

Report Title	Financial Performance: Month 5 Report		
Sponsoring Executive	Dinah McLannahan, Acting Director of Finance		
Report Author	Dinah McLannahan, Acting Director of Finance Paul Stanaway, Associate Director of Finance (Financial Management) Tim Reardon, Associate Director of Finance (Compliance)		
Meeting	Trust Board	Date	4 th October 2018

1. Suggested discussion points *[two or three issues you consider the Trust Board should focus on]*

The expected position at the end of Q2 was expected to be £2.7m. Mth 5 has begun to reflect that position, with c£0.5m support required. The current expectation is that we will achieve plan and PSF in Q2, despite income and non-pay slippage, and increasing pay pressures. This will be achieved by non-recurrent means in the main, with other technical adjustments as required.

The Chief Executive chaired CIP group is overseeing (a) H2 recovery plan (b) Month 12 recurrent backfill vs. non recurrent 18/19 CIP. The current view on (a) will be discussed at the meeting, and (b) will be finalised for Month 6 reporting.

The Board should discuss:

- Current state controls for income, pay and non-pay and determine if they are fit for current purpose
- Non local CCG income risks and the likely year end position
- Extrinsic financial risks to the plan's sufficiency outwith IT and satisfy itself that none are material

2. Alignment to 2020 Vision *[indicate with an 'X' which Plan this paper supports]*

Safety Plan		Public Health Plan		People Plan & Education Plan	x
Quality Plan		Research and Development		Estates Plan	x
Financial Plan	x	Digital Plan	x	Other <i>[specify in the paper]</i>	

3. Previous consideration *[where has this paper been previously discussed?]*

CLE 25th September 2018, FIC 28th September 2018, PMC 2nd October 2018

4. Recommendation(s)

The Trust Board is asked to:

- a. Note the contents of this report and discuss the above issues.

5. Impact *[indicate with an 'X' which governance initiatives this matter relates to and where shown elaborate]*

Trust Risk Register	x	Risk Number(s): 3234			
Board Assurance Framework	X	Risk Number(s): BAF 5, BAF 6			
Equality Impact Assessment	Is this required?	Y		N	x If 'Y' date completed
Quality Impact Assessment	Is this required?	Y		N	x If 'Y' date completed

SWBH M5 FINANCE REPORT

Trust Board: 4th October 2018

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Purpose of the report and conclusion

ANALYSIS

- The purpose of this report is to assess performance across budgets for Income, Pay, and Non-Pay year to date, and identify material risks to the forecast position (and therefore achievement of the Trust's control total).
- The Trust has achieved its financial plan to the end of Month 5, with a requirement to commit a small amount of Balance Sheet Flexibility (£198k) into the position. In addition, a provision for CQUIN under-performance was reduced by circa £260k, meaning there was total support to the position of £555k.
- Year to Date Variances to Plan were as follows:

– Patient Related Income	-£3.13m
– Other Income:	£0.418m
– Pay:	£3.495m
– Non Pay:	-£0.776m
– TOTAL:	£0.007m
- The risk to delivery of the Financial plan can be identified to the following areas:
 - Performance Against CIP Plan
 - Delivery of Production Plan and Associated Margin
 - Adherence to the pay bill (vacancy management, temporary staffing, rosters and sickness management)
 - Managing data challenges
 - Delivery against CQUIN
- A high level forecast has been and will be presented to FIC, PMC and Board, with a detailed forecast carried out for Month 6 Reporting to establish the likely recurrent outturn run rate.

Table 1: Income Year to Date Performance and Plan

	YEAR TO DATE			PLAN		
	Budget £000's	Actual £000's	Variance £000's	Q2 Balance £000's	Q3 £000's	Q4 £000's
SLAs: Main Healthcare Contracts	174,903	171,796	-3,107	34,890	108,767	107,996
Income: NHS Trusts	599	518	-82	120	360	360
Income: Other NHS Bodies	2,219	2,496	277	443	1,340	1,340
Private Patients Income	1,226	1,040	-186	246	739	739
Other Non Protected Income	550	518	-32	110	330	330
Sub-Total - PRI	179,497	176,368	-3,130	35,808	111,535	110,763
Income: NHS Trusts	2,229	2,188	-41	450	1,352	1,356
Income: Other NHS Bodies	2,066	1,925	-140	414	1,242	1,241
Provision of Diagnostic Services	2,514	2,570	56	503	1,509	1,509
Provision of Facilities & Related Services	2,540	2,386	-154	508	1,524	1,524
Education & Training	7,282	7,759	476	1,413	4,231	4,197
Research and Development	823	743	-80	165	494	494
Other Income	3,980	4,280	300	793	2,399	8,681
Sub-Total - Other Income	21,434	21,852	418	4,246	12,750	19,001
TOTAL INCOME	200,931	198,219	-2,712	40,054	124,285	129,764

Income Analysis

- Commissioner Income position is driven by a provision of £1.4m to reflect the Trusts view of data challenges (£100k per month) and CQUIN slippage. The rest of the under-performance against Commissioner income is driven by under-performance in the Women and Child Health Group (largely births and Maternity) and PCCT. Around £800k of the under-performance relates to Pass-through and is therefore offset by favourable variances in non-pay.
- SWBCCG contract is ahead of plan year-to-date, but in line with the plan by year-end. Close monitoring of this is required and will continue.
- Issues around CQUIN non-delivery need to be addressed. Issues with Unity mean that risky behaviours CQUIN is unlikely to be achieved. Negotiating a revised trajectory with the CCG.
- BSOL challenge to Ophthalmology ED coding is significant risk to income, although is provided for in the above £1.4m income under-performance provision.
- There is under-performance against PP income ytd relating to targets against recovering the costs of treatment from overseas visitors, and is tied into a CIP. A team is now in place to administer this process, and management within the Directorate are assessing the impact on the target.
- ICR income is behind their stretch target. Medicine and Emergency Care have put effort into improving processes, and controls and a new coder is in place. This has seen a significant improvement in capture and income being reported, but given the recent

Table 2: Production Plan

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	YTD	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Plan	8,657	9,175	9,680	9,957	9,384	46,853	9,640	11,274	10,688	8,967	10,450	9,652	10,446	117,969
Actual	8,752	9,483	9,522	9,855	9,112	46,723	0	0	0	0	0	0	0	
Variance	96	308	-159	-102	-272	-130								

Production Plan Analysis

- Embedded within the income plan are the above levels of income relating to the Production Plan.
- The plan reflects the late October go-live for phasing for Unity.
- Production plan performance is currently not assessed to be a major factor causing deviation from budget. Q2 is an emerging concern and Q3/Q4 see significant increases in the plan, with expected mitigation from recruiting to planned posts. Mitigations are focussed on General Surgery, T&O and Medical specialties to offset Ophthalmology.
- The year to date adverse variance was a mix of Medical Specialties over-performing (c.£1m), offsetting under-performance in Surgical Services (c.£700K); PCCT (£200k) and W&CH (£150K).
- The September Position currently stands at a deficit of £900k (£300K better than initially forecast). This is before coding improvements and without the activity delivered through Modality recorded so will improve the overall position closer to a deficit of £700k.
- The September planned mitigation of the under-delivery in Ophthalmology through increased work through T&O and General Surgery has had some impact but not the full impact modelled. This is mainly due to difficulties with theatre staffing and time lag to change staffing hours. The General Surgery mitigation has been as predicted. There will be some improvement at September month end due to the coding improvements through Joints.
- Ophthalmology has now successfully recruited into fixed term posts which should see a mitigation of current dropped activity in November – March this year. This will be modelled and brought back for October OMC.

Table 3: Pay Year to Date Performance and Plan

	YEAR TO DATE			PLAN		
	Budget £000's	Actual £000's	Variance £000's	Q2 Balance £000's	Q3 £000's	Q4 £000's
Medical Staffing	-37,857	-31,150	6,707	-7,605	-22,737	-22,684
Management	-5,728	-5,335	393	-1,154	-3,463	-3,465
Administration and Estates	-12,400	-10,678	1,722	-2,481	-7,431	-7,433
Healthcare Assistants and Support Staff	-14,702	-12,943	1,759	-2,924	-8,747	-8,726
Qualified Nursing and Midwifery	-41,932	-35,059	6,873	-8,393	-25,287	-25,294
Scientific, Therapeutic and Technical	-19,746	-17,234	2,512	-3,931	-11,835	-11,848
Bank Staff	-1,836	-11,262	-9,426	-218	-390	-390
Agency Staff	-608	-6,768	-6,160	-107	-291	-291
Other Pay	-1,594	-2,480	-886	-289	-781	-770
TOTAL Pay	-136,403	-132,908	3,495	-27,101	-80,962	-80,900

Pay Analysis

- There are significant favourable variances within Group positions. This is despite slippage against Pay CIPs (£699k).
- Vacancies are most notable in W&C, Corporate, Surgical Services, Medicine and PCCT. Filling these vacancies without improvement elsewhere (income generation or pay controls) would create significant pressures on the financial position.
- Pay Award Arrears were paid in Month 5, and look largely in line with forecast. Medical Staff pay awards have been announced recently and the implications of this are being evaluated.

Table 4: Agency spend

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Outturn
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Internal Forecast	-1,537	-1,113	-921	-852	-836	-835	-648	-648	-648	-648	-648	-648	-9,982
Actuals	-1,324	-1,264	-1,441	-1,433	-1,306								
Difference	213	-151	-520	-581	-470								
NHSI Plan	-1,105	-938	-919	-902	-905	-900	-831	-831	-831	-829	-829	-829	-10,649
Difference	-219	-326	-522	-531	-401								

Agency Analysis

- The table above shows the internal gross planned reduction in agency spend as a result of CIP and other changes during 1819, to an expected spend of £9.9m. This is reflected in budgets.
- At the time of submitting the plan to NHSI, the Trust did not have the granular analysis that is now available that demonstrates this reduction. It therefore chose to indicate NHSI Agency ceiling compliance, partly because this is the expectation of NHSI and the forms generate a validation error if the Trust indicated year end agency spend over the ceiling.
- Comparison against M5 actual spend shows that the Trust is behind internal plans by £1.509m, and £1.999m behind against the NHSI plan trajectory. It can be seen that the Trust's internal plan in the earlier months is less onerous than the NHSI plan. This is therefore a phasing issue, although for both plans an improvement is required in Q2 and the rest of the year.
- Conclusion – the Trust is experiencing a variance from budgets as a result of levels of agency spend, and from the NHSI spend profile.
- At current rates of spend, the internal forecast and NHSI cap would be breached in M8.
- Given the monthly run rates year to date, and the targets set, there is only a monthly allowance of £459k against Trust budgets and £554k against the NHSI ceiling per month in order to remain within plans for 1819

Table 5: Agency Spend by Type and Group

Group/Agency Type	Apr-18 £000's	May-18 £000's	Jun-18 £000's	Jul-18 £000's	Aug-18 £000's	Total £000's
<u>Medicine & Emergency Care</u>						
Medical Staffing	(467)	(451)	(453)	(424)	(361)	(2,155)
Qualified Nursing and Midwifery	(337)	(321)	(299)	(305)	(291)	(1,552)
Healthcare Assistants and Support Staff	(2)	(0)	(1)	(1)	(0)	(3)
Scientific, Therapeutic and Technical	(9)	(16)	(62)	28	(20)	(79)
Administration and Estates	(5)	(11)	(19)	(10)	(9)	(55)
Medicine & Emergency Care Total	(820)	(799)	(833)	(711)	(681)	(3,845)
<u>Surgical Services</u>						
Medical Staffing	(148)	(107)	(146)	(193)	(188)	(782)
Qualified Nursing and Midwifery	(108)	(90)	(111)	(120)	(126)	(555)
Healthcare Assistants and Support Staff	0	(0)	0	(1)	(0)	(1)
Scientific, Therapeutic and Technical	(10)	(8)	(7)	(43)	(52)	(120)
Administration and Estates	0	(1)	0	1	(2)	(2)
Surgical Services Total	(267)	(205)	(263)	(356)	(368)	(1,459)
<u>Women's & Child Health</u>						
Medical Staffing	(31)	(42)	(61)	(43)	(41)	(218)
Qualified Nursing and Midwifery	(19)	(5)	(14)	(12)	(5)	(55)
Healthcare Assistants and Support Staff	0	0	0	(13)	6	(7)
Scientific, Therapeutic and Technical	9	(1)	0	(2)	(1)	5
Administration and Estates	(1)	(6)	1	(4)	(15)	(25)
Women's & Child Health Total	(42)	(53)	(74)	(73)	(57)	(299)
<u>Primary Care, Community and Therapies</u>						
Medical Staffing	(49)	(28)	(47)	(50)	(49)	(224)
Qualified Nursing and Midwifery	(14)	(16)	(9)	(11)	(54)	(103)
Healthcare Assistants and Support Staff	0	(0)	0	(40)	40	(0)
Scientific, Therapeutic and Technical	(26)	(22)	(55)	(22)	(29)	(154)
Administration and Estates	5	0	(6)	0	(5)	(6)
Primary Care, Community and Therapies Total	(85)	(67)	(116)	(123)	(97)	(487)
<u>Imaging</u>						
Medical Staffing	(23)	(21)	(36)	(21)	21	(79)
Qualified Nursing and Midwifery	(16)	(12)	(14)	(14)	(18)	(74)
Scientific, Therapeutic and Technical	(13)	(16)	(20)	(20)	(20)	(89)
Administration and Estates	0	0	0	0	(1)	(1)
Imaging Total	(52)	(49)	(69)	(54)	(19)	(243)
<u>Corporate</u>						
Qualified Nursing and Midwifery	0	(7)	(1)	0	(17)	(25)
Healthcare Assistants and Support Staff	2	0	(2)	0	0	0
Scientific, Therapeutic and Technical	(23)	(26)	(24)	(31)	(28)	(131)
Administration and Estates	(37)	(57)	(59)	(85)	(39)	(278)
Corporate Total	(58)	(91)	(86)	(115)	(84)	(434)
Grand Total	(1,324)	(1,264)	(1,441)	(1,433)	(1,306)	(6,768)

Agency Analysis

- Medicine account for nearly 60% of year-to-date spend.
- Medical Staffing is over 50% of the total agency spend for the Trust, and Medicine is over 60% of that.

Table 6: Non-pay Year to Date Performance and Plan

	YEAR TO DATE			PLAN		
	Budget	Actual	Variance	Q2	Q3	Q4
	£000's	£000's	£000's	Balance £000's	£000's	£000's
Drugs and Blood Products	-16,351	-15,496	855	-3,268	-9,803	-9,803
Medical Equipment and Consumables	-15,472	-15,302	170	-3,061	-9,418	-9,481
Energy and Utilities	-4,501	-4,461	40	-877	-2,745	-2,761
Hotel Service Costs	-2,226	-2,295	-69	-445	-1,335	-1,334
IT Equipment and Consumables	-1,614	-2,024	-410	-323	-968	-968
Postage, Printing and Stationery	-1,330	-1,453	-123	-266	-797	-797
Staff Related Expenditure	-829	-958	-129	-168	-504	-504
Servs Rec'd: NHS Bodies	-4,141	-4,446	-305	-828	-2,434	-1,034
Serv Rec'd:Non NHS Bodies	-3,280	-3,963	-683	-667	-2,002	-2,006
Facilities Related Costs	-2,033	-2,453	-420	-407	-1,220	-1,220
CNST Contributions	-5,746	-6,004	-258	-1,149	-3,448	-3,448
Other Costs	-7,058	-6,286	772	-1,392	-4,708	-2,403
Recharges	-1	0	1	0	-1	-1
Depreciation	-5,738	-5,690	49	-1,148	-3,443	-3,443
Interest Receivable	23	46	22	5	14	14
Interest Payable	-936	-954	-19	-187	-561	-562
PDC Dividend	-3,625	-3,625	0	-725	-2,175	-2,175
Profit / (Loss) on Asset Disposals	0	-271	-271	0	0	0
TOTAL Non Pay	-74,859	-75,635	-776	-14,905	-45,547	-41,924

NON PAY ANALYSIS

- £776k adverse variance against the internal plan for non-pay. A number of other adjustments indicate the underlying non-pay position
 - Pass Through Drugs - £810k (offset by income under-performance)
- Underlying non-pay variance therefore adverse £1.586m
- The key driver for material variance from plan for non-pay is CIP delivery, which is £2.355m off year to date.
 - Procurement - £1.053m
 - Minor Works - £342k
 - Maternity Pathway - £250k
 - CNST- £258k
 - Utilities Related - £126k
- Specific issues –
 - At the moment we cannot see that the Procurement work plan is having a financially beneficial impact. It is therefore assessed in TPRS as not delivering.
 - Visit to Dudley by senior finance staff has identified that information should be available, and this will be used to validate ytd delivery by the end of September, which will then be reflected in Month 6 reporting. In addition, a 10 week project in Surgery to fast track clinical product switches is underway. This is due to complete at the end of October. An update on savings identified and delivered will be reported at Month 6.
 - Provider to provider Maternity pathway payments, and cost pressures in IT are also causing overspends. Regarding the Maternity pathway charges, agreement with Dudley Group has been reached in line with plans. A response has been received from BWCHFT and the finance team are working it through. The Trust is yet to receive a response from HEFT and Walsall. The aim is to agree with all four trusts by the end of September.

Table 7: CIP in the budgets

- This slide sets out CIP almost all of which is profiled in the budgets as they stand.

	2018/2019	Full Year	Q1	Q2	Q3	Q4	TOTAL	Q1	Q2	Q3	Q4	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	%	%	%	%	
Income - PRI	9,805	7,143	853	1,358	2,843	4,751	9,805	9%	14%	29%	48%	100%
Income (Other Operating Incom	1,849	2,278	343	559	476	471	1,849	19%	30%	26%	25%	100%
Pay	9,349	11,205	1,645	2,225	2,735	2,744	9,349	18%	24%	29%	29%	100%
Non Pay	13,633	14,706	2,527	3,358	3,090	4,658	13,633	19%	25%	23%	34%	100%
TOTAL	34,637	35,333	5,368	7,501	9,144	12,623	34,636	15%	22%	26%	36%	100%

CIP ANALYSIS

- Plan phasing is weighted towards the second half of the year the a 7% step up between Q1 to Q2, and a further 4% from Quarters 2 to 3, and 10% to Q4 similar . This is largely driven by the contract margin assumptions linked to production plan, and the phasing of the schemes that contribute to the unidentified CIP phased into M12.
- The net unidentified balance i totals £3.378m, after non use of reserves of £5m, being part of the plan to close the original £8.5m planning gap to control total.

Table 8: CIP delivery versus plan

		Year to Date				PLAN	
		Plan	Actual	Variance	Q2 (balance)	Q3	Q4
		£000's	£000's	£000's	£000's	£000's	£000's
Income (Other Operating Income)	Income - Commercialisation	335	262	-72	68	227	221
	Income - Facilities	171	86	-85	34	103	103
	Income - Other	232	197	-36	46	139	139
	Income - Repatriation	13	13	0	3	8	8
Income (Other Operating Income) Total		751	558	-193	151	476	471
Income (Patient Care Activities)	Income - Commercialisation	125	226	101	51	163	163
	Income - Production Plan	1,318	1,318	0	397	2,564	2,321
	Income - Repatriation	281	281	0	39	116	2,266
Income (Patient Care Activities) Total		1,724	1,825	101	486	2,843	4,751
Non Pay	Cross Cutting - Tactical	31	64	32	6	19	69
	Income - Commercialisation	258	0	-258	52	155	155
	Non Pay - Drugs/Pharmacy	57	33	-24	14	86	166
	Non Pay - Grip & Control	1,889	941	-948	424	1,182	1,182
	Non Pay - Sundry Schemes	1,250	1,250	0	250	750	2,150
	Non Pay - Supplier Negotiation	1,371	214	-1,157	274	893	931
	Pay - Other Key Enablers	8	8	0	2	5	5
Non Pay Total		4,864	2,510	-2,355	1,021	3,090	4,658
Pay	Non Pay - Grip & Control	0	0	0	0	0	0
	Pay - Medical Productivity	319	269	-50	80	314	325
	Pay - Other Key Enablers	453	282	-171	114	534	534
	Pay - Post Reductions	703	764	62	158	622	622
	Pay - Safer Staffing & Effective Rostering	1,649	1,111	-539	394	1,265	1,263
Pay Total		3,124	2,426	-699	746	2,735	2,744
Grand Total		10,464	7,319	-3,145	2,405	9,144	12,623

CIP ANALYSIS

- M5 ytd delivery was £7.319m against a plan of £10.464m, a shortfall of £3.145m.
- Under-performance against CIP targets was cumulatively at Month 1 £0.491m, Month 2 £0.996m, Month 3 £1.506m, Month 4 £2.471m.
- Average Monthly CIP slippage has grown from £491k in M1, to £629k in Month 5.

Table 9: CIP delivery versus plan - Forecast

		FORECAST		
		Plan	Actual	Variance
		£000's	£000's	£000's
Income (Other Operating Income)	Income - Commercialisation	851	663	-187
	Income - Facilities	411	201	-210
	Income - Other	558	369	-189
	Income - Repatriation	30	30	0
Income (Other Operating Income) Total		1,849	1,263	-586
Income (Patient Care Activities)	Income - Commercialisation	503	618	115
	Income - Production Plan	6,600	6,600	0
	Income - Repatriation	2,702	2,702	0
Income (Patient Care Activities) Total		9,805	9,920	115
Non Pay	Cross Cutting - Tactical	125	153	28
	Income - Commercialisation	618	0	-618
	Non Pay - Drugs/Pharmacy	323	154	-169
	Non Pay - Grip & Control	4,677	3,497	-1,180
	Non Pay - Sundry Schemes	4,400	4,400	0
	Non Pay - Supplier Negotiation	3,469	990	-2,480
	Pay - Other Key Enablers	20	20	0
Non Pay Total		13,633	9,214	-4,419
Pay	Non Pay - Grip & Control	0	0	0
	Pay - Medical Productivity	1,039	974	-64
	Pay - Other Key Enablers	1,635	1,438	-197
	Pay - Post Reductions	2,105	2,164	59
	Pay - Safer Staffing & Effective Rostering	4,571	3,186	-1,385
Pay Total		9,349	7,762	-1,587
Grand Total		34,636	28,159	-6,477

CIP ANALYSIS

- Current Forecast based on M5 actuals ytd and forecast as per M4 exercise shows delivery against plan of £28.159m, a shortfall of £6.477m.
- To deliver this forecast, requires a significant improvement over current delivery levels, as only 25% of the forecast has been delivered in the first 5 months of the year.
- The key risk for the Trust in relation to 1819 plan delivery is whether this slippage can be covered by over-performance on income or underspends against pay and non-pay budgets. The degree to which this is non-recurrent mitigation will inform whether the Trust carries recurrent under-delivery into the 19/20 ask.

Table 10: CIP Performance Q1 by Clinical Group & Corporate Directorate

Cost Improvement Programmes	Annual Plan £'000	Year to Date CIP Delivery			Likely Achievement (excl. mitigations) £'000	Variance from plan £'000
		Achieved £'000	Plan £'000	Variance £'000		
Medicine and Emergency Care	5,222	997	1,777	-781	3,459	-1,763
Surgical Services	2,437	462	882	-420	1,471	-966
Women and Child Health	1,603	437	572	-135	1,675	71
Primary Care, Community and Therapies	1,559	468	552	-84	1,374	-185
Pathology	537	161	187	-26	509	-28
Imaging	846	278	307	-29	805	-42
Sub-Total Clinical Groups	12,206	2,802	4,278	-1,476	9,293	-2,912
Strategy and Governance	1,440	188	532	-343	737	-704
Finance	430	135	147	-12	405	-25
Medical Directors Office	727	194	274	-80	660	-68
Operations	1,258	367	344	23	1,050	-209
People and Organisation Development	579	188	237	-49	457	-122
Estates and NHP	1,725	81	733	-653	624	-1,101
Corporate Nursing	455	190	190	0	455	0
Sub-Total Corporate	6,615	1,343	2,457	-1,114	4,387	-2,228
Central	15,815	3,174	3,729	-555	14,478	-1,336
Other	2,655				9,132	6,477
Total CIPs	37,291	7,319	10,464	(3,145)	37,291	(0)
Annual Target 18/19	37,291				37,291	
(Deficit)/Excess of Schemes Above Plan	(0)				(0)	

CIP ANALYSIS

MEC : Safer Staffing (-£459k), Locum Medics (-£115k) & Procurement (-£105k), ICR income (-£36k)

Surgical services: Procurement (-£369k); 23hr ward (-£33k); FINCH (-£17k)

Women and Child Health: Provider to Provider charges (-£250k), Gynae staff savings (£132k)

Pathology: Procurement (-£13k)

Imaging: Home Reporting (-£30k) Procurement (-£20k)

Medical Director: Non Pay savings (-£63k)

P&OD: Referral Fees (-£21k), Leadership Costs (-£15k), Other Income (-£8k)

Estates and NHP: Minor Works (-£342k), Energy Usage (-£126k), Car Park Income (-£52k), Rates (-£50k), MES (-£50k)

Central: Procurement (-£509k), F&F (-£38k)

CIP ANALYSIS

- CIP forecast for the full year against identified schemes is forecast to be £6.477m lower than planned. This will require over-delivery by the same amount against other sources of position improvement. This is shown above on the highlighted "other" line.
- The overall year to date position of the trust is on track despite the year to date under-delivery of CIP of £3.145m.
- CIP slippage is significant against Procurement plan; Minor works, Safe staffing and locum expenditure, P2P Pathway, Energy Usage and Locum Medical Staff.

Cash

CASH ANALYSIS

- The plan assumed £10.2m of Bonus STF from 2017/18, received in M4.
- The Trust has indicated to NHSI that it will require £6m of revenue borrowing in M8.
- The cash plan also assumed that the Trust failed to deliver £10m of CIP, mainly in Q4, and fails to receive £1.2m of the PSF in relation to A&E trajectories (this assumption was reflected in M5 reporting).
- This, and other changes in cash is compensated for by movements in working capital of £11m (decrease debtors, increase creditors) and an in year revenue borrowing requirement of £6m, not repaid by the end of the year.
- The plan for cash assumed that CIP would deliver as planned, and as phased in budgets and as reflected on TPRS. The plan “gap” of £9m is in Month 12 and for cash purposes assumed as not delivering, mitigated as above by working capital movement and an unpaid revenue loan of £6m.
- CIP performance to M5 and year to date has been mitigated for cash by creditor payment levels, capital phasing and debtors.
- The CIP delivery phasing that informed the cash plan is set out on the next slide.

Cash (contd)

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Total
Identified CIP	1,609	2,053	2,097	2,333	2,327	2,402	2,578	2,612	2,657	2,676	2,687	2,646	28,677
Unidentified CIP - Income	0	0	0	0	0	0	0	0	0	0	0	6,292	6,292
Unidentified CIP - Non-pay	0	0	0	0	0	0	0	0	0	0	0	2,322	2,322
Total	1,609	2,053	2,097	2,333	2,327	2,402	2,578	2,612	2,657	2,676	2,687	11,260	37,291

CASH ANALYSIS

- This reflected plans on TPRS and also the £6.6m margin driven from activity and income plans. This amount is not contained within the CIP analysis contained elsewhere in this report.
- This plan drove cash plans, which funded the capital programme of £34.6m.

	Balance at 30/04/18	Balance at 31/05/18	Balance at 30/06/18	Balance at 31/07/18	Balance at 31/08/18	Balance at 30/09/18	Balance at 31/10/18	Balance at 30/11/18	Balance at 31/12/18	Balance at 31/01/19	Balance at 28/02/19	Balance at 31/03/18
Cash per Plan	7,367	112	283	22,156	17,253	7,865	16,801	7,471	457	502	714	1,705
Cash Actual	16,351	6,718	9,384	17,284	31,219							

CASH ANALYSIS

- The table above shows actual cash against plan. This shows that the Trust is significantly ahead of cash plan due mainly to timely receipt of debtors (ahead of plan at end August) and lower payment than planned of creditors (£8.9m behind plan at M5). Being behind plan on payment of the 1819 capital programme also contributes to this position.

Cash (PSF)

- The table below shows the phasing of PSF for 1819 and its links to financial plan delivery and ED trajectory compliance.

	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Total
Total	553	553	553	737	737	737	1,105	1,105	1,105	1,290	1,290	1,291	11,056
Finance	387	387	387	516	516	516	774	774	774	903	903	904	7,739
A&E	166	166	166	221	221	221	332	332	332	387	387	387	3,317
	5.00%	5.00%	5.00%	6.67%	6.67%	6.67%	10.00%	10.00%	10.00%	11.67%	11.67%	11.67%	100.00%

CASH ANALYSIS

- The Trust's internal ED plan showed that compliance (>90%) would not be achieved until October, and the M5 NHSI return reflects this (circa £1.1m PSF not earned)
- The Trust has reported as on plan to M5 and is intending to use NR measures to secure Q2 PSF.
- The scale of the CIP and income challenge in month 5 year to date has required the use of technical support to secure reporting of headline numbers consistent with plan (circa £555k).
- However if the activity and income plan slippage exceeds the technical flexibility remaining this will lead to a loss of £2.2m of PSF which is assumed as funding for the capital programme.

Capital plans

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Total
Gross Capital Expenditure - Plan	2,236	2,221	2,394	2,164	2,169	2,408	4,303	4,305	4,538	2,623	2,622	2,689	34,672
Cash Phasing of Capex	236	1,915	1,781	1,942	1,788	2,887	4,782	4,784	5,017	3,102	3,101	4,057	35,391

CAPITAL PLAN ANALYSIS

- The top line represents the Board approved capital plan phasing. There are some pressures identified to this programme, and some slippage also (the main item being Carter's Green GP practice) – the net result is an overall picture within the approved envelope. This does not include any expenditure in relation to IT infrastructure over and above the approved plan (currently under review).
- The bottom line reflects actuals to M5, some of which will relate to capital creditors from the previous year.
- Cash requirements for this plan are £30.4m, there being £4.3m of IFRIC 12 non-cash reportable capex. The funding sources for this are;
 - Depreciation (net of BTC PFI costs) £13.8m
 - Grants and Donations £80k
 - Cash brought forward from 2017.18 £9.5m
 - Cash from in year surplus as per plan £3.5m (£11.1m PSF behind this, £7.6m pre PSF deficit)
 - Extra cash from receiving full PSF £3.6m
 - TOTAL £30.4m
- Higher cash payments than this suggest payment of creditors b/fwd in 1819, which would appear to be indicated in M2 – M3.
- Actual capital expenditure to M5 is reported as £7m, which is £4.2m behind plan.

Cash and Capital

Cashflow Forecast Month 5

ACTUAL/FORECAST	April Actual £000s	May Actual £000s	June Actual £000s	July Actual £000s	August Actual £000s	September Forecast £000s	October Forecast £000s	November Forecast £000s	December Forecast £000s	January Forecast £000s	February Forecast £000s	March Forecast £000s
Receipts												
SLAs: SWB CCG	23,718	23,358	22,941	22,817	22,830	22,800	22,300	22,500	23,603	24,300	24,300	24,303
Associates	7,245	6,432	7,461	7,531	13,691	7,300	2,166	6,466	6,466	7,141	7,141	7,141
Other NHS	1,074	902	359	584	2,231	0	835	898	1,258	1,110	687	1,162
Specialised Services	3,327	0	8,529	3,944	7,523	3,896	3,536	3,787	3,364	3,161	3,879	3,816
STF Funding	0	0	0	12,807	0	0	0	0	2,211	0	0	0
Over Performance	0	0	0	0	0	0	0	0	0	0	0	0
Education & Training - HEE	378	0	2	0	8,890	4,476	0	0	4,405	0	0	4,405
Public Dividend Capital	0	0	0	0	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	6,000	0	0	0	0
Other Receipts	1,232	1,340	2,575	4,034	1,237	2,828	1,375	2,075	2,075	2,075	2,075	2,075
Total Receipts	36,974	32,032	41,868	51,717	56,403	41,300	30,211	41,726	43,382	37,788	38,082	42,902
Payments												
Payroll	13,821	13,844	14,070	13,429	14,457	14,455	14,455	14,430	12,500	12,000	12,000	11,824
Tax NI and Pensions	10,090	10,276	9,813	9,977	10,230	10,080	10,130	10,130	9,800	9,800	9,800	9,800
Non Pay - NHS	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Non Pay - Trade	1,030	11,019	9,455	12,554	11,512	12,321	12,432	12,323	12,233	12,322	12,333	12,533
Non Pay - Capital	236	1,915	1,781	1,942	1,788	2,887	4,782	4,784	5,017	3,102	3,101	4,057
MMH PFI	0	0	0	0	0	0	0	0	0	0	0	0
PDC Dividend	0	5	0	0	3	4,350	0	0	0	0	0	4,350
Repayment of Loans & Interest	0	0	0	0	0	0	0	0	0	0	0	0
BTC Unitary Charge	440	440	440	440	440	440	440	440	440	440	440	440
NHS Litigation Authority	1,473	1,473	1,473	1,473	1,473	1,092	1,092	1,092	1,092	1,092	0	0
Other Payments	1,672	1,144	620	2,452	1,015	118	140	190	240	240	180	240
Total Payments	30,312	41,665	39,202	43,818	42,467	47,293	45,021	44,939	42,872	40,546	39,404	44,794
Cash Brought Forward	9,689	16,351	6,718	9,384	17,284	31,219	25,227	10,417	7,205	7,715	4,956	3,634
Net Receipts/(Payments)	6,662	(9,633)	2,666	7,899	13,936	(5,993)	(14,810)	(3,213)	510	(2,758)	(1,322)	(1,892)
Cash Carried Forward	16,351	6,718	9,384	17,284	31,219	25,227	10,417	7,205	7,715	4,956	3,634	1,742

Analysis

- This cashflow is reported in the trust's finance report and tracks actuals year to date against the NHSI plan. We have seen on previous slides that the cash balance at the end of M5 was £14m more than the NHSI plan, driven mainly by less than expected payments to trade and capital suppliers.
- Assumptions going forward are matched to the plan, and therefore assume CIP delivery and income plan achievement, and capital programme set out in previous slides.
- The Trust finance team also use a daily cash flow that looks forward based on historic performance, and ignores future assumptions in relation to CIP. It is this cashflow that is used to inform when the Trust should apply for cash from NHSI, it effectively provides a worst case scenario. This cashflow has informed a possible borrowing requirement for November. This also assumes no receipt of taper relief in relation to Midland Met double running costs
- The finance team are developing a cashflow that represents a risk adjusted plan cashflow, allowing for year to date performance but also adopting a most likely view rather than assuming no delivery at all. This will help to inform future required revisions to the capital programme.

Overall picture and conclusion

	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	TOTAL
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
1 - Patient Related Income	33,596	35,089	35,454	39,181	36,178	35,808	38,256	37,601	35,678	38,096	35,632	37,035	437,604
2 - Other Income	3,398	4,900	4,616	3,611	4,909	4,246	4,253	4,253	4,243	4,244	4,233	10,523	57,430
3 - Pay	-26,798	-26,217	-26,627	-26,387	-30,374	-27,101	-26,987	-26,990	-26,985	-26,965	-26,967	-26,967	-325,365
4 - Non Pay	-13,102	-13,108	-12,463	-12,620	-13,290	-12,850	-13,126	-13,243	-13,013	-13,167	-12,865	-9,728	-152,575
5 - Non Operational Costs	-2,072	-2,004	-2,038	-2,107	-2,055	-2,055	-2,055	-2,055	-2,055	-2,055	-2,055	-2,055	-24,661
6 - Planned Surplus	-291	291	0	0	0	0	0	0	0	0	0	0	0
	-5,269	-1,050	-1,057	1,679	-4,633	-1,952	342	-435	-2,131	153	-2,022	8,809	-7,567
NHSI Plan	-4,481	-2,419	-475	1,678	-1,425	-2,181	-369	-1,209	-2,388	64	-1,781	7,419	-7,567
Difference from NHSI Plan	-788	1,369	-582	1	-3,208	229	711	774	257	89	-241	1,390	0
Cummulative Difference from NHSI Plan	-788	581	-1	0	-3,208	-2,980	-2,269	-1,495	-1,238	-1,149	-1,390	0	

ANALYSIS

- The above table shows the phasing of the monthly budgeted I&E position of the Trust, excluding PSF. This phasing is informed by our activity and income plans, and our expenditure budgets, set at 1718 M12 x 12 (normalised), then reduced for CIP.
- Income budgets allowed for creation of a cost of contract reserve that drives out a contribution to I&E of £6.6m, and possibly more, subject to demands of cost to deliver the activity.
- Although the Trust was on budget at M05, this allowed for a £10.33m ytd deficit. Therefore underspends offsetting non-delivery of expenditure CIP will not last long, given the I&E improvement required in the budget phasing. In addition, putting the YTD position against an outturn deficit of £7.5m, means a surplus has to be delivered in the remaining months.
- CIP plans increase over the last 2 quarters putting pressure on to the financial position as CIP slippage is forecast to increase.

Table 11: Income and Expenditure by Group

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST

TRADING STATEMENT

31st AUGUST 2018

		CURRENT PERIOD					YEAR TO DATE		
		Budget	Actual	Budget	Actual	Variance	Budget	Actual	Variance
		WTE	WTE	£000's	£000's	£000's	£000's	£000's	£000's
1 - Patient Related Income	Medicine & Emergency Care	0	0	10,896	10,578	-318	56,118	56,156	38
	Surgical Services	0	0	9,379	9,453	74	46,075	47,076	1,001
	Women & Child Health	0	0	6,922	6,335	-587	33,863	31,808	-2,054
	Primary Care, Community and Therapies	0	0	5,052	4,815	-237	25,211	24,219	-993
	Pathology	0	0	1,253	1,407	154	6,384	6,694	310
	Imaging	0	0	597	610	12	2,990	3,102	113
	Corporate	0	0	628	706	77	3,143	2,987	-156
	Central	0	0	2,229	2,321	93	5,714	4,325	-1,389
1 - Patient Related Income Total	0	0	36,957	36,226	-731	179,497	176,368	-3,130	
2 - Other Income	Medicine & Emergency Care	0	0	56	59	4	279	266	-13
	Surgical Services	0	0	208	194	-14	1,012	989	-23
	Women & Child Health	0	0	60	71	11	332	335	3
	Primary Care, Community and Therapies	0	0	54	51	-3	302	240	-61
	Pathology	0	0	583	567	-16	2,937	2,980	44
	Imaging	0	0	231	180	-51	1,165	1,081	-84
	Corporate	0	0	1,083	1,060	-23	5,440	5,431	-10
	Central	0	0	1,993	2,097	103	9,967	10,529	562
2 - Other Income Total	0	0	4,269	4,279	10	21,434	21,852	418	
3 - Pay	Medicine & Emergency Care	1,459.81	1,502.70	-6,779	-6,748	31	-33,177	-33,089	88
	Surgical Services	1,409.13	1,353.90	-6,552	-6,428	123	-30,888	-30,399	489
	Women & Child Health	907.57	817.25	-3,802	-3,450	352	-18,084	-16,375	1,709
	Primary Care, Community and Therapies	949.73	903.02	-3,369	-3,246	124	-15,722	-15,393	329
	Pathology	336.19	301.55	-1,139	-1,086	53	-5,290	-5,133	157
	Imaging	277.99	260.87	-1,257	-1,180	78	-6,014	-5,837	177
	Corporate	1,555.07	1,575.23	-5,171	-4,873	298	-24,054	-23,262	792
	Central	0.00	0.00	254	229	-25	-3,173	-3,420	-246
3 - Pay Total	6,895.49	6,714.52	-27,815	-26,782	1,033	-136,403	-132,908	3,495	
4 - Non Pay	Medicine & Emergency Care	0	0	-2,565	-2,405	160	-12,843	-12,458	385
	Surgical Services	0	0	-2,234	-2,461	-227	-10,974	-11,469	-495
	Women & Child Health	0	0	-1,059	-1,175	-116	-5,292	-5,768	-476
	Primary Care, Community and Therapies	0	0	-1,632	-1,552	80	-8,179	-7,558	621
	Pathology	0	0	-956	-1,001	-45	-4,784	-4,985	-201
	Imaging	0	0	561	677	116	2,850	2,868	18
	Corporate	0	0	-3,490	-4,160	-671	-18,711	-20,482	-1,771
	Central	0	0	-1,212	-814	399	-6,652	-5,290	1,362
	Capital	0	0	0	0	0	0	0	0
4 - Non Pay Total	0	0	-12,585	-12,890	-304	-64,584	-65,141	-558	
5 - Non Operational Costs	Central	0	0	-2,055	-2,063	-8	-10,275	-10,494	-219
5 - Non Operational Costs Total	0	0	-2,055	-2,063	-8	-10,275	-10,494	-219	
Grand Total		6,897	6,715	-1,230	-1,230	1	-10,330	-10,324	7

Finance Report

Month 05 2018/19

August 2018

Trust Board

4th October 2018

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Finance Report

Summary & Recommendations

Month 05 2018/19

Statutory Financial Duties	Value	Outlook	Note
I&E control total surplus	£2.3m	✓	1
Live within Capital Resource Limit	£34.7m	✓	2
Live within External Finance Limit	£10.8m	✓	3

1. Forecast surplus £2.3m formally reported. Achievement subject to CIP delivery and elective capacity management.
2. CRL per plan submission. £20.8m requires NHSI approval (£16.5m excluding IFRIC).
3. EFL based on £3.5m surplus and opening cash of £9.7m.

Outlook

- NHSI M05 return forecast surplus £2.3m, consistent with achieving control total excluding some of the performance related PSF.
- Achievement requires development of production planning and roster management as core competences.
- Required opex run rate change also depends on CIP delivery and additional efficiency delivery.

M05 key issues & remedial actions

- M05 YTD headline performance reported as £0.9m behind plan due to PSF shortfall.
- PSF shortfall follows YTD ED failure. Impact of ED failure on full year PSF forecast at £1.2m and included in M05 NHSI return.
- 70% of PSF subject to financial performance.
- Delivery of financial efficiency to the value of £37.2m required in 2018/19.
- £34.6m of identified schemes within TPRS, £2.6m outstanding.
- Shortfall of £3.2m in delivery against identified measures ytd M05, forecast slippage of £6.5m.
- Agency spend below M04 level but remains significantly above plan trajectory.
- Delivery of plan agency reduction will deliver national target for agency reduction.
- Capex programme subject to revision following MMH delay. CRL remains to be confirmed by NHSI. Dialogue on-going.
- Operational cash flow to be reviewed. Anticipated that loan application will be submitted in October for November draw down, subject to receipt of Taper Relief.

Recommendation

- Challenge and confirm:
 - reported M05 position against NHSI plan

Finance Report

Performance to date – I&E and cash

Month 05 2018/19

Financial Performance to Date

For the period to the end of August 2018 the Trust is reporting:

- M05 reported behind plan due to PSF failure.
- Headline I&E deficit of £4.9m, adverse to NHSI plan by £0.9m as a result of ED failure resulting in lower PSF
- I&E deficit £11.9m before non-recurrent and technical support, being £3.7m off plan.
- Capital spend is £7m for M05 YTD. The forecast is to be revised to reflect required changes;
- Cash at 31st August £31.2m being £14m more than plan.
- Use of resources rating at 3 M05.

I&E

M05 year to date reported as achieving pre-PSF plan. ED failure to date results in partial PSF failure and consequent £0.9m shortfall against headline PSF M05 YTD plan. Including PSF planned technical support to the value of £3.4m has been utilised in achieving the reported delivery.

However, M05 does include £2.193m PSF and taper relief on the presumption that these will be secured. This is consistent with NHSI plan submission. PSF requires consistent delivery to headline financial plan and improvement in ED performance to key milestones.

Savings

The Trust efficiency forecast remains as plan. Plan as submitted to NHSI includes FYE of 2017/18 CIPs, commercial targets as well as 2018/19 CIPs. This total stands at £45.3m including £8m for the FYE of 2017/18 schemes.

Progress is reported through the Trust's savings management system, TPRS. At M05 this indicates £7.3m of savings have been delivered against a plan of £10.5m 2018/19 ytd target improvement, a shortfall of £3.2m.

Capital

Capital expenditure to date is £7m against a full year plan of £34.7m. A rate of monthly spend in excess of £2.8m is expected per the plan. This is subject to continual review in the light of MMH developments and progress in relation to EPR. It is anticipated that some revision to forecast will be required.

Cash

The cash position is £14m above plan at 31st August. This is due to reduced capital spend and the working capital position.

Based on the revised (worst case) operational cash forecast for 2018/19 the revenue borrowing requirement is now expected to crystallise in November 2018. An application for a revenue loan will be submitted to NHSI in anticipation of this requirement if required. This will be subject to review and receipt of taper relief.

EFL compliance is subject to delivery of the I&E financial improvement programme delivering cashable savings during H2 2018/19.

Better Payments Practice Code

It is expected that this target will not be achieved in FY 2018/19 given the cash position. In anticipation of the loan application request working capital is being managed proactively. The Finance Team ensure that the provision of goods and services to the Trust is not impacted by this performance by ensuring that we are not 'on stop' with Suppliers. We remain committed to prioritising payments to local suppliers.

Finance Report

I&E Performance – Full Year – As reported

Month 05 2018/19

	M05 Plan £'000s	M05 Actual £'000s	M05 Variance £'000s	YTD Plan £'000s	YTD Actual £'000s	YTD Variance £'000s	FY Plan £'000s	FY Forecast £'000s	FY Variance £'000s
Patient Related Income	38,693	36,623	(2,070)	181,718	179,168	(2,550)	437,604	441,965	4,361
Other Income	1,739	4,795	3,056	21,024	24,052	3,028	56,118	54,957	(1,161)
Income total	40,432	41,418	986	202,742	203,220	478	493,722	496,922	3,200
Pay	(26,354)	(26,781)	(427)	(132,382)	(132,901)	(519)	(315,771)	(320,132)	(4,361)
Non-Pay	(13,877)	(14,641)	(764)	(69,905)	(70,525)	(620)	(163,786)	(163,280)	506
Expenditure total	(40,231)	(41,422)	(1,191)	(202,287)	(203,426)	(1,139)	(479,557)	(483,412)	(3,855)
EBITDA	201	(4)	(205)	455	(206)	(661)	14,165	13,510	(655)
Non-Operating Expenditure	(907)	(923)	(16)	(4,535)	(4,804)	(269)	(10,889)	(11,315)	(426)
Technical Adjustments	18	18	0	90	81	(9)	213	133	(80)
DH Surplus/(Deficit)	(688)	(909)	(221)	(3,990)	(4,929)	(939)	3,489	2,328	(1,161)
<i>Add back PSF</i>	<i>(737)</i>	<i>(516)</i>	<i>221</i>	<i>(3,132)</i>	<i>(2,193)</i>	<i>939</i>	<i>(11,056)</i>	<i>(9,895)</i>	<i>1,161</i>
Adjusted position	(1,425)	(1,425)	0	(7,122)	(7,122)	0	(7,567)	(7,567)	0
<i>Technical Support (inc. Taper Relief)</i>	<i>(225)</i>	<i>(226)</i>	<i>(1)</i>	<i>(1,125)</i>	<i>(4,779)</i>	<i>(3,654)</i>	<i>(2,700)</i>	<i>(2,700)</i>	<i>0</i>
Underlying position	(1,650)	(1,651)	(1)	(8,247)	(11,901)	(3,654)	(10,267)	(10,267)	0

The table shows performance against the **NHSI planned** levels of income, pay and non-pay spend. The full year plan includes delivery of a £37.2m financial efficiency including commercial and other non-operational improvements, resulting in a £3.5m surplus. At M05, as in previous months, this plan surplus out-turn has been adjusted for A&E failure to arrive at a revised SWBH forecast. The underlying forecast remains as plan.

The underlying deficit for M05 YTD is recorded as £11.9m. The following is included:

- PSF (previously STF) of £2.2m. This assumes ED failure to date which explains the difference between actual and plan PSF values.
- Taper relief income of £3.292m and associated costs of £2.167m have been accrued. This margin is consistent with plan levels.
- Unplanned technical support of £3.654m – this represents an adjusting item between internal plan phasing and NHSI plan phasing only.

Finance Report

Pay bill & Workforce

Month 05 2018/19

Pay and Workforce	Current Period	Previous Period	Change between periods		Plan YTD	Actual YTD	Variance YTD
				%			
Pay - total spend	£26,781k	£26,549k	£232k	1%	£132,382k	£132,901k	£519k
Pay - substantive	£22,875k	£22,650k	£225k	1%	£114,061k	£113,447k	-£614k
Pay - agency spend	£1,307k	£1,431k	-£124k	-9%	£4,769k	£6,768k	£1,999k
Pay - bank (inc. locum) spend	£2,599k	£2,468k	£131k	5%	£13,552k	£12,686k	-£866k
WTE - total	6,715	6,697	18	0%	7,077	6,715	-362
WTE - substantive	5,935	5,924	11	0%	6,275	5,935	-341
WTE - agency	134	146	-12	-8%	131	134	3
WTE - bank (inc. locum)	646	627	19	3%	671	646	-25

Agency Ceiling	Current Period	Current Period	Change between periods		Plan FY	Ceiling FY	Variance
				%			
As above: agency spend	£1,307k	£1,431k	-£124k	-9%	£10,649k	£10,649k	£0k
As above: agency WTE	134	146	-12	-8%	55	55	0

Finance Report

Income Analysis

Month 05 2018/19

Performance Against SLA by Patient Type									
	Activity					Finance			
	Annual Plan	Planned	Actual	Variance		Annual Plan £000	Planned £000	Actual £000	Variance £000
A&E	218,762	93,149	93,305	156		£25,428	£10,831	£10,996	£165
Emergencies	47,689	19,227	19,475	248		£97,086	£39,329	£39,450	£121
Emergency Short Stay	7,498	3,087	3,310	223		£5,683	£2,341	£2,511	£170
Excess bed days	12,769	5,175	3,484	-1,691		£3,279	£1,332	£931	-£400
Urgent Care						£131,476	£53,833	£53,888	£56
OP New	198,302	80,510	78,700	-1,811		£30,173	£12,226	£11,759	-£467
OP Procedures	76,999	30,831	35,997	5,166		£12,391	£4,960	£5,902	£942
OP Review	346,668	137,404	140,761	3,357		£24,442	£9,665	£9,969	£304
OP Telephone	17,761	7,181	7,015	-166		£426	£173	£160	-£13
DC	40,163	15,586	14,395	-1,191		£33,710	£12,911	£11,835	-£1,076
EL	6,580	2,669	2,683	14		£16,828	£6,918	£7,099	£180
Planned Care - Production Plan						£117,969	£46,853	£46,723	-£130
Planned care outside production plan	25,124	10,170	10,415	245		£5,113	2,099	£2,595	£496
Maternity	19,597	8,113	7,839	-274		£18,741	£7,759	£7,546	-£213
Renal dialysis	654	270	237	-33		£78	£32	£28	-£4
Community	690,478	294,329	291,703	-2,626		£38,971	£16,533	£16,518	-£15
Cot days	15,218	6,574	6,163	-411		£7,667	£3,312	£3,112	-£201
Other contract lines	3,772,784	1,569,479	1,720,182	150,703		£98,790	£41,351	£40,221	-£1,130
Unbundled activity	65,468	26,381	25,548	-834		£7,119	£2,886	£2,871	-£15
Other						£176,479	£73,973	£72,891	-£1,081
Sub-Total: Main SLA income (excl fines)						£425,924	£174,658	£173,503	-£1,155
Year to date refresh of prior months' data						£0	£18	£0	-£18
Income adjustment - pass through drugs						£905	£2,598	£0	-£2,598
Fines and penalties						£0	£0	-£1,438	-£1,438
Cancer Drugs Fund						£0	£0	£283	£283
Pass Through Drugs Accrual						£273	£114	-£690	-£804
NHSE Oncology top up						£0	£0	£0	£0
UHB Oncology						£0	£0	£0	£0
National Poisons						£5,086	£2,122	£2,122	£0
SLA income -interpreting						£255	£106	£90	-£16
SLA income -Neurophys / Maternity etc						£1,439	£599	£518	-£82
Mental Health Trust SLA						£0	£0	£7	£7
Individual funding requests						£0	£0	£0	£0
Private patients						£206	£83	£99	£16
Overseas patients						£1,758	£733	£687	-£46
Overseas patients Non EEA						£985	£410	£254	-£157
Prescription Charges Income						£39	£16	£20	£4
Injury cost recovery						£1,280	£533	£498	-£36
NHSI Plan phasing adjustment						£1	£0	£2,800	£2,800
Other adjustments						-£546	-£273	£414	£687
GRAND TOTAL patient related income						£437,604	£181,718	£179,168	-£2,551

Notes

- This table shows the Trust's year to date patient related income including SLA income performance by point of delivery as measured against the contract price & activity schedule.
- Production plan performance is behind of target by £0.13m at the end of M05. Internal plan phasing aligns to Contract phasing at M05.

Finance Report

CIP achievement

Month 05 2018/19

Cost Improvement Programmes	Annual Plan £'000	Year to Date CIP Delivery			Likely Achievement (excl. mitigations) £'000	Variance from plan £'000
		Achieved £'000	Plan £'000	Variance £'000		
Medicine and Emergency Care	5,222	997	1,777	-781	3,459	-1,763
Surgical Services	2,437	462	882	-420	1,471	-966
Women and Child Health	1,603	437	572	-135	1,675	71
Primary Care, Community and Therapies	1,559	468	552	-84	1,374	-185
Pathology	537	161	187	-26	509	-28
Imaging	846	278	307	-29	805	-42
Sub-Total Clinical Groups	12,206	2,802	4,278	-1,476	9,293	-2,912
Strategy and Governance	1,440	188	532	-343	737	-704
Finance	430	135	147	-12	405	-25
Medical Directors Office	727	194	274	-80	660	-68
Operations	1,258	367	344	23	1,050	-209
People and Organisation Development	579	188	237	-49	457	-122
Estates and NHP	1,725	81	733	-653	624	-1,101
Corporate Nursing	455	190	190	0	455	0
Sub-Total Corporate	6,615	1,343	2,457	-1,114	4,387	-2,228
Central	15,815	3,174	3,729	-555	14,478	-1,336
Other	2,655				9,132	6,477
Total CIPs	37,291	7,319	10,464	(3,145)	37,291	(0)
Annual Target 18/19	37,291				37,291	
(Deficit)/Excess of Schemes Above Plan	(0)				(0)	

Notes

- In the assumed delivery of control total, the trust has allowed for circa £8m of CIP delivery related to the FYE of 2017/18 schemes. This is in addition to the £37.3m planned delivery of new 2018/19 schemes which are summarised by group above.
- CIP forecasts have been completed for M5 reporting and have been confirmed and challenged through August Group Review meetings.
- The revised forecast is being incorporated into a full I&E forecast for 2018/19. This is detailed in a separate finance report which includes detail on income forecasting for 2018/19.

Finance Report

Capital Plan

Month 05 2018/19

	Plan	Forecast	
	£'000s	£'000s	Note
2018/19 depreciation & amortisation	16,985	16,985	Approved
2018/19 Surplus attributable to capital			
Plan surplus	3,489	3,489	Pending
Additional surplus required	3,489	3,489	Pending
Cash reserves from previous years	9,517	9,517	Pending
Less IFRIC 12/PFI payments (capital elements)	(3,169)	(3,169)	Approved
2018/19 IFRIC schemes	4,281	4,281	Anticipated
Total CRL	34,592	34,592	
Grants & donated assets	80	80	
Total Funding for Capital Expenditure	34,672	34,672	
Capital Expenditure	34,672	34,672	
NB	£'000s	£'000s	
Pending CRL			
2018/19 Surplus attributable to capital			
Plan surplus	3,489	3,489	
Additional surplus required	3,489	3,489	
Cash reserves from previous years	9,517	9,517	
Total CRL pending	16,495	16,495	

This table summarises the capital funding available to the trust and the planned expenditure.

£16.5m of funding is pending approval. £7m of this is dependant on the surplus generated in 2018/19.

The remaining £9.5m reflects the 31st March closing balance.

Finance Report

Capital Expenditure

Month 05 2018/19

Programme	Flex Plan	Year to Date	Gap	Outstanding Purchase Order Commitment	NHSI Plan	Full Year	Variance
	£'000s	Actual £'000s				Forecast £'000s	
Estates	4,511	5,539	1,028	3,599	18,336	15,192	3,144
Informatics	5,960	1,157	(4,803)	1,524	8,442	9,131	(689)
Medical equipment / Imaging	72	127	55	1,300	3,533	3,405	128
Contingency	0	0	0	0	0	0	0
Sub-Total	10,543	6,823	(3,720)	6,423	30,311	27,728	2,583
Technical schemes	610	165	(445)	0	4,281	5,862	(1,581)
Donated assets	31	8	(23)	0	80	80	0
Total Programme	11,184	6,995	(4,189)	6,423	34,672	33,670	1,002

Notes

- Spending is £4.2m behind plan year to date, but with commitments of £6.4m.
- Progress against each scheme is monitored through the Trust's monthly Capital Management Group.
- The latest meeting indicated that 2018/19 capital spend would include additional costs relating to MMH early works, the hospital company wind up and also to acute system reconfiguration. MMH EWP are expected to be £25m, THC £1.8m while system reconfiguration would be £3.9m during 18/19.
- Additional funding will be required for these items of spend together with a CRL adjustment in relation to these.
- Until agreed with NHSI the £34.7m remains the latest capital programme submitted to NHSI.

Finance Report

SOFP

Month 05 2018/19

	Balance as at 31st March 2018 £000	Balance as at 31st August 2018 £000	NHSI Planned Balance as at 31st August 2018 £000	Variance to plan as at 31st August 2018 £000	NHSI Plan as at 31st March 2019 £000	Forecast 31st March 2019 £000
Non Current Assets						
Property, Plant and Equipment	227,475	227,476	231,579	(4,103)	245,162	245,162
Intangible Assets	106	77	106	(29)	106	106
Trade and Other Receivables	62,941	64,078	62,941	1,137	62,941	62,941
Current Assets						
Inventories	4,742	4,742	4,742	0	4,742	4,742
Trade and Other Receivables	52,880	44,449	47,401	(2,952)	47,174	47,174
Cash and Cash Equivalents	9,691	31,219	17,252	13,967	1,743	1,743
Current Liabilities						
Trade and Other Payables	(64,206)	(84,282)	(75,383)	(8,899)	(59,829)	(59,829)
Provisions	(2,166)	(1,858)	(1,855)	(3)	(1,855)	(1,855)
Borrowings	(1,855)	(2,172)	(1,062)	(1,110)	(1,062)	(1,062)
DH Capital Loan	0	0	0	0	(5,000)	(5,000)
Non Current Liabilities						
Provisions	(3,454)	(3,454)	(3,454)	0	(3,454)	(3,454)
Borrowings	(31,776)	(30,895)	(30,707)	(188)	(29,433)	(29,433)
DH Capital Loan	0	0	0	0		0
	254,378	249,380	251,560	(2,180)	261,235	261,235
Financed By						
Taxpayers Equity						
Public Dividend Capital	226,891	226,891	226,891	0	226,891	226,891
Retained Earnings reserve	8,685	3,686	4,605	(919)	11,961	11,961
Revaluation Reserve	9,744	9,745	11,006	(1,261)	13,325	13,325
Other Reserves	9,058	9,058	9,058	0	9,058	9,058
	254,378	249,380	251,560	(2,180)	261,235	261,235

Notes

- The table is a summarised SOFP for the Trust including the actual and planned positions at the end of the 2018/19 financial year.
- The variance from plan is predominantly due to the backlog of Trade Payables invoices, resulting in a higher than planned cash balance. Trade and Other Receivables is below plan partly due to quarterly Education contract invoices being paid off in August.
- The requirement for borrowings has not been realised. This is due to the combination of working capital variances, capital phasing and the receipt of the 2017-18 STF payment in July 2018.
- Property, Plant and Equipment variance reflects the underspent YTD position on Capital Expenditure.

Finance Report

SOCF

Month 05 2018/19

ACTUAL/FORECAST	April Actual £000s	May Actual £000s	June Actual £000s	July Actual £000s	August Actual £000s	September Forecast £000s	October Forecast £000s	November Forecast £000s	December Forecast £000s	January Forecast £000s	February Forecast £000s	March Forecast £000s
Receipts												
SLAs: SWB CCG	23,718	23,358	22,941	22,817	22,830	22,800	22,300	22,500	23,603	24,300	24,300	24,303
Associates	7,245	6,432	7,461	7,531	13,691	7,300	2,166	6,466	6,466	7,141	7,141	7,141
Other NHS	1,074	902	359	584	2,231	0	835	898	1,258	1,110	687	1,162
Specialised Services	3,327	0	8,529	3,944	7,523	3,896	3,536	3,787	3,364	3,161	3,879	3,816
STF Funding	0	0	0	12,807	0	0	0	0	2,211	0	0	0
Over Performance	0	0	0	0	0	0	0	0	0	0	0	0
Education & Training - HEE	378	0	2	0	8,890	4,476	0	0	4,405	0	0	4,405
Public Dividend Capital	0	0	0	0	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	6,000	0	0	0	0
Other Receipts	1,232	1,340	2,575	4,034	1,237	2,828	1,375	2,075	2,075	2,075	2,075	2,075
Total Receipts	36,974	32,032	41,868	51,717	56,403	41,300	30,211	41,726	43,382	37,788	38,082	42,902
Payments												
Payroll	13,821	13,844	14,070	13,429	14,457	14,455	14,455	14,430	12,500	12,000	12,000	11,824
Tax, NI and Pensions	10,090	10,276	9,813	9,977	10,230	10,080	10,130	10,130	9,800	9,800	9,800	9,800
Non Pay - NHS	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Non Pay - Trade	1,030	11,019	9,455	12,554	11,512	12,321	12,432	12,323	12,233	12,322	12,333	12,533
Non Pay - Capital	236	1,915	1,781	1,942	1,788	2,887	4,782	4,784	5,017	3,102	3,101	4,057
MMH PFI	0	0	0	0	0	0	0	0	0	0	0	0
PDC Dividend	0	5	0	0	3	4,350	0	0	0	0	0	4,350
Repayment of Loans & Interest	0	0	0	0	0	0	0	0	0	0	0	0
BTC Unitary Charge	440	440	440	440	440	440	440	440	440	440	440	440
NHS Litigation Authority	1,473	1,473	1,473	1,473	1,473	1,092	1,092	1,092	1,092	1,092	0	0
Other Payments	1,672	1,144	620	2,452	1,015	118	140	190	240	240	180	240
Total Payments	30,312	41,665	39,202	43,818	42,467	47,293	45,021	44,939	42,872	40,546	39,404	44,794
Cash Brought Forward	9,689	16,351	6,718	9,384	17,284	31,219	25,227	10,417	7,205	7,715	4,956	3,634
Net Receipts/(Payments)	6,662	(9,633)	2,666	7,899	13,936	(5,993)	(14,810)	(3,213)	510	(2,758)	(1,322)	(1,892)
Cash Carried Forward	16,351	6,718	9,384	17,284	31,219	25,227	10,417	7,205	7,715	4,956	3,634	1,742

Notes

- This cash flow incorporates YTD M05 actual movements and H1 operational forecast.
- The closing balance of £1.7m, following receipt of a £6m DH loan, is consistent with plan.
- In H2 CIP impacts result in:
 - Increased SLA receipts
 - Reduced Payroll and related tax, NI & pens
 - Reduced Trade payables
- Consistent with plan a £6m DH loan is required. This will continue to be subject to review.
- The balance of 2017/18 STF was received in July 2018.

The finance team's internal operational cash flow ignores the impact of CIPs and informs actual borrowing expectations based on historic performance. The team are currently developing a cash flow that aims to indicate a middle ground of what is likely to happen now that plan delivery is underway. This will inform to what extent there are risks to being able to pay for the capital programme.

Finance Report

Use of Resources Rating

Month 05 2018/19

Finance and use of resources rating	Expected Sign	03AUDITPY	03PLANPYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARYCY	Maincode
		Audited PY 31/03/2018 Year ending Number	Plan 31/08/2018 YTD Number	Actual 31/08/2018 YTD Number	Variance 31/08/2018 YTD Number	Plan 31/03/2019 Year ending Number	Forecast 31/03/2019 Year ending Number	Variance 31/03/2019 Year ending Number	Subcode
Capital service cover rating	+	1	4	3		3	3		PRR0160
Liquidity rating	+	2	3	3		4	4		PRR0170
I&E margin rating	+	1	4	4		2	2		PRR0180
I&E margin: distance from financial plan	+	1		2			2		PRR0190
Agency rating	+	3	1	3		1	1		PRR0200

Overall finance and use of resources risk rating	Expected Sign	03AUDITPY	03PLANPYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARYCY	Maincode
		Audited PY 31/03/2018 Year ending Number	Plan 31/08/2018 YTD Number	Actual 31/08/2018 YTD Number	Variance 31/08/2018 YTD Number	Plan 31/03/2019 Year ending Number	Forecast 31/03/2019 Year ending Number	Variance 31/03/2019 Year ending Number	Subcode
Overall rating unrounded	+	2		3.00			2.40		PRR0202
If unrounded score ends in 0.5	+	0		0.00			0.00		PRR0204
Risk ratings before overrides	+	2		3			2		PRR0206
Risk ratings overrides:									
Any ratings in table 6 with a score of 4 override - if any 4s "trigger" will show here	Text	No trigger		Trigger			Trigger		PRR0208
Any ratings in table 6 with a score of 4 override - maximum score override of 3 if any rating in table 6 scored as a 4	+	2		3			3		PRR0210
Control total override - Control total accepted	Text	YES		Yes			Yes		PRR0212
Control total override - Planned or Forecast deficit	Text	No		No			No		PRR0214
Control total override - Maximum score (0 = N/A)	+	0		0			0		PRR0216
Is Trust under financial special measures	Text	No		No			No		PRR0218
Risk ratings after overrides	+	2		3			3		PRR0220

Notes

- The Trust's latest use of resources rating year to date is 3 (amber). The I&E margin rating is 4, which is a trigger and so limits the overall score to 3:

- This measures the Trusts I&E performance which includes PSF accrued. This indicates that the level to date is below a negative 1% return on income. Again this is due to plan phasing

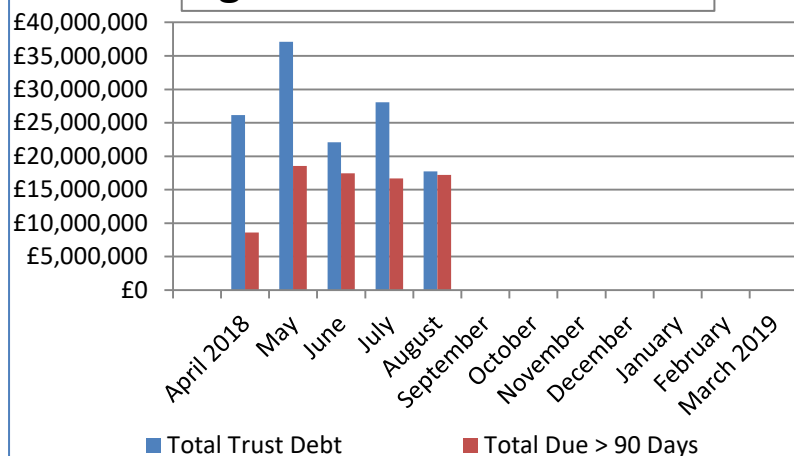
While this measure is in line with YTD plan it will need to improve to 2 to be consistent with plan by the year end. This measure will have benefited from the £2.8m income accrual made at the end of P05. Consequently the level of required improvement is £2.8m greater than headline numbers suggest.

Finance Report

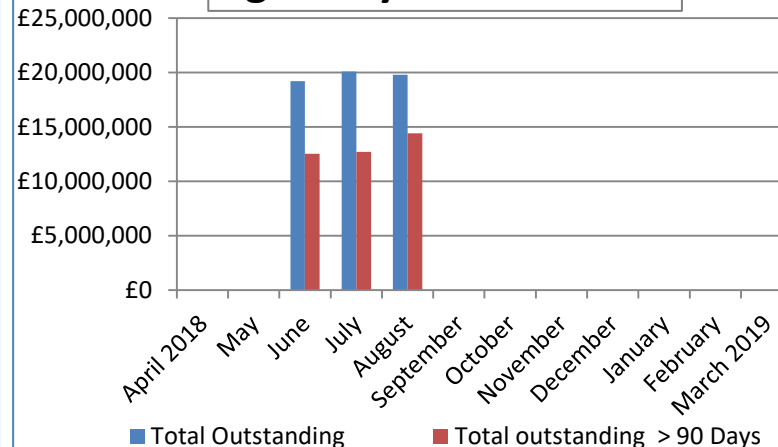
Aged Receivables, Aged Payables, BPPC and Cash Forecast

Month 05 2018/19

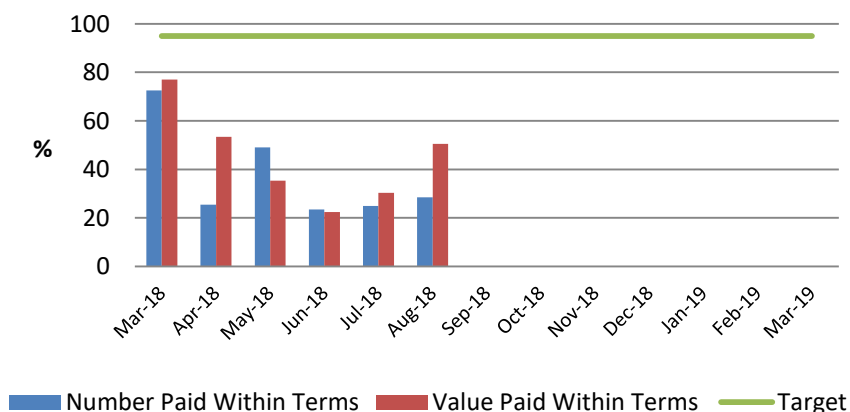
Aged Receivables 2018-19



Aged Payables 2018-19



Annual BPPC Performance



Note

- Aged Receivables - the August debt reduced as quarterly invoices raised in July were paid in August 2018. Aged Debt relating to Birmingham City Council and NHS debt remain as the largest sums in the over 90 day category. The over 90 day category is currently overstated as cash received for NHS debt at month end had not been allocated before AR close. The value of this cash receipt was £5.8m.
- Aged Payables - Overall, the Payables position has increased since 2017-18. Payment terms have been extended intentionally, but the main drivers remain PO usage, PO receipting, shift verification and staffing in AP.
- BPPC is below target of 95% by volume and value and this will continue through the year as the Trust looks to effectively manage cash and borrow.