

Trust Board Finance Report

Financial Period: June 2019 / Q1

Overview

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

YEAR TO DATE

- Income and expenditure delivering to plan overall at the end of June
- 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.

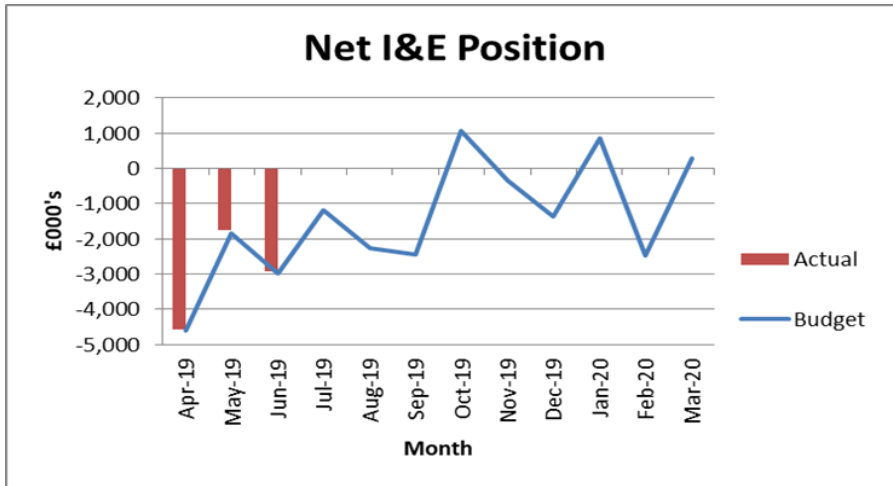
Q2 Forward View

- Q2 is expected to follow the pattern of Q1.
- 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.
- Emergent risk around Maternity CNST premium.

Beyond Q2

- 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	Variance £000's
Apr-19	-4,613	-4,578	35
May-19	-1,837	-1,761	76
Jun-19	-2,977	-2,924	53
YTD	-9,426	-9,263	164
Jul-19	-1,180		
Aug-19	-2,284		
Sep-19	-2,448		
Oct-19	1,056		
Nov-19	-348		
Dec-19	-1,378		
Jan-20	846		
Feb-20	-2,476		
Mar-20	291		
Outturn	-17,348		

At the end of June 2019, the Trust had a favourable variance to year to date plan of £0.164m.

- This consisted of:
 - PRI (£3.342m)
 - Other Income £0.155m
 - Pay £3.304m
 - Non Pay £0.106m
- 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 Q2 with a small favourable variance, delivering the Q2 payment for PSF, and FRF

Finance Report

Capital Expenditure

Period 3 2019/20

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST

Summary Capital Expenditure: FY 2019/20 to P03

Programme	Year to Date			NHSI Plan £'000s	Full Year Forecast Outturn at P02 £'000s	Variance (NHSI vs Outturn) £'000s
	Flex Plan £'000s	Actual £'000s	Gap £'000s			
Estates	2,560	1,141	(1,419)	17,050	15,920	1,130
Informatics	2,738	2,974	236	9,236	7,936	1,300
Medical equipment / Imaging	716	347	(370)	4,033	4,033	(0)
Sub-Total	6,014	4,461	(1,553)	30,319	27,889	2,430
Technical schemes	629	167	(462)	2,550	3,849	(1,299)
Donated assets	0	0	0	81	81	(0)
Total Core Programme	6,644	4,628	(2,016)	32,950	31,820	1,130
Midland Met Construction Cost to Complete	0	242	242	113,460	46,875	66,585
Midland Met EWP & Continuance	2,267	3,550	1,283	7,023	9,739	(2,716)
Reconfiguration	3,422	120	(3,302)	13,739	13,739	0
Total Non Core Programme	5,689	3,912	(1,777)	134,222	70,353	63,869
Total Core & Non Core Programme	12,333	8,540	(3,793)	167,172	102,173	64,999

Analysis

- The above plan and forecast outturn columns reflected the 4th April submission and then a May re-submission that reflected £65m of Midland Met timing slippage.
- Nationally capital funding remains constrained – and during July Trusts were asked to re-assess 1920 capex – the BCWB STP was asked to reduce planned spend by £22m. SWB identified £4.1m of schemes that could be slipped to 20/21, in full or in part. The trust re-submitted a capital plan reflecting this.
- The Trust should also identify a further £1.1m of potential slippage to contribute towards the STP target if possible and reflect this in a revised forecast outturn accordingly.
- The Trust is working to submit the STP Capital Wave 4 business case as soon as possible.

Finance Report

SOFP

Period 3 2019/20

Sandwell & West Birmingham Hospitals NHS Trust
STATEMENT OF FINANCIAL POSITION 2019/20

	Balance as at 31st March 2019	Balance as at 30th June 2019	NHSI Planned Balance as at 30th June 2019	Variance to plan as at 30th June 2019	NHSI Plan as at 31st March 2020	Forecast 31st March 2020
	£000	£000	£000	£000	£000	£000
Non Current Assets						
Property, Plant and Equipment	463,039	467,299	476,087	(8,788)	545,457	545,457
Intangible Assets	169	159	106	53	106	106
Trade and Other Receivables	194	238	67	171	67	67
Current Assets						
Inventories	4,709	4,709	4,742	(33)	4,742	4,742
Trade and Other Receivables	47,472	55,456	51,344	4,112	47,344	47,344
Cash and Cash Equivalents	27,966	9,320	7,894	1,426	12,434	12,434
Current Liabilities						
Trade and Other Payables	(74,434)	(74,764)	(67,977)	(6,787)	(75,920)	(75,920)
Provisions	(1,268)	(1,268)	(1,855)	587	(1,855)	(1,855)
Borrowings	(2,353)	(2,355)	(1,062)	(1,293)	(1,062)	(1,062)
DH Loan	0	0	0	0	0	0
Non Current Liabilities						
Provisions	(3,325)	(3,325)	(3,454)	129	(3,454)	(3,454)
Borrowings	(29,440)	(28,852)	(28,845)	(7)	(27,076)	(27,076)
DH Loan	0	0	0	0	0	0
	432,729	426,617	437,047	(10,430)	500,783	500,783
Financed By						
Taxpayers Equity						
Public Dividend Capital	247,717	247,717	260,635	(12,918)	317,734	317,734
Retained Earnings reserve	166,902	160,790	154,029	6,761	160,666	160,666
Revaluation Reserve	9,052	9,052	13,325	(4,273)	13,325	13,325
Other Reserves	9,058	9,058	9,058	0	9,058	9,058
	432,729	426,617	437,047	(10,430)	500,783	500,783

Analysis

- The table is a summarised SOFP for the Trust.
- The overall variance from plan is due to the improvement in cash balances as a result of the additional PDC received in March 2019 and the lower than planned Capital spend. This month there are high Receivables balances that will be collected during Month 4 19/20
- Further analysis on Receivables and Payables balances is available on slide 8

Finance Report

SOCF

Period 3 2019/20

Sandwell & West Birmingham Hospitals NHS Trust												
CASH FLOW 2019/20												
ACTUAL/FORECAST	April Actual £000s	May Actual £000s	June Actual £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	26,899	27,268	23,268	27,268	32,165	26,644	27,389	25,187	25,824	29,930
Associates	7,573	8,387	8,103	6,466	10,466	6,466	1,166	6,466	6,466	7,141	7,141	7,141
Other NHS	1,576	1,144	907	0	0	0	759	734	1,193	1,361	774	701
Specialised Services	3,693	4,344	946	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	20,212	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	0	4,739	0	4,476	0	0	4,405	0	0	4,405
Public Dividend Capital	0	0	0	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	2,924	2,425	2,425	1,925	2,225	1,725	3,475	2,425	2,425	2,075
Total Receipts	39,994	37,769	39,780	79,445	55,970	56,576	53,953	53,454	59,610	58,680	51,232	55,860
Payments												
Payroll	14,620	14,025	14,822	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	10,253	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	12,129	16,454	11,577	10,943	11,317	9,843	11,363	11,516	12,521	12,816
Non Pay - Capital	3,465	5,072	2,667	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	1,415	1,104	1,104	1,104	1,104	1,104	1,104	1,104	0	0
Other Payments	906	1,061	1,151	89	93	93	163	189	239	299	239	119
Total Payments	46,521	45,274	44,427	61,601	54,648	63,525	55,629	54,178	55,682	54,379	53,110	59,038
Cash Brought Forward	27,966	21,438	13,933	9,286	27,129	28,451	21,501	19,825	19,101	23,029	27,330	25,452
Net Receipts/(Payments)	(6,528)	(7,505)	(4,647)	17,843	1,322	(6,949)	(1,676)	(724)	3,928	4,301	(1,878)	(3,178)
Cash Carried Forward	21,438	13,933	9,286	27,129	28,451	21,501	19,825	19,101	23,029	27,330	25,452	22,274

Analysis

- This cash flow incorporates YTD M3 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 and increased PSF payments from 2018/19. 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 3 2019/20

Finance and use of resources rating	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARCY	Maincode
		Audited PY 31/03/2019 Year ending Number	Plan 30/06/2019 YTD Number	Actual 30/06/2019 YTD Number	Variance 30/06/2019 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	3	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	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARCY	Maincode
		Audited PY 31/03/2019 Year ending Number	Plan 30/06/2019 YTD Number	Actual 30/06/2019 YTD Number	Variance 30/06/2019 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		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			2		PRR0220

Analysis

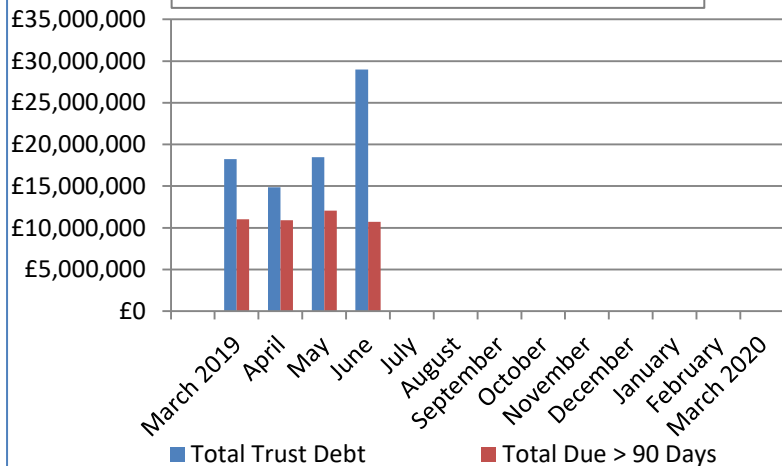
- The Trust's latest use of resources rating year to date is 3 (amber). The I&E margin rating is 4, this acts as a trigger and so limits the overall score to 3:
- The fact I&E is in line with plan which was a score of 4 reflects the YTD plan deficit. The liquidity for Period 2 is worse than plan. Plan 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

Finance Report

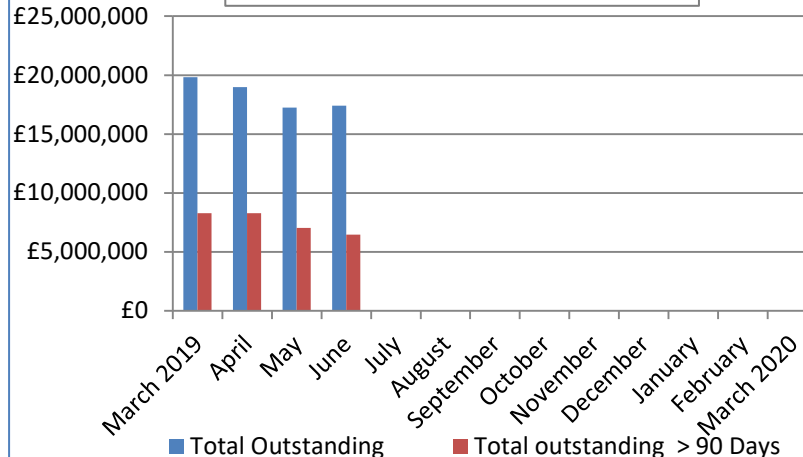
Aged Receivables, Aged Payables & BPPC

Period 3 2019/20

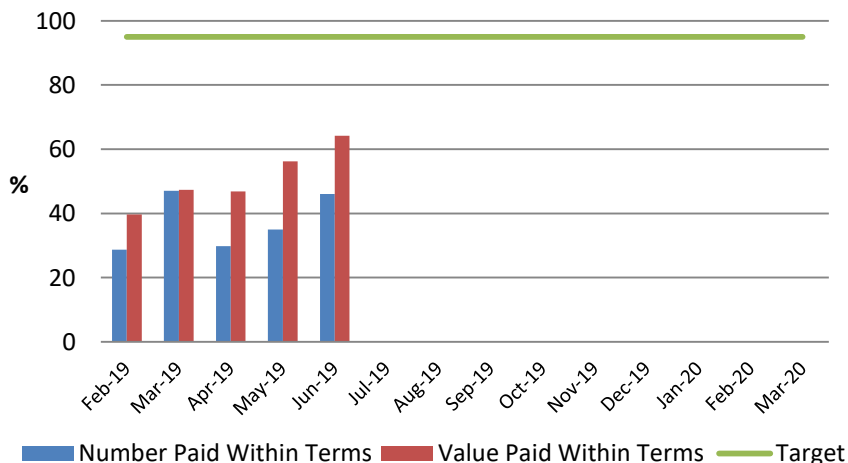
Aged Receivables 2019-20



Aged Payables 2019-20



Annual BPPC Performance



Analysis

- Overall Debt increased as quarterly invoices were raised for Education contracts with Health Education England and Taper Relief with NHS England, for which the Trust expects payments before the end of July. The aged profile improved as historic NHS debts were processed and 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 - The aged profile improved by 30th June 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.