

Report Title:	Finance Report Month 9 21/22		
Sponsoring Executive:	Dinah McLannahan, Chief Finance Officer		
Report Author:	Simon Sheppard, Director of Operational Finance		
Meeting:	Trust Board (Public)	Date	2 nd February 2022

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

The Trust reported a small surplus at Month 9 (December), £35k, which is £144k favourable to the deficit plan (£109k). The Trust is planning to achieve a small surplus at year-end position of £365k. This does include £8.9m from the Integrated Care System (ICS) risk reserve, for increased energy costs and elective recovery stretch funding.

The key areas of focus continue to be:

- Delivering the Board approved winter plan,
- Elective recovery and the use of the independent sector
- The management of pay costs particularly in light of increased challenges due to Covid 19 and sickness and absence rates.
- Work to significantly reduce exit run rates and re-baseline budgets in light of 2022/2023 planning outlook

In terms of the Elective Recovery Fund (ERF), H2 forecast assumes £3m of base ERF income (costs underwritten rather than clock stops achieved), and an additional £1.886m available from the ICS. H1 ERF (£5.342m), £2.76m has been released to date to support the additional costs of elective recovery, mainly via the Modality contract, with £0.38m released in M9.

For December 2021, whilst our activity levels are below the H2 plan, particularly for elective activity, it is encouraging to note the Trust delivered in excess of 98% against the elective recovery “clock stop” target which could result in the Trust receiving additional income subject to ICS partner Trusts exceeding the funding already received for underwritten costs.

The key focus for the remaining months of the financial year is the delivery of the year end forecast, and eliminating any potential risks. The current position is a base forecast surplus of £365k, with an upside of £4,773k. The Trust will be held to the forecast it reports at Month 10. In order to achieve the £365k position delivery of some key expenditure streams is crucial. These are

- **Winter Plan.** Trust expenditure in December was £0.162m. The forecast assumes plan is fully achieved, meaning an average of £0.679m per month in Quarter 4.
- **In/Out-Sourcing.** The forecast assumes that the schemes identified by Operational teams are delivered. In Q4 this is £2.437m, all of which is spend not currently being incurred.

If these schemes are not delivered then a position closer to the upside position is entirely possible.

The internally funded capital programme since being reforecast in M6 is performing well and delivering against the monthly profile. We are working hard to deliver against the year-end plan

but small slippage is possible in Q4. This also includes the 4 schemes funded through the Targeted Investment Fund (TIF).

The Midland Metropolitan University Hospital (MMUH) capital programme adverse variance year to date has reduced by £6.5m in December to £18.4m. The programme is forecast to deliver the £170m plan, with the key action to secure a revised cash flow forecast from Balfour Beatty.

Cash balances remain strong at £56.5m at 31 December – and the Trust is now reporting consistent Better Payment Practice Code (BPPC) compliance, paying more than 95% of invoices due within 30 days of receipt.

2. Alignment to our Vision <i>[indicate with an 'X' which Strategic Objective this paper supports]</i>			
Our Patients		Our People	Our Population
To be good or outstanding in everything that we do	X	To cultivate and sustain happy, productive and engaged staff	To work seamlessly with our partners to improve lives

3. Previous consideration <i>[where has this paper been previously discussed?]</i>
Clinical Leadership Executive, 25 January 2022
Finance, Investment and Performance Committee, 28 January 2022

4. Recommendation(s)
The Trust Board is asked to:
a. NOTE and discuss the year to date financial position
b. NOTE and discuss the year end forecast
c. NOTE the 22/23 planning process and timescales

5. Impact <i>[indicate with an 'X' which governance initiatives this matter relates to and where shown elaborate]</i>						
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 NHS TRUST

Report to the Public Trust Board: 2nd February 2022

Finance Report Month 9

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 21) and H2 (Oct 21 – March 22) performance.

2. Income and Expenditure 21/22

1.2 The Trust reported a small favourable surplus at Month 9 (to 31 December 2021) of £35k. This was £144k favourable to the deficit plan of £109k. The Finance, Investment & Performance Committee (FIPC) have discussed the year to date position in detail, including risks and mitigations.

1.3 The key focus for the remaining months of the financial year is the delivery of the year end forecast. The current position is a base forecast surplus of £365k, with an upside of £4,773k. The Trust will be held to the forecast reported at Month 10. Access to the Integrated Care System (ICS) risk reserve (£8.9m secured for the Trust), predominately linked to the increases energy costs.

2.1 Activity levels are shown in Annex 3. The table below summarises actual performance against the Plan for H2 against the key activity types.

Activity Run Rate by POD	H2 - YTD			
	Plan	Actual	+/-	+/-
Community	170,906	156,787	-14,119	-8.3%
Elective Admissions	11,880	9,999	-1,881	-15.8%
Emergency Admissions	13,743	12,382	-1,361	-9.9%
Emergency Departments	55,676	56,207	531	1.0%
Excess Bed Days	2,155	1,754	-401	-18.6%
Maternity Pathway	4,409	4,163	-246	-5.6%
Neonatal Unit	2,793	3,051	258	9.2%
OP New Attendances	46,698	52,558	5,860	12.5%
OP Procedures	33,357	25,895	-7,462	-22.4%
OP Review Attendances	65,294	66,854	1,560	2.4%
OP Non Face to Face	40,546	23,690	-16,856	-41.6%
Other Contract Lines	979,747	921,967	-57,781	-5.9%
Unbundled Activity	18,776	15,088	-3,688	-19.6%
Total	1,445,980	1,350,395	-95,585	-6.6%

2.2 Despite the underperformance on activity, it is encouraging to note that the “clock stops”, which are the metric for securing elective recovery funding (ERF) in the second half of this financial year are in excess of 98% (target 89%). Subject to overall system performance this could result in the Trust securing additional income if collectively the

system exceeds the value of costs underwritten in H2. Our current activity performance is more of a concern when considered alongside the planning guidance for 2223 which expects 104% by value and 110% by pathway compared to pre-pandemic activity levels. The FIPC will consider a total planned care delivery plan for 2223 at its meeting in February, including identification of internal capacity, insourcing and outsourcing.

3. Capital and Cash

3.1 Please see Annex 2 for detail. The 2122 capital programme got off to a slow start, and whilst the Trust is still forecasting to plan, following a detailed review of the schemes during October, close scrutiny of the schemes has been maintained by the Capital Monitoring Group.

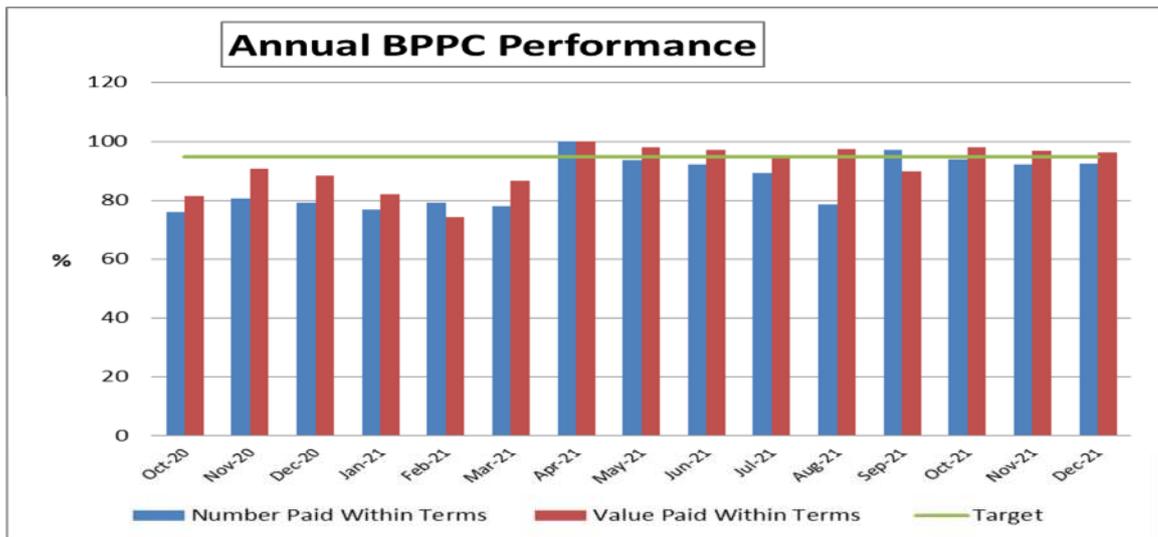
3.2 The Trust is forecasting to deliver against the approved capital plan although some slippage is possible in Q4 given continued supply chain issues caused mainly by the pandemic.

3.3 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 £56.5m.

3.4 The month 6 Board Report set out actions required to achieve the BPPC target of paying 95% of invoices (not disputed) within 30 days of receipt.

3.5 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 8 out of 9 months since April 2021. Further actions include;

- Increasing the number of BACS processing runs each week (Q4 of 21/22)
- Planned trust wide communications to encourage timely receipting and dispute resolution (February 2022)
- Implementing a Supplier Portal enabling suppliers to upload invoices directly and allow them to see and assist in progress on invoice approval and payment
- Working with Oracle to identify Invoice hold information in specific circumstances which allows us to exclude the invoice from our performance measure



4. Planning 2022/23

- 4.1 Formal guidance for 2022/23 planning has been published which confirmed the planning timetable will be extended to the end of April 2022, with draft plans due in mid-March. At the time of writing a detailed timetable within the Integrated Care System are still to be confirmed, and discussions on the approach have started.
- 4.2 The Board is asked to note that the Trust’s internal planning has commenced under the Executive leadership of the Chief Finance Officer. A draft plan will be presented to the Clinical Leadership Executive, the Finance Investment & Performance Committee and the Trust Board during the next reporting cycle.
- 4.3 The plan will make reference to the 10 priorities within the national guidance and ensure alignment between these priorities, our own internal priorities, activity/capacity, workforce and finance. This will not be an easy balance to achieve. The key next step in the internal timetable is meetings with the Clinical Groups and Corporate Directorates.

5. Recommendations

- 5.1 The Trust Board is asked to:
 - a. Note and discuss the year to date financial position
 - b. Note and discuss the year end forecast
 - c. Note the 22/23 planning process and timescales

Simon Sheppard
Director of Operational Finance
24 January 2022

- 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**

Annex 1 - Key Financial Headlines

	In Month Plan £ms	In Month Actual £ms	In Month Variance £ms		YTD Plan £ms	YTD Actual £ms	YTD Variance £ms		Y/end Plan £ms	Y/end Forecast £ms	Y/end Variance £ms	
 I&E Performance	(0.03)	0.03	●	0.06	(0.11)	0.03	●	0.14	0.00	0.37	●	0.37
 NHSI Agency Ceiling	0.87	1.45	●	(0.59)	8.05	12.75	●	(4.70)	10.65	18.56	●	(7.91)
 Efficiency Programme (CIP)	1.10	0.68	●	(0.42)	9.91	5.52	●	(4.38)	13.21	8.33	●	(4.88)
 Capital Expenditure (Excl MMUH)	1.56	1.22	●	0.34	14.91	9.14	●	5.77	21.63	23.10	●	(1.47)
 Capital Expenditure (MMUH)	6.24	12.77	●	(6.53)	159.89	141.47	●	18.43	170.41	170.30	●	0.11
 Cash Balance	30.20	56.47	●	26.27	30.20	56.47	●	26.27	25.50	25.25	●	(0.25)

Annex 2- 2122 Capital Programme

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST							
Summary Capital Expenditure: FY 2021/22 to P09							
	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	4,324	2,284	2,040	8,236	7,452	784
IT	7,046	5,228	3,234	1,994	7,046	6,061	985
Medical equipment	3,616	2,709	976	1,733	3,616	3,616	0
Charity	85	40	0	40	85	85	0
Sub total	18,313	12,301	6,495	5,806	18,983	17,214	1,769
External - PDC							
STP Reconfiguration	500	500	500	0	500	500	0
PDC BMEC Diagnostic Hub Equipment	670	504	0	504	0	0	0
TIF Schemes (Equipment & PACU Expansion)	0	0	0	0	0	1,818	-1,818
Sub total	1,170	1,004	500	504	500	2,318	-1,818
MMUH - PDC							
Midland Met Construction Cost to Complete	170,406	159,899	141,465	18,434	170,406	170,302	104
MHCLG - Midland Met Learning Campus	0	0	294	-294	0	1,200	-1,200
TOTAL	189,889	173,204	148,754	24,450	189,889	191,034	-1,145
Technical-IFRIC12							
BTC & MES	2,142	1,606	1,848	-242	2,142	2,366	-224
Trust Wide Programme	192,031	174,810	150,602	24,208	192,031	193,400	-1,369

An overspend of £1,369k, however, a Plan adjustment is expected for the TIF schemes resulting in a revised underspend of £449k

Annex 3 -Elective Recovery Fund & Activity Levels

	Apr-21 £	May-21 £	Jun-21 £	Jul-21 £	Aug-21 £	Sep-21 £	H1 FOT £
Performance Against Lower Threshold @ 100% Tariff							
Total DC, EL, OPP, OP							
Sandwell and West Birmingham Hospitals NHS Trust	1,592,224	1,842,787	1,556,881	-335,739	-1,176,623	-727,736	2,751,794
The Dudley Group NHS Foundation Trust	734,646	875,046	34,925	-1,365,190	-1,954,305	-1,587,136	-3,262,014
The Royal Wolverhampton NHS Trust	2,821,723	3,729,405	2,647,975	572,549	74,628	-1,040,810	8,805,469
Walsall Healthcare NHS Trust	837,337	866,866	762,726	-687,001	-311,692	-948,994	519,242
Independent Sector Providers - NHS Black Country and West Birmingham CCG	360,574	271,784	-38,343	782,211	626,772	31,421	2,034,419
Total	6,346,504	7,585,888	4,964,164	-1,033,171	-2,741,221	-4,273,255	10,848,910
Split of Net System Position							
Amount over LT below UT	5,512,934	4,081,276	2,343,230	-1,033,171	-2,741,221	-4,273,255	3,889,793
Amount over UT	0	3,556,767	2,357,260	0	0	0	5,914,028
Total	5,512,934	7,638,044	4,700,490	-1,033,171	-2,741,221	-4,273,255	9,803,821
Funding							
Amount over LT below UT @100%	6,290,736	4,081,276	2,343,230	0	0	0	12,715,242
Amount over UT @ 120%	0	4,199,132	2,828,713	0	0	0	7,027,845
Total	6,290,736	8,280,408	5,171,942	0	0	0	19,743,086
For Non-ISFE and PFRs							
Sandwell and West Birmingham Hospitals NHS Trust	1,592,224	1,984,260	1,765,795	0	0	0	5,342,279
The Dudley Group NHS Foundation Trust	700,592	872,697	26,771	0	0	0	1,600,060
The Royal Wolverhampton NHS Trust	2,822,101	4,176,162	2,247,378	0	0	0	9,245,642
Walsall Healthcare NHS Trust	798,523	915,197	604,091	0	0	0	2,317,811
Independent Sector Providers - NHS Black Country and West Birmingham CCG	377,295	332,092	0	0	0	0	709,387
Total	6,290,736	8,280,408	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	H2 - YTD			
Activity Run Rate by POD	Actual	Plan	Actual	+/-	Plan	Plan	Plan	Plan	Actual	+/-	+/-							
Community	56,235	56,810	59,064	59,582	57,243	52,419	52,673	54,803	56,881	49,311	-7,570	56,881	56,881	56,881	170,906	156,787	-14,119	-8.3%
Elective Admissions	2,208	2,603	3,419	3,374	3,224	3,243	3,257	3,451	3,869	3,291	-578	3,775	3,548	4,049	11,880	9,999	-1,881	-15.8%
Emergency Admissions	3,722	3,970	3,913	4,124	4,028	4,116	4,181	4,123	4,581	4,078	-503	4,581	4,581	4,581	13,743	12,382	-1,361	-9.9%
Emergency Departments	16,189	18,356	18,987	19,022	18,309	19,055	19,766	18,797	18,559	17,644	-915	18,559	18,559	18,559	55,676	56,207	531	1.0%
Excess Bed Days	393	394	661	608	703	852	687	838	718	229	-489	718	718	718	2,155	1,754	-401	-18.6%
Maternity Pathway	1,409	1,493	1,374	1,507	1,400	1,583	1,376	1,443	1,470	1,344	-126	1,470	1,470	1,470	4,409	4,163	-246	-5.6%
Neonatal Unit	837	1,139	1,084	1,141	1,080	903	974	973	931	1,104	173	931	931	931	2,793	3,051	258	9.2%
OP New Attendances	16,033	17,662	20,053	19,021	17,714	18,952	17,718	18,723	14,053	16,117	2,064	13,969	14,373	15,569	46,698	52,558	5,860	12.5%
OP Procedures	8,372	8,796	10,111	9,336	8,097	9,193	8,914	9,309	10,897	7,672	-3,225	10,930	11,328	11,358	33,357	25,895	-7,462	-22.4%
OP Review Attendances	22,044	22,476	25,707	23,711	21,626	24,261	22,384	24,065	20,191	20,405	214	20,759	22,453	23,403	65,294	66,854	1,560	2.4%
OP Non Face to Face	7,306	7,046	7,152	6,879	7,128	7,387	7,644	8,573	13,886	7,473	-6,413	16,930	15,515	17,349	40,546	23,690	-16,856	-41.6%
Other Contract Lines	310,367	301,814	363,381	352,489	326,382	304,025	296,461	319,068	326,582	306,438	-20,144	326,582	326,582	326,582	979,747	921,967	-57,781	-5.9%
Unbundled Activity	4,892	5,778	5,869	5,414	4,982	5,305	4,981	5,568	6,259	4,539	-1,720	6,259	6,259	6,259	18,776	15,088	-3,688	-19.6%
Total	450,007	448,337	520,775	506,208	471,916	451,294	441,016	469,734	478,876	439,645	-39,231	482,344	483,197	487,709	1,445,980	1,350,395	-95,585	-6.6%

Annex 4- Statement of Financial Position

Sandwell & West Birmingham Hospitals NHS Trust			
STATEMENT OF FINANCIAL POSITION 2021/22			
	Balance as at 31st March 2021	Balance as at 31st December 2021	Forecast 31st March 2022
	£000	£000	£000
Non Current Assets			
Property, Plant and Equipment	681,148	815,261	850,928
Intangible Assets	218	194	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	29,858	36,487	29,858
Cash and Cash Equivalents	71,441	56,513	25,252
Current Liabilities			
Trade and Other Payables	(97,217)	(113,002)	(52,828)
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)	(24,621)	(24,111)
DH Loan	0	0	0
	656,925	768,334	826,605
Financed By			
Taxpayers Equity			
Public Dividend Capital	486,117	597,635	655,797
Retained Earnings reserve	153,089	152,980	153,089
Revaluation Reserve	8,661	8,661	8,661
Other Reserves	9,058	9,058	9,058
	656,925	768,334	826,605

Annex 5 – Financial Risks

Financial Risks as at December 2021 for Delivery of the Financial I&E Plan

Ref	Identified Risk	Likelihood	Severity	Trend	Risk Rating M9	Risk Rating M8	Risk Rating M7	Risk Rating M6	Risk Rating M5	Risk Rating M4	Risk Rating M3	Risk Rating M2	Risk Rating M1	Impact	Mitigating Actions	Exec Lead
1	Covid costs in H2 (Oct-March) are above the funded level	1	5	↔	5	5	5	5	5	5	10	10	15	Financial Quality Workforce Operational	Funding secured for H2 based on Quarter 3 in 20/21 less 5% Group priority of focusing on safely reducing Covid spend Reporting at a Group level to ensure informed decisions are made - current run rates significantly below funding levels	COO
2	Taper funding from NHSEI is not secured in line with the Plan	2	5	↓	10	20	20	20	20	15	15	15	15	Financial	Ongoing dialogue with NHSEI - escalation to regional team as part of M7 reporting Submission of the monthly returns to NHSEI Informal feedback to confirm funding will be secured for M10 reporting (January)	CFO
3	Delivery of the 2021/22 Cost Improvement Programme	4	5	↔	20	20	20	20	15	15	15	15	15	Financial	Fortnightly efficiency board chaired by CFO Additional resource in post to lead the programme	CFO
4	Energy prices increase above the funded level	2	5	↓	10	25	25	25	20	20	20	20	20	Financial	Forward purchase on energy Escalation to the ICS for support via the system risk reserve Funding for H2 of 21/22 secured from the ICS risk reserve	DST
5	Increased sickness levels resulting in greater use of agency and bank staff	4	5	↔	20	20	20	20	20	15	15	15	15	Financial Quality Workforce Operational	Trust wellbeing offering to staff as exit covid Post covid People and OD restoration of sickness management in full.	CPO
6	Staffing levels are not within the funded establishment	5	5	↔	25	25	25	25	25	25	25	25	25	Financial Quality Workforce Operational	Trust to agree implementation of negative wtes for vacancy factor and CIP Re-introduction of vacancy controls before adverts	CPO
7	Elective Recovery trajectory requires costs above income received	1	5	↔	5	5	5	5	5	5	5	10	10	Financial Quality Workforce Operational	Agreed monthly trajectories H1 forecasts of income into the system Ongoing tracking on costs against the income forecasts through the Groups	COO
8	Inflation and CNST funding is not received from the ICS allocation	2	5	↔	10	10	10	10	10	10	10	10	10	Financial	CFO engagement in weekly System meetings to ensure funding is secured	CFO
9	Increased nursing costs due to E rostering controls	4	5	↔	20	20	20	20	20	20	20	20	20	Financial Quality Workforce Operational	Business case being developed to refresh E Rostering system. To be presented to CLE in August	Ongoing
10	Decisions are made at System or Trust level without appropriate approval	3	4	↔	12	12	12	12	12	12	12	12	12	Financial Quality Workforce Operational	Proposed new Business Case process ready for consideration and adoption External governance review commissioned and findings to be adopted Vacancy Approvals process to be reintroduced	Dir of Governance
11	H2 planning guidance to be issued - currently impact on SWB and ICS uncertain	1	5	↓	5	5	10	15	20					Financial Quality Workforce Operational	Briefings by national and regional teams. Attendance at ICS DoF meetings. Financial modelling of scenarios	CFO
12	Increasing number of contracts with Independent Sector providers - potential clinical, operational, workforce and financial implications if not procured appropriately	3	5	↔	15	15	15	15	15					Financial Quality Workforce Operational	Full engagement with Procurement to ensure appropriate contracts	CFO