



<b>Report Title:</b>	Finance Report Month 10 21/22		
<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>	2 <sup>nd</sup> March 2022

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

The Trust reported a surplus at Month 10 (January), £0.88m, which is £1.015m favourable to the deficit plan (£0.127m).

The December report to Board flagged a likely year end forecast of c£3m prior to any further Integrated Care System (ICS) funding. Our upside to a break even plan was driven by slippage on Winter schemes, In/Out-sourcing assumptions for elective recovery, and additional H2 Elective Recovery Fund (ERF) funding. Following Month 10 performance the year end forecast reported is now a surplus of £5.129m. This includes £2.2m additional income from the ICS, reflecting the overall system surplus.

There is a total of £11m in the year end forecast from the ICS risk reserve for increased energy costs and elective recovery stretch funding, including the £2.2m additional funding above.

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

- Delivering the Board approved winter plan and seeking continuation of the schemes where appropriate and funded
- 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 absence rates
- Work to significantly reduce exit run rates and re-baseline budgets for 2022/2023 planning and the Midland Metropolitan University Hospital (MMUH) baseline year

In relation to ERF, the H2 plan assumed none. The H2 forecast includes £3m of base ERF income (costs underwritten rather than clock stops achieved) and an additional £1.9m provided by the ICS. H1 ERF earned by the Trust was £5.3m – released during H2 to support costs. Total ERF for 2122 is therefore £10.2m and we need an activity and delivery plan to earn the same or more in 2223. For January 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 position has fallen back to 77%.

The internally funded capital programme since being reforecast in M6 is performing well. We are working hard to deliver against the year-end plan but small slippage is likely in Q4. This also includes the 4 schemes funded through the Targeted Investment Fund (TIF).

The MMUH capital programme adverse variance year to date has reduced further and now stands at £7.9m. The programme is forecast to deliver the £170m plan, with the key action to

secure and validate a revised cash flow forecast from Balfour Beatty.

Cash balances remain strong at £54.5m at 31 January.

**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** *[where has this paper been previously discussed?]*

Clinical Leadership Executive, 22 February 2022  
 Finance, Investment and Performance Committee, 25 February 2022

**4. Recommendation(s)**

The Trust Board is asked to:

- a. **DISCUSS** the year to date financial position
- b. **NOTE** the year end forecast

**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: 2 March 2022

### Finance Report Month 10

#### 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 10 (to 31 January 2022) of £0.88m. This was £1.015m favourable to the deficit plan of £0.127m. 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 favourable Month 10 position, and in the context of the December Trust Board report flagging a potential upside of the year end forecast of c£3m, prior to any further Integrated Care System (ICS) funding, the Trust is now reporting a year end forecast of £5.129m. This forecast includes £2.2m additional income from the ICS to reflect the overall system surplus.

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	227,787	212,345	-15,442	-6.8%
Elective Admissions	15,656	12,997	-2,659	-17.0%
Emergency Admissions	18,323	16,272	-2,051	-11.2%
Emergency Departments	74,235	73,658	-577	-0.8%
Excess Bed Days	2,873	2,503	-370	-12.9%
Maternity Pathway	5,879	5,538	-341	-5.8%
Neonatal Unit	3,724	4,013	289	7.8%
OP New Attendances	60,667	68,809	8,142	13.4%
OP Procedures	44,287	33,078	-11,209	-25.3%
OP Review Attendances	86,053	87,523	1,470	1.7%
OP Non Face to Face	57,476	30,186	-27,290	-47.5%
Other Contract Lines	1,306,330	1,132,496	-173,834	-13.3%
Unbundled Activity	25,034	20,128	-4,906	-19.6%
<b>Total</b>	<b>1,928,324</b>	<b>1,699,546</b>	<b>-228,778</b>	<b>-11.9%</b>

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. 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.

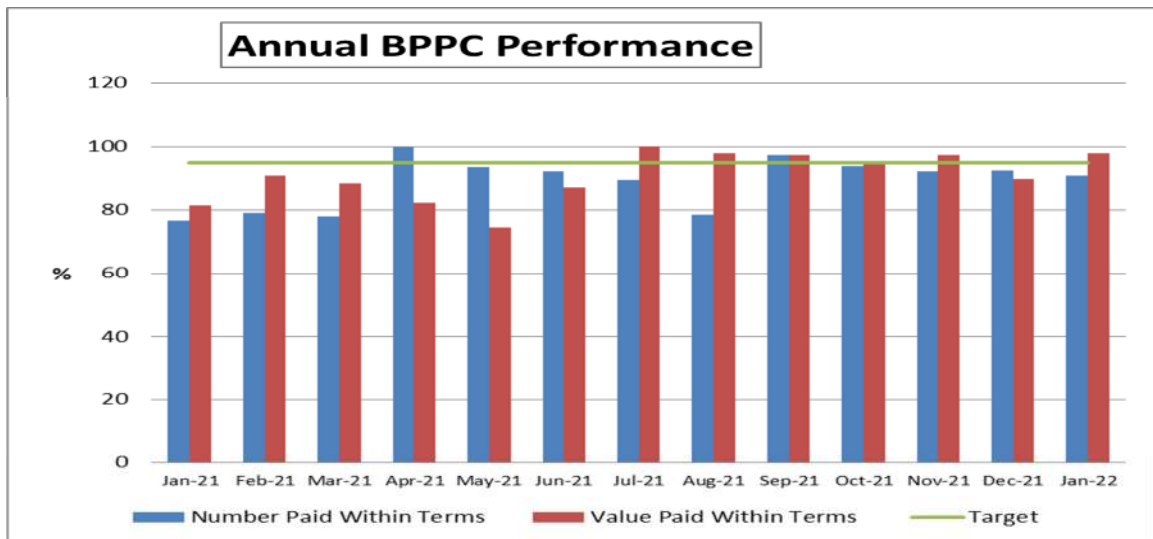
3.2 The Trust is forecasting to deliver against the approved capital plan although some slippage is likely in Q4 given continued supply chain issues caused mainly by the pandemic.

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 £54.5m.

3.4 The month 6 Board Report set out actions required to achieve the Better Payment Practice Code (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 (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 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 29 April 2022, with draft plans due 17 March. There will be interim submissions required by the Integrated Care System.
- 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. The first round of planning meetings have been held with all the Clinical Groups concentrating on Group priorities, activity/capacity, workforce plans and the overall financial implications.

**5. Recommendations**

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

**Simon Sheppard**  
**Director of Operational Finance**  
**22 February 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	(0.02)	0.85	<span style="color: green;">●</span> 0.87	(0.13)	0.89	<span style="color: green;">●</span> 1.02	(0.02)	5.13	<span style="color: green;">●</span> 5.15
 NHSI Agency Ceiling	0.87	1.32	<span style="color: red;">●</span> (0.45)	8.92	14.07	<span style="color: red;">●</span> (5.15)	10.65	16.70	<span style="color: red;">●</span> (6.05)
 Efficiency Programme (CIP)	1.10	0.59	<span style="color: red;">●</span> (0.42)	11.01	6.12	<span style="color: red;">●</span> (4.38)	13.21	8.09	<span style="color: red;">●</span> (4.88)
 Capital Expenditure (Excl MMUH)	1.50	2.20	<span style="color: red;">●</span> (0.70)	16.51	11.34	<span style="color: green;">●</span> 5.17	21.63	23.49	<span style="color: red;">●</span> (1.87)
 Capital Expenditure (MMUH)	5.57	16.03	<span style="color: red;">●</span> (10.46)	165.46	157.50	<span style="color: green;">●</span> 7.96	170.41	170.30	<span style="color: green;">●</span> 0.11
 Cash Balance	30.20	54.51	<span style="color: green;">●</span> 24.31	30.20	54.51	<span style="color: green;">●</span> 24.30	25.50	25.57	<span style="color: green;">●</span> 0.07

## Annex 2- 2122 Capital Programme

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST							
Summary Capital Expenditure: FY 2021/22 to P10							
	Annual	Year to Date			Year End Forecast		
	Original Plan £000s	Plan £000s	Actual £000s	Variance £000s	NHSI Plan £000s	Forecast £000s	Variance £000s
<b>Internal - Self Financing</b>							
Estates	7,566	4,804	2,494	2,310	8,236	7,452	784
IT	7,046	5,806	3,992	1,814	7,046	6,129	917
Medical equipment	3,616	3,010	1,828	1,182	3,616	3,616	0
Charity	85	40	0	40	85	85	0
<b>Sub total</b>	<b>18,313</b>	<b>13,660</b>	<b>8,314</b>	<b>5,346</b>	<b>18,983</b>	<b>17,282</b>	<b>1,701</b>
<b>External - PDC</b>							
STP Reconfiguration	500	500	500	0	500	500	0
PDC BMEC Diagnostic Hub Equipment	670	560	0	560	0	0	0
TIF Schemes (Equipment & PACU Expansion)	0	0	100	-100	0	1,818	-1,818
Digital Maternity & Frontline Digitisation	0	0	0	0	0	326	-326
<b>Sub total</b>	<b>1,170</b>	<b>1,060</b>	<b>600</b>	<b>460</b>	<b>500</b>	<b>2,644</b>	<b>-2,144</b>
<b>MMUH - PDC</b>							
Midland Met Construction Cost to Complete	170,406	165,457	157,498	7,959	170,406	170,302	104
MHCLG - Midland Met Learning Campus	0	0	501	-501	0	1,200	-1,200
<b>TOTAL</b>	<b>189,889</b>	<b>180,177</b>	<b>166,913</b>	<b>13,264</b>	<b>189,889</b>	<b>191,428</b>	<b>-1,539</b>
<b>Technical-IFRIC12</b>							
BTC & MES	2,142	1,785	1,925	-140	2,142	2,366	-224
<b>Trust Wide Programme</b>	<b>192,031</b>	<b>181,962</b>	<b>168,838</b>	<b>13,124</b>	<b>192,031</b>	<b>193,794</b>	<b>-1,763</b>

An overspend of £1,763k, however, a Plan adjustment is expected for the TIF and Digital Maternity schemes resulting in a revised underspend of £381k

### Annex 3 -Elective Recovery Fund & Activity levels

ERF:Clock Stops		Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22
<b>2019-20 adjusted Baseline</b>	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
	<b>Total</b>	<b>18,785</b>	<b>18,938</b>	<b>16,132</b>	<b>18,701</b>	<b>16,987</b>	<b>20,087</b>
<b>Target Delivery Percentage (89%)</b>	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
	<b>Total</b>	<b>16,719</b>	<b>16,855</b>	<b>14,357</b>	<b>16,644</b>	<b>15,118</b>	<b>17,878</b>
<b>Actual Activity</b>	Admitted	2,344	2,595	2,474	2,207		
	Non Admitted	11,264	12,318	12,955	12,241		
	<b>Total</b>	<b>13,608</b>	<b>14,913</b>	<b>15,429</b>	<b>14,448</b>	<b>0</b>	<b>0</b>
<b>Actual Delivery Percentage</b>	Admitted	69%	78%	88%	69%	0%	0%
	Non Admitted	73%	79%	97%	79%	0%	0%
	<b>Total</b>	<b>72%</b>	<b>79%</b>	<b>96%</b>	<b>77%</b>	<b>0%</b>	<b>0%</b>



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	Actual	+/-	Plan	Actual	+/-	Plan	Actual	+/-	Plan	Plan
Community	56,235	56,810	59,064	59,582	57,243	57,863	57,013	57,572	559	57,013	54,803	-2,210	56,881	49,965	-6,916	56,881	50,005	-6,876	56,881	56,881
Elective Admissions	2,208	2,603	3,419	3,374	3,224	3,243	3,776	3,257	-519	4,235	3,451	-784	3,869	3,298	-571	3,775	2,991	-784	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	4,123	-458	4,581	4,114	-467	4,581	3,854	-727	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	18,799	240	18,559	17,700	-859	18,559	17,393	-1,166	18,559	18,559
Excess Bed Days	393	394	661	608	703	852	718	687	-31	718	833	115	718	717	-1	718	266	-452	718	718
Maternity Pathway	1,409	1,493	1,374	1,507	1,400	1,583	1,470	1,376	-94	1,470	1,443	-27	1,470	1,344	-126	1,470	1,375	-95	1,470	1,470
Neonatal Unit	837	1,139	1,084	1,141	1,080	903	931	974	43	931	973	42	931	1,123	192	931	943	12	931	931
OP New Attendances	16,033	17,662	20,053	19,021	17,714	18,403	15,067	17,718	2,651	17,579	18,719	1,140	14,053	15,805	1,752	13,969	16,567	2,598	14,373	15,569
OP Procedures	8,372	8,796	10,111	9,336	8,097	9,191	9,975	8,914	-1,061	12,484	9,309	-3,175	10,897	6,966	-3,931	10,930	7,889	-3,041	11,328	11,358
OP Review Attendances	22,044	22,476	25,707	23,711	21,626	24,240	21,062	22,379	1,317	24,041	24,075	34	20,191	19,955	-236	20,759	21,114	355	22,453	23,403
OP Non Face to Face	7,306	7,046	7,152	6,879	7,128	7,373	13,590	7,029	-6,561	13,070	8,245	-4,825	13,886	7,003	-6,883	16,930	7,909	-9,021	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	319,071	-7,511	326,582	233,494	-93,088	326,582	283,470	-43,112	326,582	326,582
Unbundled Activity	4,892	5,778	5,869	5,414	4,982	5,305	6,259	4,981	-1,278	6,259	5,568	-691	6,259	4,539	-1,720	6,259	5,040	-1,219	6,259	6,259
<b>Total</b>	<b>450,007</b>	<b>448,337</b>	<b>520,775</b>	<b>506,208</b>	<b>471,916</b>	<b>456,152</b>	<b>479,583</b>	<b>445,295</b>	<b>-34,288</b>	<b>487,521</b>	<b>469,412</b>	<b>-18,109</b>	<b>478,876</b>	<b>366,023</b>	<b>-112,853</b>	<b>482,344</b>	<b>418,816</b>	<b>-63,528</b>	<b>483,197</b>	<b>487,709</b>



## Annex 4- Statement of Financial Position

<b>Sandwell &amp; West Birmingham Hospitals NHS Trust</b>			
<b>STATEMENT OF FINANCIAL POSITION 2021/22</b>			
	Balance as at 31st March 2021	Balance as at 31st January 2021	Forecast 31st March 2022
	£000	£000	£000
<b>Non Current Assets</b>			
Property, Plant and Equipment	681,148	831,667	850,928
Intangible Assets	218	190	218
Investment Assets	0	0	0
Trade and Other Receivables	100	100	0
<b>Current Assets</b>			
Inventories	3,437	3,437	3,437
Trade and Other Receivables	29,858	37,070	29,858
Cash and Cash Equivalents	71,441	54,544	25,252
<b>Current Liabilities</b>			
Trade and Other Payables	(97,217)	(114,348)	(52,828)
Provisions	(1,067)	(892)	(1,067)
Borrowings	(1,553)	(1,556)	(1,553)
DH Loan	0	0	0
<b>Non Current Liabilities</b>			
Provisions	(3,529)	(3,529)	(3,529)
Borrowings	(25,911)	(24,476)	(24,111)
DH Loan	0	0	0
	<b>656,925</b>	<b>782,207</b>	<b>826,605</b>
<b>Financed By</b>			
<b>Taxpayers Equity</b>			
Public Dividend Capital	486,117	610,669	655,797
Retained Earnings reserve	153,089	153,819	153,089
Revaluation Reserve	8,661	8,661	8,661
Other Reserves	9,058	9,058	9,058
	<b>656,925</b>	<b>782,207</b>	<b>826,605</b>

Annex 5 – Financial Risks

Financial Risks as at January 2022 for Delivery of the Financial I&E Plan

Ref	Identified Risk	Likelihood	Severity	Trend	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	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	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	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	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	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	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	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	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	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	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	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					Financial Quality Workforce Operational	Full engagement with Procurement to ensure appropriate contracts	CFO