

# **Trust Board Finance Report**

**Financial Period: Month 11 : Feb 2020**

# Overview

## INTRODUCTION

- This report addresses 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

- Reporting achievement of the year-to-date internal and external control total. **However**, this has only been achieved with significant non-recurrent support and reserves release.
- Before support the Trust was also significantly adrift of the month 6 forecast. The Month 6 forecast indicated a c£8.5m variance to control total at year end, but at Month 11 the Trust required £12.74m of support to achieve the control total.
- Patient Related Income and Pay performance are putting pressure on the delivery of the Financial Plan and subsequently, the forecast. The flooding within BTC has had an impact on production plan achievement in February.
- The forecast position will therefore not be achieved. The Finance function have identified additional flexibility and it is likely that all of this will be required to achieve the Trusts control total. The Trust expects to have costs relating to the Covid-19 pandemic covered centrally.
- The potential impact on 2020/2021 is of concern, especially the continued income under-performance and the increasing pay bill. The medium to long-term impact of the Pandemic on delivery of the financial plan needs to be worked through, as will the impact of the revised financial arrangements for the first third of the year.
- The implications of the shifting recurrent position will need to be managed through the planning process for 2020/21.

# Overview Cont'd

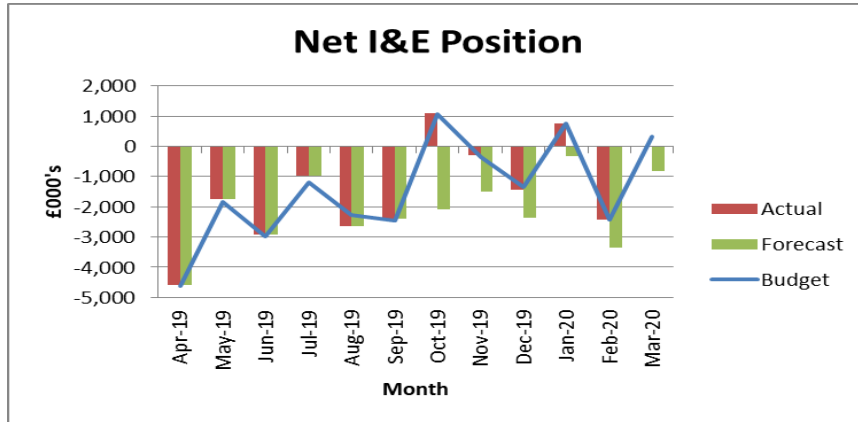
## YEAR TO DATE

- Trust delivered control total to Month 11, 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 items
- Patient Related Income remains significantly behind plan.
- The impact of the Patient Related Income shortfall is partially offset by a significant favourable variance against Pay.
- The reported figure was £17.656m, but with the following mitigations
  - £6.583m GRNI release/balance sheet flexibility
  - £0.23m Old Year Maternity Pathway release
  - £5.587m Reserves Release
  - £0.34m TR Funding

## FORWARD VIEW

- The Trust forecast a deficit of £25.722m, a variance to the Financial Plan of £8.374m.
- If this forecast was delivered, then the Trust had identified enough non-recurrent support to deliver the financial plan.
- This recognised a need to deliver an exit run rate that returned the Trust to plan.
- With this revised forecast there were a number of key considerations and assumptions :
  - Ability to deliver Production Plan, and having the order book to populate the plan is the most significant risk to the Trusts financial position. Focus is on the Surgical Services income performance, which is key to delivery of a recurrent balanced plan. The Group's recovery plan has been accepted by the CEO. This will now not be achieved this year, and a consideration for 2020/2021.
  - Recruitment to vacancies without corresponding relationship to income plans could adversely affect the Trust's overall performance against plan
  - Both the previous items are currently adverse to forecast, and an early view of February would indicate continuation of this position, especially with the BTC flood and corresponding loss of day case sessions for around 3 weeks.
  - Population and delivery of the SCCL related procurement CIP, phased Q3 onwards. This is becoming a national issue with systems problems meaning measurement of savings wasn't possible until late November. The Procurement team and SCCL remain confident of savings delivery overall, but early work on validation looks concerning.
  - Other considerations include finalising the car parking arrangement and confirming asset valuation.
  - Impact of the Pandemic on Financial Plan work-streams and delivery in the Short, Medium and Long term.

# 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	-290		59
Dec-19	-1,361	-1,449		-89
Jan-20	755	756		1
Feb-20	-2,433	-2,424		9
<b>YTD</b>	<b>-17,670</b>	<b>-17,655</b>	<b>0</b>	<b>14</b>
Mar-20	322		-804	-1,126
<b>Outturn</b>	<b>-17,348</b>	<b>-17,655</b>	<b>-804</b>	<b>-1,111</b>

## HEADLINES

At the end of February 2020, the Trust reported a small favourable variance year to date against the Trusts internal plan. The year-to-date underlying position is £12.74m off the phased internal plan.

## Forecast

Delivery of the Trusts financial duties is under severe pressure. Review of the Trust balance sheets has identified a total of £16.69m. On current trends all of this will be required to deliver the control total.

The final income settlement with SWBCCG is key to ensuring delivery, and if the Trust can agree a figure of £293.5m then this would offer a buffer against any year-end risks that materialise. The impact of Covid-19 on March income could be significant, and it is expected that CCGs recognise the impact in their year end settlements.

# Capital Expenditure

Month 11 2019/20

## SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST

### Summary Capital Expenditure: FY 2019/20 to P11

Programme	Year to Date			Full Year			
	Flex Plan	Actual	Gap	Original NHSI Plan (Apr-19)	Revised NHSI Plan (May-19)	Forecast Outturn (RK 05.03.20)	Variance Revised NHSI Plan vs FOT
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Estates	10,788	8,836	1,953	17,050	15,920	10,788	5,132
Informatics	14,987	14,401	586	12,720	12,721	14,987	(2,266)
Medical equipment / Imaging	3,745	3,560	185	4,033	4,033	3,745	289
<b>Sub-Total</b>	<b>29,520</b>	<b>26,796</b>	<b>2,724</b>	<b>33,803</b>	<b>32,674</b>	<b>29,520</b>	<b>3,155</b>
Technical schemes	3,876	3,268	607	2,550	2,550	3,855	(1,305)
Donated assets	61	81	20	81	81	81	(0)
<b>Total Core Programme</b>	<b>33,456</b>	<b>30,146</b>	<b>3,351</b>	<b>36,434</b>	<b>35,305</b>	<b>33,456</b>	<b>1,849</b>
Midland Met Construction Cost to Complete	49,050	29,978	19,072	113,460	48,460	49,050	(590)
Midland Met EWP & Continuance	6,878	5,002	1,876	7,023	8,154	6,878	1,276
Reconfiguration	6,405	3,954	2,451	10,255	10,255	6,405	3,850
<b>Total Non Core Programme</b>	<b>62,333</b>	<b>38,934</b>	<b>23,399</b>	<b>130,738</b>	<b>66,869</b>	<b>62,333</b>	<b>4,536</b>
<b>Total Core &amp; Non Core Programme</b>	<b>95,789</b>	<b>69,080</b>	<b>26,750</b>	<b>167,172</b>	<b>102,174</b>	<b>95,789</b>	<b>6,385</b>

## Analysis

- The above plan and forecast outturn (05/03/20) 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 will be confirming CRL at £95.8m.
- The Trust submitted STP Capital Wave 4 forecasts are now included above and the PDC funding has been drawn down to match the profile spend.

# Finance Report

# SOFP

Month 11 2019/20

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

	Balance as at 31st March 2019	Balance as at 29th February 2020	NHSI Planned Balance as at 29th February 2020	Variance to plan as at 29th February 2020	NHSI Plan as at 31st March 2020	Forecast 31st March 2020
	£000	£000	£000	£000	£000	£000
<b>Non Current Assets</b>						
Property, Plant and Equipment	463,039	516,252	532,261	(16,009)	545,457	540,816
Intangible Assets	169	132	106	26	106	106
Trade and Other Receivables	194	144	67	77	67	67
<b>Current Assets</b>						
Inventories	4,709	4,709	4,742	(33)	4,742	4,742
Trade and Other Receivables	47,472	43,935	47,344	(3,409)	47,344	47,344
Cash and Cash Equivalents	27,966	27,952	17,926	10,026	12,434	25,478
<b>Current Liabilities</b>						
Trade and Other Payables	(74,434)	(83,312)	(81,934)	(1,378)	(75,920)	(85,425)
Provisions	(1,268)	(1,022)	(1,855)	833	(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
<b>Non Current Liabilities</b>						
Provisions	(3,325)	(3,325)	(3,454)	129	(3,454)	(3,454)
Borrowings	(29,440)	(27,323)	(27,277)	(46)	(27,076)	(27,076)
DH Loan	0	0	0	0	0	0
	<b>432,729</b>	<b>475,787</b>	<b>486,864</b>	<b>(11,077)</b>	<b>500,783</b>	<b>499,681</b>
<b>Financed By</b>						
<b>Taxpayers Equity</b>						
Public Dividend Capital	247,717	292,670	306,190	(13,520)	317,734	316,632
Retained Earnings reserve	166,902	165,007	158,291	6,716	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
	<b>432,729</b>	<b>475,787</b>	<b>486,864</b>	<b>(11,077)</b>	<b>500,783</b>	<b>499,681</b>

## Analysis

- The overall variance from plan is due to lower capital spend due to slippage on major capital schemes. Working balances are returning to a position that is closer or improving on the initial plan.
- 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 11 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 Actual £000s	February Actual £000s	March Forecast £000s
<b>Receipts</b>												
SLAs: SWB CCG	23,307	22,925	26,899	24,321	24,073	24,494	24,655	24,478	24,229	24,375	25,468	24,303
Associates	7,573	8,387	8,103	6,380	7,841	8,504	8,013	7,904	14,111	1,569	8,543	7,141
Other NHS	1,576	1,144	907	774	1,070	1,547	1,283	752	7,222	818	12,417	701
Specialised Services	3,693	4,344	946	4	7,650	1,326	4,268	5,487	195	4,166	11,313	431
STF Funding and Taper Relief	0	0	0	20,102	0	5,634	0	0	0	0	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	26	4,377	0
Public Dividend Capital	0	0	0	0	0	8,714	0	0	2,772	22,232	0	3,209
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	4,380	2,908	2,075
<b>Total Receipts</b>	<b>39,994</b>	<b>37,769</b>	<b>39,780</b>	<b>58,945</b>	<b>49,919</b>	<b>52,912</b>	<b>40,375</b>	<b>44,961</b>	<b>52,278</b>	<b>57,565</b>	<b>65,025</b>	<b>37,860</b>
<b>Payments</b>												
Payroll	14,620	14,025	14,822	14,261	14,532	15,403	15,176	15,431	14,668	16,000	15,508	15,703
Tax, NI and Pensions	10,316	10,630	10,253	10,722	10,172	10,204	11,147	10,794	4,070	17,632	10,893	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	12,336	12,044	6,548
Non Pay - Capital	3,465	5,072	2,667	3,782	4,948	6,129	3,412	2,611	25,470	2,706	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	5,182
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	1,415	0	0
Other Payments	906	1,061	1,151	969	778	1,842	1,210	1,038	882	453	2,646	119
<b>Total Payments</b>	<b>46,521</b>	<b>45,274</b>	<b>44,427</b>	<b>49,451</b>	<b>47,684</b>	<b>52,357</b>	<b>51,394</b>	<b>42,522</b>	<b>61,377</b>	<b>52,532</b>	<b>46,030</b>	<b>42,880</b>
Cash Brought Forward	27,966	21,438	13,933	9,286	18,780	21,015	21,570	10,552	12,991	3,892	8,925	27,920
Net Receipts/(Payments)	(6,528)	(7,505)	(4,647)	9,494	2,235	555	(11,018)	2,439	(9,099)	5,033	18,995	(5,020)
Cash Carried Forward	21,438	13,933	9,286	18,780	21,015	21,570	10,552	12,991	3,892	8,925	27,920	22,900

## Analysis

- This cash flow incorporates YTD M11 actual movements and a full year forecast for balances in the Trusts Bank Account.
- 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. 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 11 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 29/02/2020 YTD Number	Actual 29/02/2020 YTD Number	Variance 29/02/2020 YTD Number	Plan 31/03/2020 Year ending Number	Forecast 31/03/2020 Year ending Number	Variance 31/03/2020 Year ending Number
		1	3	2		3	2	
Capital service cover rating	+	2	3	3		3	3	
Liquidity rating	+	1	3	3		2	2	
I&E margin rating	+	1		2			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 29/02/2020 YTD Number	Actual 29/02/2020 YTD Number	Variance 29/02/2020 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		2.80			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 3, returning to the plan position. The Plan anticipated a deteriorating position through the year with recovery by M12
- The fact I&E is in line with plan which was a score of 3 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. The size of the variance from ceiling is driving a score of 4, which makes achieving a 2 overall not possible.

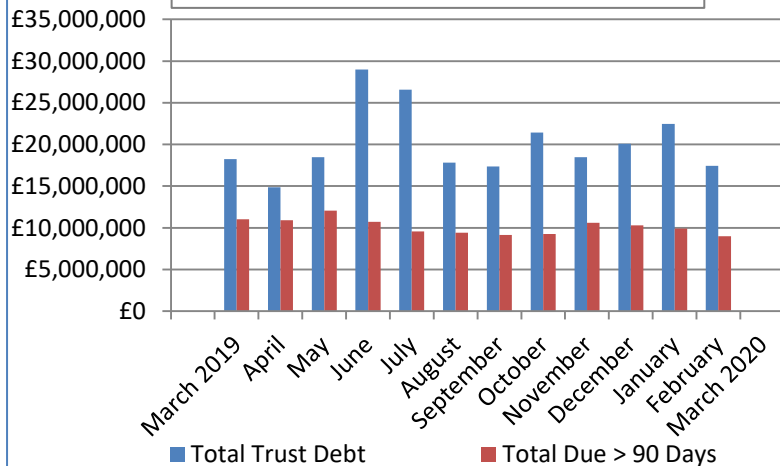


# Finance Report

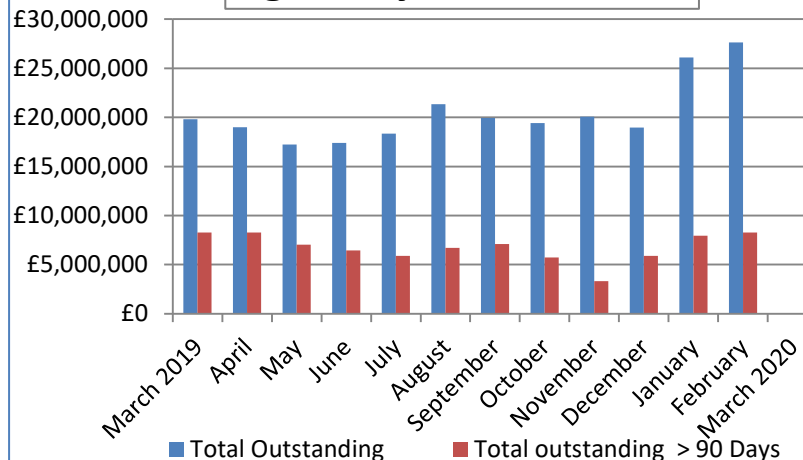
# Aged Receivables, Aged Payables & BPPC

Month 10 2019/20

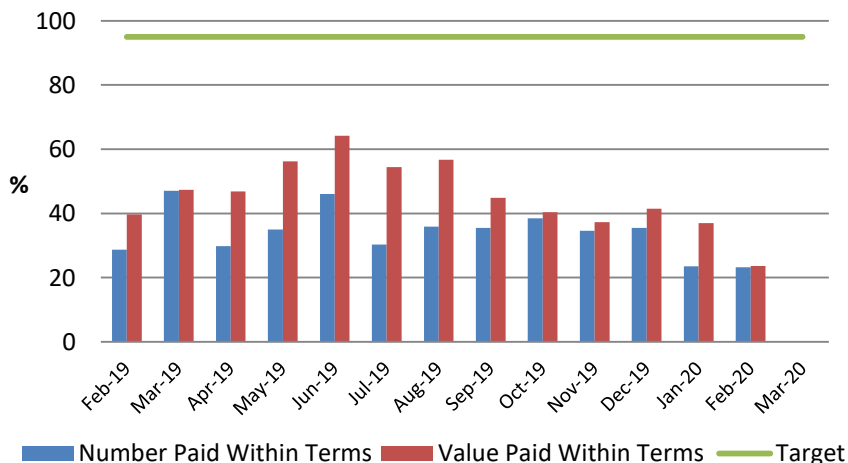
### Aged Receivables 2019-20



### Aged Payables 2019-20



### Annual BPPC Performance



## Analysis

- The Total Debt reduced as NHS invoices raised in January for quarterly Education contracts were paid. Over 90 days debt reduced by £1m as progress was made settling old debts from UHB and Walsall NHST. 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 value of Payables increased in February 2020, predominantly due to large value invoices for which payment will be made in March as they fall due. Further invoices aged with Non-NHS and NHS bodies, although a payment mechanism is being agreed to pay with a reciprocal arrangement to receive funds to clear aged debt.
- 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. The Trust is constructing a plan that will improve performance against the target.