

REPORT TITLE:	Finance Report Month 8		
SPONSORING EXECUTIVE:	Dinah McLannahan, Chief Finance Officer		
REPORT AUTHOR:	Dinah McLannahan, Chief Finance Officer		
MEETING:	Public Trust Board	DATE:	11 th January 2023

1. Suggested discussion points <i>[two or three issues you consider the Trust Board should focus on in discussion]</i>
<p>Financial performance is being measured against the Trust plan of a £17.1m deficit. The ICB plan is breakeven, the difference for the Trust being access to the system risk reserve. The report is written against the Trust plan but will reference the system plan where relevant.</p> <p>At the end of November, the Trust reported a £6.7m adverse variance to the Trust plan and £16.7m adverse variance to the ICS Plan.</p> <p>The Trust is still forecasting delivery of the £17.1m deficit and is performing in line with the recovery plan to achieve this. The Trust has been challenged to improve on £17m as part of the Integrated Care Board recovery plan. If it is possible to do this the Trust will do so through more balance sheet flexibility and reducing the Annual Leave provision. The ICB is still aiming for a break-even position overall, SWBH's share of that being a £10m deficit, which would be matched by income and cash, meaning that the expected year end position now for the Trust depends to a large extent on system performance, and is expected to be between a best case of breakeven, or a worst case £7m deficit.</p>

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>
FIPC 21 st December 2022

4. Recommendation(s)
The Public Trust Board is asked to:
a. NOTE the contents of the report

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		Deliver the MMUH benefits case
Board Assurance Framework Risk 04		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 [Safeguard Risk Nos]		

Equality Impact Assessment	Is this required?	Y		N		If 'Y' date completed	
Quality Impact Assessment	Is this required?	Y		N		If 'Y' date completed	

SANDWELL AND WEST BIRMINGHAM NHS TRUST

Report to the Public Trust Board on 11th January 2023

Month 8 Finance Report

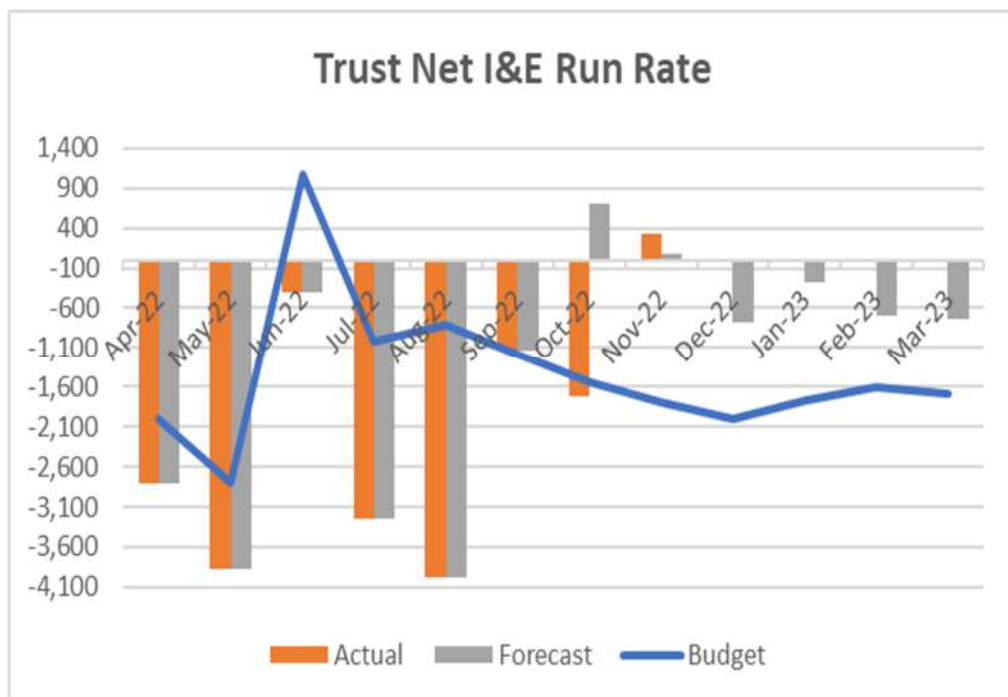
1. Introduction or background

1.1 The Board held in early July confirmed that reporting will focus on delivery of the Internal deficit plan of £17.124m. A forecast based on M6 results was also carried out, which showed a route to the internal plan, and given that, the report will focus on delivery against the forecast. It must though be stressed that the forecast route to the internal plan is largely through non-recurrent measures and therefore there is a significant impact of this on the exit run rate/underlying deficit compared to plan. It is also important to reiterate that the external plan is for break-even, although the Trust has been clear from the start that achieving this will be contingent on access to additional income.

2. MONTH 8

2.1 The Trust reported a deficit of £16.7m, £6.7m adverse to plan. The Month 6 forecast was for a £14.7m deficit, therefore the actual position is c£2m adverse to the forecast, although £2.7m relates to the confirmed reduced level of Strategic Development Funding, adjusted for in the forward look. Excluding this therefore, the Trust is ahead of its recovery plan expectation at Month 8.

The graph and table below show the internal plan (budget), forecast and actuals.



NET I&E

TRUST	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	TOTAL	YTD
Budget	-2,002	-2,792	1,082	-1,020	-808	-1,186	-1,539	-1,790	-2,008	-1,768	-1,613	-1,680	-17,124	-10,055
Actual	-2,802	-3,865	-394	-3,254	-3,972	-1,134	-1,721	332	0	0	0	0	-16,810	-16,810
Forecast	-2,802	-3,865	-394	-3,254	-3,972	-1,134	702	72	-772	-268	-697	-739	-17,124	-14,648
Variance from Plan	-800	-1,073	-1,477	-2,234	-3,164	52	-182	2,122	2,008	1,768	1,613	1,680	314	-6,755
Variance from Forecast	0	0	0	0	0	0	-2,422	260						-2,162

3. RISKS

- 3.1 Since the forecast was completed a number of further risks are manifesting themselves;
- 3.2 **Bank Rates:** 7 areas have asked for a move away from the rates agreed from the 1st November, and 4 had been agreed at the time of writing this report as a pragmatic alternative to Tier 4 agency costs. The monthly cost pressure is estimated at £131k. Groups have been asked to find mitigations within budgets to fund these variances. Although end dates have been agreed for all variances, some concerns remain that the dates will not be achieved.
- 3.3 **MMUH Posts.** Part of the Financial Recovery Plan was to not recruit to MMUH posts before April. Permission for some of the posts to go out now has been given (Stroke Rehab) and recruitment to SDEC has begun. As part of the agreed FRP, holding MMUH posts was agreed. The Trust has recognised that this is untenable and has agreed that Stage 1 posts can be recruited to. If all of these posts were filled, then the monthly pressure would be £180k. As mitigation the Trust is looking to realise equivalent upside from vacancies across the Trust. Current estimate is £400k cost for 22/23.
- 3.4 **System development funding (SDF) and Better Care Fund (BCF) Income.** As highlighted previously, SDF is significantly reduced from our plan. At month 8 the Trust has reduced income within the position year to date and adjusted in the forecast. The Trust has also not agreed the position in relation to BCF, the BC ICB maintaining that this income is included within the block income. The Trust is very clear that it is not. Discussions continue. The West Birmingham BCF position is also not yet clear. A full wrap up of the BCF and SDF 2223 position will be concluded in the Month 9 report.
- 3.5 **Elective Recovery Fund (ERF) H2.** The assumption remains that there is no clawback. In November we have delivered £13.468m - when compared against average ytd of £11.867m this reflects an increase of £1.6m above trend. However, due to the stretching plan in November actual performance was £1.6m below plan. ERF overall is £7.244m below plan ytd. This is a potential risk for 2324 where the default payment mechanism for elective activity will be PbR, likely to reflect current ERF rules and managed at a system level.
- 3.6 **Medical Staff.** 2 Groups have highlighted risks around gaps in Junior doctors, that have not been factored into the forecast. Impact still to be defined.
- 3.7 **Beds.** The headline number is 32 unfunded beds open on average in November. This masks 2 issues. Firstly; for adult beds the unfunded number is 46 (14 funded paediatric beds were closed, now open in December) plus 2 unfunded discharge lounges, which have 6 beds and

10 chairs each (32 total). It was assumed that the discharge lounges would allow unfunded beds to be closed. A probable mitigation for this is that winter “super surge” funding is becoming available, which will be accounted for in Month 9.

4. OPPORTUNITIES

- 4.1 **Birmingham & Solihull (BSOL) Conveyancing.** The Trust has submitted a case to Birmingham & Solihull (BSOL) for additional funding in relation to their increased inpatient/ED activity. The BSOL system has confirmed £333k in funding non-recurrent to support the cost of caring for Mental Health patients in the acute care pathway.
- 4.2 **BSOL SDF.** As with the above, in process of agreeing funding for various SDF schemes related to West Birmingham.
- 4.3 **Improvements in forecasts.** A number of areas are ahead of forecast. If this can be maintained or increased, through grip and control this will help mitigate the risks outlined above that materialise.
- 4.4 **Additional capacity funding.** The Chief Operating Officer at the last Finance, Investment and Performance Committee stated that money was likely to be made available for additional capacity. This was above the BSOL conveyancing money in 4.1. If this materialises this will as a minimum help reduce the impact of point 3.7.

5. FORECAST & EXIT RUN RATE

- 5.1 The following table provides a high-level summary of the position and the route to delivering the £17.1m deficit. This table also identifies the recurrent and non-recurrent nature of the recovery actions. As can be clearly seen, the majority of the actions are non-recurrent in nature.
- 5.2 The base case recovery plan themes are now relatively stable with the following 4 areas the main focus:
- BSOL income for conveyancing and mental health pressures - £1,000k assumed with £333k secured
 - BSOL SDF contribution assumed of £1,000k, nil confirmed to date
 - Annual leave accrual release of £2,420k, from a total of over £4,200k
 - A further stretch of £4,200k to deliver the ICB recovery target for SWB
- 5.3 A verbal update on the Month 9 position will be provided at the meeting.

	Downside £000s	Base £000s	Upside £000s	Base	
				Rec £000s	Non Rec £000s
Gross Position as per FRP	(47,544)	(47,544)	(47,544)		
Forecast Improvement @M6	4,491	4,491	4,491		
Revised Gross Position	(43,053)	(43,053)	(43,053)		
Insourcing / Outsourcing	0	0	1,200		
Black Country SDF	(4,000)	(4,000)	(4,000)		(4,000)
BSOL ERF	0	7,000	7,000		7,000
BSOL - maternity pathway	200	1,000	1,000	1,000	
Pass through drugs	0	500	1,000		500
BSOL - ED conveyancing	0	1,000	2,000		1,000
Staff car parking	0	0	0		-
Bed capacity reduction	0	1,193	2,000		1,193
Bank rate reduction	0	1,208	1,208	1,208	
Vacancy management	0	0	2,000		
MMUH recruitment	0	600	1,000		600
Discretionary spend controls	500	1,000	1,500		1,000
Imaging schemes	0	0	0		
Energy reduction	5,296	5,296	5,296		5,296
COVID cost reduction	0	210	400	210	
Non recurrent Flexibility	7,500	7,502	7,500		7,502
	9,496	22,509	29,104	2,418	20,091
Revised deficit	(33,557)	(20,544)	(13,949)		
Plan	(17,124)	(17,124)	(17,124)		
Variance to Plan	(16,433)	(3,420)	3,175		
BSOL SDF		1,000			
Annual Leave accrual to 19/20		2,420			
Variance to Plan	(16,433)	0	3,175		

6. BETTER VALUE QUALITY CARE (Cost improvement)

Annex 5 has been split into recurrent and non-recurrent schemes. This shows how significant the non-recurrent element of the Trusts plan is for 2022/2023.

7. CAPITAL AND CASH

7.1 The refreshed forecast Capital Plan reflects the previously agreed, overcommitted forecast which is c£4m more than available System funds at plan stage. Based on discussions before Christmas, it now appears very likely that the system will be able to cover the Trust's capital spend with budget. This will be confirmed in January. The Capital summary now reflects the agreed contract sums for MMUH completion, the detail of which is contained within a separate Board paper.

7.2 Cash is ahead of plan for November at £55.78m. The year end position looks strong at c£40m. The Trust will need to manage cash through flexibility in working balances, as dictated by I&E performance whilst maintaining payment performance (BPPC). Work continues to deliver the 2% spend commitment with local suppliers in line with Anchor Institution commitments and is reported through Audit and Risk Management Committee.

8. RECOMMENDATIONS

The Trust Board is asked to:

- NOTE** Month 8 finance report

Dinah McLannhan
Chief Finance Officer



















3rd January 2023

Annex 1: Key Headlines

Annex 2: Statement of Financial Position

Annex 3: Capital Programme

Annex 1 Key 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	(1.79)	0.33		2.12	(10.06)	(16.81)		(6.76)
	NHSI Agency Ceiling	0.90	1.46		(0.55)	8.93	11.46		(2.53)
	Efficiency Programme (CIP)	2.17	2.89		0.72	16.77	13.44		(3.33)
	Capital Expenditure (Excl MMUH)	2.85	1.55		1.30	14.95	7.32		7.64
	Capital Expenditure (MMUH)	7.41	8.78		(1.37)	75.34	68.32		7.03
	Cash Balance	28.84	55.78		26.94	28.84	55.78		26.94

Annex 2 Statement of Financial Position

Sandwell & West Birmingham Hospitals NHS Trust						
STATEMENT OF FINANCIAL POSITION 2022/23						
	Balance as at 31st March 2022	Balance as at 30th November 2022	NHSI Planned Balance as at 30th November 2022	Variance to plan as at 30th November 2022	NHSI Plan as at 31st March 2023	Forecast 31st March 2023
	£000	£000	£000	£000	£000	£000
Non Current Assets						
Property, Plant and Equipment	646,763	706,711	890,828	(184,117)	775,879	775,879
Intangible Assets	183	151	150	1	131	131
Investment Assets	0	0	0	0	0	0
Trade and Other Receivables	100	100	100	0	100	100
Current Assets						
Inventories	3,585	3,585	3,437	148	3,585	3,585
Trade and Other Receivables	44,141	29,537	37,852	(8,315)	32,122	32,122
Cash and Cash Equivalents	55,013	55,817	27,886	27,931	28,617	28,617
Current Liabilities						
Trade and Other Payables	(85,865)	(107,774)	(98,128)	(9,646)	(108,639)	(108,639)
Provisions	(3,580)	(3,482)	(950)	(2,532)	(2,950)	(2,950)
Borrowings	(2,587)	(17,157)	(2,408)	(14,749)	(17,511)	(17,511)
DH Loan	0	0	0	0	0	0
Non Current Liabilities						
Provisions	(3,391)	(3,391)	(3,529)	138	(3,529)	(3,529)
Borrowings	(39,145)	(22,796)	(23,769)	973	(23,769)	(23,769)
DH Loan	0	0	0	0	0	0
	615,217	641,301	831,469	(190,168)	684,936	684,936
Financed By						
Taxpayers Equity						
Public Dividend Capital	664,941	707,246	664,151	43,095	757,659	757,659
Retained Earnings reserve	(73,442)	(89,551)	149,599	(239,150)	(90,442)	(90,442)
Revaluation Reserve	14,060	14,548	8,861	5,887	8,861	8,861
Other Reserves	9,058	9,058	9,058	0	9,058	9,058
	615,217	641,301	831,469	(190,168)	684,936	684,936

Analysis

- Cash is significantly ahead of plan as a consequence of:-
 - Capital programme underspend
 - Carry forward of MMUH Funding that will be spent in December 2022 (Agreement with NHP delayed this)
 - Adverse I&E performance to date that is offsetting the positive impacts above
- Further Analysis of Cash Balances and movements are included on the SOCF slide
- Cash and Cash Equivalents balances on this slide will differ from the SOCF by the value of Cash in Hand, that is not included in the SOCF
- Further analysis on Receivables and Payables balances is available on slide

Annex 3 Capital Programme

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST

Summary Capital Expenditure: FY 2022/23 to P08

	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							
MMUH	3,810	2,658	996	1,662	3,810	3,400	410
Estates	6,015	4,010	2,004	2,006	6,015	10,832	-4,817
IT	4,215	2,809	1,694	1,115	4,215	4,466	-251
Medical equipment	4,965	3,250	703	2,547	4,965	4,250	715
Charity	90	0	0	0	90	90	0
Sub total	19,095	12,727	5,397	7,330	19,095	23,038	-3,943
External - PDC Funded							
Fluoroscopy PDC	0	0	0	0	690	690	0
MMUH - PDC	585	584	584	0	585	585	0
MMUH - MOU	92,132	74,758	67,731	7,027	92,132	92,132	0
Midland Met Learning Campus (Grant Funded)	0	1,175	565	610	1,763	1,763	0
Sub total	92,717	76,517	68,880	7,637	95,170	95,170	0
TOTAL INTERNAL & PDC FUNDED	111,812	89,244	74,277	14,967	114,265	118,208	-3,943
Technical-IFRIC12							
BTC & MES	1,570	1,048	1,353	-305	1,789	1,789	0
Trust Wide Programme	113,382	90,292	75,630	14,662	116,054	119,997	-3,943