

Report Title	Finance Report: Month 01 2020/21		
Sponsoring Executive	Dinah McLannahan, Chief Finance Officer		
Report Author	Dinah McLannahan, Chief Finance Officer		
Meeting	Trust Board (Public)	Date	4th June 2020

1. Suggested discussion points *[two or three issues you consider the Trust Board should focus on]*

The Board will be cognisant of the interim financial arrangements in place in relation to the Covid-19 pandemic. In April, the Trust reported a £3.8m retrospective top up requirement to achieve break even. There is an assortment of adverse and favourable variances from the interim plan set by NHSI/E, but the overall variance can be entirely attributed to the Covid response; detail is contained within the report.

This arrangement will definitely continue until 31st July 2020. For month 2 reporting onwards, the system has been refined by NHSI/E, setting out how they expect various cost categories to decrease, be maintained, or increase to reflect the current phase of the Covid-19 response.

The report also deals with Covid-19 related capital, NHS Capital, and standard working capital reports. Cash balances reflect the prepayment approach reflected above.

2. Alignment to 2020 Vision *[indicate with an 'X' which Plan this paper supports]*

Safety Plan		Public Health Plan		People Plan & Education Plan	x
Quality Plan		Research and Development		Estates Plan	x
Financial Plan	x	Digital Plan	x	Other <i>[specify in the paper]</i>	

3. Previous consideration *[where has this paper been previously discussed?]*

FIC 29th May 2020

4. Recommendation(s)

The Trust Board is asked to:

- a.** Note the contents of the report

5. Impact *[indicate with an 'X' which governance initiatives this matter relates to and where shown elaborate]*

Trust Risk Register	x	3688, 3689				
Board Assurance Framework	x	SBAF 9, SBAF 10				
Equality Impact Assessment	Is this required?	Y		N	x	If 'Y' date completed
Quality Impact Assessment	Is this required?	Y		N	x	If 'Y' date completed

SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST

Report to the Public Trust Board: 4th June 2020

Finance Report – Month 1 2021

1. Introduction

- 1.1 The Covid-19 pandemic demanded a quick and flexible solution to meeting the financial demands of the NHS required response. The response began in mid-March, and this report confirms both the 1920 position for the record, performance in April against the new framework, and the outlook for months 2-4, when the current arrangement formally ends on July 31st.

2. 1920 Position

- 2.1 The 1920 revenue claim and reimbursement (now received in full) for Covid-19 related costs was as follows;

	Pay	Non-Pay	Lost Income	Annual Leave accrual increase	Total
Claim	£460k	£1.96m	£1.6m	£720k	£4.74m
Agreed by NHSI/E	£460k	£1.96m	£1.1m	£720k	£4.24m

The Annual Leave accrual increase was allowed by granting an adverse variance to 1920 control total to this amount.

The Trust considers it has been reimbursed in full for the revenue impact of Covid-19 on the 1920 finances.

- 2.2 The Trust also claimed for £681k in relation to capital equipment purchased during March. We have yet to receive confirmation from NHSI as to whether that application has been approved; confirmation that the applications were still being reviewed has been confirmed at the time of writing this report. The worst case scenario here is that the Trust has funded this equipment itself from 1920 CRL. The capital Covid-19 regime and process has been amended several times since the beginning of the outbreak.

3. 2021, Months 1-4

- 3.1 Annex 1 to this report sets out Month 1 performance. The Trust is required to report break even performance, after accruing for a retrospective top up, which for Month 1 stood at £3.8m. The Month 1 forms were pre-populated with the monthly income block, and our estimated “baseline” cost position. These values are set out below and informed the prospective top of £322k per month;

Category	£000s
Monthly PRI	39,250
Other Income	4,341
TOTAL INCOME EXPECTED	43,591
Pay	(29,110)
Non-Pay and finance costs	(14,802)
TOTAL COST EXPECTED	43,912
Difference – gets added prospectively to income block	(322)

- 3.2 Total monthly income expected is therefore £43.9m. Forms from NHSI/E confirm that the above income and expenditure plan is in place for Months 1-4 of the 2021 financial year. If the Trust spends more than £43.9m in any given month, or recovers any less than £43.9m in any given month, it is topped up by the retrospective top up process, and expected that this variance is either explainable by Covid-19, or some other development since the 1920 run rates were in place (they being the basis for the block calculation). The Trust has taken NHSI/E regional colleagues through its Month 1 variance explanation and they fed back positively on our reconciliation process.

4. Recommendations

- 4.1 The Trust Board is asked to:
- a. **Note** the contents of the report

Dinah McLannahan
Chief Finance Officer

27th May 2020

Annex 1: Month 1 finance pack