

Council of Governors Item 9.2

Subject: Finance Report for the Period Ended 30th June 2022
Date of Meeting: 26th July 2022
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 to date (YTD) surplus of £586k, which is consistent with the financial plan.

Level of assurance (<i>please tick one</i>)					
X	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 period ending 30th June 2022 is a £586k surplus which is consistent with the plan.

The financial plan agreed at the start of the year was to achieve a breakeven position. Further funding has been made available nationally and increased non-recurrent CIP has been required of all providers in the ICS. These adjustments have now been made to the plan, with the revised plan for the year being to deliver a £2,328k.

The summary month 3 position is outlined in the table below and shows the performance with the Hosted Services separately.

M3 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	16,809	17,003	195	50,552	50,538	(14)
Total Pay	(8,062)	(8,093)	(31)	(24,166)	(24,091)	75
Total Non Pay	(7,385)	(7,512)	(127)	(23,462)	(23,683)	(221)
Depreciation & Technical	(781)	(733)	48	(2,342)	(2,215)	128
Surplus / (Deficit)	581	666	84	582	550	(32)
Removal Transactions Relating to Donated Assets	0	12	12	0	37	37
Surplus / (Deficit) on a control total basis	581	678	96	582	586	5

M3 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	764	790	27	2,536	2,231	(305)
Total Pay	(727)	(680)	47	(2,067)	(1,957)	110
Total Non Pay	(37)	(111)	(74)	(469)	(274)	195
Depreciation & Technical	0	0	0	0	0	0
Surplus / (Deficit)	(0)	(0)	(0)	(0)	0	0
Removal Transactions Relating to Donated Assets	0	0	0	0	0	0
Surplus / (Deficit) on a control total basis	(0)	(0)	(0)	(0)	0	0







M3 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	17,573	17,794	221	53,088	52,769	(319)
Total Pay	(8,789)	(8,773)	16	(26,233)	(26,048)	185
Total Non Pay	(7,422)	(7,623)	(201)	(23,931)	(23,956)	(26)
Depreciation & Technical	(781)	(733)	48	(2,342)	(2,215)	128
Surplus / (Deficit)	581	665	84	581	550	(32)
Removal Transactions Relating to Donated Assets	0	12	12	0	37	37
Surplus / (Deficit) on a control total basis	581	677	96	581	586	5

Key issues to note in the month 3 position are as follows:

- ERF income of £1,080k has been assumed in the year to date position and aligns to planned levels of income.
- The Isle of Man and Private Patients income remains on a cost per case arrangement for 22/23. Driven by high Isle of Man activity, performance improved in June, and the total variance is £45k below plan for the year to date
- Expenditure is broadly consistent with the plan in overall terms, with the unidentified CIP being offset by underspends across a range of pay and non-pay categories.
- Unidentified CIP continues to be a key financial pressure and risk to ongoing financial sustainability however Divisions have identified key lines of enquiry for new schemes which are being worked through.
- Elective (incl. daycases) activity has been higher than plan in the year to date, with a strong focus on restoring activity to pre-Covid levels.
- Capital expenditure for the first quarter of the year is £1,697k. The most significant expenditures were Cath Labs Phase 2 and some high-risk backlog maintenance schemes. The Trust has received confirmation from the ICS regarding the capital allocation prioritisation. In addition to the cath lab capital project, allocation has been awarded for a range of backlog maintenance schemes and the replacement MRI. These are in addition to the Digital Strategy capital commitments which is funded separately through the national Digital Aspirants programme.

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 achieved YTD surplus position of £586k.
Income		Trust income (excl. hosted services) is £14k below plan in the YTD.
Expenditure		Expenditure (excl. hosted services) is £19k lower than plan YTD.
CIP		CIP £877k behind plan for the year to date. Recurrent CIP of £2,763k (65%) has been identified against a target of £4,222k.
Capital Expenditure		At the end of month 3, capital expenditure was £1,697k.
Cash		The month 3 cash position of £40.6m.

6 Conclusion

The Trust YTD position at month 3 is a surplus of £586k which is consistent with the plan.

The primary risks in delivering the financial plan relate to securing the ERF income through achieving the elective activity plan, delivering the CIP programme and managing inflation within the budgets in place.

7 Recommendation

The Council of Governors is asked to:

NOTE the financial position of the Trust for the period ending 30th June 2022.