733)	(664)	69	(719)	(1,038)	(318)	44%	(854)
CPL Surplus /(Deficit)	0	51	51	0	50	50	0%	0
PROPCARE Surplus /(Deficit)	0	15	15	0	390	390	0%	0
Reported surplus/(deficit)	(733)	(598)	135	(719)	(598)	122	0%	0
NET I&E Margin (%)	(0)	(0)	0	(0)	(0)	(0)	43%	(0)
Operating Surplus Margin (%)	(0)	(0)	0	0	0	0	19%	(0)

Appendix B – Balance Sheet (Statement of Financial Position)

	Audited 2020 (£000)	NHSI Plan 2021 (£000)	Sep-20			Oct-20		
			YTD Plan (£000)	Actual YTD (£000)	Variance (£000)	YTD Plan (£000)	Actual YTD (£000)	Variance (£000)
Non-current assets								
Intangible assets	2,143	858	1,023	2,001	978	995	1,977	982
Property, plant & equipment	205,907	198,506	197,805	211,262	13,457	197,088	210,856	13,768
Investments in associates	519	1,078	710	448	(262)	771	448	(323)
Other financial assets	124,317	-	-	128,302	128,302	-	128,302	128,302
Trade & other receivables	21	-	-	-	-	-	148	148
Other assets	-	-	-	-	-	-	-	-
Total non-current assets	332,908	200,442	199,538	342,013	142,475	198,854	341,730	142,876
Current assets								
Inventories	1,649	1,500	1,500	1,468	(32)	1,500	1,938	438
Trade & other receivables								
NHS receivables	19,301	15,000	15,000	18,514	3,514	15,000	11,537	(3,463)
Non-NHS receivables	25,800	10,000	10,000	24,506	14,506	10,000	25,428	15,428
Cash and cash equivalents	29,299	24,646	27,318	46,730	19,412	27,832	50,666	22,834
Total current assets	76,049	51,146	53,818	91,218	37,400	54,332	89,570	35,238
Current liabilities								
Trade & other payables								
Non-capital creditors	35,747	25,000	25,000	57,976	32,976	25,000	57,141	32,141
Capital creditors	7,157	1,000	1,000	610	(390)	1,000	205	(795)
Borrowings								
Loans	1,925	1,829	1,829	1,730	(99)	1,829	1,730	(99)
Obligations under finance leases	56	-	-	-	-	-	-	-
Provisions	233	500	500	217	(283)	500	179	(321)
Other liabilities:-								
Deferred income	2,900	4,000	4,000	4,821	821	4,000	4,788	788
Other	-	-	-	-	-	-	-	-
Total current liabilities	48,018	32,329	32,329	65,355	33,026	32,329	64,043	31,714
Total assets less current liabilities	360,939	219,259	221,027	367,876	146,849	220,857	367,257	146,400
Non-current liabilities								
Trade & other payables								
Capital creditors				-	-		-	-
Borrowings								
Loans	35,550	33,820	34,685	34,685	-	34,685	34,685	-
Obligations under finance leases	-	-	-	-	-	-	-	-
Other liabilities:-								
Deferred income	1,156	1,156	1,156	1,156	0	1,156	1,156	0
Provisions	121	-	-	-	-	-	-	-
PropCare liability	124,926	-	-	128,805	128,805	-	128,953	128,953
Total non current liabilities	161,754	34,976	35,841	164,647	128,806	35,841	164,794	128,953
Total net assets employed	199,185	184,283	185,186	203,229	18,043	185,016	202,463	17,447
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	112,484	133,211	20,727	112,314	132,444	20,130
Total taxpayers equity	199,185	184,283	185,186	203,229	18,043	185,016	202,463	17,447

Appendix C – Cash Flow Statement

Movement from 1st April 2020	Plan (£000)	Actual (£000)	Variance (£000)
Cash flows from operating activities:			
Operating surplus	(15,750)	1,984	17,734
Depreciation	4,026	3,553	(473)
Amortisation	189	166	(23)
Impairments	25,500	0	(25,500)
Movement in Trade Receivables	(14,863)	8,010	22,873
Movement in Other Assets	0	(3,984)	(3,984)
Movement in Inventories	(500)	(290)	210
Movement in Trade Payables	10,611	21,094	10,483
Movement in Other Liabilities	(700)	5,914	6,614
Movement in Provisions	11	(50)	(61)
CT paid	0	0	0
Net cash used in operating activities	8,524	36,398	27,874
Cash flows from investing activities			
Purchase of PPE	(6,607)	(15,454)	(8,847)
Purchase of Intangibles	(702)	0	702
Proceeds from sale of PPE	0	65	65
Interest received	14	2,891	2,877
Investment in associates	1,576	0	(1,576)
Net cash used in investing activities	(5,719)	(12,498)	(6,779)
Cash flows from financing activities			
Public dividend capital received	4,100	4,638	538
Public dividend capital repaid	(865)	0	865
Loans received	0	0	0
Movement in loans	0	(814)	(814)
Capital element of finance lease	(58)	(56)	2
Interest paid	(360)	(3,498)	(3,138)
Interest element of finance lease	0	(2)	(2)
PDC dividend paid	(2,800)	(2,800)	0
Finance lease - capital element repaid	0	0	0
Net cash used in financing activities	17	(2,532)	(2,549)
Net change in cash	2,822	21,367	18,545
Cash b/f	25,010	29,299	4,289
Cash c/f	27,832	50,666	22,834

Appendix D – Capital Expenditure

	Profile	NHSI plan		Month 7		Forecast	
		Full year £000	Month 7 £000	Actual £000	Variance £000	Profile	Full year £000
Estates							
DR X-ray room	Q1	40	40	0	-40		40
Contingency	Q4	500	0	0	0		400
		540	40	0	-40		440
Medical Equipment							
MRI (Liverpool)	Q1	632	632	564	-68		564
LinAcc transfer costs x4 (2020/21)	Q1	1,195	1,195	0	-1,195		0
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		180
Minor medical equipment	Q2	100	100	0	-100		100
Contingency:							
- Endoscopic Camera System	Q3/4	0	0	11	11		11
- Brachy Line Applicator	Q3/4	0	0	0	0		30
- Omniboard Accessories	Q3/4	0	0	0	0		16
- Draeger IACS Monitoring with C700	Q3/4	0	0	15	15		103
- Unallocated	Q4	500	0	0	0		340
Prior year schemes		0	0	-127	-127		-127
OPBT Equipment (Cyclotron)		1,149	0	0	0		1,149
		3,923	2,274	626	-1,648		2,519
IM&T							
Infrastructure		161	0	-16	-16		161
GDE		651	651	137	-514		651
Digital Aspirant Programme		1,310	1,189	122	-1,067		1,310
Covid		0	0	0	0		0
Other minor programmes	Q1-4	104	60	0	-60		104
		2,226	1,900	243	-1,657		2,226
Building for the Future							
Building works							
- Liverpool		3,234	3,234	5,211	1,977		5,632
- Wirral		1,200	0	0	0		0
Group 3 equipment		2,310	2,310	1,656	-654		1,656
IM&T		62	62	767	705		767
	Q1	6,806	5,606	7,634	2,028		8,055
TOTAL		13,495	9,820	8,502	-1,318		13,240

Plan previously reported	12,806
- Less Digital Aspirant revenue funding previously included as capital	-460
- Plus Additional PDC funding approved for OPBT (Cyclotron)	1,149
Revised plan	13,495

