



Sandwell and West Birmingham
NHS Trust

REPORT TITLE:	Month 8 Finance Report		
SPONSORING EXECUTIVE:	Simon Sheppard – Acting Chief Finance Officer		
REPORT AUTHOR:	Simon Sheppard – Acting Chief Finance Officer Paul Stanaway – Associate Director of Finance		
MEETING:	Public Trust Board	DATE:	10 th January 2024

1. Suggested discussion points <i>[two or three issues you consider Trust Board should focus on in discussion]</i>
<ol style="list-style-type: none"> Plan for 2023/24 was a deficit of £18.8m. Year to date actual deficit £17.5m which is £2.9m adverse to plan. Revised forecast (post new funding but assuming no income for MMUH costs) is a £27.2m deficit. The Trust Board is asked to approve this forecast position. Recurrent CIP position is below plan after review of executive led schemes. Workshop held with groups to convert non-recurrent CIP (mainly vacancies) to recurrent with a target of 4% recurrent CIP delivery to carry in to 2024/25. This will also assist with planning and setting realistic budgets with credible workforce plans. Capital expenditure continues to be under plan, however, the Trust is forecasting to spend its allocation in full in 2023/24. Cash balances are just under £60m at the end of Month 8. (to the 30 November)

2. Alignment to our Vision <i>[indicate with an 'X' which Strategic Objective[s] this paper supports]</i>										
<table border="1"> <thead> <tr> <th>OUR PATIENTS</th> <th></th> <th>OUR PEOPLE</th> <th></th> <th>OUR POPULATION</th> </tr> </thead> <tbody> <tr> <td>To be good or outstanding in everything that we do</td> <td>X</td> <td>To cultivate and sustain happy, productive, and engaged staff</td> <td></td> <td>To work seamlessly with our partners to improve lives</td> </tr> </tbody> </table>	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
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3. Previous consideration <i>[at which meeting[s] has this paper/matter been previously discussed?]</i>
Performance Management Group; Trust Management Committee, Finance & Productivity Committee

4. Recommendation(s)						
The Public Trust Board is asked to:						
a. RECEIVE the Month 8 report, with particular focus on the most likely forecast position.						
b. APPROVE the formal reforecast for 2023/24 of a £27.2m deficit.						
5. Impact <i>[indicate with an 'X' which governance initiatives this matter relates to and, where shown, elaborate in the paper]</i>						
Board Assurance Framework Risk 01		Deliver safe, high-quality care.				
Board Assurance Framework Risk 02	X	Make best strategic use of its resources				
Board Assurance Framework Risk 03	X	Deliver the MMUH benefits case				
Board Assurance Framework Risk 04	X	Recruit, retain, train, and develop an engaged and effective workforce				
Board Assurance Framework Risk 05		Deliver on its ambitions as an integrated care organisation				
Corporate Risk Register <small>[Safeguard Risk Nos]</small>		4994 – 5003; 4572				
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 on 10th January 2024

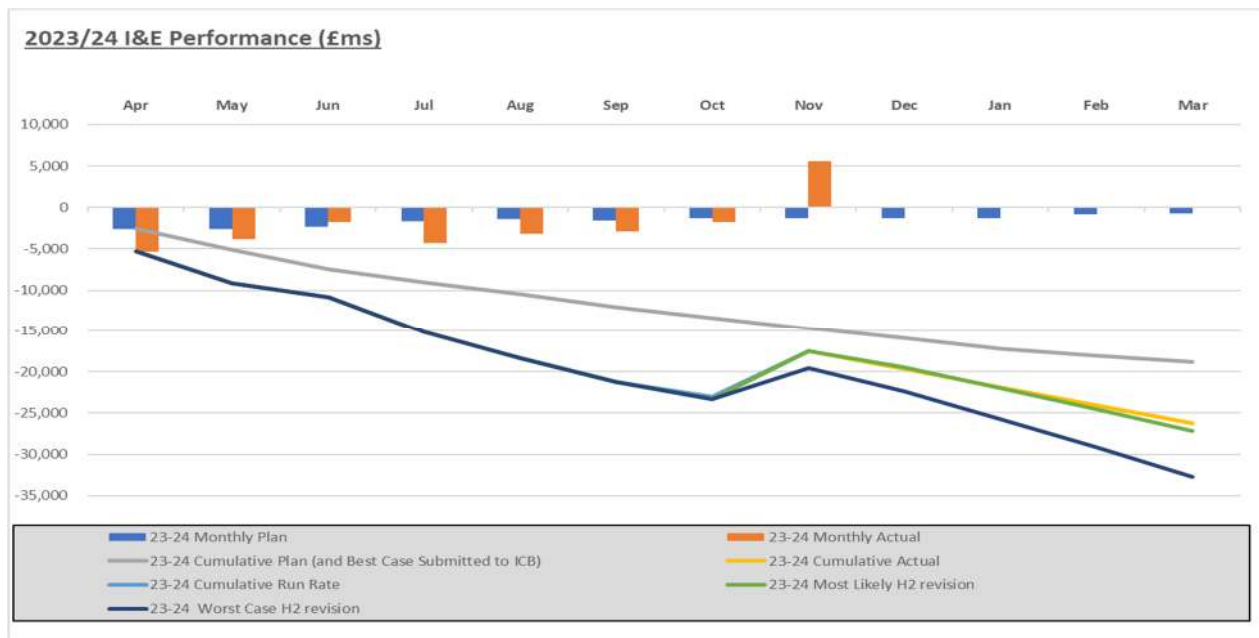
Month 8 Finance Report

1. Introduction

- 1.1 The Trust submitted a plan at the beginning of May, a deficit of £18.8m, requiring a significant improvement from initial plan submissions.
- 1.2 The Trust has been off this plan all year due to excess inflation (an identified risk in the plan), MMUH acute clinical model costs (income assumed in the plan and not realised) and the costs of industrial action (IA) (not assumed in the plan).
- 1.3 A review of the above assumptions took place during November and additional funding was released by NHS England (NHSE) to mitigate the impact of IA (£5.4). The report will brief the Trust Board on:
- Financial Performance to 30 November 2023 (month 8)
 - Financial Efficiency
 - Capital and Cash
 - Year-end forecast

2. Month 8 Headlines

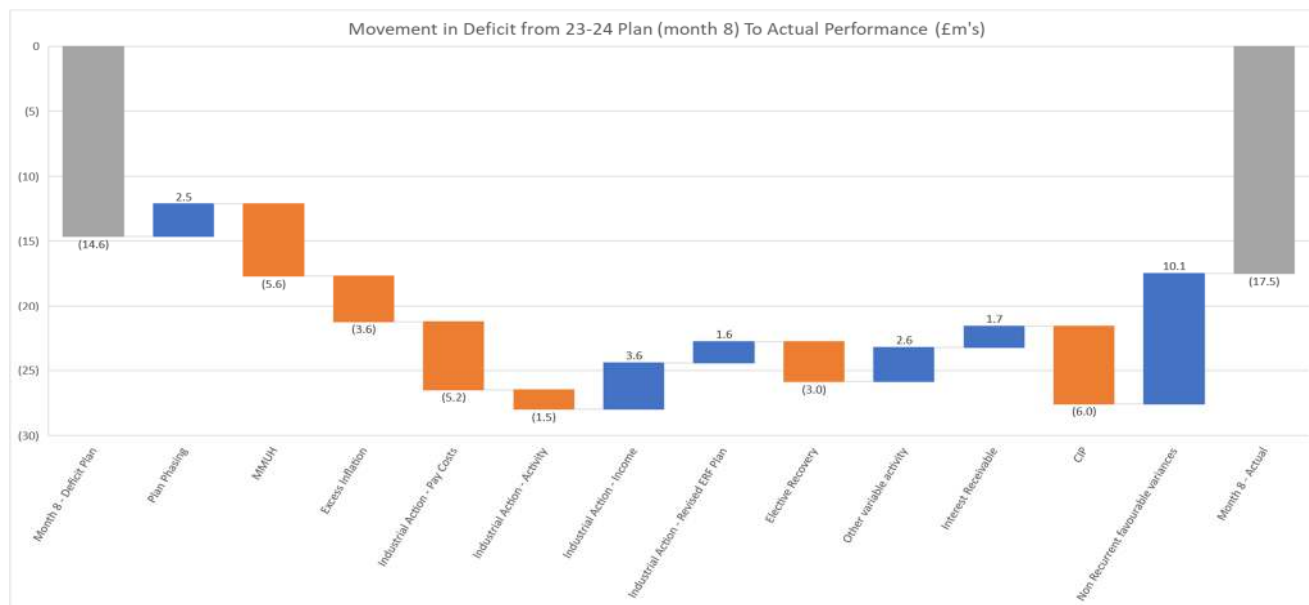
- 2.1 The monthly performance against the monthly plan and the cumulative trajectories are shown in the table below:



- 2.2 The main drivers of the adverse position year to date are reflected in the following chart but can be summarised as:

- MMUH workforce costs with no income source (£5.6m)
- Excess inflation costs, (£3.6m)
- Net cost of industrial action, (£1.5m)
- Activity, (£0.4m)

The above adverse positions have been offset to some extent by additional interest receivable income, £1.7m, and a net improvement of £6.6m covering CIPs/Group positions.



3. Financial Efficiency

3.1 The journey to the May 2023 planning submission saw the Trust agree to £84.4m worth of financial risk in the plan. The key themes and initial RAG rating is shown below:

	Plan	
	£m	RAG
CIP	30.0	Red
ICB stretch (share of £41m)	7.6	Red
Further stretch	6.5	Red
Share of Acute Provider Gap (£8.2m)	2.1	Red
Pay stretch	7.0	Green
	53.2	
Balance Sheet	5.0	Yellow
Other	4.6	Yellow
Excess inflation	7.0	Red
MMUH assumed income to cover costs	14.6	Red
	31.2	
	84.4	Red

3.2 The table below shows the 7 workstreams, and their variance against the NHSE plan as at the end of the 2023/24 financial year. Whilst £49.2m (7%) is an excellent performance against the overall CIP challenge the forecast is currently £3.9m short of the very stretching plan. The risks of MMUH and excess inflation remain and will be an adverse factor to the underlying financial position if not resolved.

FINANCIAL PLAN SCHEME	Forecast Outturn		
	Plan £000's	Actual £000's	Variance £000's
CIP/Workforce Stretch	37,026	38,573	1,547
Executive Led Schemes	18,700	2,558	(16,142)
Central Group	0	8,110	8,110
Balance	(2,575)	0	2,575
Sub Total	53,151	49,242	(3,909)
MMUH	14,600	4,900	(9,700)
Core Balance Sheet	9,650	9,650	0
Excess Inflation	7,000	0	(7,000)
	84,401	63,792	(20,609)

3.3 As well as the in-year performance the recurrent position is a vital aspect for 2024/25 planning. The current position of £16.2m identified as being recurrent is well below the 4% target (£30m) we are aiming for as a Trust.

FINANCIAL PLAN SCHEME	Recurrent (2024/2025) Value			NOTE
	Plan £000's	Actual £000's	Variance £000's	Vacancy Factor/Pay Re- profiling £000's
CIP/Workforce Stretch	37,026	15,642	(21,384)	20,865
Executive Led Schemes	18,700	558	(18,142)	0
Central Group	0	0	0	0
Balance	(2,575)	0	2,575	0
Sub Total	53,151	16,200	(36,951)	20,865
MMUH	14,600	0	(14,600)	0
Core Balance Sheet	9,650	0	(9,650)	0
Excess Inflation	7,000	0	(7,000)	0
	84,401	16,200	(68,201)	20,865

3.4 Our recurrent CIP delivery underperformance can be mitigated by converting non-recurrent CIP to recurrent and by permanently removing vacancies that cannot be recruited to. Groups have been asked to complete the exercise by the 19 January with quality impact assessments to be completed for all posts being proposed. Those groups over budget have been asked to provide a route back to recurrent budget.

3.5 If we maintain large numbers of vacancies in some areas of the Trust and over-establishment in others, we will never be able to balance the workforce of the Trust with meaningful budgets and a credible workforce plan. We should expect to keep our workforce flat from current usage, unless specifically backed by identifiable new income.

4 Capital and Cash

4.1 The capital programme, in essence, is split into two – operational capital with an annual budget £19.7m (£13m year to date), and the strategic capital (mainly relating to MMUH). Performance in month and year to date are shown in Annex 1.

4.2 Despite the under-performance year to date the Trust is confident the full allocations will be spent by the 31 March 2024 following a review through the Capital Management Group.

4.3 The cash position at the end of November is £59.68m. However, the forecast position by the 31 March 2024 sees the cash balance fall to £22m. This position reflects the revised forecast of a £27.2m deficit.

4.4 A key aspect of the 2024/25 financial plan will be to agree a realistic cash balance trajectory through the financial year.

5 Year End forecast

5.1 The Trust Board will be aware that the Trust has been working as part of the Black Country Integrated System to address the significant financial pressures within the system that were driving a significant adverse variance from the financial plan. As part of this, the Trust has signed off an outturn deficit position of £27.2m at the extraordinary Finance & Productivity Committee on 21 November 2023.

5.2 The £27.2m forecast deficit reflects an adverse position to the £18.8m deficit plan of £8.4m. This adverse variance of £8.4m can simply be explained by the workforce costs of the MMUH clinical model in 2023/24 not being supported by the planned assumed income, excess inflation and a small CIP gap offset by non-recurrent pay savings.

5.3 The forecast deficit itself has been built up from detailed forecasts at Group and Corporate level, with further assumptions made regarding elective recovery performance, the emergency access standard recovery plan, the winter plan and further efficiency schemes. This forecast also assumes the full additional income expected from the national settlement regarding to the impact of industrial action.

5.4 The year end forecast is profiled monthly with performance monitored by the Performance Management Group and the Finance & Productivity Committee. At the end of M8 (to 30 November 2023) the financial position is favourable by £35k against the revised trajectory.

5.5 The key risks to the delivery of the year end forecast, of which there are mitigating actions and / or contingencies are:

- The financial consequences of the winter plan
- Elective recovery performance
- Efficiencies

5.6 The Trust Board is asked to **approve** the formal submission to NHSE of the £27.2m deficit forecast.

6 Recommendations







6.1 The Public Trust Board is asked to:

- a. **RECEIVE** the Month 8 report, with particular focus on the most likely forecast position.
- b. **APPROVE** the formal reforecast for 2023/24 of a £27.2m deficit.

Simon Sheppard – Acting Chief Finance Officer
Paul Stanaway - Associate Director of Finance
21 December 2023

Annex 1 – Key Financial Headlines

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	In Month Plan £ms	In Month Actual £ms	In Month Variance £ms	YTD Plan £ms	YTD Actual £ms	YTD Variance £ms
 I&E Performance	(1.31)	5.54	● 6.86	(14.63)	(17.50)	● (2.87)
 NHSI Agency Ceiling	1.04	1.46	● (0.42)	8.64	11.30	● (2.66)
 Efficiency & Recovery Programme*	5.79	6.87	● 1.08	35.50	29.54	● (5.96)
 Capital Expenditure (ICB Allocation)	1.63	1.51	● 0.13	13.02	5.70	● 7.33
 Capital Expenditure (Other)	0.83	2.17	● (1.35)	32.97	30.93	● 2.04
 Cash Balance	23.40	59.68	● 36.28	23.40	59.68	● 36.28

* Efficiency & Recovery Programme includes the £30m Efficiency Plan, £7m pay stretch and £16.2m FRP