



Report Cover Sheet

Report to:	Trust Board	
Date of the Meeting:	27 January 2021	
Agenda Item:	P1-012-21	
Title:	Financial Report Month 9	
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 nine months ending December 2020, noting the following:</p> <ul style="list-style-type: none"> - The undated financial plan and forecast outturn position - 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		
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
27th January 2021

Financial Performance Report

1. Introduction

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

Metric	In Mth 9 Actual	In Mth 9 Plan*	Variance	Risk RAG	YTD Actual	YTD Plan*	Variance	Risk RAG
Trust Surplus/ (Deficit) (£000)	318	128	190		(296)	(39)	(257)	
CPL/Propcare Surplus/ (Deficit)	16	0	16		473	0	473	
Control Total Surplus/ (Deficit)	334	128	206		177	(39)	216	
Cash holding (£000)	63,026	56,726	6,300		63,026	56,726	6,300	
Capital Expenditure (£000)	48	380	(332)		9,118	10,208	1,090	

*The plan for month 9 reflects the plan submission for M7-12 (22nd October 2020)

- 2.2 The Trust's funding for the remainder of the year 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 year to date consolidated financial position to the end of December is a surplus of £177k against a planned deficit of (£39k). The year to date Trust position shows a deficit of (£296k), against a planned deficit of (£39k).

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

Metric (£000)	YTD Actual M9	Trust Plan YTD	Variance	Trust Annual Plan
Clinical Income	135,025	131,064	3,961	176,180
Other Income	13,327	17,486	(4,159)	22,395
Total Operating Income	148,352	148,550	(198)	198,575
Total Operating Expenditure	(144,643)	(145,081)	438	(194,705)
Operating Surplus	3,709	3,469	240	3,870
Finance Costs	(4,005)	(3,508)	(497)	(4,724)
Trust Surplus/Deficit	(296)	(39)	(257)	(854)
CPL/Propcare	473		473	
Consolidated Surplus/Deficit	177	(39)	216	(854)

3.1.3 The Trust's planned forecast for December is a £0.3m deficit. However, subsequent to this the C&M Healthcare Partnership requested a further review of our forecast position on 5th January. This required us to provide our estimate of our worst, most likely and best case scenarios. The updated figures we provided were (£3m) deficit, £0.9m surplus and a £2.1m surplus respectively. The improvement on the most likely scenario from a (£0.3m) deficit to a £0.9m surplus is based on the following:

- An improvement in private patient activity in Q3
- Pay underspend due to delays in recruitments to additional posts for the new hospital
- Depreciation on new hospital equipment assets lower than planned
- Some contingencies relating to the new hospital move not materialising such as car parking costs.

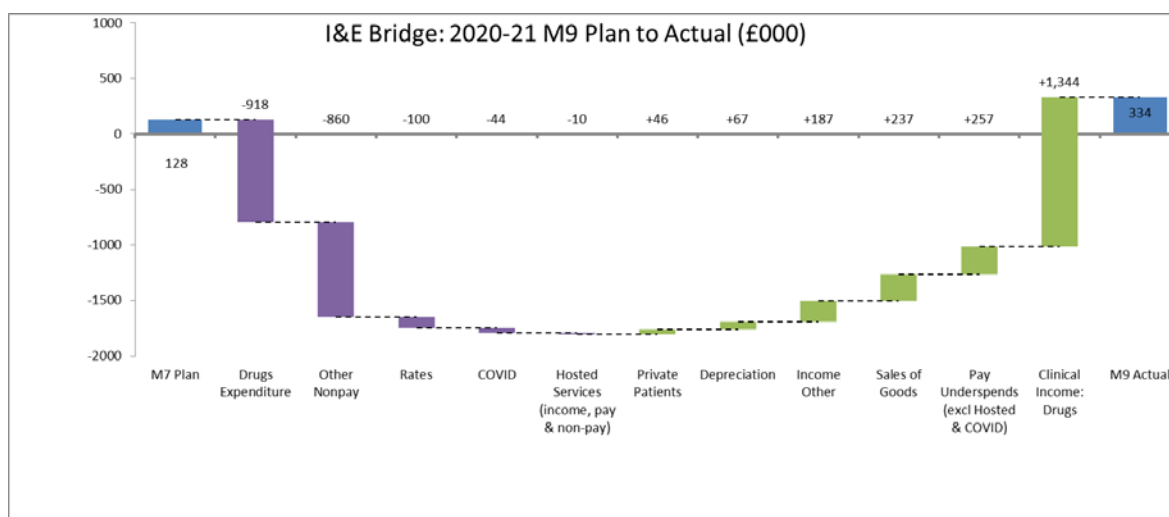
3.1.4 The table below summaries the consolidated financial position

December 2020 (M9)	In Month Actual £'000s	YTD Actual £'000s
Trust Surplus/(Deficit)	214	(832)
Donated Depreciation	104	536
Trust Retained Surplus/(Deficit)	318	(296)
CPL	46	128
Propcare	(30)	345
Consolidated Financial Position	334	177

3.2 Expenditure position

3.2.1 The bridge below shows the key drivers between the in-month plan of £128k surplus against an actual surplus of £334k.

- Drug expenditure is £918k more than plan, however, this is offset with an over recovery of income, as the arrangement for the recovery of high cost drugs has moved back to a pass through arrangement,
- Depreciation is £67k lower than plan, this relates to the charge on the equipment for the new hospital being lower than original envisaged.
- Pay costs £257k under plan (excl hosted and COVID). This is due to the delays in recruitment being slower than planned, but is in line with Month 8. Substantive wte have increased in Month 9. However, both bank and agency spend have shown a slight reduction in Month.
- Other non-pay is showing an overspend, this includes CCC-L higher than expected rates, and some expected increase in site costs for the Aintree site.
- Additional COVID-19 costs in December were £44k



3.3 Bank and Agency Reporting

Both bank and agency spend have reduced in Month 9, however, this is still high compared to the first half of the year. Substantive staff wte's have increased in Month 9 which accounts for some of the reduction. We are expecting temporary staffing costs to increase again through January as sickness increases due to the current COVID situation. Please see Appendix E below for a further breakdown of bank spend.

3.4 Cost Improvement Programme (CIP)

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

3.6 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

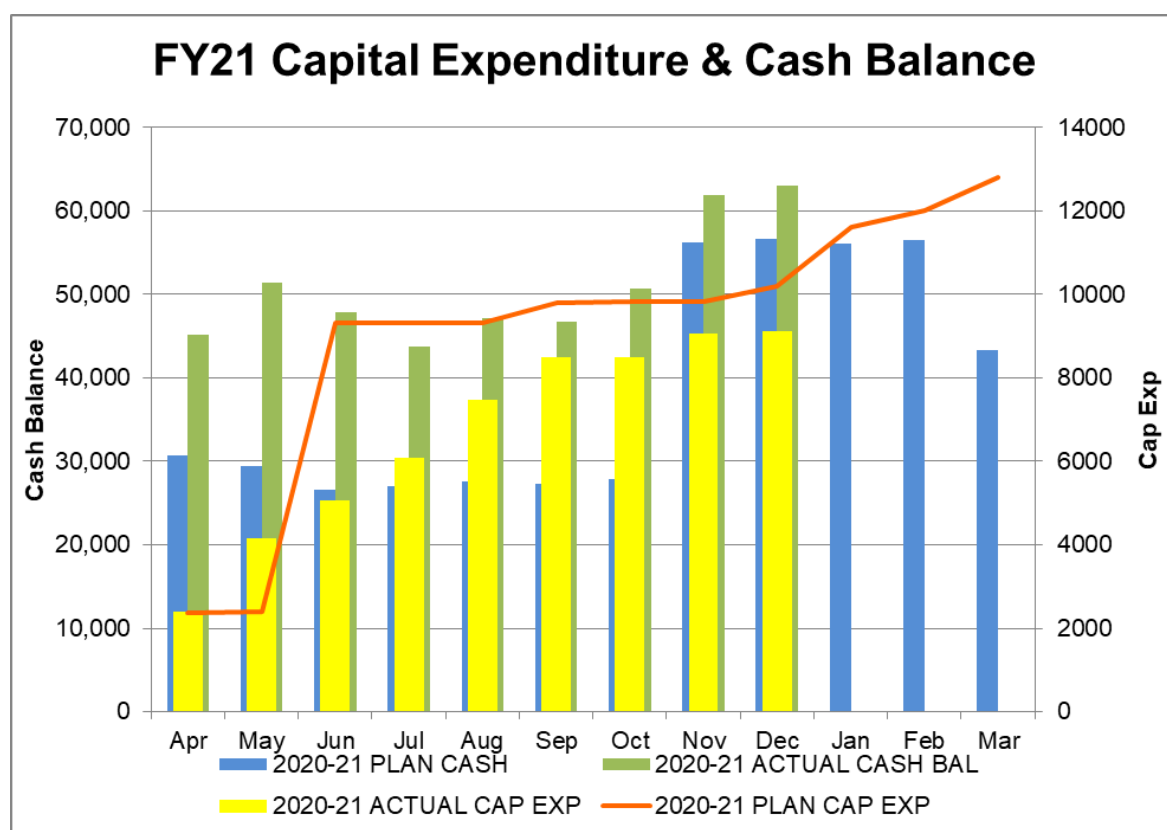
Overall, this gives a total delivery value of £604k, in line with the plan. The achieved schemes have been approved and transacted.

3.7 The achieved scheme recurrent/non-recurrent profile is included in the table below.

Achievement Profile	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	M7-12 Total
Non Recurrent	(12,946)	(12,946)	(12,946)	(12,946)	(12,946)	(12,946)	(77,674)
Recurrent	(28,371)	(28,371)	(28,371)	(28,371)	(28,371)	(28,023)	(169,878)
Total Achieved	(41,317)	(41,317)	(41,317)	(41,317)	(41,317)	(40,969)	(247,552)
Budget Underspend	(59,720)	(59,327)	(59,720)	(58,933)	(58,933)	(60,116)	(356,747)
Total Forecast Achievement	(101,036)	(100,643)	(101,036)	(100,249)	(100,249)	(101,084)	(604,299)

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 £9.1m has been incurred to the end of December against the year to date plan of £10.2m. 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 Group has a current cash position of £63.0m, which is a positive variance of £6.3m to the cash-flow plan of £56.7m. Trust cash is higher than plan due to a combination of factors including the underspend on capital.
- 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 December the Trust has more cash than planned.

5. Balance Sheet Commentary

5.1 Current assets

NHS Receivables, favourable variance of £13.6m. This is due to two main reasons. Firstly, the change in payment arrangements meaning we have less invoiced income to NHSE in year. Secondly, we have cleared some historic debt with LUHFT.

5.2 Current liabilities

Non-capital creditors, favourable variance of £7.7m. This is due to a number of historic issues / queries being resolved and payment being made.

Deferred Income £4.6m adverse variance. The main area which has increases is Cancer Alliance funding held, which has been re-profiled in month.

6. Recommendations

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

- The updated forecast submission on 5th January with the likely case of £0.9m surplus.
- The continuing strong liquidity position of the Trust

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

	December 2020			Cumulative YTD				Annual Plan (£000)
	Plan (£000)	Actual (£000)	Variance (£000)	Plan (£000)	Actual (£000)	Variance (£000)	%	
Elective	500	0	(500)	4,344	(1)	(4,345)		5,777
Non-Elective	786	0	(786)	6,827	0	(6,827)		9,078
Out-patient Attends	2,356	(0)	(2,356)	20,457	3	(20,453)		27,204
Radiotherapy Attends	1,971	13	(1,958)	17,120	88	(17,031)		22,763
Chemotherapy Attends	2,286	0	(2,286)	19,845	0	(19,845)		26,391
Impact of Contract Tolerances / Agreed Outturn	(1)	16,440	16,441	(4)	135,125	135,129		(7)
Drugs	6,235	0	(6,235)	54,129	(243)	(54,372)		71,983
Diagnostic Imaging	224	23	(201)	1,941	145	(1,795)		2,581
Bone marrow transplants	528	0	(528)	4,584	0	(4,584)		6,095
Other Currencies	21	(17)	(39)	1,140	(480)	(1,620)		3,343
Private Patients (inc drug sales)	97	40	(57)	682	386	(296)		971
Sub-Total: Total Clinical Income	15,003	16,498	1,496	131,064	135,025	3,960	3%	176,180
Other Income	744	1,055	312	9,687	8,854	(833)	-9%	11,998
Hosted Services	852	652	(199)	4,519	4,474	(46)	-1%	6,669
Total Operating Income	16,598	18,206	1,608	145,271	148,352	3,081	2%	194,847
Pay: Trust (excluding Hosted)	(5,580)	(5,397)	183	(49,212)	(47,144)	2,068	-4%	(66,506)
Pay: Hosted	541	(350)	(891)	(4,004)	(3,184)	820	-20%	(5,344)
Drugs expenditure	(6,012)	(6,929)	(918)	(52,440)	(54,752)	(2,312)	4%	(70,474)
Other non-pay: Trust (excluding Hosted)	(3,581)	(4,715)	(1,134)	(32,016)	(37,553)	(5,537)	17%	(43,145)
Non-pay: Hosted	(1,432)	(352)	1,080	(4,131)	(2,010)	2,121	-51%	(5,508)
Total Operating Expenditure	(16,064)	(17,743)	(1,679)	(141,803)	(144,643)	(2,840)	2%	(190,977)
Operating Surplus	534	463	(72)	3,468	3,709	241	7%	3,869
Profit /(Loss) from Joint Venture	44	203	159	533	203	(330)		664
Interest receivable (+)	8	398	390	74	3,689	3,615		98
Interest payable (-)	(57)	(346)	(289)	(509)	(4,296)	(3,787)		(686)
Finance Lease (-)	(1)	0	1	(5)	0	5		0
PDC Dividends payable (-)	(400)	(400)	0	(3,600)	(3,600)	0		(4,800)
Trust Retained surplus/(deficit)	128	318	190	(39)	(296)	(257)	655%	(854)
CPL/Propcare	0	16	16	0	473	473		
Consolidated Retained surplus/(deficit)	128	334	206	(39)	177	(282)	718%	(854)
NET I&E Margin (%)	1%	2%	1%	0%	0%	0%		(0)
Operating Surplus Margin (%)	3%	3%	-1%	2%	3%	0%		0

Appendix B – Balance Sheet (Statement of Financial Position)

	Audited 2020 (£000)	NHSI Plan 2021 (£000)	YTD Plan (£000)	Dec-20 Actual YTD (£000)	Variance (£000)
Non-current assets					
Intangible assets	2,143	1,857	1,929	1,930	1
Property, plant & equipment	205,907	177,462	177,559	179,073	1,514
Investments in associates	519	710	580	51	(529)
Other financial assets	124,317	-	-	-	-
Trade & other receivables	21	-	-	139	139
Other assets	-	-	-	-	-
Total non-current assets	332,908	180,029	180,068	181,192	1,124
Current assets					
Inventories	1,649	4,000	4,000	3,601	(399)
Trade & other receivables					
NHS receivables	19,301	20,000	20,000	6,408	(13,592)
Non-NHS receivables	25,800	8,000	8,000	9,273	1,273
Cash and cash equivalents	29,299	43,285	56,726	63,026	6,300
Total current assets	76,049	75,285	88,726	82,308	(6,418)
Current liabilities					
Trade & other payables					
Non-capital creditors	35,747	37,000	50,000	42,335	(7,665)
Capital creditors	7,157	1,000	1,000	672	(328)
Borrowings					
Loans	1,925	1,830	1,830	1,820	(10)
Obligations under finance leases	56	-	-	-	-
Provisions	233	500	500	468	(32)
Other liabilities:-					
Deferred income	2,900	2,000	2,000	6,564	4,564
Other	-	-	-	-	-
Total current liabilities	48,018	42,330	55,330	51,859	(3,471)
Total assets less current liabilities	360,939	212,984	213,464	211,640	(1,824)
Non-current liabilities					
Trade & other payables					
Capital creditors		500	500	970	470
Borrowings					
Loans	35,550	33,820	33,945	33,945	-
Obligations under finance leases	-	-	-	-	-
Other liabilities:-					
Deferred income	1,156	-	-	-	-
Provisions	121	-	-	-	-
PropCare liability	124,926	-	-	-	-
Total non current liabilities	161,754	34,320	34,445	34,915	470
Total net assets employed	199,185	178,664	179,019	176,726	(2,293)
Financed by (taxpayers' equity)					
Public Dividend Capital	60,819	65,457	65,457	65,457	(0)
Revaluation reserve	4,562	4,562	4,562	4,562	(0)
Income and expenditure reserve	133,804	108,645	109,000	102,081	(6,919)
Total taxpayers equity	199,185	178,664	179,019	176,726	(2,293)

Appendix C – Cash Flow Statement

Movement from 1st April 2020	Plan (£000)	Actual (£000)	Variance (£000)
Cash flows from operating activities:			
Operating surplus	(24,296)	(26,599)	(2,303)
Depreciation	5,832	5,062	(770)
Amortisation	214	214	(0)
Impairments	30,739	30,209	(530)
Movement in Trade Receivables	10,870	23,050	12,180
Movement in Other Assets	0	0	0
Movement in Inventories	(455)	(56)	399
Movement in Trade Payables	15,647	10,869	(4,778)
Movement in Other Liabilities	(900)	3,664	4,564
Movement in Provisions	165	133	(32)
CT paid	(174)	(171)	3
Net cash used in operating activities	37,642	46,375	8,733
Cash flows from investing activities			
Purchase of PPE	(23,062)	(18,285)	4,777
Purchase of Intangibles	0	0	0
Proceeds from sale of PPE	65	65	0
Interest received	58	35	(23)
Investment in associates	0	600	600
Net cash used in investing activities	(22,939)	(17,586)	5,353
Cash flows from financing activities			
Public dividend capital received	4,638	4,638	(0)
Public dividend capital repaid	(1,607)	0	1,607
Loans received	0	0	0
Movement in loans	0	(1,710)	(1,710)
Capital element of finance lease	(56)	(56)	0
Interest paid	(485)	(468)	17
Interest element of finance lease	(2)	(2)	(0)
PDC dividend paid	(1,200)	(3,600)	(2,400)
Finance lease - capital element repaid	0	0	0
Net cash used in financing activities	1,288	(1,199)	(2,487)
Net change in cash	15,991	27,591	11,600
Cash b/f	35,435	35,435	0
M7 adj for revised plan	5,300		(5,300)
Cash c/f	56,726	63,026	6,300

Appendix D – Capital

	Profile	NHSI plan Full year £000	Month 9 £000	Month 9 Actual £000	Variance £000	Forecast Full year £000
Estates						
DR X-ray room	Q1	40	40	0	-40	40
Cyclotron office area refurb		0	0	0	0	28
CCC-A Linacc Oak Refurb		0	0	0	0	16
Contingency	Q4	500	0	0	0	356
		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	-5	-1,200	-5
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
CCC-W HVX Replacement		0	0	0	0	200
Brachytherapy applicators		0	0	0	0	294
Contingency:						
- Endoscopic Camera System	Q3/4	0	0	11	11	11
- Brachy Line Applicator	Q3/4	0	0	30	30	30
- Omniboard Accessories	Q3/4	0	0	0	0	16
- Draeger IACS Monitoring with C700	Q3/4	0	0	15	15	103
- Replacement of Mobius 3D (SunCHECK)		0	0	19	19	28
- Unallocated	Q4	500	0	0	0	313
Prior year schemes		0	0	-127	-127	-127
OPBT Equipment (Cyclotron)		1,149	0	0	0	1,149
		3,923	2,274	669	-1,605	3,008
IM&T						
Infrastructure		161	161	92	-69	161
GDE		651	651	140	-511	651
Digital Aspirant Programme		1,310	939	123	-816	1,310
Covid		0	0	0	0	0
Other minor programmes	Q1-4	104	78	0	-78	104
7 Home Reporting Workstations		52	0	0	0	52
		2,278	1,829	355	-1,474	2,278
Building for the Future						
Building works						
- Liverpool		3,234	3,234	4,989	1,755	4,989
- Wirral		1,200	0	0	0	0
Group 3 equipment		2,310	2,310	2,231	-79	2,231
IM&T		62	62	875	813	875
	Q1	6,806	5,606	8,094	2,488	8,094
TOTAL		13,547	9,749	9,118	-631	13,820

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
- Plus Additional PDC funding approved for 7 Home Reporting Workstations	52
Revised plan	13,547

Appendix E – Bank and Agency Spend

