

Report Title	Finance Report Month 4		
Sponsoring Executive	Dinah McLannahan, Chief Finance Officer		
Report Author	Dinah McLannahan, Chief Finance Officer		
Meeting	Trust Board (Public)	Date	2 nd September 2021

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

The Trust is confident that it will achieve the H1 plan. Month 4 saw an increase in bank and agency costs, reflecting operational pressures. Run rates overall are generally stable. It has now been confirmed that SWB will receive nearly £5m in ERF for Q1, none of the benefit of which is reflected in the year to date numbers (due to uncertainty around receipt until recently). The BVQC programme has identified £10.5m of in year savings (FYE £10.8m). These are mainly transactional in nature and all have had a QIA which reported outputs to Q&S in July. A detailed workforce analysis of the schemes will go to POD this month. Whilst H1 breakeven looks likely, uncertainty remains in relation to the system envelope and efficiency requirements inherent within for H2. Any headroom achieved in H1 will almost certainly be required to manage risk in H2, although the opportunity to invest non-recurrently and over 2 financial years if possible will be explored.

Excluding MMUH the Trust is £4.1m behind the capital plan year to date, but is still forecasting to plan. NHSIE will be seeking assurance in the coming months that that position is achievable, particularly as the system seeks central PDC and CRL for other issues. Cash balances remain strong at £48.9m despite an increase in receivables and a decrease in payables in recent months. BPPC performance is tantalisingly close to the target of 95%. In July, 15 high value invoices stopped us achieving the target. We are therefore aware of where we need to focus efforts to improve performance further.

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

Safety Plan		Public Health Plan		People Plan & Education Plan	x
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?]*

CLE 24th August 2021

4. Recommendation(s)

The Trust Board is asked to:

- a. NOTE and DISCUSS** 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		N	x	If 'Y' date completed
Quality Impact Assessment	Is this required?	Y	x	N		If 'Y' date completed

SANDWELL AND WEST BIRMINGHAM HOSPITALS NHS TRUST

Report to the Public Trust Board: 2nd September 2021

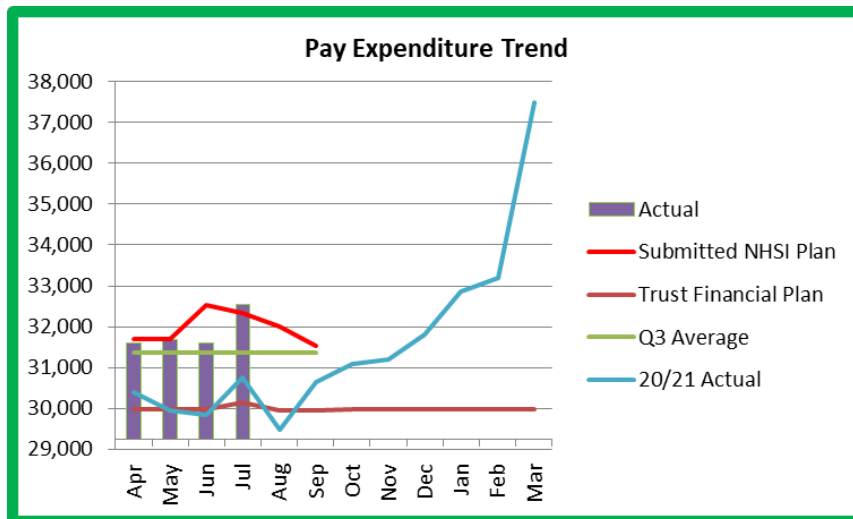
Finance Report Month 4 2122

1. Introduction or background

1.1 This report describes the key issues in relation to financial performance year to date against the 2122 H1 financial plan.

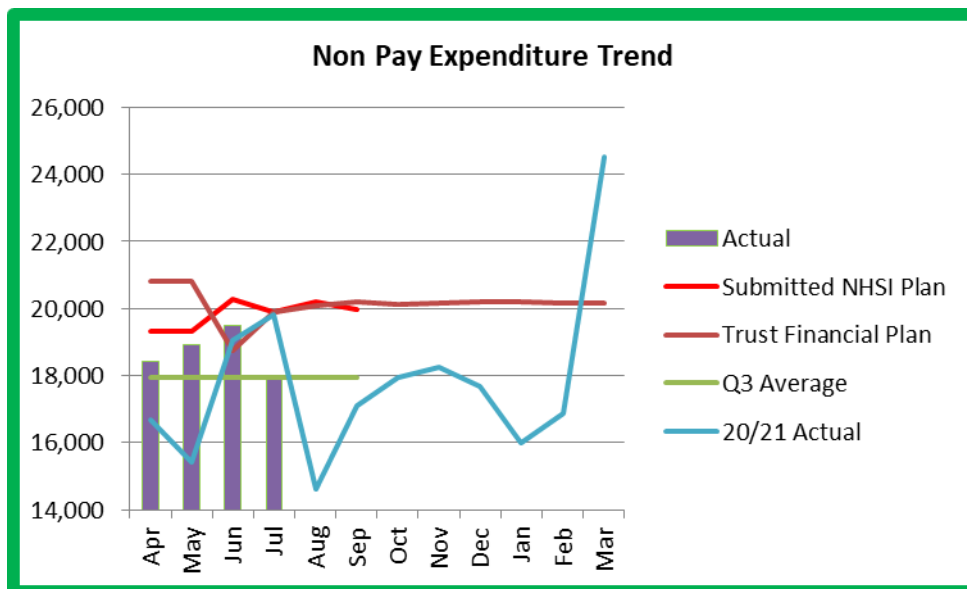
2. Income and Expenditure

2.1 The Trust is on track to deliver break even performance against a break even plan for H1.



2.2

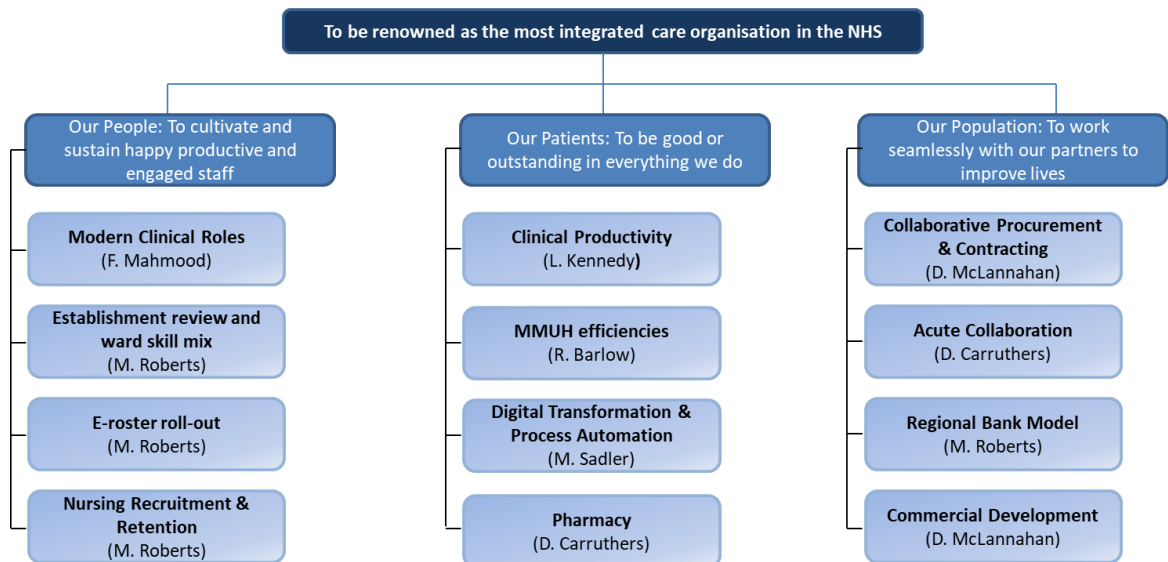
2.3 Pay costs increased in month driven by bank and agency usage and enhanced rates in response to operational pressures. Substantive funded establishment is 7,200 wtes, 6,967 after vacancy factors and planned CIPs. 6,461 substantive wte were worked in Month 4, with over 1,000 bank and agency wtes engaged. The Trust was therefore c544wtes over funded establishment. 143 are directly attributed to Covid.



2.4

2.5 Favourable variance to plan driven by reserves and Covid expenditure reducing (in Month 4, the Trust reported £1m of Covid expenditure, £2.23m per month average in Q3 2021). The Trust is seeing increases in other areas of expenditure, most notably training expenditure. M&S expenditure within Cardiology, Respiratory Medicine and Ophthalmology has increased as activity has restored. This has been mitigated by releasing prudent accruals around expenditure in Q1.

2.6 The BVQC plan for 2122 current position is £10.5m IY and £10.8m FY. The planned schemes are generally small, or transactional in nature. The national efficiency requirement was 0.55% for Q2, and H2 is not yet known – although rumours of 1.5% (FYE 3%) have been published. On a turnover of c600m this is equivalent to the delivery planned. The Trust’s performance is below the £13.2m planned (which was aligned to the LTFM value), drive almost solely by Surgical Services, which is undergoing a detailed budgetary review. Delivery is however more than other system partners are forecasting to deliver and will meet 2122 national requirements, if not exceed them. It will be important to ensure any benefit of that is not lost as we move in to 2223. All schemes bar two have been through QIA review process and a paper went to Q&S Committee on outputs in July. A paper on detailed CIP workforce breakdown will go to POD this month. All CIPs have completed documentation and fully align to the tracker for monthly reporting. All schemes will be resent to Groups in final packs by GSFM’s early next week. A draft paper on the proposed approach for 2223 has been drafted and will go to CLE in October (no meeting in September). A diagram of the draft framework is included below.



2.7 It has been confirmed recently that the Trust will receive £5.2m (see Annex 4) of Elective Recovery Fund in the coming weeks, relating to Q1. Year to date performance and forecast outturn for H1 are the same as the system does not expect to earn significant ERF in Months 4, 5 or 6 due to operational challenges and more stretching performance trajectories. None of the benefit of this is reflected yet in the Month 4 position, as it had not been confirmed at the time of closing the books.

2.8 H2 settlement remains unclear. It is likely that the Trust will require headroom to manage risk over the winter period. The extent to which is not known, and it is possible the Trust will also be able to invest non-recurrently in year. The extent to which this could or should link to refreshed strategic objectives, turning the dial on board level metrics, and over more than one financial year, is being reviewed via CLE and the executive team.

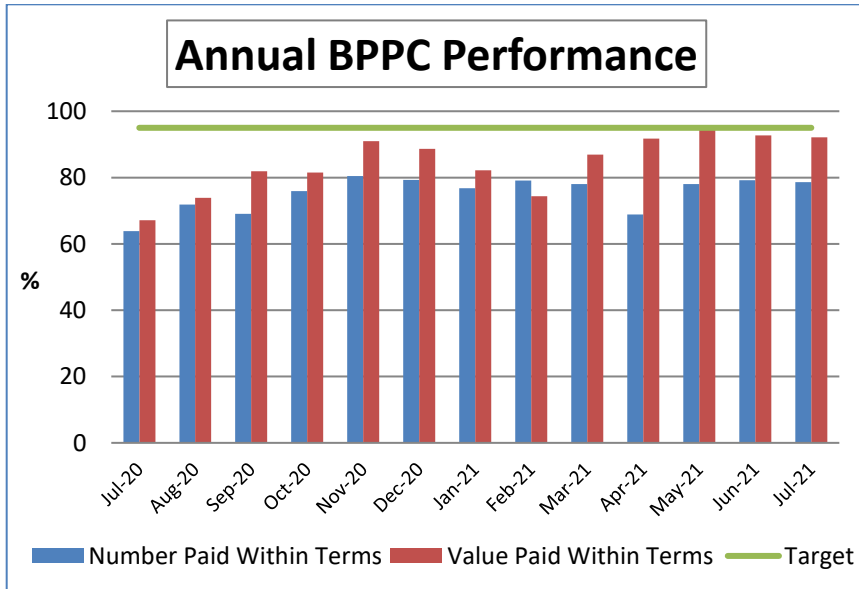
3. Capital and Cash

3.1 Please see Annex 2 for detail. The 2122 programme has got off to a slow start, whilst the Trust is still forecasting to plan, the credibility of this will have to be tested before a more formal forecast at Month 6 reporting. 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.

3.2 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. Year to date cash is on plan and at the end of July balances were £48.9m despite increased receivables and decreasing payables.

3.3 BPPC performance is tantalisingly close to the required 95%. The Trust has good visibility on specific items (15 high value invoices) that meant we did not reach the target in July. The improved performance can be seen in the graph below.



4. Recommendations

4.1 The Trust Board is asked to:



















- a. Note and discuss the contents of the report

Dinah McLannahan
Chief Finance Officer

25th August 2021

- Annex 1:** Key Financial Headlines
- Annex 2:** 2122 Capital Programme
- Annex 3:** ICS Month 4 position
- Annex 4:** Elective Recovery Fund
- Annex 5:** Statement of Financial Position

Annex 1
Key Financial Headlines

	In Month	In Month	In Month	YTD	YTD	YTD
	Plan	Actual	Variance	Plan	Actual	Variance
	£ms	£ms	£ms	£ms	£ms	£ms
 I&E Performance	0.01	(0.11)	 (0.12)	(0.88)	0.04	 0.92
 NHSI Agency Ceiling	0.88	1.62	 (0.74)	3.67	5.93	 (2.25)
 Efficiency Programme (CIP)	1.10	0.97	 (0.14)	4.40	2.28	 (2.12)
 Capital Expenditure (Excl MMUH)	1.8	1.7	 0.1	7.2	3.1	 4.1
 Capital Expenditure (MMUH)	21.0	17.1	 3.9	90.1	68.6	 21.5
 Cash Balance	44.1	48.9	 4.8	44.1	48.9	 4.8

Annex 2 2122 Capital Programme

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST							
Summary Capital Expenditure: FY 2021/22 to P04							
	Annual Original Plan £000s	Year to Date			Year End Forecast		
		Plan £000s	Actual £000s	Variance £000s	NHSI Plan £000s	Forecast £000s	Variance £000s
Internal - Self Financing							
Estates	7,566	1,927	1,356	571	7,566	7,566	0
IT	7,046	2,633	992	1,641	7,046	7,046	0
Medical equipment	3,616	1,204	392	812	3,616	3,616	0
Charity	85	0	0	0	85	85	0
Sub total	18,313	5,764	2,739	3,025	18,313	18,313	0
External - PDC							
STP Reconfiguration	500	500	47	453	500	500	0
PDC BMEC Diagnostic Hub Equipment	670	224	41	183	670	670	0
Sub total	1,170	724	88	636	1,170	1,170	0
MMUH - PDC							
Midland Met Construction Cost to Complete	170,406	90,163	68,615	21,548	170,406	170,406	0
MHCLG - Midland Met Learning Campus	0	0	0	0	0	500	-500
TOTAL	189,889	96,651	71,442	25,209	189,889	190,389	-500
Technical-IFRIC12							
BTC & MES	2,142	714	309	405	2,142	2,142	0
Trust Wide Programme	192,031	97,365	71,751	25,614	192,031	192,531	-500

Annex 3
ICS Month 4 position

Surplus / (Deficit)	Year-to-Date			Forecast to Month 6		
	Plan £000s	Actual £000s	Fav/(Adv) Variance £000s	Plan £000s	Forecast Outturn £000s	Fav/(Adv) Variance £000s
CCG	-	19	19	-	62	62
BCH	(1)	268	269	-	4	4
DIHC	-	4	4	-	3	3
DGFT	1,229	1,528	299	-	-	-
RWT	158	486	328	-	-	-
SWBH	(880)	35	915	-	-	-
WHT	45	39	(6)	-	48	48
WMAS	(28)	(1,546)	(1,518)	-	(2,220)	(2,220)
TOTAL	523	833	310	-	(2,103)	(2,103)

WMAS situation

- NHS111 call volume is significantly greater than the contracted level; Contacted 1.2m calls, forecast at current rate is approx. 2.0m calls per annum
- WMAS predict a cost funding shortfall of £11.8m
- Discussions with other ICSs is underway through the UEC Network, and also through the Finance network
- BCWB share of the pressure would be approx. 23% base on call volume, and will be dealt with through the risk share arrangements if not supported nationally

Annex 4
Elective Recovery Fund

- National team has confirmed the payment value for April will be £6.291m based on April SUS freeze data, and a payment in advance for May of £6.697m based on 90% of May SUS Flex data.
- CCG received allocation in month 4 and has requested an additional cash drawdown in order to make payment to providers.
- Month 4 reported position is £12.988m distributed across 4 acutes and CCG for April (final) and May (payment on account) with £19.295m ERF estimated income for m1-4. FOT same as YTD as system under-performing in total in months 5-6.
- Expecting Q2 thresholds to continue across H2 and to be monitored against gateway criteria (long waits; outpatient transformation will be quantified by NHSE/I)
- There will be an opportunity to request baseline adjustments for H2 – organisations to consider

	Distributed YTD £000s	Additional ERF Expected YTD £000s	Total YTD £000s	FOT £000s
SWBH	£3,352	£1,974	£5,326	£5,326
DGFT	£1,537	£323	£1,860	£1,860
WHT	£6,081	£3,260	£9,341	£9,341
RWT	£1,438	£650	£2,088	£2,088
IS	£580	£580	£580	£580
TOTAL	£12,988	£6,787	£19,195	£19,195

Annex 5
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 July 2021	Forecast 31st March 2022
	£000	£000	£000
Non Current Assets			
Property, Plant and Equipment	681,148	745,577	850,928
Intangible Assets	218	202	218
Investment Assets	0	0	0
Trade and Other Receivables	100	245	0
Current Assets			
Inventories	3,437	3,437	3,437
Trade and Other Receivables	30,920	40,081	30,920
Cash and Cash Equivalents	71,441	48,953	25,252
Current Liabilities			
Trade and Other Payables	(98,279)	(105,435)	(53,890)
Provisions	(1,067)	(1,009)	(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)	(25,341)	(24,111)
DH Loan	0	0	0
	656,925	701,625	826,605
Financed By			
Taxpayers Equity			
Public Dividend Capital	486,117	530,844	655,797
Retained Earnings reserve	153,089	153,062	153,089
Revaluation Reserve	8,661	8,661	8,661
Other Reserves	9,058	9,058	9,058
	656,925	701,625	826,605