

<b>Report Title</b>	Finance Report Month 1		
<b>Sponsoring Executive</b>	Dinah McLannahan, Chief Finance Officer		
<b>Report Author</b>	Simon Sheppard, Director of Operational Finance		
<b>Meeting</b>	Trust Board (Public)	<b>Date</b>	9 <sup>th</sup> June 2021

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

The Trust has set a plan for H1 2122 based on the plan brought to Board for approval in May. Out of the 3 increases to Q3 x 2 funding requested, 2 have been reflected in the block. The third, net inflation at £787k, will be accessed through the ICS risk share process. Risk attached to this is assessed as low.

Month 1 system performance indicated that ERF will be due to the BCWB ICS. There are gateways we must pass through to drawdown the funds, which will be tracked through the system wide elective recovery board. A meeting between system DoFs and COOs is being arranged to understand the potential ERF earned and relationship to block income, which will provide an indication of headroom to manage risk (possibly in H2) or, invest in additional capacity to increase clinically prioritised activity.

FIC discussed the importance of linking actions underway and planned in relation to agency staffing to a financial forecast which will be reviewed at the next meeting.

FIC also reviewed in detail the ICS financial plan for H1 and work underway on the underlying position for H2, assuming allocations snapped back to pre-Covid levels. It will be important to align Trust financial reporting and internal budgets against the system wide position and the Board is asked to note this intended change in approach and direction of travel.

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

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

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

Finance & Investment Committee (28 May 2021)  
Performance Management Committee (25 May 2021)  
Clinical Leadership Executive (25 May 2021)

### 4. Recommendation(s)

The Trust Board is asked to:

- a. **NOTE** the financial position for the Trust at the end of April 2021
- b. **NOTE** the financial risks and mitigation actions
- c. **DISCUSS** the approach the planning for H2 (Oct 21 – March 22) and 2022/23 Financial Year

### 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 & 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: 9<sup>th</sup> June 2021

### Finance Report Month 1

#### 1. Introduction or background

1.1 This report is to present the financial performance of the Trust for the period ending 30 April 2021 (Month 1), and to update the Board on the financial planning process for October 2021 to March 2022 (H2).

1.2 The paper will highlight performance against the key financial metrics as described below:

- Income & Expenditure
- Capital
- Cash

1.3 The detailed discussion has been undertaken at the Finance & Investment Committee on 28 May 2021, with this paper identifying the key matters for consideration by the Trust Board.

#### 2. Financial Performance

##### Income & Expenditure

2.1 Trust Board colleagues will note the paper at the April Board confirming the financial envelope for the Trust in the context of the overall Black Country West Birmingham Integrated Care System (ICS) Plan.

2.2 The finalised plan for April to September 2021 (H1) is an income budget of £303,078k. This excludes a further £787k for inflation that will be held in a system risk reserve. The expenditure budgets for H1 have been set at £303,078k, therefore giving a balanced plan for the first half of the 2021/22 financial year.

2.3 At the end of April the Trust is reporting a very small surplus of £5k against the plan. This position was discussed in detail at the Finance & Investment Committee with the key areas for the Trust Board to note being:

- Continued focus on safely reducing Covid costs during H1 through the Groups and Directorates;
- A month on month increased trajectory to deliver the elective recovery and restoration work – the financial consequences will be fed into the integrated care system to ensure the Elective Recovery Funding is maximised and the relationship with cost incurred clearly understood;
- Increased focus on agency spend – this will include a forward forecast aligning with sickness trajectories, e-rostering controls, demand etc.

## Capital

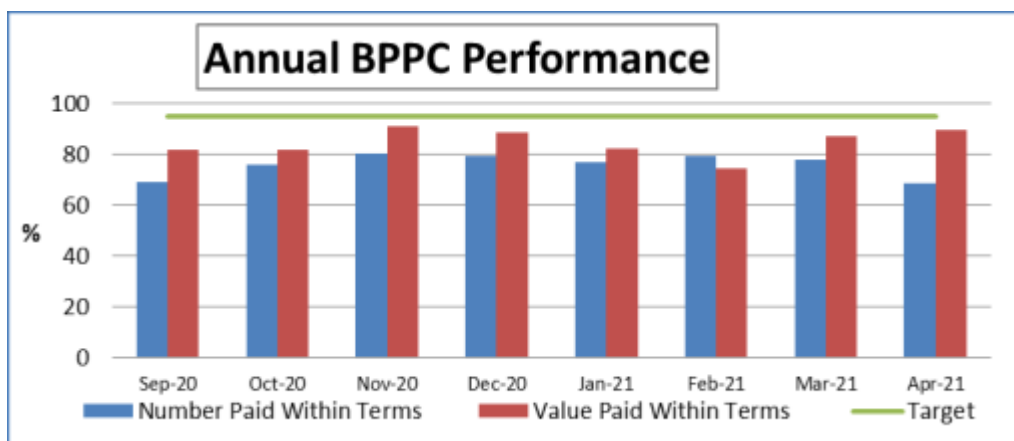
- 2.4 The Trust has an annual capital programme of £189.453m with the most significant element being the MMUH at £170.406m in 2021/22.
- 2.5 This value reflects a £2.578m reduction as all ICS partners have taken a share of a Capital Resource Limit spend reduction whilst the budget cover for a modular development at Dudley is resolved. It was agreed that all would reduce planned spend but retain forecasts in line with the original plan.
- 2.6 At the end of month 1 (Annex 2), the Trust is forecasting is line with the plan plus the £2.578m. Forecasts will be reviewed and updated as we understand more about programme timing specifics.

## Cash

- 2.7 The cash balance at the end of 2020/21 financial year was £71.405m, of this £26.230m was funding drawn in advance for payments due on the MMUH scheme. The Trust is forecasting that cash will reduce to c£26,000k by the end of the financial year, based on a breakeven I&E performance.

## BPPC – Better Payment Practice Code

- 2.8 Since the introduction in September 2011 of the BPPC we aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The target is to pay 95% of invoices, by value and volume. Current and historical performance is shown in the Graph below. Whilst current performance benchmarks positively within the NHS delivering 95% is a priority in 2021/22.



## Local Suppliers

- 2.9 The Trust's ambitions as a key "Anchor institution" means the Trust can and should positively influence the social, economic and environmental conditions in the local area to support health and supporting people and communities to prosper. The Trust is therefore aiming to influence the economic conditions, aiming to spend 2% of the

expenditure it can influence with Local suppliers. The metrics to demonstrate achievement against this target are being embedded within systems to ensure this can be reported from July 2021 onwards. We may want to expand this to a focus on employing local people too.

### **3. Financial Planning**

3.1 Financial planning is now done across the ICS and the Trust must ensure its organisation plans align within that. The Trust has been fully involved in financial planning for 2021/22 with particular focus on H1. Our attention now turns to planning for the second half of the financial year and then longer term. The key areas of work are:

- Share phased plans for H1 to understand and monitor monthly run rates
- Progress H2 agreement, including opportunities to reduce the current potential deficit
- Review and assess underlying financial positions
- Finalise detailed multi-year run-rate analysis to fully understand cost movement
- Develop intra-system benchmarking information covering key activity, WTE, financial information – to assist understanding of efficiency opportunities
- Use underlying positions to develop high level system financial plans for next 2-3 years
- Triangulate finance, activity and workforce to ensure alignment and promote the identification of opportunities within the system through benchmarking
- Agree system wide governance in regards to system efficiency, investments, and the risk share.

### **4. Risks**

4.1 As part of the planning for H1 and ongoing reporting the Trust has assessed the current risks to delivery of the financial plan. These are shown in Annex 3 and have been presented to the Performance Management Committee (PMC) and Finance & Investment Committee (FIC).

4.2 The Board is asked to note the risks identified and the mitigating actions to ensure the financial plan is delivered. Ongoing monitoring will be via the PMC with assurance through FIC.

### **5. Recommendations**

5.1 The Trust Board is asked to:
















- a. Note the financial position for the Trust at the end of April 2021
- b. Note the financial risks and mitigation actions
- c. Discuss the approach the planning for H2 (Oct 21 – March 22) and the longer term

Simon Sheppard  
Director of Operational Finance  
28 May 2021

**Annex 1: Key Financial Headlines**

**Annex 2: 2021/22 Capital Programme**

**Annex 3: Risks & Mitigation to the Income & Expenditure Financial Plan**

		In Month	In Month	In Month		YTD	YTD	YTD	
		Plan	Actual	Variance		Plan	Actual	Variance	
		£ms	£ms	£ms		£ms	£ms	£ms	
	I&E Performance	0.00	0.00	 0.00		0.00	0.00	 0.00	
	NHSI Agency Ceiling	0.87	1.58	 (0.71)		0.87	1.58	 (0.71)	
	Capital Expenditure (Excl MMUH)	2.4	0.3	 2.0		2.4	0.3	 2.0	
	Capital Expenditure (MMUH)	22.3	19.0	 3.3		22.3	19.0	 3.3	
	Cash Balance	54.8	54.8	 0.0		54.8	54.8	 0.0	

Annex 2 – 2021/22 Capital Programme

	Annual		Year to Date - April 21			Forecast		
	Original Plan £000s		Plan £000s	Actual £000s	Variance £000s	NHSI Plan £000s	Forecast £000s	Variance £000s
<b>Internal - Self Financing</b>								
Estates	5,766		489	205	284	5,766	7,566	-1,800
IT	6,546		1,223	51	1,172	6,546	7,046	-500
Medical equipment	3,349		301	0	301	3,349	3,616	-267
Charity	85		0	0	0	85	85	0
<b>Sub total</b>	<b>15,746</b>		<b>2,013</b>	<b>256</b>	<b>1,757</b>	<b>15,746</b>	<b>18,313</b>	<b>-2,567</b>
<b>External - PDC</b>								
STP Reconfiguration	500		125	0	125	500	500	0
PDC BMEC Diagnostic Hub Equipment	659		56	0	56	659	670	-11
<b>Sub total</b>	<b>1,159</b>		<b>181</b>	<b>0</b>	<b>181</b>	<b>1,159</b>	<b>1,170</b>	<b>-11</b>
<b>MMUH - PDC</b>								
Midland Met Construction Cost to Complete	170,406		22,307	18,985	3,322	170,406	170,406	0
<b>TOTAL</b>	<b>187,311</b>		<b>24,501</b>	<b>19,241</b>	<b>5,260</b>	<b>187,311</b>	<b>189,889</b>	<b>-2,578</b>
<b>Technical-IFRIC12</b>								
BTC & MES	2,142		178	77	101	2,142	2,142	0
<b>Trust Wide Programme</b>	<b>189,453</b>		<b>24,679</b>	<b>19,318</b>	<b>5,361</b>	<b>189,453</b>	<b>192,031</b>	<b>-2,578</b>

### Annex 3 – Risks & Mitigation to the Income & Expenditure Financial Plan

Ref	Identified Risk	Likelihood	Severity	Risk Rating M1	Impact	Mitigating Actions	Exec Lead
1	Covid costs in H1 (April - Sept) are above the funded level	3	5	15	Financial Quality Workforce Operational	Funding secured for H1 based on Quarter 3 in 20/21 Group priority of focusing on safely reducing Covid spend Reporting at a Group level to ensure informed decisions are made	COO
2	Taper funding from NHSEI is not secured in line with the Plan	3	5	15	Financial	Ongoing dialogue with NHSEI Submission of the monthly returns to NHSEI	CFO
3	Delivery of the 2021/22 Cost Improvement Programme	3	5	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	4	5	20	Financial	Forward purchase on energy	DST
5	Increased sickness levels resulting in greater use of agency and bank staff	3	5	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	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	2	5	10	Financial Quality Workforce Operational	Agreed monthly trajectories	COO
8	Inflation and CNST funding is not received from the ICS allocation	2	5	10	Financial	CFO engagement in weekly System meetings to ensure funding is secured	CFO
9	Decisions are made at System or Trust level without appropriate approval	3	4	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