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Background

- The Trust is being monitored externally against an Interim funding model. This is currently in place until 31st July, but it is very likely to continue with refinement to the end of October 2020, and possibly for the whole of the 2020/2021 financial year.
- This report reviews performance against this funding model and includes the position against Trust budgets – as budgetary control within funded establishments and after delivery of CIP as the Trust recovers back to business as usual will be critical.
- The Trust is clear on what has driven the requirement to ask for additional top ups to funding under the interim arrangements, these are in summary:
 - Additional costs due to the Pandemic Response
 - Loss of Income related to Services Provided and facilities services
 - Issues with the way the model identified the Trusts funding requirements
- Increased scrutiny on financial reporting is likely from NHSM and it is important the organisation continue to understand the costs of the Pandemic, whilst maintaining financial grip and control.
- The organisation is focused though on its submitted financial plan, key as the organisation moves to MMUH, and whilst clear explanation and analysis of performance against this plan, given the current situation, is difficult, it is important that the organisation focus on delivery of its underlying principles as we move through the restoration plan. This includes:
 - Delivery of all elements of the Financial plan, including CIPs, Vacancy Factors, Production Plan.
 - Continuing to deliver on more robust financial controls, including effective rostering, agency reductions
 - Delivery of key income streams including the commercial income target
- Senior finance staff and HR colleagues continue to work with the Groups on this forward look, to identify how our underlying financial plan can be delivered safely as part of restoration.

Month 2 Performance against NHSI Interim Plan

	Annual Budget £000's	WTE		Current Period			Year to Date		
		Budget £000's	Actual £000's	Budget £000's	Actual £000's	Variance £000's	Budget £000's	Actual £000's	Variance £000's
1 - Patient Related Income	479,068	0.00	0.00	39,250	42,844	3,594	78,499	86,919	8,420
2 - Other Income	55,789	0.00	0.00	4,663	2,501	-2,162	9,325	5,498	-3,827
3 - Pay	-345,214	7,219.16	7,462.95	-29,110	-29,934	-823	-58,221	-60,311	-2,090
4 - Non Pay	-180,347	0.00	0.00	-12,365	-12,913	-548	-24,730	-27,108	-2,377
5 - Non Operational Costs	-29,858	0.00	0.00	-2,437	-2,501	-64	-4,874	-4,998	-124
NET I&E	-20,561	7,219.16	7,462.95	0	-3	-3	0	0	0

The table above shows performance against the Interim financial plan. The £20.5m annual budget is the Trust budgeted deficit less the Month 1 and 2 deficits which were replaced with break even.

Commissioner Patient Related Income

There are three main reasons for the favourable variance against Commissioner PRI in month:

Initial Retrospective Top Up	£0.322m (£0.322m M1)
Retrospective Top Up for Covid Costs:	£2.752m (£3.331m M1)
Your Health Partnership:	£0.593m (£0.648m M1)
Final Retrospective Top Up:	£0.0007m (£0.465m M1)

Other PRI and Other Income

The main reasons for the reduction in these areas are

Reduction in services provided:	-£0.700m (-£0.942m M1)
Issues with the funding mechanism:	-£0.825m (-£0.344m M1)
Other:	-£0.322m (-£0.063m M1)

The first category covers reductions in R&D commercial income £0.24m. The improvement in the services provided variance is due to Provider to Provider arrangements being put in place that delivers elements of last years income as a block. Within the variance, the main issues are facilities services, overseas visitors, ICR income and reduced Pathology test income.

The second category relates to how the funding arrangement was calculated. Because it was based on an average of month 8 to 10, this overstated the income related to the commercial arrangement around car parks.

The final category covers a large number of areas, largely non activity related income with commissioners covered in their block values.

In terms of other income, a key aim for the Trust is to ensure that the impact of Covid is mitigated, either via ensuring losses are covered within the block arrangement, or through top up payments. In the medium term if the current arrangements are unwound, the organisation needs to assure itself that planned activity levels can be achieved at no additional cost.

Month 2 Performance against NHSI Interim Plan

PAY

The main drivers for the adverse variance are

Covid Costs:	-£1.245m (£1.176m M1)
YHP:	-£0.395m (£0.405m M1)
Temporary Staff Expenditure (non-covid):	£0.627m
Other:	£0.173m

As previously mentioned covid costs are the marginal increases in expenditure. It therefore includes where bank and agency has a reason code of covid, increases in service have happened, and where redeployed staff have started working enhanced hours.

YHP was a new service and therefore the costs were not included in the funding calculation.

The Temporary Staff expenditure is a reduction. The Trust is seeing a clear reduction in temporary expenditure for non-covid reasons. This includes not covering posts, reduction in annual leave taken, and reduced capacity requiring less temporary staff.

Other includes a number of issues including issues with the funding mechanism, where pay was over-stated.

As the Trust starts to move into restoring Business As Usual, it is vital that controls are restored to meet the Trusts long term financial plan, expressed in 2020/2021 in granular budgets.

NON PAY

There are a number of significant movements that explain the variance to plan

Covid Costs:	-£1.507m (£2.156m M1)
YHP:	-£0.212m (£0.243m M1)
Issues with the funding mechanism:	-£2.663m (same as M1)
Changes due to activity reductions:	£3.743m (£3.239m M1)

May has seen a decrease in clinical supply costs. Decreases in Covid related activity in May compared to April have driven this.

Issues with the funding mechanism were explained in the previous Board report. The issues are recognised by NHSM and it is expected that any extension to interim funding arrangements will take these into account, which would help the cash-flow of the Trust.

The reduction in expenditure covers a number of areas, most notably drugs (especially pass-through and cancer drugs) M&E equipment (especially prostheses) and some estates costs. Better information in areas like Cardiology has improved the position in Month 2.

Directorate Position against Budgets

DIRECTORATE	Budget WTE	Actual WTE	Annual Plan £000's	Current Period			Year to Date		
				Budget £000's	Actual £000's	Variance £000's	Budget £000's	Actual £000's	Variance £000's
Emergency Care	635.87	743.44	25,949	2,146	-4,160	-6,306	4,327	-7,985	-12,312
Admitted Care A	420.21	440.99	8,042	733	-2,491	-3,225	1,357	-5,503	-6,860
Admitted Care B	511.71	506.71	17,271	1,474	-2,510	-3,985	2,885	-5,042	-7,927
	1,567.79	1,691.14	51,262	4,353	-9,162	-13,515	8,570	-18,530	-27,099
General Surgery	401.37	378.68	24,590	2,055	-1,879	-3,933	4,122	-3,857	-7,979
Specialist Surgery	266.63	265.68	14,565	1,217	-1,232	-2,449	2,436	-2,516	-4,951
Theatres	287.18	264.76	-24,014	-2,026	-1,326	701	-4,002	-2,878	1,124
Anaesthetics, Pain Management and Critical Care	296.44	284.01	-9,939	-837	-1,723	-886	-1,655	-3,762	-2,106
Ophthalmology	289.03	256.83	14,675	1,244	-1,659	-2,903	2,450	-3,328	-5,778
	1,540.65	1,449.96	19,878	1,653	-7,819	-9,472	3,349	-16,341	-19,690
Gynaecology, Gynae-Oncology	85.82	82.83	6,530	546	-503	-1,049	1,093	-940	-2,033
Maternity & Perinatal Medicine	459.81	450.71	10,144	858	-2,693	-3,551	1,702	-5,378	-7,080
Acute & Community Paediatrics	413.53	365.36	4,724	381	-1,431	-1,812	788	-2,999	-3,787
	959.16	898.90	21,398	1,785	-4,627	-6,412	3,582	-9,317	-12,900
iBeds	338.90	330.35	-5,315	-447	-1,139	-692	-886	-2,307	-1,421
Ambulatory Therapies	246.73	248.32	-23	-4	-1,056	-1,052	-4	-2,233	-2,229
iCares	283.32	289.28	5,803	488	-1,013	-1,501	967	-2,116	-3,083
Community Medicine	170.61	162.87	5,165	369	-1,505	-1,874	866	-3,164	-4,030
Your Health Partnership	168.23	144.53	192	16	-113	-128	32	-156	-188
	1,207.79	1,175.35	5,822	422	-4,826	-5,247	975	-9,976	-10,951
Breast Screening	57.17	47.33	1,745	145	-128	-273	290	-272	-562
Diagnostic Radiology	196.99	191.87	-1,630	-176	-341	-166	-342	-723	-381
Interventional Radiology	12.79	10.33	1,173	93	60	-33	187	126	-62
Nuclear Medicine	26.60	23.35	38	1	31	30	2	-32	-34
Black Country Pathology	3.00	6.37	-5,319	-495	-1,128	-633	-886	-2,509	-1,622
	296.55	279.25	-3,994	-431	-1,506	-1,075	-749	-3,409	-2,660
Strategy and Governance	134.05	137.92	-20,399	-1,870	-1,910	-40	-3,400	-3,812	-413
Finance	80.57	86.43	-4,490	-374	-372	2	-748	-732	17
Medical Directors Office	232.40	225.43	-7,207	-601	-1,020	-420	-1,201	-1,888	-687
Operations	500.41	786.66	-23,044	-1,928	-4,820	-2,892	-3,841	-10,300	-6,459
People & Organisation Development	139.36	159.07	-6,632	-553	-605	-53	-1,105	-1,186	-81
Corporate Nursing Services	395.83	399.26	-12,785	-1,075	-1,269	-194	-2,131	-2,349	-218
System Transformation	157.11	173.58	-14,116	-1,180	-1,439	-259	-2,384	-2,881	-497
	1,639.73	1,968.35	-88,672	-7,581	-11,435	-3,854	-14,810	-23,148	-8,338
Central	7.49	0.00	-17,511	-1,455	-3,172	-1,717	-2,887	-5,338	-2,451
Income	0.00	0.00	16,679	1,390	42,785	41,395	2,780	86,542	83,763
Reserves	-4.00	0.00	-35,704	-2,705	-242	2,463	-5,951	-484	5,467
	3.49	0.00	-36,536	-2,770	39,371	42,142	-6,057	80,720	86,778
	7,215.16	7,462.95	-30,842	-2,570	-3	2,567	-5,140	0	5,140

Headlines – Month 2 against Budget

The previous slide sets out the I&E position by directorate. All areas are showing an adverse position against budget because there is no PRI attributed to local areas, as it is paid by a block. Adjusting for that, the key variances by exception and by group are as follows;

1. Medicine and Emergency Care

- Overspent on Pay in EC by £1.2m ytd at Month 2, mainly due to additional costs incurred in ED/GIM rotas

2. Surgical Services

- After adjusting for PRI, the group is underspent against pay budgets by £700k and underspent against non-pay budgets by £1.6m, all driven by reduced elective care

3. Women and Child Health

- On budget, small underspends on pay driven by vacancies

4. PCCT

- A small overspend against pay budgets driven by additional bed capacity, BCF expenditure (covered by income), underspend on non-pay due to pass through

5. Diagnostics

- £1.1m underspend on non-pay, off-set by reductions in activity performed for other organisations

6. Corporate Directorates

- Other income £1.3m down, R&D, catering and car parking
- Pay £2.7m overspent – all Operations in relation to Covid-19
- Non-pay £4m overspent – again all Operations in relation to Covid-19

Capital Expenditure

Month 2 2020/21

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST

Summary Capital Expenditure: FY 2020/20 to P02

Programme	Year to Date			NHSI Plan £'000s	Forecast Outturn £'000s	Variance Revised NHSI Plan vs FOT £'000s
	Plan	Actual	Gap			
	£'000s	£'000s	£'000s			
Estates	383	716	(334)	4,590	4,590	0
Estates- ETRF	150	78	72	1,800	1,800	0
Covid-19	0	559	(559)	0	559	(559)
Informatics	437	636	(199)	5,244	5,244	0
Medical equipment / Imaging	189	0	189	2,272	2,272	0
Sub-Total	1,159	1,989	(830)	13,906	14,465	(559)
Technical schemes	126	211	(85)	1,511	1,511	0
Donated assets	7	0	(7)	83	83	0
Total Core Programme	1,292	2,200	(922)	15,500	16,059	(559)
Midland Met Construction Cost to Complete	19,914	14,071	5,843	238,964	238,964	0
Reconfiguration	309	164	145	3,704	3,704	0
Total Non Core Programme	20,222	14,235	5,987	242,668	242,668	0
Total Core & Non Core Programme	21,514	16,435	5,065	258,168	258,727	(559)

Analysis

- The above plan and forecast outturn reflect the latest submitted plan to NHSI (March 2020) and the spend to Month 2 20/21
- The Year to Date actuals include COVID costs of £559k for which retrospective funding will be requested from NHSI/E. For month 3 this figure will be reconciled to claims submitted.

Finance Report

SOFP

Month 2 2020/21

Sandwell & West Birmingham Hospitals NHS Trust
STATEMENT OF FINANCIAL POSITION 2020/21

	Balance as at 31st March 2019	Balance as at 30th May 2020	NHSI Planned Balance as at 30th May 2020	Variance to plan as at 30th May 2020	NHSI Plan as at 31st March 2021	Forecast 31st March 2021
	£000	£000	£000	£000	£000	£000
Non Current Assets						
Property, Plant and Equipment	522,368	535,735	554,685	(18,950)	749,751	749,751
Intangible Assets	132	125	106	19	106	106
Investment Assets	5,238	5,238	0	5,238	0	0
Trade and Other Receivables	181	61	67	(6)	67	67
Current Assets						
Inventories	5,129	5,129	4,742	387	4,742	4,742
Trade and Other Receivables	45,497	41,815	47,344	(5,529)	47,344	47,344
Cash and Cash Equivalents	23,381	57,717	24,948	32,769	2,009	2,009
Current Liabilities						
Trade and Other Payables	(87,424)	(118,553)	(86,490)	(32,063)	(82,774)	(82,774)
Provisions	(815)	(813)	(1,855)	1,042	(1,855)	(1,855)
Borrowings	(1,858)	(1,852)	(1,062)	(790)	(3,872)	(3,872)
DH Loan	0	0	0	0	0	0
Non Current Liabilities						
Provisions	(3,504)	(3,504)	(3,454)	(50)	(3,454)	(3,454)
Borrowings	(27,545)	(27,213)	(26,842)	(371)	(29,295)	(29,295)
DH Loan	0	0	0	0	0	0
	480,780	493,885	512,189	(18,304)	682,769	682,769
Financed By						
Taxpayers Equity						
Public Dividend Capital	300,103	313,206	331,652	(18,446)	527,359	527,359
Retained Earnings reserve	162,031	162,033	158,154	3,879	133,027	133,027
Revaluation Reserve	9,588	9,588	13,325	(3,737)	13,325	13,325
Other Reserves	9,058	9,058	9,058	0	9,058	9,058
	480,780	493,885	512,189	(18,304)	682,769	682,769

Analysis

- The overall variance from plan is due to lower capital spend due to slippage on major capital schemes.
- Working balances are improving as the NHSI/E Provider to Provider payment arrangements reduce aged balances. Payables is showing a higher value due to the Block Income now being received a month in advance and reflected in the SOFP as a payment in advance.
- Further Analysis of Cash Balances and movements are included on the SOCF slide
- Further analysis on Receivables and Payables balances is available on slide 11
- 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

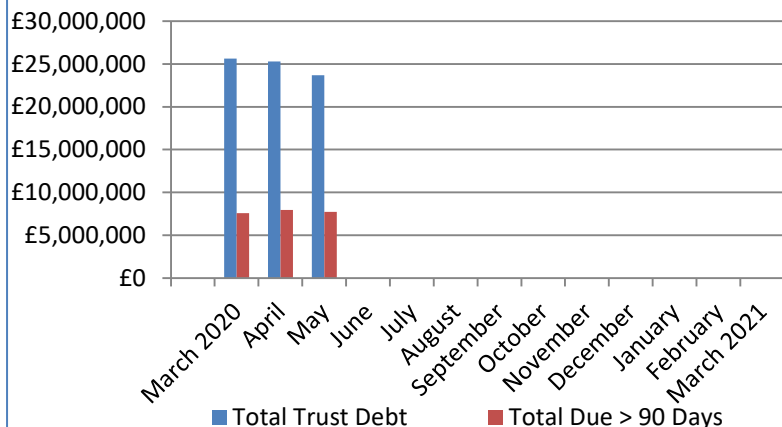
Month 2 2020/21

Sandwell & West Birmingham Hospitals NHS Trust												
CASH FLOW 2020/21												
ACTUAL/FORECAST	April Actual £000s	May Actual £000s	June Forecast £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	50,491	26,041	22,603	22,603	15,003	15,200	14,700	14,900	16,003	16,700	16,700	16,703
Associates	18,046	8,993	6,466	6,466	10,466	6,466	1,166	6,466	6,466	7,141	7,141	7,141
Other NHS	8,193	7,392	0	0	0	0	1,154	728	1,730	845	5,802	5,854
Specialised Services	4,987	14,583	3,896	3,896	3,896	3,896	3,768	3,487	3,495	3,666	4,415	2,747
STF Funding	0	0	0	0	0	0	0	0	0	0	0	0
Over Performance	0	0	0	0	0	0	0	0	0	0	0	0
Education & Training - HEE	5,209	26	0	0	0	4,476	0	0	4,405	0	0	4,405
Public Dividend Capital	5,059	0	11,521	12,717	14,920	26,036	19,610	20,856	28,925	17,062	16,959	17,061
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Other Receipts	893	796	2,075	2,075	2,075	1,575	1,875	1,375	2,775	2,075	2,075	2,075
Total Receipts	92,879	57,830	46,561	47,757	46,360	57,649	42,274	47,812	63,799	47,489	53,092	55,986
Payments												
Payroll	16,273	16,035	14,103	14,154	14,103	14,204	14,696	14,430	12,904	12,855	12,604	11,323
Tax, NI and Pensions	3,970	11,848	10,080	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	22,083	5,717	7,504	7,532	7,830	7,637	7,964	7,491	7,059	7,400	7,815	7,888
Non Pay - Capital	15,483	10,320	12,706	14,278	16,180	27,323	20,871	22,117	30,209	18,524	18,425	18,568
MMH PFI	0	0	0	0	0	0	0	0	0	0	0	0
PDC Dividend	0	0	0	0	0	4,914	0	0	0	0	0	4,914
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	1,565	1,565	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	0	0
Other Payments	1,124	6,411	94	89	93	93	163	189	239	299	239	119
Total Payments	62,487	53,886	47,802	49,447	51,601	67,566	57,138	57,672	63,856	52,523	51,203	54,932
Cash Brought Forward	23,348	53,740	57,684	56,443	54,753	49,511	39,595	24,730	14,870	14,813	9,779	11,668
Net Receipts/(Payments)	30,392	3,945	(1,241)	(1,690)	(5,241)	(9,917)	(14,865)	(9,860)	(57)	(5,034)	1,889	1,054
Cash Carried Forward	53,740	57,684	56,443	54,753	49,511	39,595	24,730	14,870	14,813	9,779	11,668	12,722

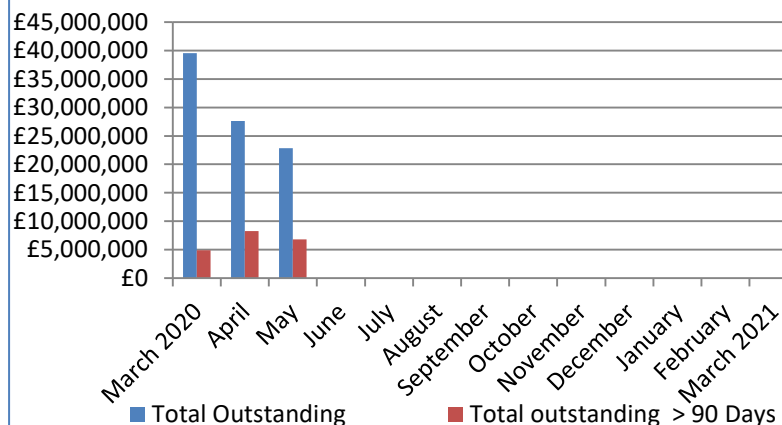
Analysis

- This cash flow incorporates YTD M2 actual movements and a full year forecast for balances in the Trusts Bank Account.
- The cash flow represents the application of the breakeven NHS funding plans for Months 1 to 4, with a return to the Trust's deficit plan for the remainder of the year. Both of these assumptions will need to be reassessed once the ongoing NHS Financial regime is determined.
- Over the medium term delivery of I&E plans are the key determinant of cash borrowing requirements, as well as capital investment.

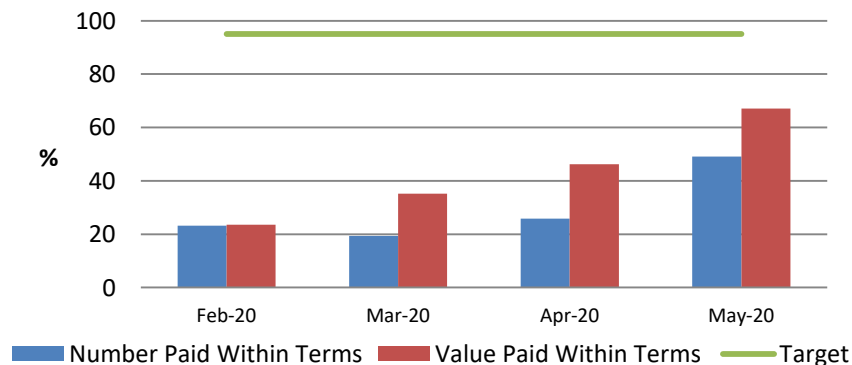
Aged Receivables 2019-20



Aged Payables 2019-20



Annual BPPC Performance



Analysis

- The Total Debt reduced as NHS invoices were paid in May, with further improvement expected in June/July as providers to provider debt is cleared. 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 2020/21
- The value of Payables continued to decrease in May 2020 as cash was released to ensure fast payment guidelines were adhered to. Further invoices aged with NHS bodies which will be addressed through the Provider to Provider billing arrangements and should be settled in July 2020.
- BPPC is showing signs of improvement but remains below the 95% target. This will continue to be managed in line with non-NHS creditor improvement and cash balances. The Trust is investigating further plans to improve performance against the target.