

## Council of Governors Item 9.2

**Subject:** Finance Report for the Period Ended 31<sup>st</sup> March 2022  
**Date of Meeting:** 4<sup>th</sup> June 2022  
**Prepared by:** James Bradley, Deputy Chief Finance Officer  
**Presented by:** Karen Edge, Chief Finance Officer  
**Purpose of Report:** To note

BAF Reference	Impact on BAF
BAF 7	The report provides assurance on the Trust financial performance, with a year-end surplus of £42k.

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

The financial performance for the year ending 31<sup>st</sup> March 2022 is a £42k surplus.

The financial plan for the year was to achieve a breakeven position. This was reliant on non-recurrent funding, particularly the Elective Recovery Fund (ERF). The summary month 12 position is outlined in the table below.

M12 Financial Position	In Month Plan £'000	In Month Actual £'000	In Month Variance £'000	YTD Plan £'000	YTD Actuals £'000	YTD Variance £'000
<b>Total Income</b>	19,352	22,025	2,672	212,789	215,769	2,981
<b>Total Expenditure</b>	(18,593)	(21,260)	(2,667)	(203,984)	(206,736)	(2,751)
Depreciation & Technical	(760)	2,859	3,619	(8,804)	(4,912)	3,893
<b>Surplus / (Deficit)</b>	0	3,624	3,624	(0)	4,122	4,122
Removal of Transactions Relating to Donated Assets / Impairments	0	(3,754)	(3,754)	0	(4,080)	(4,080)
Surplus / (Deficit) on a control total basis	0	(130)	(130)	(0)	42	42

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

- ERF income for H2 has now been confirmed by the Integrated Care System (ICS) and assumed in the March position. The total H2 payment was £3,810k, bringing the total ERF income earned during 21/22 to £8,039k.

- As agreed with colleagues across the ICS, funding was removed in month 12 to ensure that the system funding was appropriately distributed.
- The Isle of Man and Private Patients income remains on a cost per case arrangement. The total variance is £1,251k above plan in the year-to-date position, with the in-month performance being £428k above plan.
- Research & Development is below plan by £386k due to slow recovery of clinical trials.
- Expenditure is above plan, with the year-end position being a £2,749k overspend against budget. Pay costs are higher than budget due to a high use of bank, and the long supernumerary period for new international nursing recruits. Non-pay is overspent in utilities costs, expenditure on minor equipment and unachieved CIP. This is partially offset by lower drugs and clinical supplies costs.
- Unachieved CIP resulted in a £1,348k budgetary pressure in the year. This is currently offset by the risk reserve as planned.
- External valuers carried out an annual review of the estate, which resulted in an increased value, reversing previous impairments. When assessing financial performance, the impact of this revaluation is removed.
- Elective (incl. daycases) activity is compared to the 2019/20 activity levels, with a strong focus on restoring activity to pre-Covid levels. The Trust delivered elective activity that was 107% of 2019/20 activity in March and 93% of 19/20 levels in the year to date. However, the casemix has changed since 19/20, and when costed at tariff, the activity would be 103% of 19/20 levels.
- Capital expenditure was £14,510k against a plan of £11,994k. The main variances are £1,576k additional PDC unknown at the planning stage, and additional allocation agreed with the Integrated Care System which allowed the Trust to increase its capital expenditure.

The Council of Governors is asked to:

- NOTE the financial position of the Trust for the year-ending 31<sup>st</sup> March 2022.