

Council of Governors

Item 10.2

Subject: Finance Report for the Period Ended 31st October 2023
Date of Meeting: 5th December 2023
Presented by: Karen Edge, Chief Finance Officer
Purpose of Report: To note

BAF Reference	Impact on BAF
BAF 5	The report outlines the Trusts financial performance at Month 7 2023/24. The Trust achieved a £5,945k surplus in the year to date, a favourable variance of £214k.

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 first 7 months is a surplus of £5,945k. This represents a £214k positive variance to plan.

The summary month 7 position is outlined in the table below and shows the performance with the Hosted Services separately.

M7 LHCH (excluding 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	19,841	19,749	(92)	134,540	133,947	(593)
Total Pay	(8,962)	(8,919)	43	(62,560)	(62,327)	233
Total Non Pay	(9,295)	(9,340)	(45)	(60,893)	(61,402)	(510)
Depreciation & Technical	(765)	(499)	266	(5,357)	(4,372)	984
Surplus / (Deficit)	819	992	173	5,731	5,846	115
Removal Transactions Relating to Donated Assets	0	14	14	0	99	99
Surplus / (Deficit) on a control total basis	819	1,006	187	5,731	5,945	214

M7 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	650	505	(145)	4,573	3,919	(654)
Total Pay	(319)	(194)	125	(2,256)	(1,829)	427
Total Non Pay	(325)	(306)	18	(2,269)	(2,034)	235
Depreciation & Technical	(7)	(5)	2	(49)	(57)	(8)
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)

M7 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	20,491	20,254	(237)	139,114	137,867	(1,247)
Total Pay	(9,280)	(9,112)	168	(64,816)	(64,155)	660
Total Non Pay	(9,619)	(9,646)	(27)	(63,161)	(63,436)	(275)
Depreciation & Technical	(772)	(504)	269	(5,405)	(4,429)	976
Surplus / (Deficit)	819	992	173	5,731	5,846	115
Removal Transactions Relating to Donated Assets	0	14	14	0	99	99
Surplus / (Deficit) on a control total basis	819	1,007	187	5,731	5,945	214

Key issues to note in the month 7 position are as follows:

- Trust income from NHS and Welsh commissioners follows an Aligned Payment and Incentive (API) contract model, with fixed and variable elements. The variable factors include new outpatient attendances and daycase/elective care. NHS England announced an adjustment to the contract to take account of the industrial action in the early part of the year. This reduced the elective activity target by 2% and moves it to the fixed contract. This has been reflected in the plan. To date, the Trust is £617k below this revised plan, with significant under-performance in specialised surgical activity being partially offset by higher than planned outpatient attendances and medicine elective activity. A further adjustment has recently been announced by NHSE in light of the continuation of industrial action up to October. This will reduce the target by a further 2%, but this was not known at the time of reporting, and will be incorporated from month 8 onwards.
- The Isle of Man and Private Patients income remains on a cost per case arrangement for 2023/24. In October 2023, income from Isle of Man activity (excluding drugs & devices) was £100k behind plan, with a year-to-date and £328k year to date (YTD) under-performance.
- Private patients' income was £165k above plan in October, with the YTD over-performance now at £403k above plan.
- Pay spend was lower than budget in October, with underspends against nearly all staff groups.
- The largest non-pay pressure in the year to date relates to the undelivered Cost Improvement Programme (CIP). The Trust has identified 83.1% of the total CIP target.
- High cash balances and increased interest rates are yielding interest payments which are partially offsetting the expenditure overspends.

- Capital expenditure up to month 7 was £1,711k, which primarily relates to the Cath Lab project and agreed high risk maintenance schemes. The Cheshire & Merseyside Integrated Care Board (ICB) have now formally approved a £4m increase to the Trust's capital allocation to fund the cath lab 7 project. The total capital envelope now stands at £10,111k.
- **Forecast** – The Trust continues to forecast achievement of the financial plan by the year end. NHS England have announced additional funding in response to the impact of industrial action. ICBs are working with providers to review and improve forecasts, with a further submission required by 22nd November. The Trust may be required to deliver additional surplus in order to support the very challenging financial position across the ICB. Plans are being developed to support this.

6 Conclusion

In the first seven months of the year, the Trust delivered a surplus of £5,945k. This is £214k ahead of plan.

The key risks to achieving the plan are undelivered CIP, achieving the activity plans in elective care and the risks associated with inflation. These risks are being managed. The Trust is working with the ICB to review its forecast and see if further financial support can be offered to the ICB.

7 Recommendation

The Council of Governors is asked to:

- NOTE the financial position of the Trust for the month ending 31st October 2023.