

Report Title:	Finance Report Month 11		
Sponsoring Executive:	Dinah McLannahan, Chief Finance Officer		
Report Author:	Simon Sheppard, Director of Operational Finance		
Meeting:	Trust Board (Public)	Date	6 th April 2022

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

The Trust reported a surplus of £4.36m year to date at Month 11, against a deficit plan (£113k). A favourable variance year-to-date of £4.46m.

As reported to Trust Board last month the Trust expects a year-end forecast of £5.13m which includes £11.06m in total from the ICS, £8.89m from the risk reserve, for increased energy costs and elective recovery stretch funding, plus an additional £2.18m share of system surplus. All of this is technically non-recurrent in nature. In addition, due to the favourable ICS position the 21/22 Taper funding linked to Midland Metropolitan University Hospital (MMUH) will be supported from the Integrated Care System (ICS) budget for this year only.

It is absolutely vital that the Trust delivers this year end forecast through audit, and continues to focus on:

- Delivering the Board approved winter plan and being clear on those schemes that will continue through in to 2223;
- Elective recovery and the use of the independent sector;
- The management of pay costs particularly in light of increased challenges due to Covid 19 capacity pressures, sickness and absence rates;
- Work to significantly reduce exit run rates and re-baseline budgets for 2223.

For February 2022, our activity levels continue to be below the H2 plan, particularly for elective activity. Whilst December performance was 96% against the elective recovery “clock stop” target, the January and February positions have fallen back to 77% and 87% respectively. There is no risk to the 2122 financial position as a result of this performance, but possibly a risk in to 2223 unless activity increases.

The internally funded capital programme since being reforecast in September is performing well. We are working hard to deliver against the year-end plan but small slippage is possible by the year end. This also includes the 4 schemes funded through the Targeted Investment Fund (TIF). The Midland Metropolitan University Hospital (MMUH) capital programme value for 2223 is expected to be fully spent.

Cash balances remain strong at £54.29m at 28 February 2022.

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	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 22.3.22 Finance, Investment & Performance Committee (FIPC) 25.3.22

4. Recommendation(s)
The Trust Board is asked to:
a. DISCUSS the year to date financial position
b. DISCUSS the year end forecast

5. Impact <i>[indicate with an 'X' which governance initiatives this matter relates to and where shown elaborate]</i>		
Trust Risk Register	<input checked="" type="checkbox"/>	3688, 3689
Board Assurance Framework	<input checked="" type="checkbox"/>	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 NHS TRUST

Report to the Public Trust Board: 6 April 2022

Finance Report Month 11

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 surplus at Month 11 (to 28 February 2022) of £4.36m. This was £4.46m favourable to the deficit plan of (£0.11m). The Finance, Investment & Performance Committee (FIPC) have discussed the year to date position in detail, including risks and mitigations.

1.3 As a consequence of the Trust's favourable Month 10 position, and the overall Integrated Care System surplus position, the Trust declared a year end forecast of £5.129m. This forecast includes £2.2m additional income from the ICS to reflect the overall system surplus. The Trust is confident that this position will be delivered, and has provided assurance to the Finance, Investment and Performance Committee (FIPC).

2.1 Elective recovery performance is 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	284,668	270,747	-13,921	-4.9%
Elective Admissions	19,203	16,078	-3,125	-16.3%
Emergency Admissions	22,904	20,025	-2,879	-12.6%
Emergency Departments	92,793	90,523	-2,270	-2.4%
Excess Bed Days	3,591	3,124	-467	-13.0%
Maternity Pathway	7,349	7,008	-341	-4.6%
Neonatal Unit	4,655	4,995	339	7.3%
OP New Attendances	75,040	85,484	10,444	13.9%
OP Procedures	55,615	40,772	-14,843	-26.7%
OP Review Attendances	108,506	109,356	851	0.8%
OP Non Face to Face	72,991	41,032	-31,959	-43.8%
Other Contract Lines	1,632,912	1,438,440	-194,472	-11.9%
Unbundled Activity	31,293	25,372	-5,921	-18.9%
Total	2,411,521	2,152,956	-258,565	-10.7%

2.2 Whilst our current activity performance is not a risk to the delivery of the 21/22 financial plan it 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.

3. Capital and Cash

3.1 Please see Annex 2 for detail. The Trust is forecasting to deliver against the approved capital plan although some movement between individual schemes is likely given continued supply chain issues caused mainly by the pandemic.

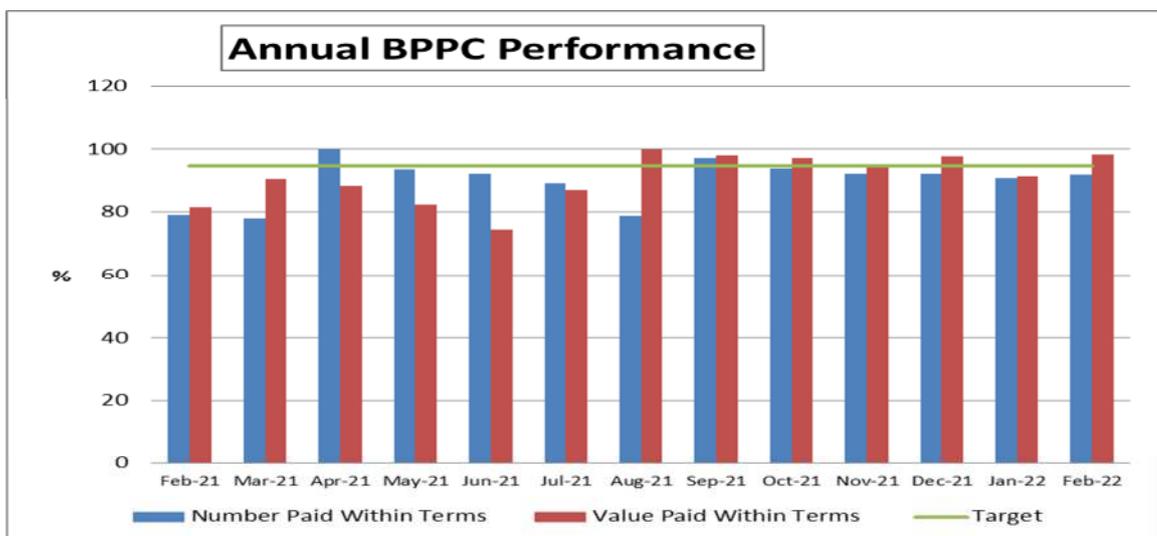
3.2 There has been a specific focus on gaining assurance on the year end capital position at the Capital Management Group on 21 March 2022. This assurance has been received from the professional leads from Estates, IT and Medical Equipment, and provided to FIPC.

3.3 The Trust is now forecasting a year end cash balance with circa £55m, with the year to date balance being £54.5m. This reflects the in-year Income & Expenditure year end surplus and the phasing of the 21/22 capital programme.

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. 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 (March 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 As the Trust Board is aware the formal guidance for 2022/23 planning has been published which confirmed the planning timetable will be extended to 28 April 2022, with draft plans due 17 March. The Trust Board is asked to note the draft plan was submitted by the deadline.
- 4.2 The Board is asked to note there is a detailed timeline, both internally and externally with the ICS, to ensure the final plan is submitted by 28 April 2022.

5. Recommendations

- 5.1 The Trust Board is asked to:
 - a. **DISCUSS** the year to date financial position
 - b. **DISCUSS** the year end forecast

Simon Sheppard
Director of Operational Finance
22 March 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	In Month	In Month		YTD	YTD	YTD		Y/end	Y/end	Y/end
	Plan	Actual	Variance		Plan	Actual	Variance		Plan	Forecast	Variance
	£ms	£ms	£ms		£ms	£ms	£ms		£ms	£ms	£ms
 I&E Performance	0.01	3.47	● 3.46		(0.11)	4.35	● 4.46		(0.02)	5.13	● 5.15
 NHSI Agency Ceiling	0.87	1.17	● (0.30)		9.79	15.24	● (5.45)		10.65	16.41	● (5.76)
 Efficiency Programme (CIP)	1.10	0.59	● (0.42)		11.01	6.71	● (4.38)		13.21	8.05	● (4.88)
 Capital Expenditure (Excl MMUH)	1.25	1.42	● (0.17)		17.76	12.76	● 5.00		21.63	23.46	● (1.83)
 Capital Expenditure (MMUH)	3.48	9.06	● (5.58)		168.94	166.56	● 2.38		170.41	191.87	● (21.47)
 Cash Balance	25.73	54.29	● 28.56		25.73	54.29	● 28.56		25.50	52.54	● 27.04

Annex 2: 2122 Capital Programme

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST							
Summary Capital Expenditure: FY 2021/22 to P11							
	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	5,283	2,849	2,434	8,236	7,263	973
IT	7,046	6,044	4,567	1,477	7,046	6,270	776
Medical equipment	3,616	3,311	2,080	1,231	3,616	3,616	0
Charity	85	40	0	40	85	85	0
Sub total	18,313	14,678	9,496	5,182	18,983	17,234	1,749
External - PDC							
STP Reconfiguration	500	500	500	0	500	500	0
PDC BMEC Diagnostic Hub Equipment	670	616	0	616	0	0	0
TIF Schemes (Equipment & PACU Expansion)	0	0	190	-190	0	1,818	-1,818
Digital Maternity & Frontline Digitisation	0	0	0	0	0	396	-396
Diagnostic Training and Workforce PDC	0	0	0	0	0	639	-639
Sub total	1,170	1,116	690	426	500	3,353	-2,853
MMUH - PDC							
Midland Met Construction Cost to Complete	170,406	168,942	166,566	2,376	170,406	191,873	-21,467
MHCLG - Midland Met Learning Campus	0	0	509	-509	0	510	-510
TOTAL	189,889	184,736	177,262	7,474	189,889	212,970	-23,081
Technical-IFRIC12							
BTC & MES	2,142	1,963	2,065	-102	2,142	2,366	-224
Trust Wide Programme	192,031	186,699	179,327	7,372	192,031	215,336	-23,305

H1 - When aggregated at the BCWB system level the Trust's share of the overall system forecasted additional ERF payment in H1 is £5.342m of a total £19.215, based on the gross quantity of activity delivered against the ERF baseline.

H2 - ERF incentives in H2 are based on weighted RTT pathways 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 data for February indicates an 87% delivery against target, ie again below the threshold for earning any additional payment. Final payment values will be determined at a system level following submission of all clock-stop data.

ERF:Clock Stops H2 2021-22		Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
2019-20 adjusted Baseline	Admitted	3,403	3,339	2,824	3,197	2,779	3,301
	Non Admitted	15,382	15,599	13,308	15,504	14,208	16,786
	Total	18,785	18,938	16,132	18,701	16,987	20,087
Target Delivery Percentage (89%)	Admitted	3,029	2,972	2,513	2,845	2,473	2,938
	Non Admitted	13,690	13,883	11,844	13,799	12,645	14,940
	Total	16,719	16,855	14,357	16,644	15,118	17,878
Actual Activity	Admitted	2,344	2,595	2,474	2,207	2,381	
	Non Admitted	11,264	12,318	12,955	12,241	12,328	
	Total	13,608	14,913	15,429	14,448	14,709	0
Actual Delivery Percentage	Admitted	69%	78%	88%	69%	86%	0%
	Non Admitted	73%	79%	97%	79%	87%	0%
	Total	72%	79%	96%	77%	87%	0%

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 28th February 2021	Forecast 31st March 2022
	£000	£000	£000
Non Current Assets			
Property, Plant and Equipment	681,148	840,325	874,504
Intangible Assets	218	186	182
Investment Assets	0	0	0
Trade and Other Receivables	100	100	100
Current Assets			
Inventories	3,437	3,437	3,437
Trade and Other Receivables	29,858	36,985	36,985
Cash and Cash Equivalents	71,441	54,294	52,574
Current Liabilities			
Trade and Other Payables	(97,217)	(99,102)	(98,143)
Provisions	(1,067)	(892)	(892)
Borrowings	(1,553)	(1,556)	(1,556)
DH Loan	0	0	0
Non Current Liabilities			
Provisions	(3,529)	(3,529)	(3,529)
Borrowings	(25,911)	(24,330)	(24,330)
DH Loan	0	0	0
	656,925	805,918	839,332
Financed By			
Taxpayers Equity			
Public Dividend Capital	486,117	630,931	663,567
Retained Earnings reserve	153,089	157,268	158,046
Revaluation Reserve	8,661	8,661	8,661
Other Reserves	9,058	9,058	9,058
	656,925	805,918	839,332

Annex 5: Financial Risks

Ref	Identified Risk	Likelihood	Severity	Trend	Risk Rating M11	Risk Rating M10	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	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	1	5	↓	5	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	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	3	5	↑	15	10	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	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	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	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	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	20	20	Financial Quality Workforce Operational	Business case being developed to refresh E Rostering system. To be presented to C1 F 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	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	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	15	15					Financial Quality Workforce Operational	Full engagement with Procurement to ensure appropriate contracts	CFO