

Trust Board Finance Report

Financial Period: May 2019 / Q1

Overview

This report addresses year-to-date financial performance, and a high-level Q1 forecast, and identifies key issues in terms of delivery in Q1, and highlights the key issues as the Trust moves into Q2 and beyond

YEAR TO DATE

- Income and expenditure delivering to plan overall at the end of May
- Delivery though is not in line with the composite plan components
- Patient Related Income is behind plan
- This is offset by a significant favourable variance against Pay, and smaller favourable variances against other income and non-pay.

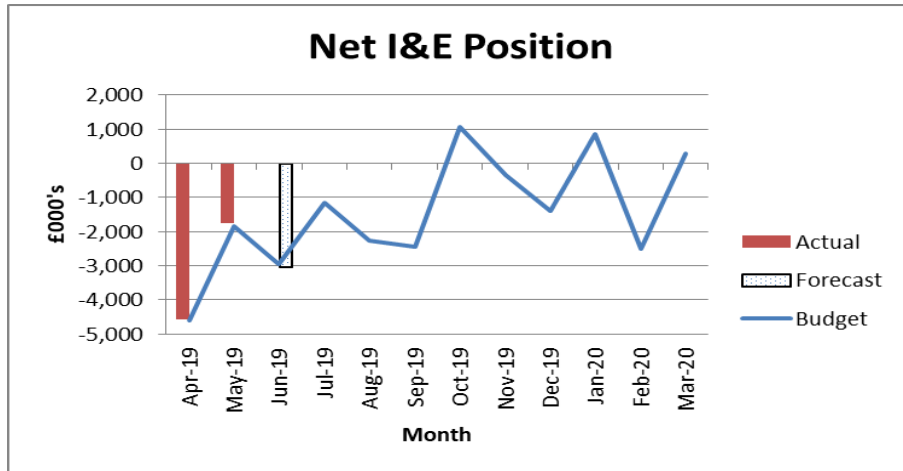
Q1 Forward View

- June is expected to follow the pattern of April and May.
- Trust is forecasting to deliver plan, but in line with current patterns
- Patient Related Income is forecast to have an adverse variance to plan, offset by favourable pay, non-pay and other income variances.

Beyond Q1

- Delivery of Patient Related Income Targets (proposed mitigation in Q3 and Q4)
- Implementation of UNITY (impact of delay from Q1 to Q2 onwards)
- Delivery of Commercial Income Target (Q3 onwards)
- CIP delivery (on-going, small increase Q3 onwards)
- Vacancies (impact on income delivery, need to reduce agency as posts are filled)

Net Income and Expenditure



	Budget £000's	Actual £000's	Forecast £000's	Variance £000's
Apr-19	-4,613	-4,578		35
May-19	-1,837	-1,761		76
Jun-19	-2,969		-3,038	-69
Q1 Forecast	-9,419	-6,339	-3,038	42
Jul-19	-1,170			
Aug-19	-2,277			
Sep-19	-2,456			
Oct-19	1,064			
Nov-19	-344			
Dec-19	-1,387			
Jan-20	852			
Feb-20	-2,495			
Mar-20	285			
Outturn	-17,347			

At the end of May 2019, the Trust had a favourable variance to year to date plan of £111k.

- This consisted of:
 - PRI (£2.379m)
 - Other Income £0.103m
 - Pay £2.081m
 - Non Pay £0.306m
- The adverse Variance to Plan in Patient Related Income relates almost exclusively to Commissioner contracted income, with the main driver being non-delivery of the Production Plan
- The favourable variance on Other Income is driven by education and training income
- The favourable variance on Pay relates to vacancies, with concern around agency spend levels within that spend
- The favourable non-pay variance relates to activity being below plan

The Trust is forecasting to deliver to plan for Q1 with a small favourable variance, delivering the Q1 payment for PSF, and FRF

Finance Report

Capital Expenditure

Period 2 2019/20

Programme	Year to Date			Full Year		
	Flex Plan	Actual	Gap	NHSI Plan	Forecast Outturn at P02	Variance (NHSI vs Outturn)
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Estates	1,640	646	(994)	17,050	15,920	1,130
Informatics	1,808	2,229	421	9,236	7,936	1,300
Medical equipment / Imaging	340	127	(213)	4,033	4,033	(0)
Sub-Total	3,788	3,001	(787)	30,319	27,889	2,430
Technical schemes	418	87	(331)	2,550	3,849	(1,299)
Donated assets	0	0	0	81	81	(0)
Total Core Programme	4,206	3,088	(1,118)	32,950	31,820	1,130
Midland Met Construction Cost to Complete	0	66	66	113,460	46,875	66,585
Midland Met EWP & Continuance	1,169	2,551	1,382	7,023	9,739	(2,716)
Reconfiguration	2,278	120	(2,158)	13,739	13,739	0
Total Non Core Programme	3,447	2,737	(710)	134,222	70,353	63,869
Total Core & Non Core Programme	7,653	5,826	(1,827)	167,172	102,173	64,999

Analysis

- Spending on the core programme is £1.8m behind plan year to date
- The core capital programme has been reviewed and the FOT has been reduced from £167.1m to £102.1m

Finance Report

SOFP

Period 2 2019/20

STATEMENT OF FINANCIAL POSITION 2018/19

	Balance as at 31st March 2019	Balance as at 31st May 2019	NHSI Planned Balance as at 31st May 2019	Variance to plan as at 31st May 2019	NHSI Plan as at 31st May 2019	Forecast 31st May 2019
	£000	£000	£000	£000	£000	£000
Non Current Assets						
Property, Plant and Equipment	463,039	465,979	470,618	(4,639)	465,979	465,979
Intangible Assets	169	162	106	56	162	162
Trade and Other Receivables	194	171	67	104	171	171
Current Assets						
Inventories	4,709	4,709	4,742	(33)	4,709	4,709
Trade and Other Receivables	47,472	52,799	47,344	5,455	52,799	52,799
Cash and Cash Equivalents	27,966	13,967	14,061	(94)	13,967	13,967
Current Liabilities						
Trade and Other Payables	(74,434)	(73,640)	(66,983)	(6,657)	(73,640)	(73,640)
Provisions	(1,268)	(1,268)	(1,855)	587	(1,268)	(1,268)
Borrowings	(2,353)	(2,354)	(1,062)	(1,292)	(2,354)	(2,354)
DH Loan	0	0	0	0	0	0
Non Current Liabilities						
Provisions	(3,325)	(3,325)	(3,454)	129	(3,325)	(3,325)
Borrowings	(29,440)	(29,063)	(29,041)	(22)	(29,063)	(29,063)
DH Loan	0	0	0	0	0	0
	432,729	428,137	434,543	(6,406)	428,137	428,137
Financed By						
Taxpayers Equity						
Public Dividend Capital	247,717	247,717	256,038	(8,321)	247,717	247,717
Retained Earnings reserve	166,902	162,310	156,122	6,188	162,310	162,310
Revaluation Reserve	9,052	9,052	13,325	(4,273)	9,052	9,052
Other Reserves	9,058	9,058	9,058	0	9,058	9,058
	432,729	428,137	434,543	(6,406)	428,137	428,137

Analysis

- The table is a summarised SOFP for the Trust.
- The overall variance from plan is predominantly due to the continued improvement in cash balances as a result of the additional PDC received in March 2019 and the lower than planned Capital spend.
- Further analysis on Receivables and Payables balances is available on slide 26

Finance Report

SOCF

Period 2 2019/20

Sandwell & West Birmingham Hospitals NHS Trust												
CASH FLOW 2019/20												
ACTUAL/FORECAST	April Actual £000s	May Actual £000s	June Forecast £000s	July Forecast £000s	August Forecast £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	23,307	22,925	27,268	27,268	23,268	27,268	32,165	26,644	27,389	25,187	25,824	29,930
Associates	7,573	8,387	6,466	6,466	10,466	6,466	1,166	6,466	6,466	7,141	7,141	7,141
Other NHS	1,576	1,144	0	0	0	0	759	734	1,193	1,361	774	701
Specialised Services	3,693	4,344	3,896	3,896	3,896	3,896	3,540	3,787	2,583	3,942	3,890	431
STF Funding and Taper Relief	0	0	0	10,302	0	0	0	0	0	7,448	0	0
Over Performance	0	0	0	0	0	0	0	0	0	0	0	0
Education & Training - HEE	149	0	4,476	0	0	4,476	0	0	4,405	0	0	4,405
Public Dividend Capital	0	0	1,879	14,439	12,545	12,545	14,098	14,098	14,098	11,177	11,177	11,177
Loans	0	0	0	0	3,370	0	0	0	0	0	0	0
Other Receipts	3,696	969	2,425	2,425	2,425	1,925	2,225	1,725	3,475	2,425	2,425	2,075
Total Receipts	39,994	37,769	46,410	64,796	55,970	56,576	53,953	53,454	59,610	58,680	51,232	55,860
Payments												
Payroll	14,620	14,025	14,103	14,354	14,103	14,103	14,355	14,259	14,104	15,255	14,104	13,603
Tax, NI and Pensions	10,316	10,630	10,080	10,080	10,080	10,080	10,130	10,130	10,130	10,130	10,130	10,130
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	13,809	11,081	20,767	16,148	14,816	10,943	9,683	8,343	9,863	10,016	11,021	11,316
Non Pay - Capital	3,465	5,072	4,311	17,531	15,701	15,847	16,571	16,663	16,752	14,085	14,126	14,385
Loan Repayment	0	0	0	0	0	3,370	0	0	0	0	0	0
PDC Dividend	0	0	0	0	0	5,995	0	0	0	0	0	5,995
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	1,415	1,415	1,104	1,104	1,104	1,104	1,104	1,104	1,104	1,104	0	0
Other Payments	906	1,061	94	89	93	93	163	189	239	299	239	119
Total Payments	46,521	45,274	52,449	61,295	57,887	63,525	53,995	52,678	54,182	52,879	51,610	57,538
Cash Brought Forward	27,966	21,438	13,933	7,894	11,394	9,477	2,527	2,485	3,261	8,689	14,490	14,112
Net Receipts/(Payments)	(6,528)	(7,505)	(6,039)	3,500	(1,917)	(6,949)	(42)	776	5,428	5,801	(378)	(1,678)
Cash Carried Forward	21,438	13,933	7,894	11,394	9,477	2,527	2,485	3,261	8,689	14,490	14,112	12,434

Analysis

- This cash flow incorporates YTD M2 actual movements and a full year forecast.
- The plan submission in May 2019 anticipated cash borrowing of circa £3.4m over one month only. This latest forecast indicates that borrowing may not be necessary due to the higher than expected cash balance at 31.3.19. This requirement will be reviewed as we progress through the year and will be impacted by any changes to assumptions inherent within the plan.
- Over the medium term delivery of I&E plans are the key determinant of cash borrowing requirements, as well as capital investment.

Finance Report

Use of Resources Rating

Period 2 2019/20

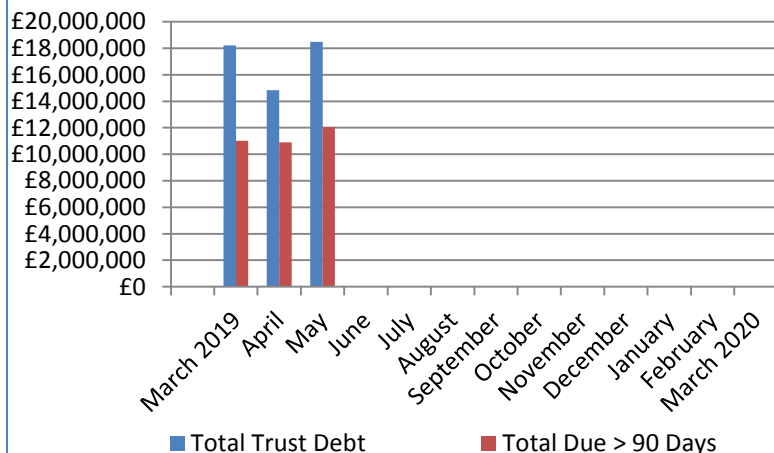
Finance and use of resources rating	i	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARYC	Maincode
			Audited PY 31/03/2019 Year ending Number	Plan 31/05/2019 YTD Number	Actual 31/05/2019 YTD Number	Variance 31/05/2019 YTD Number	Plan 31/03/2020 Year ending Number	Forecast 31/03/2020 Year ending Number	Variance 31/03/2020 Year ending Number	Subcode
Capital service cover rating		+	1	4	4		3	3		PRR0160
Liquidity rating		+	2	2	3		3	3		PRR0170
I&E margin rating		+	1	4	4		2	2		PRR0180
I&E margin: distance from financial plan		+	1		2			1		PRR0190
Agency rating		+	3	1	4		1	1		PRR0200

Overall finance and use of resources risk rating	i	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARYC	Maincode
			Audited PY 31/03/2019 Year ending Number	Plan 31/05/2019 YTD Number	Actual 31/05/2019 YTD Number	Variance 31/05/2019 YTD Number	Plan 31/03/2020 Year ending Number	Forecast 31/03/2020 Year ending Number	Variance 31/03/2020 Year ending Number	Subcode
Overall rating unrounded		+	2		3.40			2.00		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			No 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			2		PRR0210
Control total override - Control total accepted		Text	Yes		0			0		PRR0212
Control total override - Planned or Forecast deficit		Text	No		No			No		PRR0214
Control total override - Maximum score (0 = N/A)		+	0		2			2		PRR0216
Is Trust under financial special measures		Text	No		No			No		PRR0218
Risk ratings after overrides		+	2		3			2		PRR0220

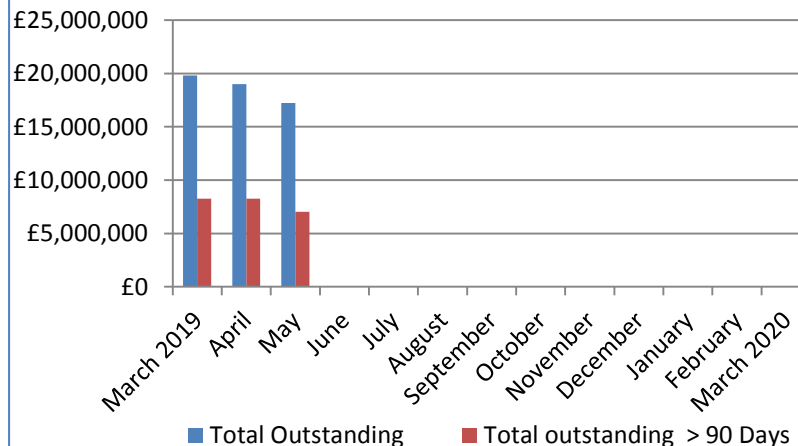
Analysis

- The Trust's latest use of resources rating year to date is 3 (amber). The I&E margin rating is 4, this acts as a trigger and so limits the overall score to 3:
- The fact I&E is in line with plan which was a score of 4 reflects the YTD plan deficit. The liquidity for Period 2 is worse than plan. Plan anticipated a deteriorating position through the year with recovery by P12
- The agency rating is adverse compared to plan and is expected to be recovered in 2019/20

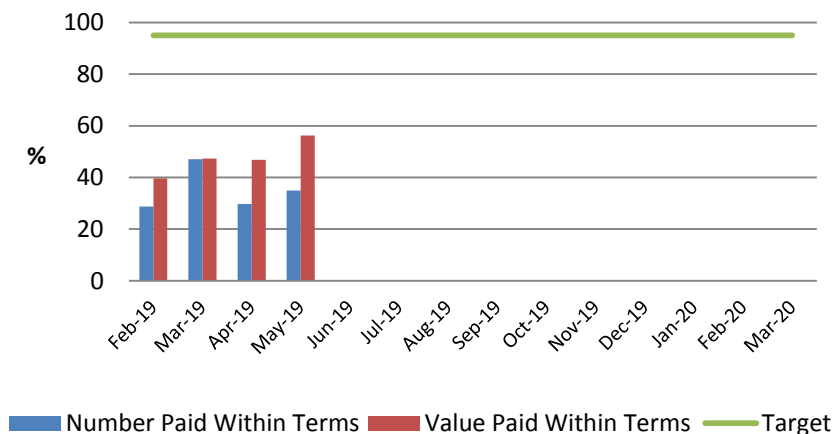
Aged Receivables 2019-20



Aged Payables 2019-20



Annual BPPC Performance



Analysis

- Aged Receivables - overall Debt increased as quarterly invoices were raised for NHS Sandwell CCG, for which the Trust expects payments before the end of June. The aged profile deteriorated as historic NHS debts aged further, however the Trust is targeting specific customers to settle outstanding amounts as part of the overall plan to further reduce the Aged debt profile during 2019/20
- Aged Payables - reduced at 31st May as the Trust continued to make progress resolving the payment of older NHS invoices and is expecting to report a further improved Payables position through 2019-20 as progress is made on resolving historical invoice issues.
- BPPC remains low and is below the 95% target. This will continue to be managed in line with non-NHS creditor improvement and cash balances.