

Trust Board Finance Report

Financial Period: January 2020

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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 10 the Trust is £9m away from control total. It is therefore important that the Trust focuses on the best possible result in Months 11 and 12.
- Patient Related Income and Pay performance are putting pressure on the delivery of the Financial Plan. Bed pressures had led to the cancellation of elective activity in December and Winter bank rates being agreed for qualified nurses, and an agency HIT team to relieve operational pressures. The flooding within the BTC also means that delivery of the Production Plan forecast is under pressure for February/early March.
- 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 potential impact on 2020/2021 is of concern, especially the continued income under-performance and the increasing pay bill.
- The implications of the shifting recurrent position will need to be managed through the planning process for 2020/21.

Overview Cont'd

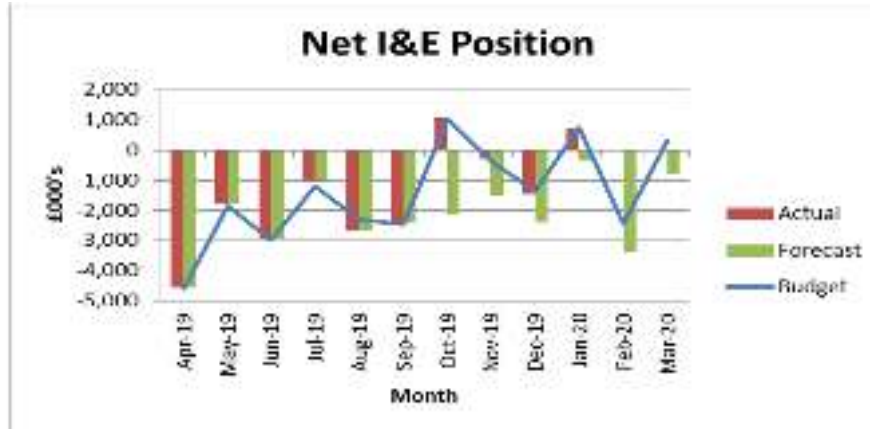
YEAR TO DATE

- Trust delivered control total to Month 10, 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 £15.231m, but with the following mitigations
 - £6.211m GRNI release/balance sheet flexibility
 - £0.23m Old Year Maternity Pathway release
 - £4.975M reserves release
- The Trust had forecast a deficit position of £21.533m, and required £6.519m of support to achieve plan, therefore £4.9m more of support was required than in the Trust's forecast.

FORWARD VIEW

- The Trust has 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 is unlikely 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.

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
YTD	-15,237	-15,231	0	5
Feb-20	-2,433		-3,359	-926
Mar-20	322		-804	-1,126
Outturn	-17,348	-15,231	-4,163	-2,046

HEADLINES

At the end of January 2020, the Trust reported a small favourable variance year to date against the Trusts internal plan.

The year-to-date underlying position is £11.416m off the phased internal plan. In terms of performance against the month 6 forecast, the underlying position is adverse £4.9m. This is driven by both income and pay being off forecast.

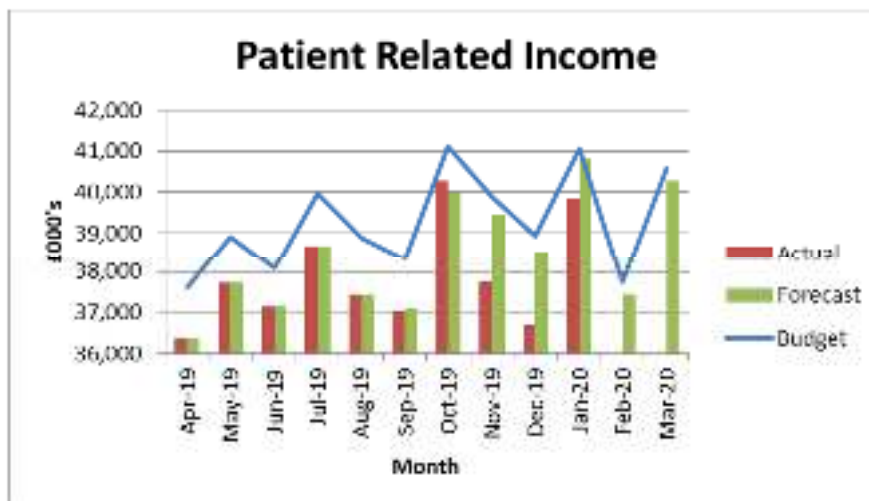
Forecast

Delivery of the Trusts financial duties is under pressure. Review of the Trust balance sheet has identified a total of £16.69m. On current trends all of this will be required to deliver the control total, given that £11.416m has been used to date.

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.

There are some signs of optimism around the Pay position, which might further lessen the call on the non-recurrent mitigations identified.

Patient Related Income



	Budget £000's	Actual £000's	Forecast £000's	Variance £000's
Apr-19	37,598	36,374		-1,225
May-19	38,889	37,735		-1,155
Jun-19	38,100	37,137		-963
Jul-19	39,981	38,687		-1,294
Aug-19	38,861	37,433		-1,428
Sep-19	38,354	37,013		-1,341
Oct-19	41,132	40,278		-855
Nov-19	39,883	37,762		-2,121
Dec-19	38,921	36,683		-2,238
Jan-20	41,072	39,845		-1,227
YTD	392,791	378,947	0	-13,844
Feb-20	37,748		37,452	-296
Mar-20	40,575		40,276	-299
Outturn	471,113	378,947	77,728	-14,439

Patient Related Income is made up of 3 Main Elements

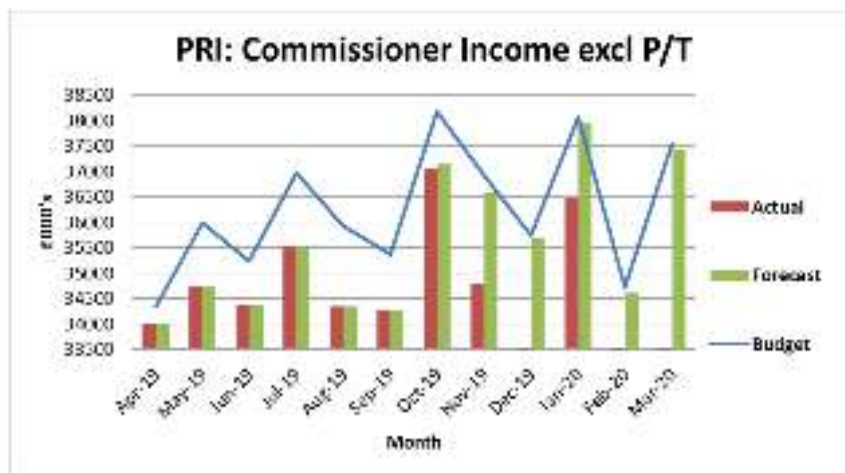
- Commissioner Income, Non Pass-through
- Commissioner Income, Pass-through
- Other Patient Related Income

Of the £13.844m adverse variance;

- Commissioner Income excluding pass-through is £13.795m adverse to plan.
- Pass through Income is £0.627m adverse to plan (offset by non-pay underspends)
- Other Patient Related Income £0.577m above plan

The next slide examines Commissioner Income, and the following tab presents the forward view through Q4 into 2020-2021

Commissioned Income – excl. pass-through



	Budget £000's	Actual £000's	Forecast £000's	Variance £000's
Apr-19	34,346	33,986		-359
May-19	35,984	34,723		-1,261
Jun-19	35,235	34,389		-846
Jul-19	36,973	35,525		-1,448
Aug-19	35,934	34,350		-1,584
Sep-19	35,362	34,272		-1,091
Oct-19	38,166	37,065		-1,101
Nov-19	36,916	34,796		-2,121
Dec-19	35,743	33,339		-2,404
Jan-20	38,053	36,473		-1,579
YTD	362,712	348,918	0	-13,795
Feb-20	34,729		34,605	-124
Mar-20	37,554		37,429	-126
Outturn	434,996	348,918	72,033	-14,045

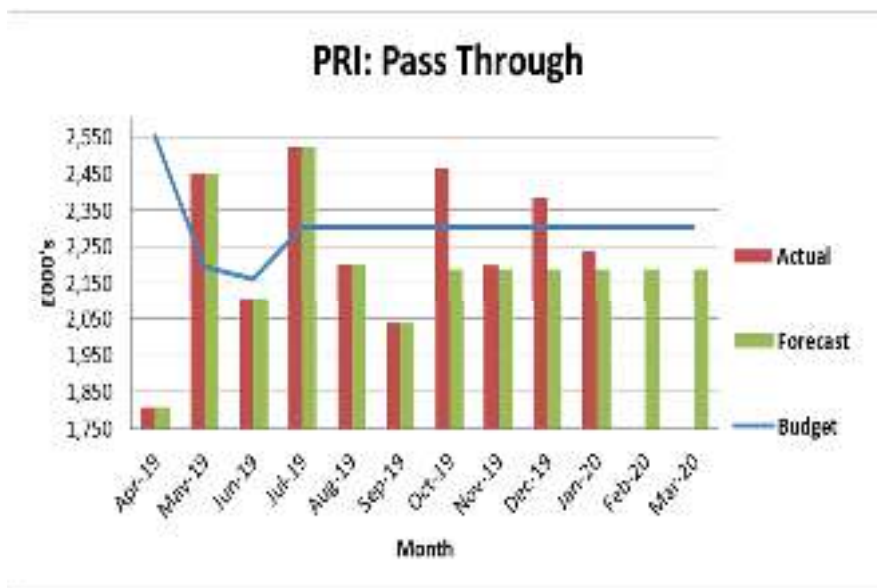
Commissioned income

- The Commissioned Income variance to plan at M10 excluding pass through income is £13.795m adverse (3.8%). Of this, £8.49m is a Production Plan shortfall, £2.0m Emergency Care shortfall, with the balance being other activity (Neonatal, Obstetrics and Bowel Screening) and contractual fines.
- By commissioner, the SWB adverse variance of £13.12m is by far the largest and accounts for the majority of the production plan activity line. SWB is offset by over-performance of the contracts with BSOL of £1.0m and NHSE of £0.2m.
- Against the in-month forecast for M10, the Trust performed £1.6m worse than forecast with Surgical Services being the biggest driver on performance for Production Plan and Maternity and Emergency Care across non-planned activity. It must be noted that the in-month figures are based on initial activity data and should improve once final month 10 activity data is coded and priced.

PRI forward view and financial impact

- The Surgical Services mitigation plan for Nov to March is included in the forecast.
- Delivery of the full year forecast remains high risk and is dependent on Surgical Services delivering the agreed Mitigation Plan
- The Trust has worked with SWBCCG to review contract challenges and to quantify the impact. An assessment of this is included in the year to date position and forecast.
- The contract includes provision for coding issues and SWB CCG accepts this covers the bulk of coding challenges raised. Both parties are reviewing the position and working to unwind this provision during 2019-20 as part of budget setting and contract negotiation for 2020-21

PRI: Pass Through Income



	Budget £000's	Actual £000's	Forecast £000's	Variance £000's
Apr-19	2,553	1,809		-744
May-19	2,196	2,449		253
Jun-19	2,161	2,103		-57
Jul-19	2,303	2,522		218
Aug-19	2,303	2,201		-102
Sep-19	2,303	2,036		-267
Oct-19	2,303	2,463		160
Nov-19	2,303	2,198		-105
Dec-19	2,303	2,383		79
Jan-20	2,303	2,239		-64
YTD	23,031	22,405	0	-627
Feb-20	2,303		2,187	-116
Mar-20	2,303		2,187	-116
Outturn	27,638	22,405	4,374	-859

PRI: PASS-THROUGH INCOME

Under-performance YTD against a number of specialties

The under-performance is matched by an off-setting non-pay under-spend, largely within high cost drugs rather than devices.

Under-performance is most notable in Clinical Immunology, Gastroenterology and Clinical Haematology and which mostly relates to moves towards the use of lower cost bio-similar medicine

FORWARD VIEW

The exit run-rate of £0.07m per month adverse to plan should be recognised at budget setting for both income and expenditure.

The 2019-20 shortfall is offset by corresponding favourable non-pay forecast variances.

Other Patient Related Income



	Budget £000's	Actual £000's	Forecast £000's	Variance £000's
Apr-19	700	574		-125
May-19	709	563		-146
Jun-19	704	646		-58
Jul-19	705	641		-63
Aug-19	623	882		259
Sep-19	688	706		18
Oct-19	663	751		88
Nov-19	663	763		100
Dec-19	874	963		89
Jan-20	717	1,133		417
YTD	7,047	7,624	0	576
Feb-20	715.975		660	-56
Mar-20	717.355		660	-57
Outturn	8,480	7,624	1,321	464

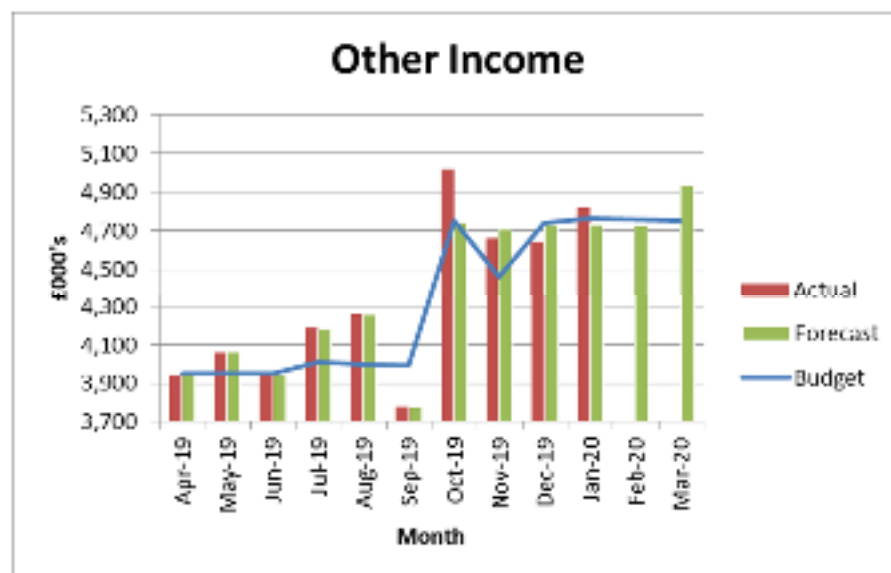
Other Patient Related Income

- The most significant adverse variances year to date relate to overseas visitors (-£0.18m) and Cancer Drugs Fund Prior Approvals (-£0.35m), the latter being offset by corresponding non-pay favourable variances. The favourable variance against plan is driven by ICR Income, Maternity Pathway recharges and Neurophysiology income.
- The in-month position improved by £0.4m, primarily due to a reduction in the overseas visitor pricing and invoicing backlog.

Forward view and financial impact

- Other PRI is forecast to exit 2019-2020 with a run-rate of £0.66m per month, an adverse variance of £0.04m per month.
- £0.035m of this is offset by favourable variances against non-pay budgets
- The balance can largely be attributed to overseas patients, which will be at plan in 2020-21.
- In addition to the reduction in the overseas visitors invoicing backlog in-month and its planned removal by the end of the financial year, a company has been engaged to pursue the outstanding debts.

Other Income



	Budget £000's	Actual £000's	Forecast £000's	Variance £000's
Apr-19	3,950	3,944		-6
May-19	3,950	4,060		110
Jun-19	3,950	3,947		-3
Jul-19	4,007	4,183		176
Aug-19	3,998	4,256		258
Sep-19	3,989	3,777		-212
Oct-19	4,752	5,017		264
Nov-19	4,462	4,659		197
Dec-19	4,742	4,644		-98
Jan-20	4,765	4,817		52
YTD	42,565	33,843	0	738
Feb-20	4,758		4,726	-32
Mar-20	4,749		4,938	189
Outturn	52,073	33,843	9,664	895

ANALYSIS

- The above position is driven in the main by over-performance against Education and Training income lines.

Forward View

- The key issue in terms of Other Income is the significant increase in the plan from October, as a result of the plan around Commercial Income. Identification of this plan is currently nearing completion, and relates to the development of the car parks on the Trusts two main sites. At best there will be a £1m adverse variance against this target
- A recurrent solution is required in 21/22.

Pay



	Budget £000's	Actual £000's	Forecast £000's	Variance £000's
Apr-19	-28,857	-27,813		1,044
May-19	-27,963	-26,926		1,037
Jun-19	-28,040	-26,817		1,224
Jul-19	-28,259	-27,256		1,003
Aug-19	-28,256	-27,569		687
Sep-19	-28,319	-27,424		895
Oct-19	-28,409	-28,151		258
Nov-19	-28,309	-28,405		-96
Dec-19	-28,387	-28,452		-65
Jan-20	-28,566	-28,654		-88
YTD	-283,366	-277,467	0	5,899
Feb-20	-28,434		-27,980	454
Mar-20	-28,435		-28,107	329
Outturn	-340,235	-277,467	-56,087	6,681

ANALYSIS

- The above position is driven by vacancies, partly offset by use of bank and agency. The positions also includes £0.4m of reserves release.
- Out of 27 Directorates 13 have adverse pay positions in month and 7 year to date. Pressure was put on the position within clinical groups, with the introduction of the enhanced bank rate for qualified nursing, and the agency spend related to the HIT team. It is to be proven whether the former positively impacted the take up of unfilled shifts, or simply increased costs.

Forward View

- The organisation has sought to address the deteriorating pay position. Top down controls are in place around locum medical staff bookings within the Emergency Care directorate. This did have some impact on that area of spend, but has been masked by the impact the other way of the enhanced bank rates and the HIT team agency spend.
- Both the enhanced bank rate and the HIT team have ended, and therefore these along with the continued controls on locum medical spend within Emergency care the pay position is expected to improve in February.
- Further strict controls are to be introduced around agency as we enter 2020/2021 in order to add further controls and move towards our agency cap. Groups have identified around £9 million of gross agency spend reduction, and they will be monitored against this.
- Planning for next winter also needs to be addressed, in order to avoid enhanced bank rates and the need for agency HIT teams

Pay – WTE's

Staff Group	Staff Type	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20
Medical Staffing	Substantive	810.91	822.79	841.12	841.07	854.39	871.52	892.31	910.10	902.17	899.84
	Bank Staff	40.64	42.94	41.06	39.74	57.81	59.90	64.55	49.37	50.25	56.11
	Agency Staff	47.93	43.90	43.45	37.46	29.18	31.71	34.36	29.62	26.76	30.39
Medical Staffing Total		899.48	909.63	925.63	918.27	941.38	963.13	991.22	989.09	979.18	986.34
Management	Substantive	194.65	199.55	198.72	203.69	201.85	207.53	211.38	213.07	210.47	214.74
Management Total		194.65	199.55	198.72	203.69	201.85	207.53	211.38	213.07	210.47	214.74
Administration and Estates	Substantive	891.74	902.46	923.97	938.17	945.94	952.55	971.23	982.91	979.30	982.48
	Bank Staff	109.03	117.67	110.64	114.09	105.81	117.70	106.68	111.01	83.46	91.03
	Agency Staff	14.55	14.39	14.12	14.47	15.23	15.68	18.74	18.74	12.51	17.56
Administration and Estates Total		1,015.32	1,034.52	1,048.73	1,066.73	1,066.98	1,085.93	1,096.65	1,112.66	1,075.27	1,091.07
Healthcare Assistants and Support Staff	Substantive	1,148.60	1,158.80	1,163.68	1,191.78	1,180.87	1,179.64	1,192.20	1,201.11	1,202.85	1,209.37
	Bank Staff	224.69	218.71	207.94	196.70	205.38	216.28	193.88	233.53	195.42	206.67
	Agency Staff	0.08	0.65	0.29	1.92	0.35	30.41	-0.97	3.77	56.46	57.10
Healthcare Assistants and Support Staff Total		1,373.37	1,378.16	1,371.91	1,390.40	1,386.60	1,426.33	1,385.11	1,438.41	1,454.73	1,473.14
Qualified Nursing and Midwifery	Substantive	1,933.70	1,938.81	1,932.62	1,937.35	1,915.58	1,921.00	1,981.50	1,980.09	1,970.46	1,969.48
	Bank Staff	218.22	214.88	217.21	224.14	223.96	229.36	241.82	253.22	215.09	253.03
	Agency Staff	99.29	114.17	111.79	118.52	111.39	119.75	108.35	132.38	108.37	114.47
Qualified Nursing and Midwifery Total		2,251.21	2,267.86	2,261.62	2,280.01	2,250.93	2,270.11	2,331.67	2,365.69	2,293.92	2,336.98
Scientific, Therapeutic and Technical	Substantive	888.48	893.70	893.15	894.07	893.98	908.02	926.48	930.86	931.76	933.56
	Bank Staff	16.51	16.75	18.90	16.16	18.56	19.41	17.21	21.22	18.92	21.75
	Agency Staff	20.41	19.51	15.81	16.98	16.21	19.12	25.97	33.03	28.88	32.55
Scientific, Therapeutic and Technical Total		925.40	929.96	927.86	927.21	928.75	946.55	969.66	985.11	979.56	987.86
		6,659.43	6,719.68	6,734.47	6,786.31	6,776.49	6,899.58	6,985.69	7,104.03	6,993.13	7,090.13
	Substantive	5,868.08	5,916.11	5,953.26	6,006.13	5,992.61	6,040.26	6,175.10	6,218.14	6,197.01	6,209.47
	Bank	609.09	610.95	595.75	590.83	611.52	642.65	624.14	668.35	563.14	628.59
	Agency	182.26	192.62	185.46	189.35	172.36	216.67	186.45	217.54	232.98	252.07
		6,659.43	6,719.68	6,734.47	6,786.31	6,776.49	6,899.58	6,985.69	7,104.03	6,993.13	7,090.13

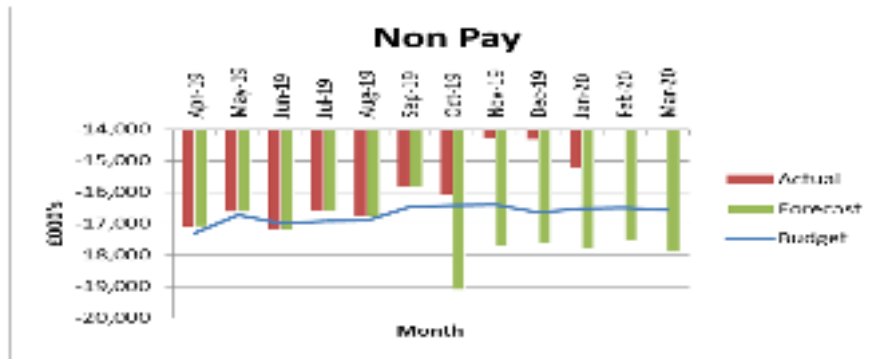
- Tables above show the worked wte's within the Trust in 2020/2021.
- It is clear that the Trust has had success in recruitment with substantive wtes rising from 5,868 in April to 6,209 in January.
- What is not so clear is why this has not had a significant impact on bank and agency.
- Emerging themes are
 - Dual running costs, with super-numerary periods in excess of those expected.
 - Emergency pressures, and schemes introduced to address those such as additional capacity enhanced bank rates, HIT teams and schemes in ED.
 - Improvement opportunity around rotas in parts of nursing and medical staff.
- All of these above are driving the worse than expected pay position.
- Whilst some of these issues have been explored in the Pay and Agency narrative, a small group of senior Finance and People and OD staff are now meeting fortnightly to ensure that clarity is provided around the numbers, to better inform the debate within the Trust and provide solutions.

Agency

REVISED INTERNAL AGENCY PLAN													
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
STAFF GROUP	Apr-19 £000's	May-19 £000's	Jun-19 £000's	Jul-19 £000's	Aug-19 £000's	Sep-19 £000's	Oct-19 £000's	Nov-19 £000's	Dec-19 £000's	Jan-20 £000's	Feb-20 £000's	Mar-20 £000's	TOTAL £000's
Medical Staffing Total	-735	-692	-723	-697	-622	-649	-622	-639	-650	-635	-635	-635	-7,934
Administration and Estates Total	-73	-162	-102	-146	-53	-72	-101	-92	-90	-94	-92	-67	-1,143
Healthcare Assistants and Support Staff Total	0	-4	-2	-6	-4	-102	-5	-5	-5	-5	-5	-5	-149
Qualified Nursing and Midwifery Total	-510	-551	-533	-615	-566	-612	-604	-596	-573	-539	-440	-391	-6,530
Scientific, Therapeutic and Technical Total	-183	-117	-117	-186	-167	-150	-119	-116	-111	-107	-107	-107	-1,585
	-1,501	-1,525	-1,476	-1,650	-1,412	-1,586	-1,453	-1,448	-1,429	-1,379	-1,278	-1,204	-17,342
ACTUAL EXPENDITURE BY STAFF GROUP													
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actual	Forecast	Forecast	Forecast
STAFF GROUP	Apr-19 £000's	May-19 £000's	Jun-19 £000's	Jul-19 £000's	Aug-19 £000's	Sep-19 £000's	Oct-19 £000's	Nov-19 £000's	Dec-19 £000's	Jan-20 £000's	Feb-20 £000's	Mar-20 £000's	TOTAL £000's
Medical Staffing Total	-735	-692	-723	-697	-621	-649	-594	-626	-520	-646	-635	-635	-7,773
Administration and Estates Total	-73	-162	-102	-146	-53	-72	-75	-69	-56	-85	-92	-67	-1,052
Healthcare Assistants and Support Staff Total	0	-4	-2	-6	-4	-102	31	-15	-201	-245	-5	-5	-558
Qualified Nursing and Midwifery Total	-510	-551	-533	-615	-566	-612	-519	-680	-592	-681	-440	-391	-6,690
Scientific, Therapeutic and Technical Total	-183	-117	-117	-186	-167	-150	-168	-209	-202	-306	-107	-107	-2,017
	-1,501	-1,525	-1,476	-1,650	-1,412	-1,586	-1,325	-1,599	-1,572	-1,964	-1,278	-1,204	-18,090
VARIANCE FROM REVISED PLAN													
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
STAFF GROUP	Apr-19 £000's	May-19 £000's	Jun-19 £000's	Jul-19 £000's	Aug-19 £000's	Sep-19 £000's	Oct-19 £000's	Nov-19 £000's	Dec-19 £000's	Jan-20 £000's	Feb-20 £000's	Mar-20 £000's	TOTAL £000's
Medical Staffing Total	0	0	0	0	0	0	28	14	129	-11	0	0	161
Administration and Estates Total	0	0	0	0	0	0	26	23	33	9	0	0	91
Healthcare Assistants and Support Staff Total	0	0	0	0	0	0	37	-10	-196	-240	0	0	-409
Qualified Nursing and Midwifery Total	0	0	0	0	0	0	85	-84	-19	-143	0	0	-160
Scientific, Therapeutic and Technical Total	0	0	0	0	0	0	-48	-93	-91	-199	0	0	-432
	0	0	0	0	0	0	128	-150	-143	-584	0	0	-749

- Trust is working to a forecast agency expenditure position of £17.342m. This is as per the Month 6 pay forecast.
- This is significantly in excess of the NHSI ceiling (£10.649m), and the revised plan agreed with NHSI of £12.912m.
- The Trust had an adverse variance in January to the revised plan of £0.584m (£0.749m ytd). This remains significantly off the NHSI agency ceiling monthly required run rate of £0.888m per month.
- Only Medical Staff and Admin and Estates remain favourable to the forecast.
- In terms of Scientific and Therapeutic Staff, those Groups where there is a deterioration against forecast are holding their pay positions in line with forecast, through vacancies and management of the agency usage.
- Staffing issues for December and January have led to the Trust agreeing a revised bank rate. It was hoped that this, whilst not improving the pay position, would minimise the use of agency. This has not been the case.
- The introduction of the HIT team had a significant impact on the position in January costing nearly £250k. This scheme ceased at the end of January.
- The Trust has revised it's forecast in the NHSI returns to reflect the revised forecast on agency expenditure.

Non Pay



	Budget £000's	Actual £000's	Forecast £000's	Variance £000's
Apr-19	-17,304	-17,082		222
May-19	-16,714	-16,629		84
Jun-19	-16,986	-17,191		-205
Jul-19	-16,909	-16,599		310
Aug-19	-16,887	-16,764		123
Sep-19	-16,473	-15,808		665
Oct-19	-16,420	-16,060		360
Nov-19	-16,384	-14,306		2,078
Dec-19	-16,636	-14,325		2,312
Jan-20	-16,515	-15,251		1,264
YTD	-167,227	-160,015	0	7,212
Feb-20	-16,505		-17,556	-1,052
Mar-20	-16,567		-17,911	-1,344
Outturn	-200,299	-160,015	-35,468	4,816

ANALYSIS

- The favourable position against plan, largely relates to the non-recurrent support within the position (£11m). Once this is removed then there would be an adverse variance to plan of £3.79m.
- Adverse positions within 16 Directorates, most notably Operations (-£0.895m), and Strategy and Governance (-£1.973m). The Operations position relates to Iron Mountain contracts, and will reduce with the implementation of Unity. Whilst this seems to be occurring increases in other areas have continued to drive an adverse position within the Directorate. The Strategy and Governance position is driven by IT, GP Practices and Bad Debt Provision for Overseas visitors. Moving into BAU has not seen the improvement in the IT costs expected. An urgent mitigation plan is required for GP practices, where staffing gaps are causing significant charges from other GPs to support the service. As discussed within the Income section, revised management arrangements are in place to improve the pace at which invoices are raised, that they are chased both within the UK and overseas. It is expected that this will improve recovery and reduce the bad debt requirement.
- Masked within the Central position is the unidentified procurement plan. This is phased M7 to M12, and is £0.8m ytd. Whilst SCCL have submitted identified savings against these, there are concerns re the validity of those savings, and a significant number of them relate back to the start of the year and are therefore in the position already.
- Work remains on-going in terms of the outsourcing of pharmacy currently.

Forward View

- Work within the directorates identified above are key to delivery of the required non-pay position. As we move into the new financial year, a decision on how the unidentified procurement CIP is dealt with is required.
- There are concerns with regard to the areas above, mitigations are identified for some of these, but concerns remain about grip and control in GP practices, a route to real Procurement savings, and pharmacy savings.
- Currently the 2020/2021 Procurement CIP has a shortfall identified as does the Medicines Management CIP (£1.5m) These need to be rectified in short order.

CIP

PHASED CIP PLAN BY CATEGORY

	Apr-19 £000's	May-19 £000's	Jun-19 £000's	Jul-19 £000's	Aug-19 £000's	Sep-19 £000's	Oct-19 £000's	Nov-19 £000's	Dec-19 £000's	Jan-20 £000's	Feb-20 £000's	Mar-20 £000's	TOTAL £000's
Group Specific Procurement Savings	10	23	35	38	38	40	40	40	40	43	49	49	44
NHSSC	76	76	76	76	76	76	76	76	76	76	76	76	913
NHSSC - Profit Share	0	0	0	0	0	0	45	45	45	45	45	45	269
Pharmacy Savings	57	7	7	11	17	42	42	47	47	47	47	47	416
Procurement Unallocated	-4	-4	-4	-4	-4	-4	196	196	196	196	196	194	1,147
Reserves Release	68	68	68	68	68	68	68	68	68	68	68	68	812
TOTAL NON PAY SAVING	206	170	181	189	195	221	466	471	471	474	480	478	4,001
Margin	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,337	16,000
TOTAL CIP PLAN	1,539	1,503	1,514	1,522	1,528	1,554	1,799	1,804	1,804	1,807	1,813	1,815	20,001

CIP DELIVERY BY CATEGORY

	Apr-19 £000's	May-19 £000's	Jun-19 £000's	Jul-19 £000's	Aug-19 £000's	Sep-19 £000's	Oct-19 £000's	Nov-19 £000's	Dec-19 £000's	Jan-20 £000's	Feb-20 £000's	Mar-20 £000's	TOTAL £000's
Group Specific Procurement Savings	10	21	21	26	29	29	41	61	68	130			435
NHSSC	76	76	76	76	76	76	76	76	76	76			761
NHSSC - Profit Share	0	0	0	0	0	0	0	0	0	0			0
Pharmacy Savings	57	-57	0	0	0	0	0	0	0	0			0
Procurement Unallocated	0	0	0	0	0	0	0	0	0	0			0
Reserves Release	68	68	68	68	68	68	68	68	68	68			679
TOTAL NON PAY CIP	211	108	165	170	173	173	185	205	212	274	0	0	1,876
Margin	1,300	1,197	1,296	1,212	1,202	1,192	1,200	1,246	1,268	1,284			12,398
TOTAL CIP DELIVERY	1,511	1,305	1,461	1,382	1,375	1,366	1,384	1,451	1,481	1,558			14,273

VARIANCE FROM PLAN

	Apr-19 £000's	May-19 £000's	Jun-19 £000's	Jul-19 £000's	Aug-19 £000's	Sep-19 £000's	Oct-19 £000's	Nov-19 £000's	Dec-19 £000's	Jan-20 £000's	Feb-20 £000's	Mar-20 £000's	TOTAL £000's
Group Specific Procurement Savings	0	-2	-14	-13	-10	-11	-1	21	28	87			89
NHSSC	0	0	0	0	0	0	0	0	0	0			0
NHSSC - Profit Share	0	0	0	0	0	0	-45	-45	-45	-45			-179
Pharmacy Savings	0	-64	-7	-11	-17	-42	-42	-47	-47	-47			-322
Procurement Unallocated	4	4	4	4	4	4	-196	-196	-196	-196			-757
Reserves Release	0	0	0	0	0	0	0	0	0	0			3
TOTAL NON PAY CIP	5	-61	-17	-19	-22	-48	-281	-266	-259	-200			-1,167
Margin	-33	-136	-37	-121	-131	-141	-133	-87	-65	-49			-932
TOTAL CIP DELIVERY	-28	-197	-53	-140	-153	-189	-415	-353	-324	-249			-2,100

- Trust is reporting a £2.1m slippage against the CIP plan.
- Main variance is within margin delivery, which constitutes 80% of the total CIP plan. The variance is driven by the Production plan being behind on delivery. This has resulted in a £0.932m adverse variance against a £13.33m plan. There is a recovery plan in place, which delivers an exit run-rate in line with the plan. There will though be slippage within the year, and emergency pressures and more recently issues within the BTC have hampered the plan.
- There are smaller adverse variances against other themes, most notably unallocated Procurement schemes (£0.757m) pharmacy £0.332m, SCCL profit share (£0.17m). Group specific schemes are showing a small over-achievement year-to-date.
- It is important to note that the CIP plan increases in October with the SCCL Procurement savings (£0.196m per month) plan, and as yet this plan is not populated. SCCL has submitted values against their outstanding value, this has yet to be fully validated, but there are concerns re the information they have submitted, and a significant number have been rejected as not valid.
- The pharmacy plan increased in September, with the plan to deliver outsourcing. Slippage is now forecast in this plan to the end of the financial year, as the returns from proposed partners did not deliver savings. Alternatives are now being worked up by the Directorate

Capital Expenditure

Month 10 2019/20

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST

Summary Capital Expenditure: FY 2019/20 to P10

Programme	Year to Date			Full Year			Variance
	Flex Plan	Actual	Gap	Original NHSI Plan (Apr-19)	Revised NHSI Plan (May-19)	Forecast Outturn (RK 07.02.20)	Revised NHSI Plan vs FOT
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Estates	9,981	8,011	1,970	17,050	15,920	10,788	5,132
Informatics	8,546	14,296	(5,750)	12,720	12,721	14,987	(2,266)
Medical equipment / Imaging	2,706	3,216	(510)	4,033	4,033	3,745	289
Sub-Total	21,233	25,524	(4,291)	33,803	32,674	29,520	3,155
Technical schemes	1,708	544	1,164	2,550	2,550	3,855	(1,305)
Donated assets	0	81	81	81	81	81	(0)
Total Core Programme	22,940	26,149	(3,046)	36,434	35,305	33,456	1,849
Midland Met Construction Cost to Complete	26,653	28,053	(1,399)	113,460	48,460	49,050	(590)
Midland Met EWP & Continuance	5,429	5,061	368	7,023	8,154	6,878	1,276
Reconfiguration	6,832	3,661	3,171	10,255	10,255	6,405	3,850
Total Non Core Programme	38,914	36,774	2,140	130,738	66,869	62,333	4,536
Total Core & Non Core Programme	61,854	62,923	(906)	167,172	102,174	95,789	6,385

Analysis

- The above plan and forecast outturn (07/02/20) 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 £97.5m.
- 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 10 2019/20

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

	Balance as at 31st March 2019	Balance as at 31st January 2020	NHSI Planned Balance as at 31st January 2020	Variance to plan as at 31st January 2020	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	511,537	519,343	(7,806)	545,457	540,816
Intangible Assets	169	136	106	30	106	106
Trade and Other Receivables	194	271	67	204	67	67
Current Assets						
Inventories	4,709	4,709	4,742	(33)	4,742	4,742
Trade and Other Receivables	47,472	60,286	47,344	12,942	47,344	47,344
Cash and Cash Equivalents	27,966	8,957	19,226	(10,269)	12,434	25,478
Current Liabilities						
Trade and Other Payables	(74,434)	(86,450)	(80,940)	(5,510)	(75,920)	(85,425)
Provisions	(1,268)	(1,045)	(1,855)	810	(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)	(27,516)	(27,473)	(43)	(27,076)	(27,076)
DH Loan	0	0	0	0	0	0
	432,729	465,205	476,044	(10,839)	500,783	499,681
Financed By						
Taxpayers Equity						
Public Dividend Capital	247,717	281,415	294,661	(13,246)	317,734	316,632
Retained Earnings reserve	166,902	165,680	159,000	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	465,205	476,044	(10,839)	500,783	499,681

Analysis

- The overall variance from plan is due to lower cash balances in Month as additional PDC will arrive in February 2020 to replenish balances. Working balances are higher than planned however these are expected to achieve the forecast at 31/3/2020 therefore differences shown at M10 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 20
- 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 10 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 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	24,375	25,824	29,930
Associates	7,573	8,387	8,103	6,380	7,841	8,504	8,013	7,904	14,111	1,569	7,141	7,141
Other NHS	1,576	1,144	907	774	1,070	1,547	1,283	752	7,222	818	774	701
Specialised Services	3,693	4,344	946	4	7,650	1,326	4,268	5,487	195	4,166	3,890	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	0	4,405
Public Dividend Capital	0	0	0	0	0	8,714	0	0	2,772	22,232	11,225	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	4,380	2,425	2,075
Total Receipts	39,994	37,769	39,780	58,945	49,919	52,912	40,375	44,961	52,278	57,565	51,280	44,683
Payments												
Payroll	14,620	14,025	14,822	14,261	14,532	15,403	15,176	15,431	14,668	16,000	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	17,632	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	12,336	7,357	8,153
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	5,438
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	1,415	0	0
Other Payments	906	1,061	1,151	969	778	1,842	1,210	1,038	882	453	239	119
Total Payments	46,521	45,274	44,427	49,451	47,684	52,357	51,394	42,522	61,377	52,532	36,769	42,641
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	23,436
Net Receipts/(Payments)	(6,528)	(7,505)	(4,647)	9,494	2,235	555	(11,018)	2,439	(9,099)	5,033	14,511	2,042
Cash Carried Forward	21,438	13,933	9,286	18,780	21,015	21,570	10,552	12,991	3,892	8,925	23,436	25,478

Analysis

- This cash flow incorporates YTD M10 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 10 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 31/01/2020 YTD Number	Actual 31/01/2020 YTD Number	Variance 31/01/2020 YTD Number	Plan 31/03/2020 Year ending Number	Forecast 31/03/2020 Year ending Number	Variance 31/03/2020 Year ending Number
	<i>i</i>							
Capital service cover rating	+	1	3	2		3	2	
Liquidity rating	+	2	3	4		3	3	
I&E margin rating	+	1	3	3		2	2	
I&E margin: distance from financial plan	+	1		2			1	
Agency rating	+	3	1	4		1	4	

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 31/01/2020 YTD Number	Actual 31/01/2020 YTD Number	Variance 31/01/2020 YTD Number	Plan 31/03/2020 Year ending Number	Forecast 31/03/2020 Year ending Number	Variance 31/03/2020 Year ending Number
	<i>i</i>							
Overall rating unrounded	+	2		3.00			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	

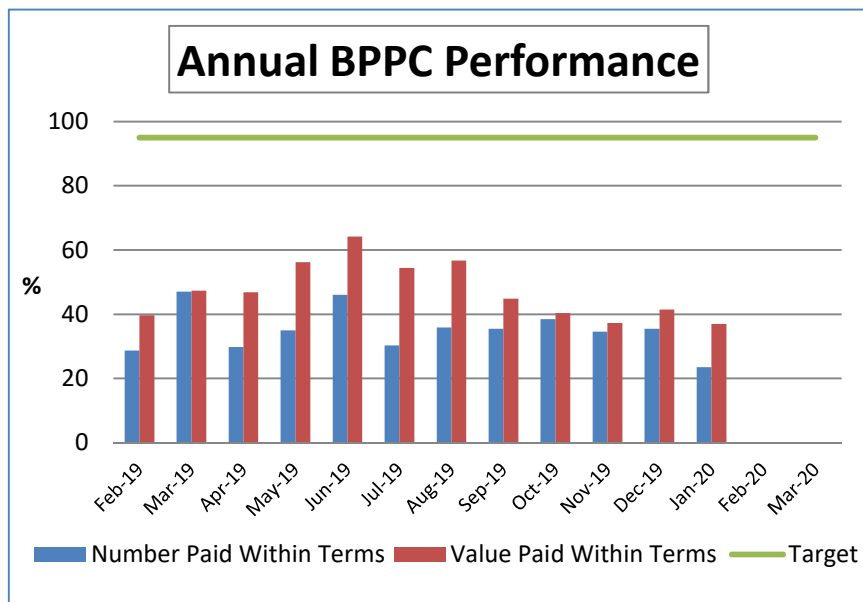
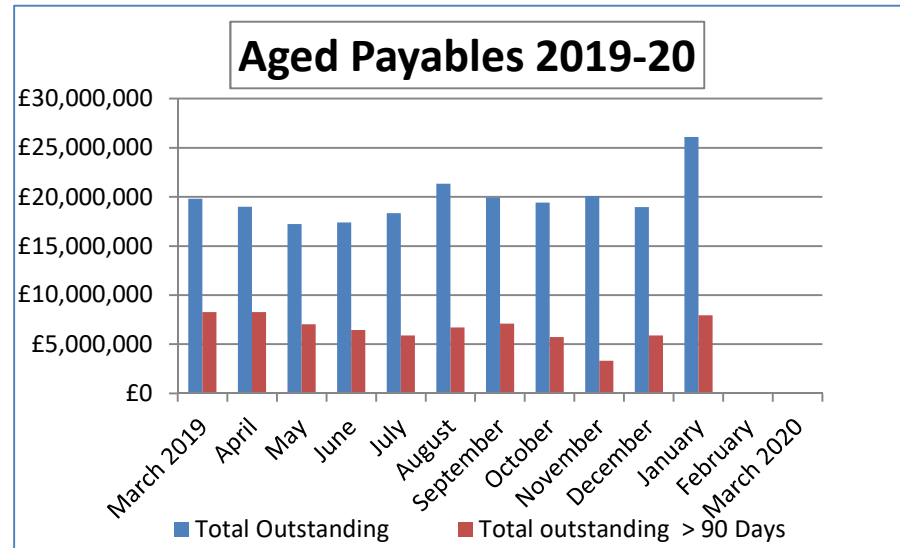
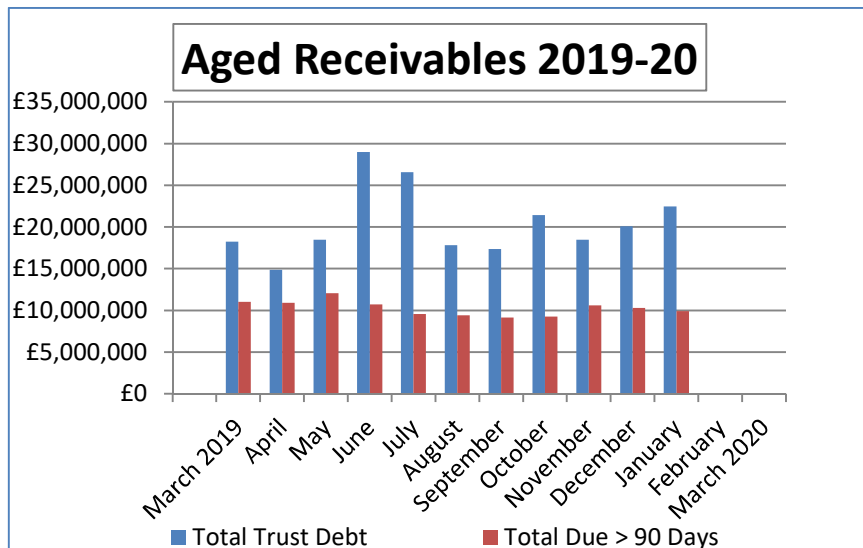
Analysis

- 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 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

Finance Report

Aged Receivables, Aged Payables & BPPC

Month 10 2019/20



Analysis

- The Total Debt increased as NHS invoices were raised in January for quarterly Education contracts that payment is expected for in February 2020 (£4.3m). Over 90 days debt reduced as progress was made settling old debts from 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 value of Payables increased in January 2020, predominantly due to a large volume of high value invoices received during the last 3 days of the month, for which payment will be made in late February/early March. Further invoices aged with 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 investigating a plan to improve performance against the target.