

Council of Governors Item 10.2

Subject: Finance Report for the Period Ended 31st October 2022
Date of Meeting: 6th December 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 that is £619K above 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 31st October 2022 is a surplus of £1,976k against a planned surplus of £1,357k, which is £619k above plan.

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

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	18,077	18,160	83	122,326	124,223	1,897
Total Pay	(8,271)	(8,363)	(92)	(57,741)	(57,851)	(110)
Total Non Pay	(8,808)	(8,545)	262	(57,593)	(58,970)	(1,377)
Depreciation & Technical	(805)	(519)	286	(5,635)	(4,951)	684
Surplus / (Deficit)	193	734	540	1,357	2,451	1,094
Removal Transactions Relating to Donated Assets	0	(458)	(458)	0	(475)	(475)
Surplus / (Deficit) on a control total basis	193	276	83	1,357	1,976	619

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	683	779	96	5,755	5,584	(171)
Total Pay	(520)	(609)	(89)	(4,606)	(4,638)	(32)
Total Non Pay	(158)	(162)	(3)	(1,118)	(912)	205
Depreciation & Technical	(5)	(8)	(3)	(30)	(33)	(3)
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)

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	18,760	18,939	179	128,081	129,807	1,726
Total Pay	(8,791)	(8,972)	(181)	(62,347)	(62,494)	(147)
Total Non Pay	(8,966)	(8,707)	259	(58,711)	(59,877)	(1,166)
Depreciation & Technical	(810)	(527)	283	(5,665)	(4,984)	681
Surplus / (Deficit)	193	734	540	1,357	2,451	1,095
Removal Transactions Relating to Donated Assets	0	(458)	(458)	0	(475)	(475)
Surplus / (Deficit) on a control total basis	193	276	83	1,357	1,976	619

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

- Elective Recovery Fund (ERF) income of £2,573k has been assumed in the year-to-date position and aligns to planned levels of income. Additional to this, £711k was recognised in the September position for the final 21/22 ERF position for the Welsh Health Board.
- The Isle of Man and Private Patients income remains on a cost per case arrangement for 22/23. In aggregate, the total variance is £65k above plan for the year to date.
- Expenditure is above plan due to unachieved CIP, drugs and utilities costs.
- Recurrent CIP identification continues to improve, with the primary focus now shifting to delivery of the schemes identified. A large number of CIP schemes were transacted in month 7, improving reported performance in this area.
- Depreciation is lower than plan, with the approved capital programme being lower than originally hoped for because of 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.
- 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.
- At the end of month 7, capital expenditure was £5,294k, with the Cath labs and Targeted Lung CT scanners (PDC funded) accounting for the majority of the spend. Backlog maintenance schemes have also commenced.
- Cash stands at £41.1m which is higher than plan associated with the changes to the original capital programme and working capital movements.
- Forecast – There are no new material risks that have been highlighted that could jeopardise the Trust from meeting its financial control total. The existing risks are

unidentified CIP, excess inflation and securing the funding for elective recovery; and actions are in place to mitigate these risks.

2. Recommendation

The Council of Governors is asked to NOTE the financial position of the Trust for the period ending 31st October 2022.