

Council of Governors

Item 11.2

Subject: Finance Report for the Period Ended 31st March 2023
Date of Meeting: Tuesday 6th June 2023
Presented by: Karen Edge, Chief Finance Officer
Purpose of Report: To note

BAF Reference	Impact on BAF
BAF 7	The report outlines the Trusts financial performance for the 2022/23 financial year, with a surplus that is £1,806k above plan, consistent with the forecast agreed previously.

Level of assurance (please tick one) <i>To be used when the content of the report provides evidence of assurance</i>					
<input checked="" type="checkbox"/>	Acceptable assurance Controls are suitably designed, with evidence of them being consistently applied and effective in practice	<input type="checkbox"/>	Partial assurance Controls are still maturing – evidence shows that further action is required to improve their effectiveness	<input type="checkbox"/>	Low assurance Evidence indicates poor effectiveness of controls

1. Executive Summary

The financial performance for the year ending 31st March 2023 is a surplus of £4,132k against a planned surplus of £2,326k, which is £1,806k above plan.

The summary month 12 position is outlined in the table below and shows the performance with the Hosted Services separately.

M12 LHCH (exluding Hosted Services)	In Month Plan £'000	In Month Actual £'000	In Month Variance £'000	YTD Plan £'000	YTD Actuals £'000	YTD Variance £'000
Total Income	26,708	26,917	209	219,308	222,879	3,572
Total Pay	(11,788)	(11,749)	39	(102,823)	(103,029)	(205)
Total Non Pay	(13,854)	(14,056)	(202)	(104,291)	(106,973)	(2,682)
Depreciation & Technical	(874)	(23)	852	(9,867)	(7,780)	2,088
Surplus / (Deficit)	192	1,090	898	2,326	5,098	2,772
Removal Transactions Relating to Donated Assets	0	(633)	(633)	0	(966)	(966)
Surplus / (Deficit) on a control total basis	192	457	265	2,326	4,132	1,806

M12 Hosted Services	In Month Plan £'000	In Month Actual £'000	In Month Variance £'000	YTD Plan £'000	YTD Actuals £'000	YTD Variance £'000
Total Income	745	1,318	572	8,574	8,837	263
Total Pay	(543)	(473)	70	(6,557)	(6,480)	76
Total Non Pay	(194)	(836)	(641)	(1,952)	(2,294)	(341)
Depreciation & Technical	(8)	(8)	1	(65)	(64)	1
Surplus / (Deficit)	(0)	1	1	0	(0)	(0)
Removal Transactions Relating to Donated Assets	0	0	0	0	0	0
Surplus / (Deficit) on a control total basis	(0)	1	1	0	(0)	(0)

M12 Total Trust	In Month Plan £'000	In Month Actual £'000	In Month Variance £'000	YTD Plan £'000	YTD Actuals £'000	YTD Variance £'000
Total Income	27,454	28,235	781	227,882	231,717	3,835
Total Pay	(12,331)	(12,222)	109	(109,380)	(109,509)	(129)
Total Non Pay	(14,049)	(14,891)	(843)	(106,243)	(109,266)	(3,023)
Depreciation & Technical	(882)	(30)	852	(9,933)	(7,844)	2,089
Surplus / (Deficit)	192	1,091	899	2,326	5,098	2,772
Removal Transactions Relating to Donated Assets	0	(633)	(633)	0	(966)	(966)
Surplus / (Deficit) on a control total basis	192	459	266	2,326	4,132	1,806

Key issues to note in the month 12 position are as follows:

- Trust income for the month was broadly consistent with the plan. For the year, Elective Recovery Fund (ERF) income from English Commissioners of £4,249k has been assumed and aligns to planned levels of income. Welsh commissioners have paid £625k for ERF, with no further income added in quarter 4. Additional to this, £711k was recognised in the September 2022 position for the final 2021/22 ERF position for the Welsh Health Board.
- The Isle of Man and Private Patients income remains on a cost per case arrangement for 2022/23. In March 2023, income from the Isle of Man was £99k above planned levels (£961k above plan in the year). Private patients was above planned levels in month for both Medicine and Surgery with a total over performance of £212k in March 2023. Private patient income for the year was £70k lower than plan.
- Pay spend was marginally underspent in March, with the release of pay provisions relating to annual leave, offsetting overspends relating to high bank usage and the costs associated with covering junior doctor industrial action. Pay expenditure has largely been consistent with plan throughout the year (0.2% overspend for the year), with overspends in nursing and medical staff groups offset by vacancies in other areas.
- The largest non-pay pressures in March were energy inflation and continued overspends in theatre consumables. Rising drugs spend and a shortfall on CIP also caused budgetary pressures.
- The Trust achieved 81% of the recurrent CIP target, with a carry forward into to 2023/24 of £795k. The deterioration in month relates to slippage on delivery of identified projects that will now be taken forward in the new financial year.
- Depreciation is lower than plan, with the approved capital programme being lower than original submission due to capital funding constraints across the Integrated Care System (ICS). High cash balances and increased interest rates are yielding interest payments which are partially offsetting the expenditure overspends.

- Capital expenditure was £16,505k, with the Cath labs, new MRI scanner, Digital strategy (PDC funded) and Targeted Lung CT scanners (PDC funded) accounting for the majority of the spend. This is consistent with the plan agreed with the ICB and represents another year where the Trust were able to maximise the capital spend for the benefit of the patients and staff.

2. Key Financial Performance Indicators

The Key Performance Indicators (KPI) for the period are set out below:

KPI	RAG rating	Comments
Overall Financial position	●	The Trust has a favourable variance to plan of £1,806k.
Income	●	Trust income (excl. hosted services) is £3,571k above plan for the year.
Expenditure	●	Operating expenditure (excl. hosted services) is £2,887k higher than plan.
CIP	●	Recurrent CIP of £3,428k (81%) has been delivered against a target of £4,222k.
Capital Expenditure	●	At the end of month 12, capital expenditure was £16,505k.
Cash	●	The month 12 position of £41.3m cash.

3. Conclusion

The Trust delivered a year-end surplus of £4,132k, which is £1,806k above plan. This is consistent with the forecast agreed previously and represents strong financial performance for the year.

The Trust was also able to maximise capital expenditure in line with the plans agreed at the start of the year and continues to hold strong cash balances.

4. Recommendation

The Council of Governors is asked to:

NOTE the financial position of the Trust for the year ending 31st March 2023.