

Board of Directors

Item 3.2

Subject: Finance Report for the Period Ended 30th April 2025
Date of Meeting: 10th June 2025
Presented by: James Thomson, Chief Finance Officer
Purpose of Report: To note

BAF Reference	Impact on BAF
BAF 5	The report outlines the Trusts financial performance for the first month of the 2025/26 financial year. The Trust achieved a £579k surplus in April, consistent with the financial plan.

Level of Assurance (please tick)		
To be used to provide the Board / Committee with a guide on the extent of assurance and evidence of assurance provided within the report		
Level of Assurance	Description	
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.	<input type="checkbox"/>
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.	<input type="checkbox"/>
Moderate	There is an adequate system of internal control, however, in some areas weakness in design and/or inconsistent application of controls puts the achievement and some aspects of the system objectives at risk.	<input checked="" type="checkbox"/>
Limited	There is a compromised system of internal control as weaknesses in the design and / or inconsistent application of controls puts the achievement of the system objectives at risk.	<input type="checkbox"/>
No	There is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the system objectives.	<input type="checkbox"/>

1. Executive Summary

The financial performance for the first month of the financial year is a surplus of £579k. This is consistent with the agreed plan.

The summary month 1 position is outlined in the table below and shows the performance with the Hosted Services separately.

M1 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	21,851	21,712	(139)	21,851	21,711	(139)
Total Pay	(10,495)	(10,306)	189	(10,495)	(10,306)	189
Total Non Pay	(10,088)	(10,178)	(90)	(10,088)	(10,178)	(90)
Depreciation & Technical (incl. impairments)	(712)	(664)	48	(712)	(664)	48
Surplus / (Deficit)	556	564	8	556	564	8
Removal of Transactions Relating to Donated Assets and impairments	23	15	(8)	23	15	(8)
Surplus / (Deficit) on a control total basis	579	579	(0)	579	579	(0)
M1 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	514	486	(27)	514	486	(27)
Total Pay	(424)	(407)	17	(424)	(407)	17
Total Non Pay	(89)	(73)	16	(89)	(73)	16
Depreciation & Technical (incl. impairments)	(1)	(6)	(5)	(1)	(6)	(5)
Surplus / (Deficit)	0	0	0	0	0	0
Removal of Transactions Relating to Donated Assets	0	0	0	0	0	0
Surplus / (Deficit) on a control total basis	0	0	0	0	0	0
M1 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	22,365	22,198	(166)	22,365	22,198	(166)
Total Pay	(10,919)	(10,713)	206	(10,919)	(10,713)	206
Total Non Pay	(10,177)	(10,251)	(75)	(10,177)	(10,251)	(75)
Depreciation & Technical (incl. impairments)	(713)	(670)	43	(713)	(670)	43
Surplus / (Deficit)	556	564	8	556	565	8
Removal of Transactions Relating to Donated Assets and impairments	23	15	(8)	23	15	(8)
Surplus / (Deficit) on a control total basis	579	579	0	579	579	0







Key issues to note in the month 1 position are as follows:

- English NHS activity (excluding drugs/devices) is reported in line with budget at Month 1.
- The income from Welsh commissioners (excluding drugs/devices) is £45k lower than plan.
- Income against the Isle of Man contract (excluding drugs/devices) is £89k below plan.
- Private Patient income was £54k below plan at Month 1.
- Non patient related income is £88k above plan, largely due to radiology activity for neighbouring providers.
- Pay costs were £189k lower than budget, with reductions in both bank and agency in April. Vacancies in a number of areas also contributed to the underspend.
- The largest non-pay pressure in the month relates to the undelivered Cost Improvement Programme (CIP). The Trust has transacted 37% of its recurrent target (identified 50%). Confirm and Challenge sessions have been held with each division and a range of corporate areas.
- A higher cash balance yielded higher than planned interest income which partially offset the CIP shortfall.

- At the end of month 1, capital expenditure was £218k. Most of the expenditure was utilised on Backlog Maintenance, the Theatre Ventilation project, and capitalised Staff costs.
- Non-recurrent actions were implemented to ensure consistency with the plan in month 1.

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 has delivered a surplus of £579k in month, which shows a balanced plan position.
Income		Trust income (excl. hosted services) is £139k below plan.
Expenditure		Operating expenditure (excl. hosted services) is £98k lower than plan.
CIP		Annual CIP of £4,985k (37%) has been delivered against a target of £13,499k.
Capital Expenditure		Capital expenditure for M1 was £218k.
Cash		The month 1 cash position is £49.9m.

3. Financial Position as at 30th April 2025 (month 1)

M1 Financial Position LHCH (excludes Hosted Services)	Annual Plan	In Month Plan	In Month Actual	In Month Variance
	£'000	£'000	£'000	£'000
Total Income	253,807	21,851	21,712	(139)
Employee Expenses	(125,591)	(10,495)	(10,306)	189
Drugs	(37,201)	(3,758)	(3,748)	10
Clinical supplies	(58,286)	(5,183)	(5,204)	(21)
Non Clinical supplies	(6,003)	(514)	(371)	143
Total Direct Costs	(227,081)	(19,950)	(19,629)	321
Gross Surplus	26,726	1,901	2,083	182
Total Overhead expenses	(8,705)	(632)	(855)	(223)
EBITDA	18,020	1,268	1,228	(40)
Depreciation & Technical (including impairments)	(8,741)	(712)	(664)	48
Surplus / (Deficit)	9,279	556	564	8
Removal of transactions relating to donated assets and impairments	273	23	15	(8)
Surplus / (Deficit) on a control total basis	9,552	579	579	(0)

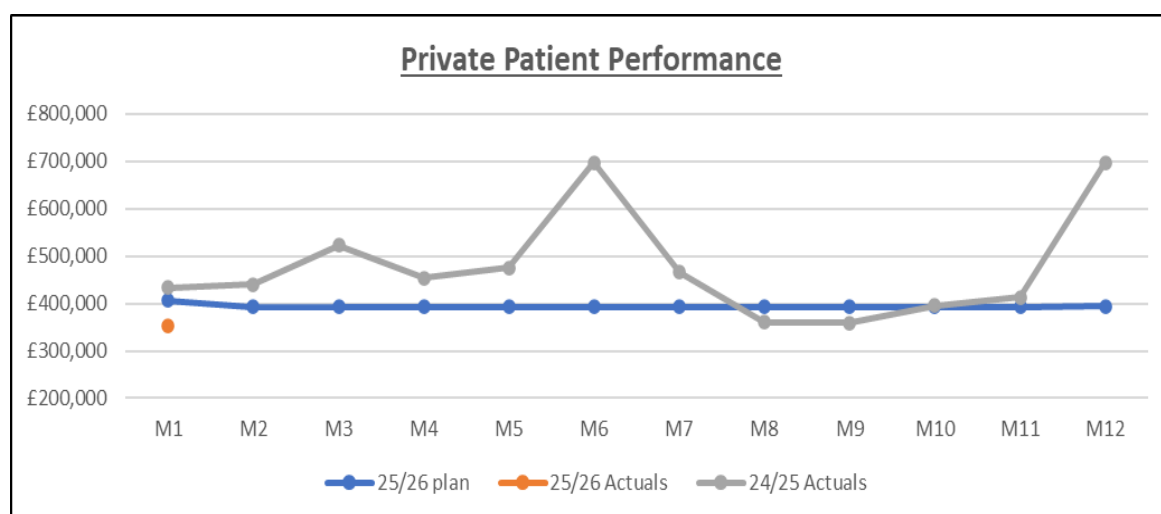
Income

The contracts with NHS England (NHSE) and the Integrated Care Board (ICB) continue to follow an Aligned Payment and Incentive (API) model. Elements of the contract are on a fixed basis, with most of planned care on a variable basis. All new outpatient attendances, outpatient procedures and elective/daycase care are paid on a cost per case basis. Outpatient follow-ups, critical care and non-elective activity is all fixed.

The variable elements of the contract have been updated to reflect much of the over-performance from last year. In addition, an element of the cath lab 7 business case has been added to the Cheshire and Merseyside ICB contact. The previously announced income and activity cap has been retracted, but commissioners are expected to actively manage contracts and activity within a constrained financial envelope.

The contracts with Welsh and Isle of Man commissioners have not yet been signed but are expected to continue to follow a full cost-per-case arrangement.

Private patient activity was £54k lower than plan in April, with under-performance in the surgery division.



Expenditure

Pay costs were £189k lower than plan in April.

Medical staffing has an underspend in month of £26k. This is due to two consultant vacancy posts for Cath Lab 7.

Nursing is £32k underspent in month. Medicine, Clinical services and Corporate division are all underspent in month due to vacancies offset by an overspend in Surgery division, predominantly theatres. The work to reduce nursing bank costs has supported a marked decrease in this area of spend.

Agency costs in the Scientific, Therapeutic & Technical category is largely in theatres.

The underspend against non-clinical staff budgets results from vacancies in a range of departments, with IT and Lung Cancer Screening the largest areas of underspend.

The vacancy factor within divisional budgets is within the 'other pay costs' category in the table below. This partially offsets the under-spends across the staffing groups resulting from vacancies.

April 2025 LHCH Staffing group (excluding Hosted Services)	In Month Budget £'000	Substantive costs (incl overtime) £'000	Bank £'000	Agency £'000	Overtime £'000	WLI £'000	In Month Total spend £'000	In Month Variance £'000
Medical	(2,892)	(2,628)	(27)	0		(212)	(2,867)	26
Registered Nursing	(3,042)	(2,897)	(99)	(0)	(14)		(3,010)	32
Support to clinical staff	(1,060)	(1,001)	(24)	0	0		(1,025)	35
Scientific, Therapeutic & Technical	(1,469)	(1,437)	(2)	(14)	(22)		(1,475)	(6)
Non Clinical	(1,741)	(1,551)	(38)	(13)	(9)		(1,611)	131
Other pay costs incl. apprenticeship levy	(291)	(319)					(319)	(28)
	(10,495)	(9,832)	(191)	(27)	(44)	(212)	(10,306)	189

Agency spend continues to be an area of focus nationally, with all providers instructed to deliver a 30% reduction based on spend in 2024/25. The agency spend in April 2025 is £27k, which is 40% lower than the spend in April 2024 and so the Trust is currently on track with this initiative.

Workforce headcount continues to be a focus. The Trust's workforce data shown in the table below (including Hosted Services) highlights that the WTE is 48.09 below the plan, predominantly due to NHS infrastructure support (non-clinical) and reduced bank and agency usage. The workforce plan for 2025/26 reflected increased headcount for:

- the transfer of IT staff from Alder Hey,
- the business case for cath lab 7, and
- the continued expansion of Lung Cancer Screening services.

The workforce plan also reflects a reduction of 40 WTE resulting from the cost improvement programme. This includes a 10 WTE reduction relating to bank and agency WTE.

Substantive	2025/26 Submitted Plan	2025/26 M1	Variance to Plan
Medical	198.38	198.47	(0.09)
Registered Nursing	644.31	646.38	(2.07)
Scientific, Therapeutic & Technical	275.02	272.88	2.14
Support to clinical staff	257.82	254.27	3.55
NHS infrastructure support	563.78	546.81	16.97
TOTAL WTE Substantive Staff	1,939.31	1,918.81	20.50
Bank	69.19	44.67	24.52
Agency	6.56	3.49	3.07
TOTAL WTE	2,015.06	1,966.97	48.09

The key variances in non-pay spend categories is unachieved CIP. The shortfall on transacted CIP is £741k. This is partially offset by bringing forward non-recurrent actions. The CIP target remains the most significant risk to the financial position in 2025/26.

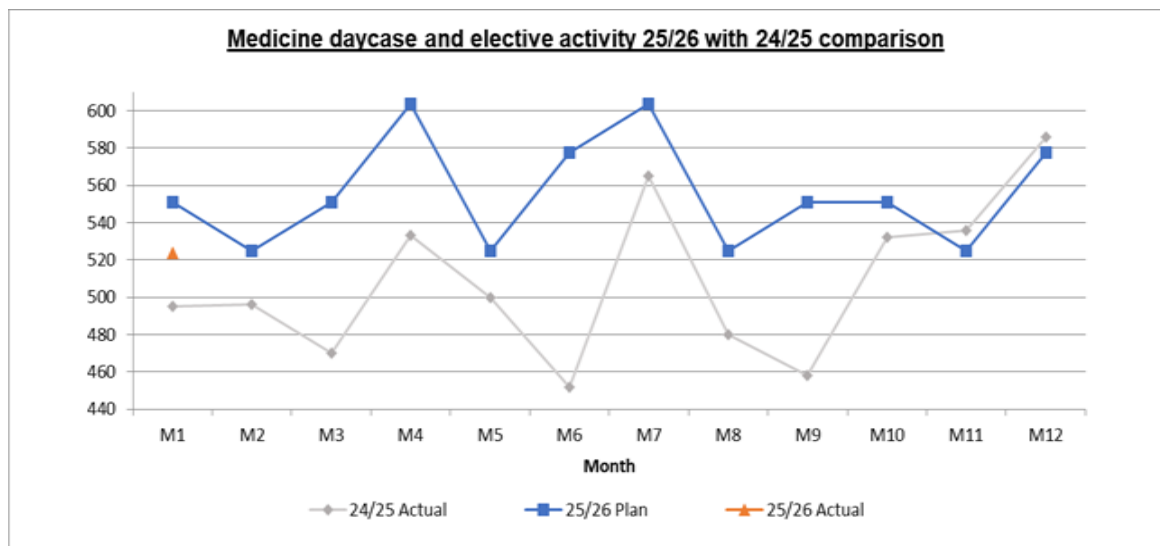
4. Divisional Performance

		IN MONTH Apr-2025		
		Plan £000	Actual £000	Variance £000
Medicine Division	Income	12,361	12,377	16
	Pay	(3,756)	(3,636)	119
	Non Pay	(6,854)	(7,035)	(181)
	Contribution	1,751	1,706	(46)
Surgery Division	Income	5,312	4,995	(317)
	Pay	(1,970)	(2,031)	(62)
	Non Pay	(1,136)	(1,406)	(271)
	Contribution	2,207	1,558	(649)
Clinical Services Division	Income	944	1,067	123
	Pay	(2,897)	(2,893)	4
	Non Pay	(494)	(674)	(180)
	Contribution	(2,447)	(2,500)	(53)
Corporate Division	Income	352	382	31
	Pay	(1,387)	(1,278)	109
	Non Pay	(1,124)	(1,291)	(167)
	Contribution	(2,158)	(2,186)	(28)

Medicine

The Medicine Division is reporting a £46k adverse variance for April.

Elective activity is 95% of their activity plan in month.



Private patient income was £22k above plan.

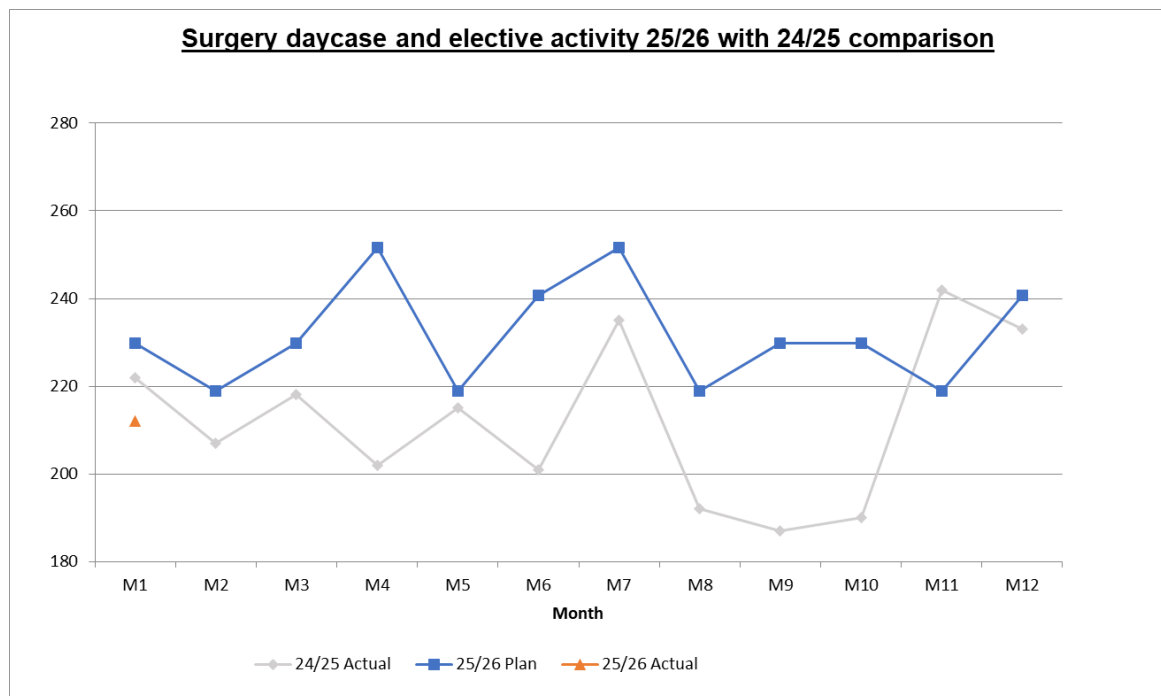
In month, pay is £119k lower than budget due to vacancies across the division, mainly medical staff for Lab 7 and admin staff.

Non-Pay is overspent in month by £181k mainly due to unidentified CIP which is a pressure of £217k in month.

Surgery

The Surgery Division is reporting a £649k adverse variance for April.

Elective and daycase activity was 92% of plan.



Private patient income in month was £75k below plan.

Pay costs are overspent by £62k in April mainly due to medical staffing (additional sessions and resident doctor bank) and Theatres staffing pressures.

The non-pay overspend in month of £271k is due to unachieved CIP (£182k) and a revaluation of stock, which included some expired items, which resulted in a cost pressure of £191k in month.

Clinical Services

Clinical Services is reporting a £53k adverse variance for April.

The over-performance in income is due to provider-to-provider radiology services.

Pay costs are consistent with the budget in April. Radiology and Anaesthesia WLI's totalled £42k however this is offset with an underspend in SICU pay due to bank/agency control and lower than usual occupancy.

Non-pay spend is £180k above budget in April, mainly due to under-achievement of CIP (£179k).

Corporate

Corporate Services is reporting a £28k adverse variance for April.

Income reports £30k above plan due to Education and Training.

Pay costs are £109k below plan which is due to vacancies across the division (notably Digital, Strategy and Medical engineering). The non-pay overspend results from CIP slippage.

5. CIP Performance

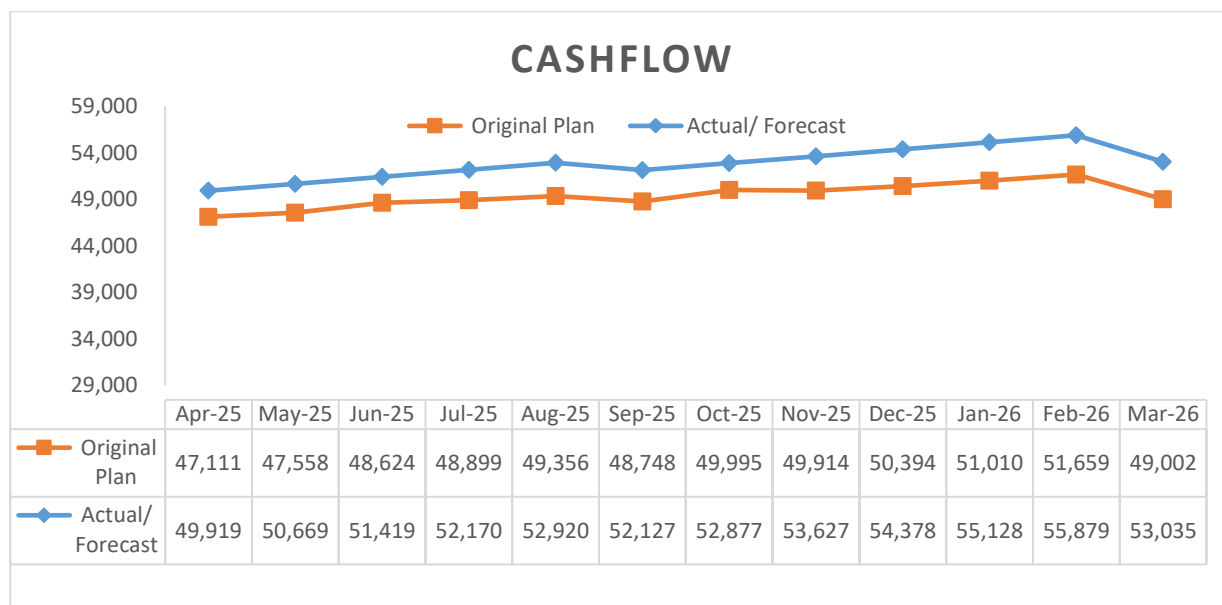
The Trust's CIP target for the year is £13,499k. The Divisional target is £8,600k, with £4,899k attributed to central Trust-wide schemes.

The table below shows the performance of each division against the CIP target for 2025/26. At the end of month 1, 36.9% of the CIP target has been transacted, with 50.3% identified. The undelivered CIP represents the single largest expenditure pressure. Confirm and Challenge sessions have been held with each clinical division and high-risk corporate area. Each division will need to expedite the identification and delivery of CIP schemes as the new financial year progresses.

April 2025				Part Year Effect (2025/26)		Full Year Effect (2026/27)			
Divisional Area	2025/26 Target £'000	C/F 2024/25 £'000	Total CIP £'000	Delivered (Transacted)	Identified	Delivered (Transacted)	Identified	Delivered (Transacted) %	Identified %
Corporate	1,279	305	1,584	0	0	0	0	0.0%	0.0%
Clinical Services	2,208	0	2,208	62	277	62	277	2.8%	12.5%
Medicine	2,470	145	2,615	15	1,295	15	1,245	0.6%	47.6%
Surgery	1,963	230	2,193	9	323	9	373	0.4%	17.0%
Divisional Total	7,920	680	8,600	86	1,895	86	1,895	1.0%	22.0%
Central schemes (incl. interest)	4,899		4,899	4,899	4,899	4,899	4,899	100.0%	100.0%
Trust Total	12,819	680	13,499	4,985	6,794	4,985	6,794	36.9%	50.3%

6 Cash Balance

The Month 1 cash position is £49.9m. The Statement of Cash Flows is shown in Appendix 2. The trust continues to hold sufficient cash balances to meet payment obligations as they fall due. There is an ongoing piece of work at System and LAASP level to review cash balances and opportunities for organisations to support those with extremely challenging liquidity issues.



7 Debtors and Creditors

- **Better Payment Practice Code (BPPC):** The Trust is measured on its performance against the Better Payment Practice Code (BPPC), which assesses the number and value of invoices paid within 30 days, the target for which is 95%. Overall, the Trust is

performing at 99.17% for the number of invoices paid and 99.84% for the value of invoices paid.

- **Debtors:** The total outstanding aged debt as of 30th April 2025 is £7.9m, a decrease of £0.5 from the previous month and summarised in the three tables below.

NHS Debtors over £250k

Debtor	Total Debt	Debt < 90 Days	Debt > 90 days	Total Debt	Debt < 90 Days	Debt > 90 days
	£000's	£000's	£000's	Number	Number	Number
DEBTORS >£250k	4,044	2,273	1,771	83	25	58
OTHER DEBTORS <£250k	451	336	115	60	44	16
TOTAL	4,496	2,609	1,886	143	69	74

Total NHS debt is £4.5m, which decreased by £0.6m compared to March 2025. This is mainly because debts with Manchester University NHS FT & NHS England decreased in April. The finance team continues to pursue the debt over 90 days.

Non-NHS Debtors over £250k

Debtor	Total Debt	Debt < 90 Days	Debt > 90 days	Total Debt	Debt < 90 Days	Debt > 90 days
	£000's	£000's	£000's	Number	Number	Number
MANX CARE	1,391	1,391	-	1	1	-
BRISTOL-MYERS SQUIBB PHARMACEUTICALS LTD	307	308	- 2	5	4	1
OTHER DEBTORS <£250k	1,664	956	708	1,041	458	583
TOTAL	3,362	2,656	706	1,047	463	584

Non-NHS Debt has increased by £0.1m when compared to March 2025. Manx Care is the largest debtor, but these debts remain current, and have not gone beyond 90 days. The main debts over 90 days relate mainly to AXA PPP, and there are ongoing discussions with them to recover the debt.

Hosted Services

Debtor	Total Debt	Debt < 90 Days	Debt > 90 days	Total Debt	Debt < 90 Days	Debt > 90 days
	£000's	£000's	£000's	Number	Number	Number
OTHER DEBTORS <£250k	6	7 -	1	3	1	2
TOTAL	6	7 -	1	3	1	2

Debt relating to hosted services is £0.006k (M12 24/25 £0.006k).

8 Capital

At the end of month 1, capital expenditure was £218k. Most of the expenditure was utilised on Backlog Maintenance, the Theatre Ventilation project and Capitalised Staff costs. A breakdown of capital spend by scheme is outlined in Appendix 3.

9 Conclusion

The Trust achieved its planned surplus in month of £579k. Divisional and departmental CIP performance was significantly lower than plan, and this was offset by some pay underspends and the acceleration of non-recurrent actions.

The delivery of CIP poses a significant risk. Each division has participated in CIP confirm and challenge sessions, and it's crucial to expedite CIP delivery in the coming months.

10 Recommendation

The Board of Directors is asked to:

- NOTE the financial position of the Trust for the period ending 30th April 2025.