



REPORT TITLE:	Month 4 Finance Report		
SPONSORING EXECUTIVE:	Dinah McLannahan – Chief Finance Officer		
REPORT AUTHOR:	Simon Sheppard – Director of Operational Finance; Paul Stanaway - Associate Director of Finance, Craig Higgins – Associate Director of Finance,		
MEETING:	Public Trust Board	DATE:	7th September 2022

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

July Trust Board agreed to measure financial performance against the Internal plan of a £17.2m deficit. The ICS plan is breakeven, the difference being £14.2m of income stretch, £2.5m of ERF stretch and £0.41m of other expenditure reductions. The report is written against the Internal plan but will reference the external plan where relevant.

At the end of July, the Trust reported a £5.584m adverse variance to the Trust plan and £10.06m adverse to the ICS Plan.

The key drivers for the year to date variance are:

- No receipt of the planned income linked to the insourcing and outsourcing - £1.5m
- Energy costs, predominately the April Scottish Power charge - £1.3m
- Excess capacity – circa 62 beds (average) above the plan of £3.4m (ward/ED nursing and ED/acute medics)
- Drugs, including high cost drugs, with some being “pass through” – constrained by the block agreement
- Vacancies in PCCT offsetting some of the overspends

2. Alignment to our Vision *[indicate with an ‘X’ which Strategic Objective[s] 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 *[at which meeting[s] has this paper/matter been previously discussed?]*

Performance Management Committee; Clinical Leadership Executive (30 August 2022)
FIPC 2nd September 2022

4. Recommendation(s)

- The Public Trust Board is asked to:
- NOTE** Month 4 report and the key drivers for the year to date performance
 - CONSIDER** this report alongside the year end forecast report (to be considered in Private Session)

5. Impact [indicate with an 'X' which governance initiatives this matter relates to and, where shown, elaborate in the paper]						
Board Assurance Framework Risk 01		<i>Deliver safe, high-quality care.</i>				
Board Assurance Framework Risk 02	X	<i>Make best strategic use of its resources</i>				
Board Assurance Framework Risk 03	X	<i>Deliver the MMUH benefits case</i>				
Board Assurance Framework Risk 04	X	<i>Recruit, retain, train, and develop an engaged and effective workforce</i>				
Board Assurance Framework Risk 05		<i>Deliver on its ambitions as an integrated care organisation</i>				
Corporate Risk Register [Safeguard Risk Nos]						
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 7th September 2022

Month 4 Finance Report

1. INTRODUCTION

- 1.1 The Board held in early July confirmed that reporting will focus on delivery of the Internal deficit plan of £17.124m. This report will look at Month 4 performance against this plan. This report needs to be considered alongside the year end forecast report which will be considered in detail in the Private session.

2. MONTH 4

- 2.1 The Trust reported a deficit of £10.316m, £5.584m adverse to plan. This is a significant adverse variance, and delivery of the plan is at significant risk without delivery of mitigating actions.
- 2.2 The current drivers of the adverse variance remain in line with last month's report i.e., the non-recurrent issue with Scottish Power (£1.3m), the unfunded use of insourcing/outsourcing in Surgical Services (£1.5m) and additional capacity, in Medicine, in terms of staffing in ED and additional beds (£3.382m). Partially offsetting these pressures are vacancies, mainly in PCCT, and other savings across the Trust.
- 2.3 Any clawback of ERF is not assumed within the Month 4 numbers. ERF performance at M4 was £43.112m against a plan of £50.057m, these numbers drive a potential net clawback of £4.43m year to date. Expectation remains that this is recovered over the coming months, and the Acting COO is working on a forecast with Operational and Finance teams. Indications from the Department of Health suggest no clawback in the first half of the financial year, but until this is official, a risk remains.
- 2.4 System Development Funding (SDF) (£7m): SDF is assumed in the position year to date. The risk around this is the ICB currently do not recognise our assumptions and may well expect additional spend against the income. The Trust plan assumes nothing above the current expenditure plan.
- 2.5 Capacity pressures are significant, with 62 additional beds on average being opened above funded levels within Medicine, and additional staffing in Emergency Departments. Whilst partially offset by favourable positions in other areas, with the plans to recruit fully to vacancies, the agreed investment in MMUH posts, addressing the capacity issues is a vital part of the Trusts route to delivering its plan.
- 2.6 In terms of income, most Groups have adverse variances to their current income plans.
- 2.7 The Trust CIP plan submitted within the break-even plan is £25.723m, year-to-date £8.171m. Actual delivery stands at £2.816m, an adverse variance of £5.355m. This is

driven by the stretch CIP plan required to move the Trust to breakeven. The Trust has identified and is tracking £10.657m of schemes, £3.153m ytd, delivering £2.816m against this, an adverse variance of £0.319m, 10.7% off delivering the CIP related to the Internal plan. There are pressures on this delivery as the biggest single scheme relates to removal of enhanced bank rates. Currently Maternity have maintained these payments, and staffing pressures mean that re-introduction in some specialist areas is increasingly likely most notably Critical Care.

2.8 The position includes non-recurrent flexibility of £2.504m. There is no anticipated risk to delivering the £7.5m non-recurrent flex in the Trust plan.

3. RISKS AND ACTIONS

This will be picked up under the forecast paper.

3.1 Other Issues

The inflationary pressures and volatility in markets faced by the Trust should not be underestimated. Energy is just one example, but pressure in areas such as food products are currently significantly more than the uplift given to budgets. Teams are working hard to manage these risks, so for the moment the committee is asked to note the risk of volatility in markets, and the risk that presents.

4. CAPITAL AND CASH

4.1 The forecast Capital Plan reflects the previously agreed, overcommitted forecast which is c£5m more than available System funds. The Capital Management Group have instructed the leads to provide a revised year end forecast by 31 August 2022 to provide assurance on the delivery of the capital plan. This will be reported to FIPC on 30 September 2022.

4.2 The Capital summary now reflects the new contract sums for MMUH completion, of which £92m is available in 22/23, with a further £12m due in future years. There will be monthly progress meetings with NHP to manage the Balfour Beatty contract and changes to contingency and compensation events.

4.3 Cash is ahead of plan for July with reimbursement for the cash expended on MMUH funded from PDC now received. 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.

5 Recommendations

The Trust Board is asked to:

- **NOTE** Month 4 report and the key drivers for the year to date performance
- **CONSIDER** this report alongside the year end forecast report

Simon Sheppard - Director of Operational Finance

Paul Stanaway - Associate Director of Finance




Craig Higgins -Associate Director of Finance

20th August 2022

ANNEXES

- Annex 1: Key Headlines
- Annex 2: Summary Income and Expenditure Position
- Annex 3: Better Value, Quality Care
- Annex 9: Capital
- Annex 10: SOFP
- Annex 11: SOCF
- Annex 12: Aged Receivables, Aged Debt, BPPC
- Annex 15: Risk Matrix

Annex 1 – Key Headlines

	In Month Plan £ms	In Month Actual £ms	In Month Variance £ms	YTD Plan £ms	YTD Actual £ms	YTD Variance £ms
 I&E Performance	(1.02)	(3.26)	● (2.23)	(4.73)	(10.32)	● (5.58)
 NHSI Agency Ceiling	1.24	1.60	● (0.35)	4.96	5.33	● (0.37)
 Efficiency Programme (CIP)	2.13	0.53	● (0.42)	8.17	2.82	● (4.38)
 Capital Expenditure (Excl MMUH)	2.15	1.78	● 0.37	8.59	3.19	● 5.41
 Capital Expenditure (MMUH)	7.77	7.65	● 0.12	36.75	38.76	● (2.01)
 Cash Balance	32.38	55.00	● 22.63	32.38	55.00	● 22.63

Annex 2: Summary Income and Expenditure Position

	WTE Budget	MPE Worked	Annual	Year to Date		
	WTE	WTE	Budget	Budget	Actual	Variance
	WTE	WTE	£000's	£000's	£000's	£000's
1 - Patient Related Income	0.00	0.00	589,362	196,375	195,440	-935
2 - Other Income	0.00	0.00	43,402	14,500	15,449	949
Total Income	0.00	0.00	632,764	210,875	210,889	13
3 - Pay	7,504.61	7,587.46	-412,974	-137,213	-137,727	-514
4 - Non Pay	-0.30	0.00	-205,759	-68,009	-72,983	-4,975
5 - Non Operational Costs	0.00	0.00	-31,156	-10,385	-10,494	-109
Total Expenditure	7,504.31	7,587.46	-649,888	-215,607	-221,204	-5,597
Trust Net I&E	7,504.31	7,587.46	-17,124	-4,732	-10,316	-5,584

ANNEX 3: Better Value, Quality Care

SCHEME NAME	PLAN	PLAN YTD	ACTUAL	YTD
	£000's	£000's	YTD	VARIANCE
	£000's	£000's	£000's	£000's
Agency Reduction - 2 consultant and other hours (Respiratory)	198	66	68	2
Black Country Pathology Service Collaboration Savings	412	137	86	-51
Bulikmed Contractual Savings	13	4	0	-4
CMU contract	176	59	0	-59
ED Nursing Staff Model	129	43	0	-43
Enhanced Bank Rates	7,282	2,427	2,386	-41
Haematology Consultant Savings	130	43	44	1
Other Income Target	15,088	5,018	0	-5,018
Other Savings	-22	-327	0	327
Patient Access schemes	167	56	0	-56
Pharmacy - ST&T Agency Reduction	25	8	8	0
Procurement	1,782	567	207	-360
PTNS Service Development	167	56	0	-56
Radiography Recruitment	137	0	0	0
Renegotiate Link rental agreement (non-clinical areas)	0	0	18	18
SLA Review	40	13	0	-13
TOTAL CIP	25,723	8,171	2,816	-5,355

Annex 9 - Capital

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST							
Summary Capital Expenditure: FY 2022/23 to P04							
	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	1,264	904	360	3,810	3,810	0
Estates	6,015	2,795	857	1,938	6,015	8,465	-2,450
IT	4,215	1,472	695	777	4,215	4,466	-251
Medical equipment	4,965	2,512	160	2,352	4,965	7,540	-2,575
Charity	90	28	0	28	90	90	0
Sub total	19,095	8,071	2,616	5,455	19,095	24,371	-5,276
External - PDC Funded							
MMUH - PDC	585	585	585	0	585	585	0
MMUH - PDC Paid in Advance 21/22	5,456	5,456	5,456	0	5,456	5,456	0
MMUH - MOU	92,132	30,708	32,714	-2,006	92,132	92,132	0
Sub total	98,173	36,749	38,755	-2,006	98,173	98,173	0
TOTAL INTERNAL & PDC FUNDED	117,268	44,820	41,371	3,449	117,268	122,544	-5,276
Technical-IFRIC12							
BTC & MES	1,570	522	571	-49	1,570	1,570	0
Trust Wide Programme	118,838	45,342	41,942	3,400	118,838	124,114	-5,276

Analysis

- The table above shows the Month 4 spend position against the agreed Trust plan.
- The total plan for MMUH-PDC is now finalised and reflects the MOU issued by NHP
- The plan for all non MMUH spend reflects an overcommitment against the ICS agreed Capital resource on the basis that there will be slippage within schemes through the year and we will achieve the ICS total.

Sandwell & West Birmingham Hospitals NHS Trust
STATEMENT OF FINANCIAL POSITION 2022/23

	Balance as at 31st March 2022	Balance as at 31st July 2022	NHSI Planned Balance as at 31st July 2022	Variance to plan as at 31st July 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	680,862	891,897	(211,035)	773,405	773,405
Intangible Assets	183	167	166	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	32,420	37,852	(5,432)	22,852	22,852
Cash and Cash Equivalents	55,013	55,003	32,378	22,625	41,503	41,503
Current Liabilities						
Trade and Other Payables	(85,865)	(101,976)	(99,551)	(2,425)	(91,881)	(91,881)
Provisions	(3,580)	(3,541)	(950)	(2,591)	(2,950)	(2,950)
Borrowings	(2,587)	(17,334)	(2,408)	(14,926)	(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)	(23,537)	(23,769)	232	(23,769)	(23,769)
DH Loan	0	0	0	0	0	0
	615,217	622,358	835,623	(213,265)	701,936	701,936
Financed By						
Taxpayers Equity						
Public Dividend Capital	664,941	682,474	664,151	18,323	757,659	757,659
Retained Earnings reserve	(73,442)	(83,722)	153,753	(237,475)	(73,442)	(73,442)
Revaluation Reserve	14,660	14,548	8,661	5,887	8,661	8,661
Other Reserves	9,058	9,058	9,058	0	9,058	9,058
	615,217	622,358	835,623	(213,265)	701,936	701,936

Analysis

- Cash is higher than planned this is mainly due to the additional income received for NHS Debt settled in April '22 that were billed in March '22
- 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

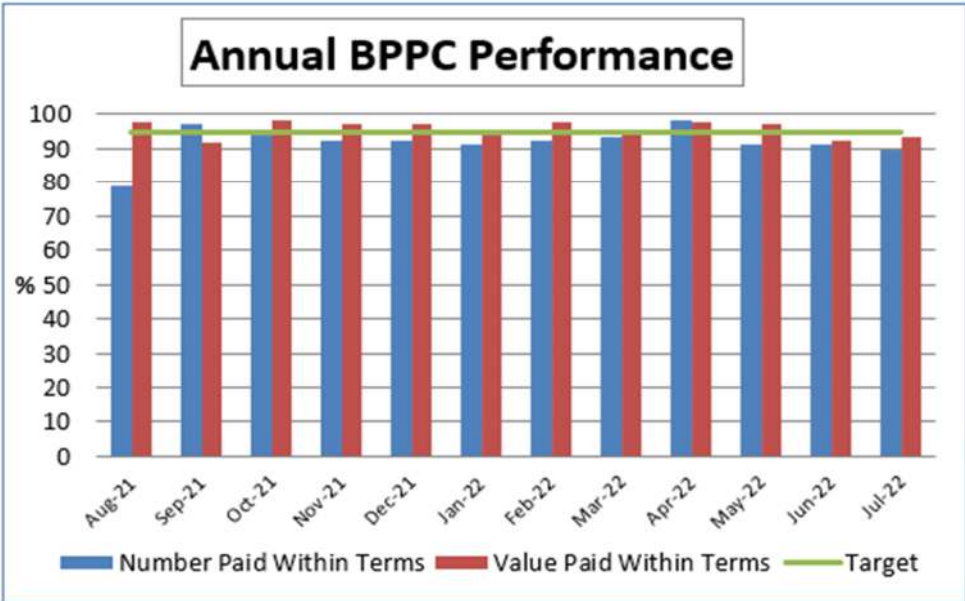
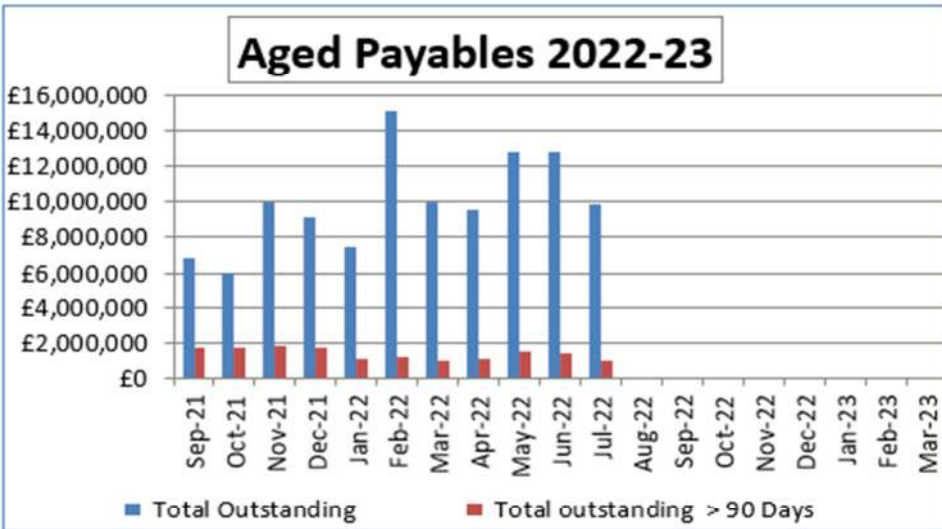
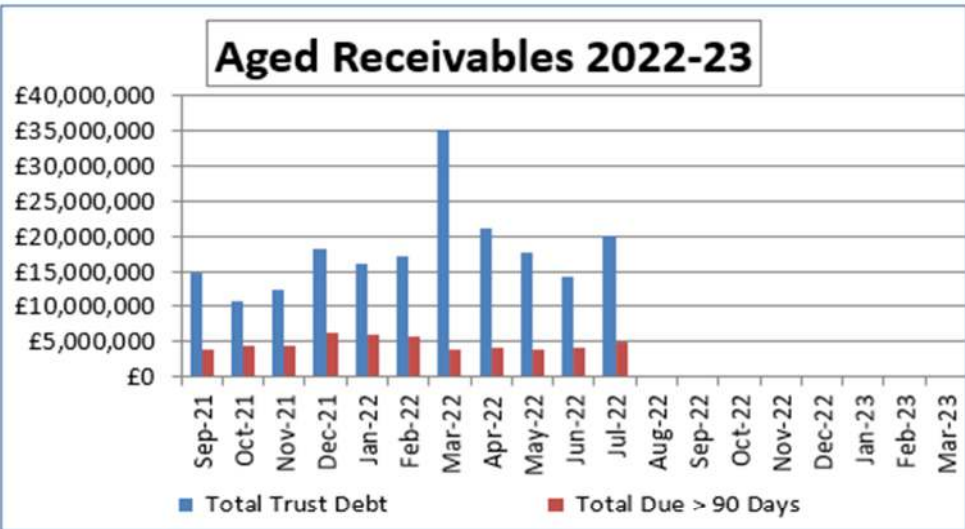
Annex 11 - SOCF

CASHFLOW 2022/23												
ACTUAL/FORECAST	April Actual £000s	May Actual £000s	June Actual £000s	July Actual £000s	August Forecast £000s	September Forecast £000s	October Forecast £000s	November Forecast £000s	December Forecast £000s	January Forecast £000s	February Forecast £000s	March Forecast £000s
Receipts												
SLAs: SWB CCG	51,872	33,575	33,333	26,942	33,200	33,200	33,200	33,200	33,200	33,200	33,200	33,200
Associates	7,592	7,705	7,973	17,823	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800
Other NHS	695	103	80	363	912	907	701	709	707	701	701	721
Specialised Services	4,804	5,073	4,517	4,278	4,740	4,740	4,740	4,740	4,740	4,740	4,740	4,740
STF Funding	0	0	0	0	0	0	0	0	0	0	0	0
Over Performance	0	0	0	0	0	0	0	0	0	0	0	0
Education & Training - HEE	0	3,699	5,304	0	0	0	0	0	4,400	0	0	4,400
Public Dividend Capital	0	0	0	17,532	0	0	0	0	0	0	0	0
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Other Receipts	4,325	1,847	4,350	1,886	2,075	2,075	2,075	2,075	2,075	2,075	2,075	2,075
Total Receipts	69,288	52,002	55,557	68,824	48,727	48,722	48,516	48,524	52,922	48,516	48,516	52,936
Payments												
Payroll	18,811	18,076	17,693	18,523	18,580	19,300	18,480	18,066	19,300	17,660	18,480	17,092
Tax, NI and Pensions	904	14,155	13,926	14,122	12,700	12,700	12,700	12,700	12,700	12,700	12,700	12,700
Non Pay- Trade	14,971	16,283	17,874	18,623	17,500	17,000	17,000	15,643	14,624	15,000	14,930	14,549
Non Pay- Capital	5,367	692	686	981	2,550	2,550	2,550	2,550	2,550	2,550	2,550	2,550
MMHBalfour Beatty	11,456	12,225	10,836	7,473	0	0	0	0	0	0	0	0
PDC Dividend	0	0	0	0	0	1,360	0	0	0	0	0	1,360
Repayment of Loans & Interest	0	0	0	0	0	0	0	0	0	0	0	0
BTC Unitary Charge	440	440	440	440	440	440	440	440	440	440	440	440
NHS Litigation Authority	1,615	1,615	1,615	1,615	1,325	1,325	1,325	1,325	1,325	1,325	0	0
Other Payments	884	747	768	1,385	93	117	139	169	299	179	239	179
Total Payments	54,448	64,234	63,839	63,161	53,188	54,792	52,634	50,913	51,238	49,854	49,339	48,870
Cash Brought Forward	54,975	69,815	57,582	49,301	54,964	50,504	44,434	40,316	37,928	39,612	38,273	37,450
Net Receipts/(Payments)	14,840	(12,232)	(8,281)	5,663	(4,461)	(6,069)	(4,118)	(2,389)	1,684	(1,338)	(823)	4,066
Cash Carried Forward	69,815	57,582	49,301	54,964	50,504	44,434	40,316	37,928	39,612	38,273	37,450	41,517

Analysis

- This cash flow incorporates the actual transactions to July 2022. The balance as at 31/3/22 includes the early draw down of MMUH Funds, payable in 22/23 of £18.2m
- The CCG settled the 21/22 ERF payments in April 22
- To reduce Trust cash balances in 21/22 the Trust prepaid Tax, NI and Pensions in March, giving a cash benefit in 22/23
- Over the medium-term delivery of I&E plans are the key determinant of cash borrowing requirements, as well as capital investment.

Annex 12: Aged Receivables, Aged Payables, BPPS



Analysis

- The overall Debt owed to the Trust has increased due largely to a £5m invoice to Health Education England that we expect payment for in August 2022. The over 90 days debt increased, despite Worcestershire Acute Hospitals NHS Trust settling their debt, due to aging debts owed by Royal Wolverhampton NHS Trust, NHS England and Frimley Health NHS Trust. Other, large over 90 days debt comprises Birmingham CC (bed days) and NHS Property.
- The overall value of Payables reduced, with a delayed catch up on invoices received in April and May. The value of over 90 days has decreased as old debts become resolved. We continue to pursue receipting departments for resolution of old queries; including University of Birmingham (for which Education and Training are chasing student forms), Community Health Partnerships and SCCL.
- BPPC has dipped below target in July as older invoices were paid in month, the Trust expects this to recover in future months

Annex 15: Risk Matrix

Financial Risks as at July 2022 for Delivery of the 2022/23 Financial I&E Plan

Ref	Risk #	Identified Risk	Likelihood	Severity	Trend	Risk Rating M11	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	4994	Taper funding from NHSEI is not secured in line with the Plan	1	5									5	5	5	5	Financial		CFO
2	4572	Delivery of the 2022/23 Cost Improvement Programme	4	5									20	20	20	20	Financial	Fortnightly efficiency board chaired by CFO Additional resource in post to lead the programme	CFO
3	4995	Energy prices increase above the funded level	5	5									25	20	15	15	Financial	Forward purchase on energy	DST
4	4996	Increased sickness levels resulting in greater use of agency and bank staff	4	5									20	20	20	20	Financial Quality Workforce Operational	Trust wellbeing offering to staff as exit covid Post covid People and OD restoration of sickness management in full.	CPO
5	4997	Staffing levels are not within the funded establishment	3	5									15	15	15	15	Financial Quality Workforce Operational	Revised establishment levels have been agreed for 2022/23 plans	CPO
6	4998	Elective Recovery trajectory delivery	5	5									25	25	20	20	Financial Quality Workforce Operational	Agreed monthly trajectories Ongoing tracking on costs against the income forecasts through the Groups	COO
7	4999	Decisions are made at System or Trust level without appropriate approval	3	4									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
8	5000	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	Financial Quality Workforce Operational	Full engagement with Procurement to ensure appropriate contracts	CFO
9	5001	Clinical Group Risks identified at planning stage	4	5									20	20	20	20	Financial Quality Workforce Operational	Group Review meetings	CFO
10	5002	Delivery of the £17.2m ICS Stretch	5	5									25	25	25	25	Financial Quality Workforce Operational	Ongoing engagement in the ICS wide 22/23 plan	CFO
11	4998	Securing £7m of income from the Strategic Development Fund	4	5									20	20	20	20	Financial Quality Workforce Operational	Ongoing engagement in the ICS wide 22/23 plan	CFO
12	5003	Securing the £3.8m funding for the insourcing / outsourcing services (T&O / Ophthal)	5	5									25	20	20	20	Financial Quality Workforce Operational	Ongoing engagement in the ICS wide 22/23 plan	CFO