


Sandwell and West Birmingham Hospitals 
NHS Trust

Trust Board Finance Report

Financial Period: December 2019

Overview

INTRODUCTION

- This report addresses the year to date financial performance against the 19/20 financial plan and highlights the actions required to recover aspects of the plan performance in order that the Trust can deliver required financial performance overall, accepting that the Trust will not exit 19/20 as originally planned.

HEADLINES

- The Trust carried out a forecast at Month 6 that indicated a deficit outturn of £25.7m, a variance to plan of £8.4 million. The Trust identified £14.5 million of reserves and non-recurrent support, which would allow the organisation to both deliver the financial plan and have flexibility to cover any risks that might materialise in the last 6 months of the year.
- At the end of December the Trust position was £3.55m off that forecast requiring a further call on the use of support.
- This performance is presenting significant pressure on the delivery of the Financial Plan. Emergency pressures are putting the delivery of Surgical income plans under strain. Staffing pressures and the resultant increase in bank rates and HIT team bookings is placing the pay forecast under severe pressure.
- The Trust recognises this significant pressure, but remains cautiously optimistic about achieving the year end control total, this will be with a different mix of income and expenditure to the original plan and will require significantly more use of the identified reserves and non-recurrent support than expected.
- The Trust has to consider the forecast position under significant threat unless the run rate improves back to forecast. Delivery of the Surgical Services Income plan, and Medicine and Emergency Care Pay rectification plans are crucial to this. **Over the past two weeks members of the Exec Group have been supporting the Groups through the issues and their plans to address them, with the formal discussion occurring at Group Reviews.**
- The implications of the shifting recurrent position will need to be managed through the planning process for 2020/21.

Overview Cont'd

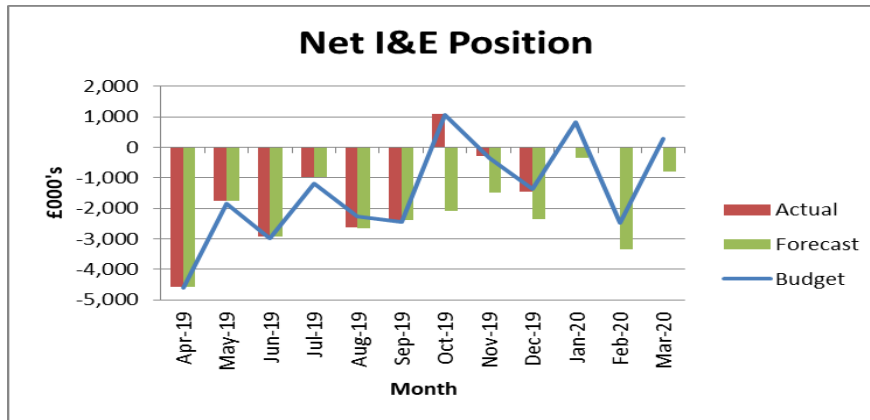
YEAR TO DATE

- Trust delivered control total to Month 9, and the Trusts internal plan
- Delivery of this position has not been in line with the plan components, and required the release of non-recurrent support and reserves.
- Patient Related Income is behind plan. December saw a significant adverse variance to plan.
- The impact of the Patient Related Income shortfall is partially offset by a significant favourable variance against Pay.
- Trust had forecast a December deficit position of £21.213m
- The reported figure was £15.987m, but with the following items released from the £14.5m of identified reserves/non-recurrent support.
 - £6.1m GRNI release/balance sheet flexibility
 - £0.23m Old Year Maternity Pathway release
 - £0.71m Taper Relief Release
 - £1.955m Release of Reserves

FORWARD VIEW

- The Trust has forecast a deficit of £25.722m, a variance to the Financial Plan of £8.374m, with enough support identified to deliver the Trusts control total.
- This forecast recognised a need to deliver an exit run rate that returned the Trust to plan.
- Actions to ensure a return to plan include:
 - **Production Plan:** Emergency pressures have added to the strain on delivering the rectification plan. The Group continue to invest significant management resource into ensuring delivery, the income PMO, led by the Deputy COO continue to monitor and support delivery, and the Executive Group used the recent Review meeting to challenge and support Group delivery
 - **Pay:** Whilst not alone, the biggest area of concern has been the Emergency Care directorate. The COO has led a number of meetings over the past couple of weeks to action plan addressing the issue. Controls have been centralised under the Group Director of Operations until the Group Management Team are sure that robust understanding and controls are in place. The Executive Group again used the recent Review meeting with the Group to challenge and support delivery.
 - **Non Recurrent Support:** The Finance function continue to review all options for supporting the financial position on a non-recurrent basis, above the £14.5m already identified.

Net Income and Expenditure



	Budget £000's	Actual £000's	Forecast £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	-2,644		-360
Sep-19	-2,448	-2,442		7
Oct-19	1,056	1,084		28
Nov-19	-348	-289		59
Dec-19	-1,361	-1,450		-89
YTD	-15,992	-15,987	0	4
Jan-20	831		-339	-1,170
Feb-20	-2,471		-3,359	-888
Mar-20	284		-804	-1,088
Outturn	-17,348	-15,987	-4,501	-3,141

HEADLINES

At the end of December 2019, the Trust reported a small favourable variance year to date against the Trusts internal plan.

Non delivery of the income plan, and a deterioration in the pay position means that the Trusts year-to-date underlying position is £8.773m off the phased internal plan. In terms of performance against the month 6 forecast, the underlying position is adverse £3.552m. This is driven by both income and pay being adverse to forecast.

Forecast

Positions has required the release year-to-date of £8.995m of the £14.5m identified during the forecast process.

Any continuation of the variance from forecast would put extreme pressure on delivery.

The Trust has identified sufficient flexibility to cover off a variance of this magnitude, although the make up of, and the size of any variation at Month 12 could significantly impact adversely on 2020/2021 planning.

The forecast requires a further call on the £14.5m of £3.14m, leaving £2.36m for all risks that materialise in the final quarter. Work continues to identify further support to ensure the Trusts control total is delivered.

Actions are clear in terms of ensuring delivery, and Group Management teams are being closely support by the Exec Group and other senior managers to deliver those actions.

Capital Expenditure

Month 9 2019/20

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST

Summary Capital Expenditure: FY 2019/20 to P9

Programme	Year to Date			Full Year			Variance
	Flex Plan	Actual	Gap	Original NHSI Plan (Apr-19)	Revised NHSI Plan (May-19)	Forecast Outturn (RK 19.11.19)	Revised NHSI Plan vs FOT
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Estates	9,981	7,261	2,720	17,050	15,920	10,910	5,010
Informatics	8,546	13,979	(5,433)	12,720	12,721	14,438	(1,717)
Medical equipment / Imaging	2,706	3,132	(426)	4,033	4,033	3,467	566
Sub-Total	21,233	24,372	(3,140)	33,803	32,674	28,815	3,859
Technical schemes	1,708	489	1,218	2,550	2,550	3,849	(1,300)
Donated assets	0	81	81	81	81	81	(0)
Total Core Programme	22,940	24,943	(1,840)	36,434	35,305	32,746	2,559
Midland Met Construction Cost to Complete	26,653	27,235	(582)	113,460	48,460	49,246	(787)
Midland Met EWP & Continuance	5,429	4,561	868	7,023	8,154	7,836	318
Reconfiguration	6,832	3,088	3,744	10,255	10,255	7,705	2,550
Total Non Core Programme	38,914	34,884	4,030	130,738	66,869	64,787	2,081
Total Core & Non Core Programme	61,854	59,827	2,190	167,172	102,174	97,533	4,641

Analysis

- The above plan and forecast outturn (07/11/19) columns reflect the further considerations the Trust has made since the May 2019 plan re-submission, which included the £65m Midland Met timing slippage.
- The Trust submitted STP Capital Wave 4 forecasts are now included above and the PDC funding will be drawn down to match the profile spend.

Finance Report

SOFP

Month 9 2019/20

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

	Balance as at 31st March 2019	Balance as at 31st December 2019	NHSI Planned Balance as at 31st December 2019	Variance to plan as at 31st December 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	509,883	506,468	3,415	545,457	544,020
Intangible Assets	169	139	106	33	106	106
Trade and Other Receivables	194	289	67	222	67	67
Current Assets						
Inventories	4,709	4,709	4,742	(33)	4,742	4,742
Trade and Other Receivables	47,472	36,757	51,944	(15,187)	47,344	47,344
Cash and Cash Equivalents	27,966	3,924	1,292	2,632	12,434	22,274
Current Liabilities						
Trade and Other Payables	(74,434)	(80,998)	(68,946)	(12,052)	(75,920)	(85,425)
Provisions	(1,268)	(1,121)	(1,855)	734	(1,855)	(1,855)
Borrowings	(2,353)	(2,358)	(1,062)	(1,296)	(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)	(27,675)	(27,669)	(6)	(27,076)	(27,076)
DH Loan	0	0	0	0	0	0
	432,729	440,224	461,633	(21,409)	500,783	499,681
Financed By						
Taxpayers Equity						
Public Dividend Capital	247,717	259,183	283,134	(23,951)	317,734	316,632
Retained Earnings reserve	166,902	162,931	156,116	6,815	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	440,224	461,633	(21,409)	500,783	499,681

Analysis

- The overall variance from plan is due to higher than planned working balances, however the balances are expected to achieve the NHSI forecast at 31/3/2020 therefore differences shown at M9 are due to timing only.
- Further Analysis of Cash Balances and movements are included on the SOCF slide
- Further analysis on Receivables and Payables balances is available on slide 9
- Cash and Cash Equivalents balances on this slide will differ from the SOCF by the value of Cash in Hand, that is not included in the SOCF

Finance Report

SOCF

Month 9 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 Actual £000s	October Actual £000s	November Actual £000s	December Actual £000s	January Forecast £000s	February Forecast £000s	March Forecast £000s
Receipts												
SLAs: SWB CCG	23,307	22,925	26,899	24,321	24,073	24,494	24,655	24,478	24,229	25,187	25,824	29,930
Associates	7,573	8,387	8,103	6,380	7,841	8,504	8,013	7,904	14,111	1,286	7,141	7,141
Other NHS	1,576	1,144	907	774	1,070	1,547	1,283	752	7,222	1,361	774	701
Specialised Services	3,693	4,344	946	4	7,650	1,326	4,268	5,487	195	3,942	3,890	431
STF Funding and Taper Relief	0	0	0	20,102	0	5,634	0	0	0	6,052	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	4,436	0	0	0	4,405
Public Dividend Capital	0	0	0	0	0	8,714	0	0	2,772	22,232	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	2,694	2,156	1,905	3,749	2,425	2,425	2,075
Total Receipts	39,994	37,769	39,780	58,945	49,919	52,912	40,375	44,961	52,278	62,484	40,055	44,683
Payments												
Payroll	14,620	14,025	14,822	14,261	14,532	15,403	15,176	15,431	14,668	15,255	14,104	13,603
Tax, NI and Pensions	10,316	10,630	10,253	10,722	10,172	10,204	11,147	10,794	4,070	16,130	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	13,848	11,314	17,043	9,244	12,882	9,383	9,061	8,810
Non Pay - Capital	3,465	5,072	2,667	3,782	4,948	6,129	3,412	2,611	5,547	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	4,059	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	1,415	1,415	1,415	1,415	1,104	0	0
Other Payments	906	1,061	1,151	969	778	1,842	1,210	1,038	20,805	299	239	119
Total Payments	46,521	45,274	44,427	49,451	47,684	52,357	51,394	42,522	61,377	47,069	38,473	43,298
Cash Brought Forward	27,966	21,438	13,933	9,286	18,780	21,015	21,570	10,552	12,991	3,892	19,307	20,889
Net Receipts/(Payments)	(6,528)	(7,505)	(4,647)	9,494	2,235	555	(11,018)	2,439	(9,099)	15,415	1,582	1,385
Cash Carried Forward	21,438	13,933	9,286	18,780	21,015	21,570	10,552	12,991	3,892	19,307	20,889	22,274

Analysis

- This cash flow incorporates YTD M9 actual movements and a full year forecast for balances in the Trusts Bank Account. Initial payments for the MMH Contract were made in December, the PDC income for which, will be received in January 2020
- This latest forecast indicates that borrowing is not necessary due to the higher than expected cash balance at 31.3.19 and increased PSF bonus payments from 2018/19. Over the medium term delivery of I&E plans are the key determinant of cash borrowing requirements, as well as capital investment.

Finance Report

NHSI Financial Resource Metrics

Month 9 2019/20

Finance and use of resources rating	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARYCY
		Audited PY 31/03/2019 Year ending Number	Plan 31/12/2019 YTD Number	Actual 31/12/2019 YTD Number	Variance 31/12/2019 YTD Number	Plan 31/03/2020 Year ending Number	Forecast 31/03/2020 Year ending Number	Variance 31/03/2020 Year ending Number
		1	4	3		3	2	
Capital service cover rating	+	2	3	4		3	3	
Liquidity rating	+	1	4	4		2	2	
I&E margin rating	+	1		1			1	
I&E margin: distance from financial plan	+	3	1	4		1	4	
Agency rating								

Overall finance and use of resources risk rating	Expected Sign	03AUDITPY	03PLANYTD	03ACTYTD	03VARYTD	03PLANCY	03FOTCY	03VARYCY
		Audited PY 31/03/2019 Year ending Number	Plan 31/12/2019 YTD Number	Actual 31/12/2019 YTD Number	Variance 31/12/2019 YTD Number	Plan 31/03/2020 Year ending Number	Forecast 31/03/2020 Year ending Number	Variance 31/03/2020 Year ending Number
Overall rating unrounded	+	2		3.20			2.40	
If unrounded score ends in 0.5	+	0		0.00			0.00	
Risk ratings before overrides	+	2		3			2	
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	
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	
Control total override - Control total accepted	Text	Yes		Yes			Yes	
Control total override - Planned or Forecast deficit	Text	No		No			No	
Control total override - Maximum score (0 = N/A)	+	0		0			0	
Is Trust under financial special measures	Text	No		No			No	
Risk ratings after overrides	+	2		3			3	

Analysis

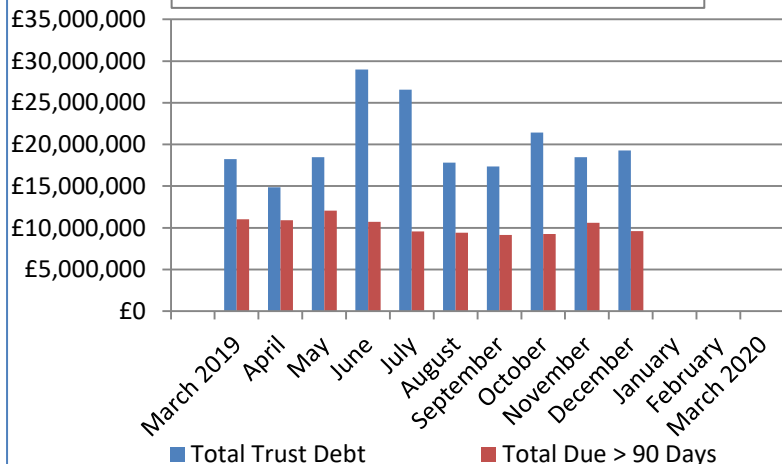
- The Trust's latest use of resources rating year to date is 3 (Amber). The Liquidity Rating is 4, which is worse than plan. The Plan anticipated a deteriorating position through the year with recovery by P12
- The fact I&E is in line with plan which was a score of 4 reflects the YTD plan deficit.
- The agency rating is adverse compared to plan and the Trust's revised forecast of £17.23m is reflected in the rating above

Finance Report

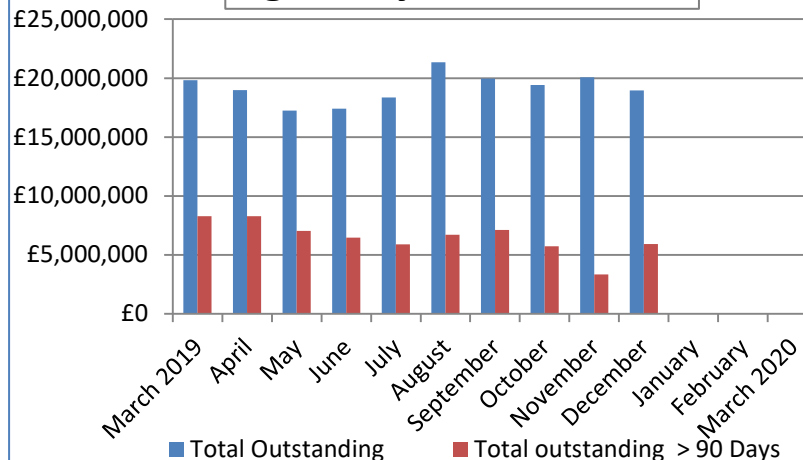
Aged Receivables, Aged Payables & BPPC

Month 9 2019/20

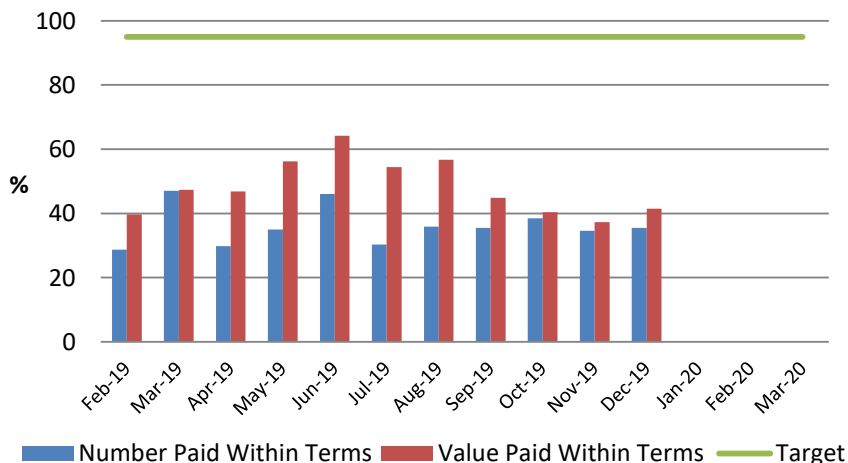
Aged Receivables 2019-20



Aged Payables 2019-20



Annual BPPC Performance



Analysis

- The total Debt increased as NHS invoices were raised in December that payment is expected for in January 2020. Over 90 days debt reduced as progress was made settling old debts from Sandwell MBC and Sandwell CCG. The Trust is continuing to target specific customers to settle outstanding amounts as part of the overall plan to further reduce the Aged debt profile during 2019/20
- The aged profile of Payables improved in December 2019 as the Trust progressed resolution of older invoices with the over 90 days NHS Balances reducing by £0.8m, Non NHS Balances increased as invoices aged further. The Trust 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.