

Trust Board Finance Report

Financial Period: August 2019 / Q2

Overview

INTRODUCTION

- The purpose of the report is to address year to date financial performance against the 19/20 financial plan and to highlight the actions required to recover some aspects of the plan performance in order that the Trust can deliver required financial performance overall, accepting that it is likely that the Trust will not exit 19/20 as originally planned

HEADLINES

- Achieved Control total year to date, but with a different mix. August 2019 is the first month that non-recurrent support was required to achieve Internal plan and NHSI control total.
- Outlook for Q2 predicts that similar levels of support will be required if the current run rate is maintained
- The trust is forecasting to achieve the year end control total deficit of £17.35m, with a different mix of income and expenditure to the original plan including the use of non-recurrent flexibility. Risks to achievement of this will be failure to deliver the planned levels of Patient Related Income, mitigations will be required as the contributions of favourable pay variances reduce.
- The implications of the shifting recurrent position will need to be managed through the planning process for 2020/21 and the plan to remove the recurrent underlying deficit of the Trust by April 2021

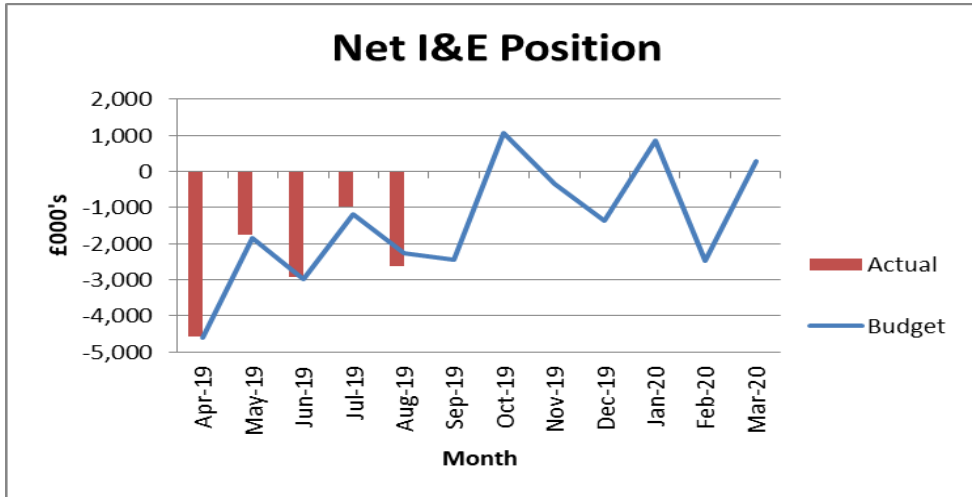
YEAR TO DATE

- Trust has delivered NHSI control total to Month 5, and the Trust's internal plan
- Delivery of this position has not been in line with the plan components, and required £0.286m to meet the Trust's internal plan and a further £0.360m to meet the NHSI plan, the latter being phasing only
- Patient Related Income is behind plan. Position does include a provision of £1.129m for Unity activity plan impact, which will unwind across September and October
- The impact of the Patient Related Income shortfall is offset by a significant favourable variance against Pay, and smaller favourable variances against other income and non-pay

FORWARD VIEW

- Ability to deliver Production Plan, and having the order book to fully populate the plan is the most significant risk to the Trusts financial position
- Implementation of UNITY (impact of delay from Q1 to Q2 onwards) – plan assumed July go-live
- Recruitment to vacancies without corresponding compliance with income plans, and agency spend reduction
- Population and delivery of the unidentified Procurement CIP, phased Q3 onwards

Net Income and Expenditure



	Budget £000's	Actual £000's	Variance £000's
Apr-19	-4,613	-4,577	35
May-19	-1,837	-1,761	76
Jun-19	-2,977	-2,924	53
Jul-19	-1,180	-984	196
Aug-19	-2,284	-2,643	-360
YTD	-12,890	-12,889	1
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		

HEADLINES

- This year to date position consisted of:
 - PRI (£6.063m)
 - Other Income £0.533m
 - Pay £4.995m
 - Non Pay £0.536m
- This position contains a provision against PRI of £1.129m to reflect Unity phasing differences
- The adverse variance to plan in Patient Related Income relates almost exclusively to Commissioner Income, with the main driver within that being non-delivery of the Production Plan stretch target relating to RTT improvement and the localisation plan
- The favourable variance on Other Income is driven by Education and Training income
- The favourable variance on Pay relates to vacancies. Significant concern around agency spend levels and compliance with NHSI plan
- The favourable non-pay variance relates largely to activity performance and pass-through.

Finance Report

Capital Expenditure

Month 5 2019/20

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST

Summary Capital Expenditure: FY 2019/20 to P5

Programme	Year to Date			Full Year Original NHSI Plan (Apr-19) £'000s	Revised NHSI Plan (Jul-19) £'000s	Variance Original NHSI Plan vs Revised £'000s
	Flex Plan £'000s	Actual £'000s	Gap £'000s			
Estates	4,454	2,977	1,477	17,050	15,920	1,130
Informatics	5,708	5,843	(135)	9,236	7,936	1,300
Medical equipment / Imaging	1,166	711	456	4,033	4,033	0
Sub-Total	11,328	9,530	1,798	30,319	27,889	2,430
Technical schemes	1,051	562	490	2,550	3,849	(1,299)
Donated assets	0	0	0	81	81	0
Total Core Programme	12,380	10,092	2,288	32,950	31,819	1,131
Midland Met Construction Cost to Complete	10,298	526	9,773	113,460	46,875	66,585
Midland Met EWP & Continuance	3,386	6,686	(3,300)	7,023	9,739	(2,716)
Reconfiguration	4,728	693	4,035	13,739	13,739	0
Total Non Core Programme	18,412	7,904	10,508	134,222	70,353	63,869
Total Core & Non Core Programme	30,792	17,996	12,796	167,172	102,172	65,000

Analysis

- The above plan and forecast outturn columns reflected May 2019 plan re-submission including the identified £65m of Midland Met timing slippage. The impact of the national request made in July 2019 to reduce Capital spend has now been reversed and the forecast has returned to the May 2019 Plan
- The Trust submitted the STP Capital Wave 4 business case in July 2019 and feedback is expected imminently

Finance Report

SOFP

Month 5 2019/20

Sandwell & West Birmingham Hospitals NHS Trust

STATEMENT OF FINANCIAL POSITION 2019/20

	Balance as at 31st March 2019	Balance as at 31st August 2019	NHSI Planned Balance as at 31st August 2019	Variance to plan as at 31st August 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	473,822	488,759	(14,937)	545,457	545,457
Intangible Assets	169	152	106	46	106	106
Trade and Other Receivables	194	250	67	183	67	67
Current Assets						
Inventories	4,709	4,709	4,742	(33)	4,742	4,742
Trade and Other Receivables	47,472	43,032	47,344	(4,312)	47,344	47,344
Cash and Cash Equivalents	27,966	21,049	9,477	11,572	12,434	12,434
Current Liabilities						
Trade and Other Payables	(74,434)	(82,141)	(69,965)	(12,176)	(75,920)	(75,920)
Provisions	(1,268)	(1,082)	(1,855)	773	(1,855)	(1,855)
Borrowings	(2,353)	(2,356)	(1,062)	(1,294)	(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)	(28,459)	(28,453)	(6)	(27,076)	(27,076)
DH Loan	0	0	0	0	0	0
	432,729	425,651	445,706	(20,055)	500,783	500,783
Financed By						
Taxpayers Equity						
Public Dividend Capital	247,717	247,717	270,179	(22,462)	317,734	317,734
Retained Earnings reserve	166,902	159,824	153,144	6,680	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	425,651	445,706	(20,055)	500,783	500,783

Analysis

- 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 Payables balances that will be paid during Month 6 19/20
- Further analysis on Receivables and Payables balances is available on slide 8

Finance Report

SOCF

Month 5 2019/20

Sandwell & West Birmingham Hospitals NHS Trust												
CASH FLOW 2019/20												
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	23,307	22,925	26,899	24,321	24,073	27,268	32,165	26,644	27,389	25,187	25,824	29,930
Associates	7,573	8,387	8,103	6,380	7,841	6,466	1,166	6,466	6,466	7,141	7,141	7,141
Other NHS	1,576	1,144	907	20,876	1,070	0	759	734	1,193	1,361	774	701
Specialised Services	3,693	4,344	946	4	7,650	3,896	3,540	3,787	2,583	3,942	3,890	431
STF Funding and Taper Relief	0	0	0	0	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	4,766	4,339	0	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	0	0	0	0	0
Other Receipts	3,696	969	2,924	2,598	4,947	1,925	2,225	1,725	3,475	2,425	2,425	2,075
Total Receipts	39,994	37,769	39,780	58,945	49,919	39,555	39,855	39,356	45,512	47,503	40,055	44,683
Payments												
Payroll	14,620	14,025	14,822	14,261	14,532	14,103	14,355	14,259	14,104	15,255	14,104	13,603
Tax, NI and Pensions	10,316	10,630	10,253	10,722	10,172	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	16,312	15,640	9,541	8,317	8,343	9,863	10,016	13,528	14,664
Non Pay - Capital	3,465	5,072	2,667	3,782	3,156	3,302	2,473	2,565	2,654	2,908	2,949	3,208
Loan Repayment	0	0	0	0	0	0	0	0	0	0	0	0
PDC Dividend	0	0	0	0	0	4,058	0	0	0	0	0	5,438
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	1,415	1,415	1,104	1,104	1,104	1,104	1,104	0	0
Other Payments	906	1,061	1,151	969	778	93	163	189	239	299	239	119
Total Payments	46,521	45,274	44,427	49,451	47,684	44,271	38,531	38,580	40,084	41,702	42,940	49,152
Cash Brought Forward	27,966	21,438	13,933	9,286	18,780	21,015	16,299	17,622	18,399	23,826	29,628	26,742
Net Receipts/(Payments)	(6,528)	(7,505)	(4,647)	9,494	2,235	(4,716)	1,324	776	5,428	5,801	(2,885)	(4,469)
Cash Carried Forward	21,438	13,933	9,286	18,780	21,015	16,299	17,622	18,399	23,826	29,628	26,742	22,274

Analysis

- This cash flow incorporates YTD M5 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 is not necessary due to the higher than expected cash balance at 31.3.19 and increased PSF payments from 2018/19. Requirements for the remainder of the year will be monitored 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

Month 5 2019/20

Finance and use of resources rating	Expected Sign	03AUDITPY	03PLANPYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARCY	Maincode
		Audited PY 31/03/2019 Year ending Number	Plan 31/08/2019 YTD Number	Actual 31/08/2019 YTD Number	Variance 31/08/2019 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	2		PRR0160
Liquidity rating	+	2	3	4		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	03PLANPYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARCY	Maincode
		Audited PY 31/03/2019 Year ending Number	Plan 31/08/2019 YTD Number	Actual 31/08/2019 YTD Number	Variance 31/08/2019 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		3.60			1.80		PRR0202
If unrounded score ends in 0.5	+	0		0.00			0.00		PRR0204
Risk ratings before overrides	+	2		4			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		4			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		4			2		PRR0220

Analysis

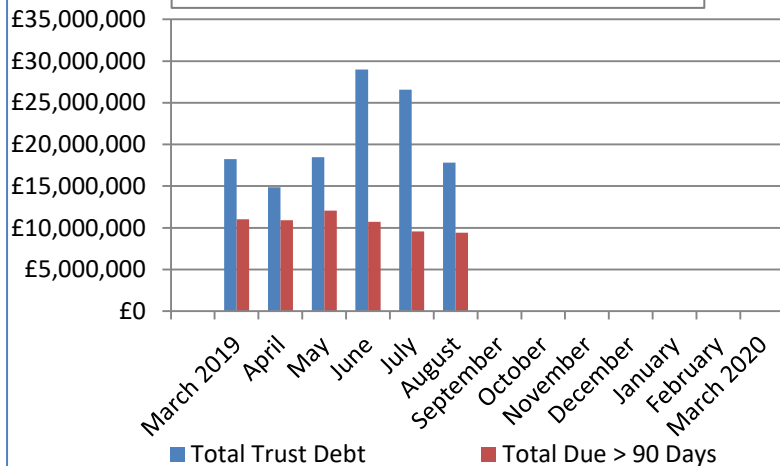
- The Trust's latest use of resources rating year to date is 4 (Red). The Liquidity Rating is 4, which is worse than plan. The main driver for this is the delayed PDC funding from DH for the MMH Early Works Contract, which is due in September 2019. Receipt of this will improve liquidity and the overall score to a 3. The Plan anticipated a deteriorating position through the year with recovery by P12
- The fact I&E is in line with plan which was a score of 4 reflects the YTD plan deficit.
- The agency rating is adverse compared to plan and is expected to be recovered in 2019/20

Finance Report

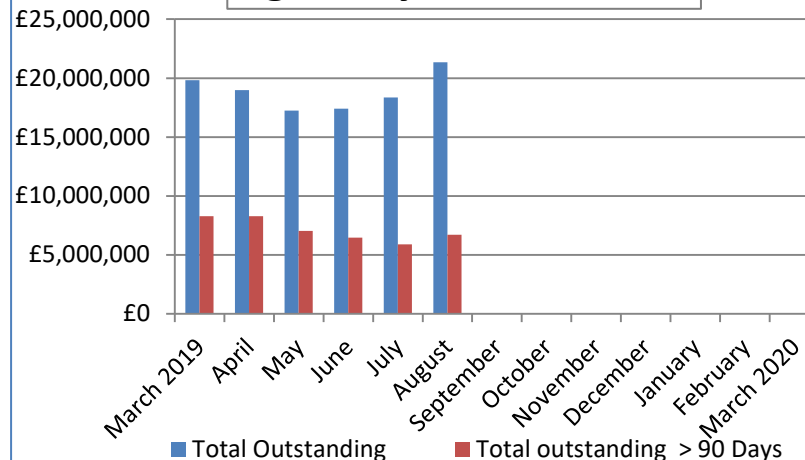
Aged Receivables, Aged Payables & BPPC

Month 5 2019/20

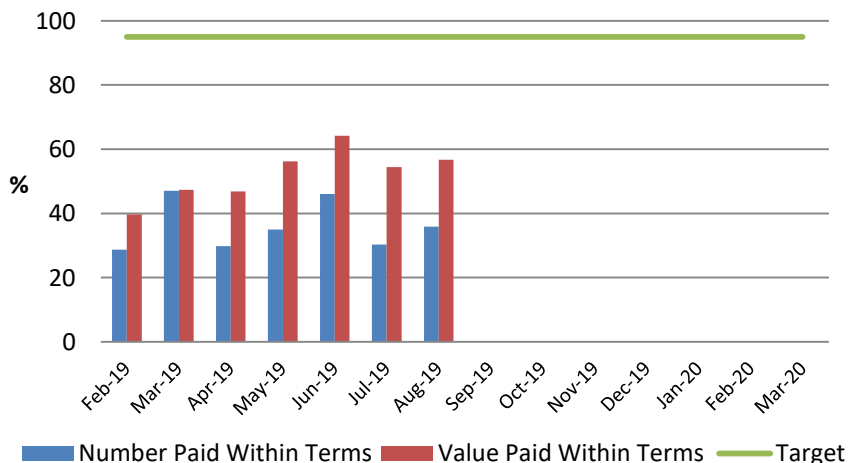
Aged Receivables 2019-20



Aged Payables 2019-20



Annual BPPC Performance



Analysis

- Overall Debt reduced as quarterly invoices (Q2 19-20) were paid for Education contracts with Health Education England. The aged profile showed a marginal improvement 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 of Payables deteriorated in August 2019 as older NHS invoices moved into the >90 Days category. The overall balance of Payables increased during August as new invoices were received for Capital projects that will be paid in September 2019. The Trust continued to make progress resolving the payment of older invoices and is expecting to report a further improved Payables position through 2019-20
- 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.