

Report Title:	Finance Report Month 7 2122		
Sponsoring Executive:	Dinah McLannahan, Chief Finance Officer		
Report Author:	Simon Sheppard, Director of Operational Finance		
Meeting:	Trust Board (Public)	Date	2 nd December 2021

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

Last month the Board approved in principle an H2 financial plan that expected use of identified headroom. October was as expected in that the Trust achieved a break even position after utilising c£500k of flexibility. Whilst we expect that requirement to increase to remain on plan over the winter months (to the extent the increased run rate is not covered within the forecast), at this point in time it is anticipated that there will be sufficient flexibility and access to the ICS risk reserve to achieve a break even plan for H2. The ICS currently has a central risk pot of £11.9m, indicatively committed already by three of the four acute Trusts.

Attention is now turning through FIC to challenging the variances to budget so that they may be addressed appropriately to inform a robust plan for 2223 and beyond, linking to MMUH affordability. The capital programme has been reviewed in detail and a small underspend forecast. The Trust has been successful with 4 TIF bids which support the programme.

Cash balances remain strong at £67m at 31st October – and with improvement actions identified last month, the Trust is now reporting BPPC compliance, paying more than 95% of invoices due within 30 days of receipt.

2. Alignment to our Vision *[indicate with an 'X' which Strategic Objective this paper supports]*

Our Patients	Our People	Our Population
To be good or outstanding in everything that we do	To cultivate and sustain happy, productive and engaged staff	To work seamlessly with our partners to improve lives

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

PMC, CLE, 23rd November
FIC 26th November

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 <input type="checkbox"/> N <input checked="" type="checkbox"/> If 'Y' date completed
Quality Impact Assessment	Is this required?	Y <input type="checkbox"/> N <input checked="" type="checkbox"/> If 'Y' date completed

SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST

Report to the Public Trust Board: 2nd December 2021

Finance Report Month 7 (October) 21/22

1. Introduction or background

1.1 This report describes the key issues in relation to financial performance year to date against the 21/22 financial plan, reflecting H1 (April – Sept) H2 (Oct – March) performance.

2. Income and Expenditure 21/22

2.1 The Trust is on track to deliver break even performance against a break even plan for the 21/22 financial year. Year to date the Trust is breakeven against a £0.02m deficit plan, a £0.02m favourable variance



2.2 Pay costs have reduced in October from the September position, though the September position was artificially high due to the payment of the 21/22 pay arrears. The normalised position, excluding the pay award, is showing an increase in pay costs month on month. Substantive funded establishment is 7,258 wtes, 7,007 after vacancy factors and planned CIPs. 6,594 substantive wte were worked in Month 7, with just over 1,081 bank and agency wtes engaged. The Trust was therefore c668wtes over funded establishment. 168wte are directly attributed to Covid.



2.3 Favourable variance to plan in Month for non-pay driven by reserves and covid expenditure below forecast. The Trust is seeing increasing pressure in other areas of expenditure, most notably energy where price and volume increases have seen a £1.23m adverse variance against plan. M&S expenditure has increased as activity has restored. Use of the Independent sector is increasing, reflected in higher than previous month expenditure against services received, although this has not translated into additional ERF.

H2 Planning

2.4 The H2 guidance proposed that the ERF funding would continue into H2, with the likely monthly trajectories being at 95% of the 2019/20 monthly values. ERF incentives in H2 are based on clock-stops rather than gross activity, with the baseline target being 89% of 2019-20 actuals (equivalent to the Q2 target of 95% of gross activity by value). Initial clock-stop counts for October indicate delivery of 73% of target (being validated).

2.5 The Trust has submitted its H2 financial plan on the 25 November in line with the national deadline. This followed the ICS submission on the 18 November. The plan included financial, activity and workforce submissions which were triangulated to ensure alignments across these categories.

- 2.6 The key financial headlines within the H2 plan are:
- An overall financial plan for 21/22 of breakeven
 - Pay costs are based on current spend, plus assumed recruitment and the impact of winter schemes
 - Non-pay forecast is based on expected changes to the run rate over winter plus expected changes in activity
 - Secured £204.6m (H1, £197.3m) from the Black Country ICS as a block payment, inclusive of support for the winter plan
 - Access to the ERF funding delivered in H1, but no ERF assumed in H2 (no penalty for under-delivery)
 - A further requirement of £5.6m from the ICS reserve to support pressures, in particular energy costs

2.7 The Trust has signed up to a financial risk share agreement with ICS partners, as it did in 2021. This is a significant development in the maturity of the ICS and includes principles

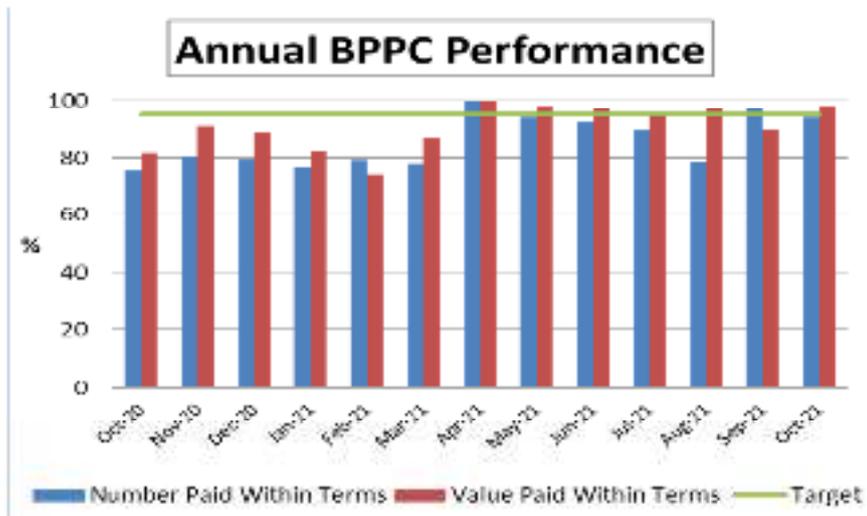
such as working collaboratively to deliver the balance across the system, and that no organisation can be in surplus if another is in deficit. Whilst this in theory assists the Trust with management of any potential risks over winter, it also means the Trust may be asked to support others. Indicatively, the risk pot as currently understood is fully committed at plan setting for H2.

3. Capital and Cash

- 3.1 Please see Annex 2 for detail. The 2122 capital programme is behind plan at month 7 - but the Trust is still forecasting to deliver the annual plan, following a detailed review of the schemes during October. Close scrutiny of the schemes will be maintained by the Capital Monitoring Group.
- 3.2 This is particularly important as the ICS has sought and gained support for projects via emergency PDC and CRL cover from the region. To then underspend against the control total would not be viewed favourably. The MMUH plan reflected the most recent approved cash flow plan from Balfour Beatty, and has not yet been updated until a new plan is approved. The detail of this is covered elsewhere in Board business.
- 3.3 The Trust has also been successful in receiving support for the following schemes from the Targeted Investment Fund.

	Capital £000s	Revenue £000s
Fixed Site Lithotripter	264	28
Automated Breast Ultrasound System - Purchase and running of ABUS service	144	28
Ophthalmology – Optos and OCT Equipment	460	24
PACU and RSU Elements of Critical Care Expansion Plan only.	950	849

- 3.4 The cash balance at the end of 2020/21 financial year was £71.405m. Of this, £26.230m was funding being held for payments due in April on the MMUH scheme. The Trust is forecasting that cash will reduce to c£26m by the end of the financial year, based on an expected breakeven I&E performance, with the year to date balance being £67m.
- 3.5 The month 6 Board Report set out actions required to achieve the target of paying 95% of invoices (not disputed) within 30 days of receipt. The Trust had been very close to the target for some months following significant improvement during the pandemic when the team were working almost exclusively at home and we are now reporting achievement in Month 7.
- 3.6 The key action that has pushed the Trust over the target has been to measure performance against invoice received date (in accordance with the guidance) rather than the invoice date itself. All of 2122 data has been reworked using this rule and the Trust has met the target by value in 6 out of 7 months since April 2021. The next step is to increase the local supplier base; Audit & Risk Management Committee already receives reporting on payment compliance for local suppliers. The Trust currently spends 10.26% of its controllable spend in Birmingham and the Black Country.



4. Annual Planning 2022/23

4.1 The formal planning guidance for 2022/23 from NHSEI is expected sometime in mid / late December 2021. To ensure the Trust has a Board approved plan prior to 1 April 2022 we have started the planning process. This was presented to the Finance and Investment Committee in November.

4.2 The key areas of focus within the planning cycle to ensure the 2022/23 plan is fully triangulated and aligns with the Trust strategy include;

- Activity and capacity plans developed with the clinical groups
- A clear relationship between bed capacity, safe staffing requirements and workforce
- Cost Pressures and service developments
- Cost Improvement Programme
- Other specific priority areas, such as the recurrent impact of Covid
- Governance of the programme both internally and within the ICS.

4.3 The executive lead for collating and producing our annual plan will be the Chief Finance Officer. This will involve the critical triangulation of activity trajectories, service delivery trajectories, workforce numbers and income & expenditure. Over the coming weeks the variance from budgets for the H2 forecast is being analysed by group, to determine to what extent budgets can and should be changed for 2023 to ensure that they can be used to hold to account on financial performance. Any changes should be backed up by appropriate governance such as the recurrent bed plan or signed off medical rotas, or nursing establishments. The drivers are broadly; Covid, CIP under delivery, extra bed capacity, recovery and restoration of elective care, and enhanced bank and agency rates.

5. Recommendations

5.1 The Trust Board is asked to:

- a. Note and discuss the contents of the report

Dinah McLannahan
Chief Finance Officer

25 November 2021

Annex 1: Key Financial Headlines

Annex 2: 2122 Capital Programme

Annex 3: Elective Recovery Fund

Annex 4: Statement of Financial Position

Annex 5: Financial Risks

Key Financial Headlines

	In Month Plan £ms	In Month Actual £ms	In Month Variance £ms	YTD Plan £ms	YTD Actual £ms	YTD Variance £ms
 I&E Performance	(0.02)	(0.02)	 (0.00)	(0.02)	0.00	 0.02
 NHSI Agency Ceiling	0.87	1.43	 (0.56)	6.32	9.05	 (2.73)
 Efficiency Programme (CIP)	1.10	0.55	 (0.55)	7.71	3.96	 (3.74)
 Capital Expenditure (Excl MMUH)	1.4	1.5	 (0.1)	12.1	6.9	 5.3
 Capital Expenditure (MMUH)	16.7	14.4	 2.2	144.3	114.5	 29.8
 Cash Balance	32.5	67.0	 34.5	32.5	67.0	 34.5

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST							
Summary Capital Expenditure: FY 2021/22 to PD7							
	Annual	Year to Date			Year End Forecast		
	Original Plan £000s	Plan £000s	Actual £000s	Variance £000s	NHSI Plan £000s	Forecast £000s	Variance £000s
Internal - Self Financing							
Estates	7,566	3,365	1,724	1,641	8,236	7,452	784
IT	7,046	4,492	2,203	2,289	7,046	6,051	985
Medical equipment	3,616	2,207	480	1,627	3,616	3,616	0
Charity	85	40	0	40	85	85	0
Sub total	18,313	10,004	4,407	5,597	18,983	17,214	1,769
External - PDC							
STP Reconfiguration	500	500	500	0	500	500	0
PDC BMEC Diagnostic Hub Equipment	670	392	0	392	0	0	0
Sub total	1,170	892	500	392	500	500	0
MMUH - PDC							
Midland Met Construction Cost to Complete	170,406	144,285	114,213	30,072	170,406	170,302	104
MHCLG - Midland Met Learning Campus	0	0	294	-294	0	1,200	-1,200
TOTAL	189,889	155,181	119,414	35,767	189,889	189,216	673
Technical-IFRIC12							
BTC & MES	2,142	1,250	1,093	443	2,142	2,366	224
Trust Wide Programme	192,031	156,431	121,107	35,324	192,031	191,582	449

Elective Recovery Fund & Activity levels

	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	H1 2021
	£	£	£	£	£	£	£
Performance Against Lower Threshold @ 100% Tariff							
Total DG, EL, OP, OF							
Sandwell and West Birmingham Hospitals NHS Trust	1,060,224	1,842,787	1,076,881	-325,729	-1,176,629	-727,726	2,701,794
The Dudley Group NHS Foundation Trust	734,649	870,610	34,620	-1,309,160	-1,604,360	-1,087,160	-3,202,010
The Royal Wolverhampton NHS Trust	2,821,725	3,729,415	2,847,975	572,549	74,928	1,149,870	8,805,499
Various Healthcare NHS Trust	837,337	806,866	762,726	-667,001	-313,680	-648,894	619,242
Independent Sector Providers - NHS Black Country and West Birmingham CCG	941,174	271,784	-94,444	782,211	105,772	41,421	2,044,418
Total	6,398,504	7,585,862	4,964,164	1,025,171	-2,741,221	-4,273,255	10,848,970
Split of Net System Position							
Amount over LT below UT	5,512,234	4,001,276	2,343,230	-1,033,171	-2,741,221	-4,273,255	3,600,792
Amount over UT	0	3,556,767	2,357,260	0	0	0	5,914,020
Total	5,512,234	7,558,044	4,700,490	-1,033,171	-2,741,221	-4,273,255	9,514,812
Funding							
Amount over LT below UT @ 100%	6,290,736	4,081,278	2,343,230	0	0	0	12,775,242
Amount over UT @ 100%	0	4,498,400	2,999,749	0	0	0	3,022,040
Total	6,290,736	8,580,408	5,342,979	0	0	0	15,797,282
For Non-NHS and IFRS							
Sandwell and West Birmingham Hospitals NHS Trust	1,060,224	1,804,200	1,700,780	0	0	0	3,244,279
The Dudley Group NHS Foundation Trust	700,592	872,607	28,771	0	0	0	1,600,050
The Royal Wolverhampton NHS Trust	2,822,101	4,176,162	2,247,378	0	0	0	9,245,642
Various Healthcare NHS Trust	790,042	815,197	694,991	0	0	0	4,317,871
Independent Sector Providers - NHS Black Country and West Birmingham CCG	377,295	332,092	0	0	0	0	709,387
Total	6,290,736	8,290,408	4,644,035	0	0	0	19,215,180

Run Rate and H2 Plan														
	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21			Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
Activity Run Rate by POD	Actual	Actual	Actual	Actual	Actual	Actual	Plan	Actual	+/-	Plan	Plan	Plan	Plan	Plan
Community	56,235	56,810	59,064	59,582	57,243	52,419	57,013	52,589	-4,424	57,013	57,013	57,013	57,013	57,013
Elective Admissions	2,208	2,603	3,419	3,374	3,224	3,243	3,776	3,256	-520	4,235	3,869	3,775	3,548	4,049
Emergency Admissions	3,722	3,970	3,913	4,124	4,028	4,116	4,581	4,181	-400	4,581	4,581	4,581	4,581	4,581
Emergency Departments	16,189	18,356	18,987	19,022	18,309	19,055	18,559	19,766	1,207	18,559	18,559	18,559	18,559	18,559
Excess Bed Days	393	394	661	608	703	852	718	687	-31	718	718	718	718	718
Maternity Pathway	1,409	1,493	1,374	1,507	1,400	1,583	1,470	1,377	-93	1,470	1,470	1,470	1,470	1,470
Neonatal Unit	837	1,139	1,084	1,141	1,080	903	931	974	43	931	931	931	931	931
OP New Attendances	16,033	17,662	20,053	19,021	17,714	18,951	15,067	17,707	2,640	17,579	14,011	13,928	14,333	15,529
OP Procedures	8,372	8,796	10,111	9,336	8,097	9,193	9,975	8,913	-1,062	12,484	10,897	10,930	11,328	11,358
OP Review Attendances	22,044	22,476	25,707	23,711	21,626	24,261	21,062	22,249	1,187	24,041	20,100	20,669	22,362	23,312
OP Non Face to Face	7,306	7,046	7,152	6,879	7,128	7,356	13,590	7,525	-6,065	13,070	13,886	16,930	15,515	17,349
Other Contract Lines	310,367	301,814	363,381	352,489	326,382	304,025	326,582	296,461	-30,122	326,582	326,582	326,582	326,582	326,582
Unbundled Activity	4,892	5,778	5,869	5,414	4,982	5,305	6,259	4,979	-1,280	6,259	6,259	6,259	6,259	6,259

Annex 4
Statement of Financial PositionSandwell & West Birmingham Hospitals NHS Trust
STATEMENT OF FINANCIAL POSITION 2021/22

	Balance as at 31st March 2021	Balance as at 31st October 2021	Forecast 31st March 2022
	£000	£000	£000
Non Current Assets			
Property, Plant and Equipment	681,148	789,441	850,928
Intangible Assets	218	189	218
Investment Assets	0	0	0
Trade and Other Receivables	100	100	0
Current Assets			
Inventories	3,437	3,437	3,437
Trade and Other Receivables	30,920	22,642	30,920
Cash and Cash Equivalents	71,441	67,006	25,252
Current Liabilities			
Trade and Other Payables	(98,279)	(105,281)	(53,890)
Provisions	(1,067)	(950)	(1,067)
Borrowings	(1,553)	(1,556)	(1,553)
DH Loan	0	0	0
Non Current Liabilities			
Provisions	(3,529)	(3,529)	(3,529)
Borrowings	(25,911)	(24,911)	(24,111)
DH Loan	0	0	0
	656,925	746,588	826,605
Financed By			
Taxpayers Equity			
Public Dividend Capital	486,117	575,892	655,797
Retained Earnings reserve	153,089	152,977	153,089
Revaluation Reserve	8,661	8,661	8,661
Other Reserves	9,058	9,058	9,058
	656,925	746,588	826,605

Financial risks as at October 2021 for Delivery of the Financial IS&P Plan

Ref	Stratified Risk	Materiality	Severity	Target	2021 leading KPI	2022 leading KPI	2023 leading KPI	2024 leading KPI	2025 leading KPI	2026 leading KPI	2027 leading KPI	Impact	RM Mitigating Actions	Residual
1	Covid cases in 12 (Oct-Mar) are above the budget level	3	5	↔	1	1	1	1	1	1	1	Financial Quality Workforce Operational	<ul style="list-style-type: none"> Planning is used for MHA and MHA for 2021-2022 and 2022-2023 Group priority of focusing on safely reducing Covid cases Remain vigilant and ensure informed decisions are made - ensure all decisions are made with a 12-18 month horizon 	CRP
2	Top funding from NPM is not as planned for 2021-2022	4	6	↔	15	20	20	15	15	15	15	Financial	<ul style="list-style-type: none"> Ongoing dialogue with NPM - escalation to regional board as part of the meeting Submit annual funding bid to NPM 	CRP
3	Delivery of the Quality and Improvement Programme	4	5	↔	15	20	20	15	15	15	15	Financial	<ul style="list-style-type: none"> Formally off-duty board chaired by CEO As with other projects, ensure to have a clear timeline 	CRP
4	Key projects are not delivered to budget level	5	5	↔	25	25	20	20	20	20	20	Financial	<ul style="list-style-type: none"> Review project progress Escalate to the CEO for support if the system does progress 	CRP
5	Financial control levels resulting in greater use of agency and bank staff	4	6	↔	20	20	20	15	15	15	15	Financial Quality Workforce Operational	<ul style="list-style-type: none"> Review staffing efficiency and ensure a balanced workforce Review the impact of agency and bank staff on the system 	CRP
6	Staffing levels are not within the budget level	5	5	↔	25	25	25	25	25	25	25	Financial Quality Workforce Operational	<ul style="list-style-type: none"> Review the impact of agency and bank staff on the system Review the impact of agency and bank staff on the system 	CRP
7	Financial Recovery is not as planned - costs above income received	1	5	↔	5	5	5	5	5	5	5	Financial Quality Workforce Operational	<ul style="list-style-type: none"> Review the impact of agency and bank staff on the system Review the impact of agency and bank staff on the system 	CRP
8	Staffing and NPM funding is not as planned - costs above income received	2	5	↔	10	10	10	10	10	10	10	Financial	<ul style="list-style-type: none"> Review the impact of agency and bank staff on the system Review the impact of agency and bank staff on the system 	CRP
9	Increased agency costs due to Knowledge transfer	1	4	↔	20	20	20	20	20	20	20	Financial Quality Workforce Operational	<ul style="list-style-type: none"> Review the impact of agency and bank staff on the system Review the impact of agency and bank staff on the system 	CRP
10	Decisions are made at system or Trust level without appropriate approval	4	4	↔	15	15	15	15	15	15	15	Financial Quality Workforce Operational	<ul style="list-style-type: none"> Review the impact of agency and bank staff on the system Review the impact of agency and bank staff on the system 	CRP
11	Planning guidance is not issued - currently in review RAG and ITN operations	2	6	↓	10	10	20					Financial Quality Workforce Operational	<ul style="list-style-type: none"> Review the impact of agency and bank staff on the system Review the impact of agency and bank staff on the system 	CRP
12	Increasing number of contracts with independent bodies - uncertainty in the clinical operational workforce and financial implications - not planned appropriately	5	5	↔	15	15	15					Financial Quality Workforce Operational	<ul style="list-style-type: none"> Review the impact of agency and bank staff on the system Review the impact of agency and bank staff on the system 	CRP