

Council of Governors (in Public)

Item 7.2

Subject: Finance Report for the period ending 31st October 2020
Date of meeting: Tuesday 1st December 2020
Prepared by: Karen Edge, Chief Finance Officer
Presented by: Karen Edge, Chief Finance Officer
Purpose of the report: To note

1. Overview of Financial Position

The year to date (YTD) overall financial position for the period ending 31st October 2020 is a break-even position.

This position is £76k better than forecast, but £565k worse than the original 20/21 plan. The Trust has performed better than forecast due to expenditure in pay and overheads being lower than anticipated.

M07 Financial Position	Plan	Phase 3 Forecast	Actual	Variance to Plan	Variance to forecast
	£000s	£000s	£000s	£000s	£000s
Total Income	96,777	94,855	95,084	(1,693)	229
Total Expenditure	(91,120)	(89,841)	(90,012)	1,108	(171)
Depreciation and Technical	(5,122)	(5,113)	(5,095)	27	18
Profit/Loss	535	(99)	(23)	(558)	76
Removal of Donated Asset transactions	35	35	28	(7)	(7)
Control Total	570	(64)	5	(565)	69

Key issues to note are as follows:

- Inpatient activity in October is behind plan (-19%) and behind 19/20 levels (-20%). The increased levels of Covid within the community led to higher covid absence, isolating staff and reduced core activity levels to accommodate Covid positive patients.
- Income is better than forecast as a result of funding for new CF drugs not included in baseline funding.
- Pay costs are in line with forecast and Non-pay costs show a better than forecast position on overheads and non-clinical supplies and a worse than forecast position on drugs related to the introduction of a new CF drug which is offset by pass through income.
- CIP performance is below plan by £8k, which includes £288k of non-recurring CIP's.

- Capital expenditure is £4.1m against a plan of £5.0m, which excludes £227k of unplanned COVID-19 related capital.

2. Key Financial Performance Indicators

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

KPI	RAG rating	Comments
Overall Financial position	●	Break-even in month I&E for month 7
Income	●	Total income is £1.7m behind plan, in line with expenditure to reach break-even. Compared to forecast, income is £229k higher than expected to fund increased spend on Cystic Fibrosis Drugs
Expenditure	●	Total expenditure is £1.1m behind plan, but £153k more than forecast.
CIP	●	In month, recurring CIP achieved of £808k against the revised plan of £1,104k, leaving a recurring shortfall of £296k. This is partly offset by non-recurring CIPs of £288k, leaving a gap of £8k.
Capital Expenditure	●	At the end of month 7, capital expenditure was £4,082k against a plan of £5,031k. Exclusive of COVID-19 capital spend of £227k.
Cash	●	The month 7 cash position of £46.8m is £18.1m ahead of the plan of £28.7m.

3. Forecast

The forecast submitted to NHSI was a (£1.5m) deficit for the second half of the year. Given the level of volatility of COVID infections in the Liverpool City region we will keep this forecast as is, and review in Q4. It should be noted that a reduction in activity levels leads to an improvement in the forecast position as income remains fixed and clinical supplies costs reduce.

4. Conclusion

The Trust is breaking even at month 7, £76k better than forecast. Additional spend on newly commissioned drugs is being offset by additional income. Pay, non-clinical supplies and overhead spend are all lower than anticipated. The year-end forecast of £1.5m will be reviewed in Q4.

5. Recommendation

The Council of Governors Board are asked to:

- Note the financial position of the Trust as at 31st October 2020