

<b>REPORT TITLE:</b>	Finance Report Month 10		
<b>SPONSORING EXECUTIVE:</b>	Dinah Mclannahan, Chief Finance Officer		
<b>REPORT AUTHOR:</b>	Simon Sheppard, Director of Operational Finance		
<b>MEETING:</b>	Public Trust Board	<b>DATE:</b>	8 <sup>th</sup> March 2023

<b>1. Suggested discussion points</b> <i>[two or three issues you consider the Trust Board should focus on in discussion]</i>
<p>This report concentrates on financial performance to the end of January 2023 (Month 10) and the year-end forecast for 2022/23. July Trust Board agreed to measure financial performance against the Internal plan of a £17.2m deficit. The Integrated Care System (ICS) plan is breakeven, the difference being £14.2m of income stretch, £2.5m of Elective Recovery Funding stretch and £0.41m of other expenditure reductions. The report is written against the Internal plan but will reference the external plan where relevant.</p> <p>The key points for the Trust Board are:</p> <ul style="list-style-type: none"> <li>• At the end of January, the Trust reported a £5.99m deficit position. This is £7.84m favourable variance to the Trust plan and £5.99m adverse to the ICS Plan. This position does reflect the year to date risk share arrangement within the ICs. (£8.4m year to date and £10.1m year-end).</li> <li>• There are options for delivering the necessary route to break-even with the risks and opportunities highlighted in the paper. The Trust is confident it will deliver the £17.1m deficit plan and has a route to breakeven subject to receiving £10.1m from the ICS risk share.</li> <li>• The capital programme continues to underperform but assurance has been received that the year-end forecasts will be delivered. The Trust has now received confirmation that the ICB will cover the forecast £3.7m overspend on capital with budget due to slippage elsewhere.</li> <li>• The forecast underspend against the MMUH capital scheme is showing a £4.2m underspend. Agreement will need to be reached with the New Hospital's Team to defer this income into 2023/24.</li> <li>• Cash balance is £42.2m which is £15.0m favourable to plan.</li> </ul>

<b>2. Alignment to our Vision</b> <i>[indicate with an 'X' which Strategic Objective[s] this paper supports]</i>						
<table border="1"> <tr> <td><b>OUR PATIENTS</b></td> <td></td> <td><b>OUR PEOPLE</b></td> <td></td> <td><b>OUR POPULATION</b></td> <td></td> </tr> </table>	<b>OUR PATIENTS</b>		<b>OUR PEOPLE</b>		<b>OUR POPULATION</b>	
<b>OUR PATIENTS</b>		<b>OUR PEOPLE</b>		<b>OUR POPULATION</b>		

To be good or outstanding in everything that we do		To cultivate and sustain happy, productive and engaged staff		To work seamlessly with our partners to improve lives	
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<b>3. Previous consideration</b> <i>[at which meeting[s] has this paper/matter been previously discussed?]</i>
Finance, Investment & Performance Committee (24 Feb 2023) Performance Management Group (27 Feb 2023) Trust Management Group (28 Feb 2023)

<b>4. Recommendation(s)</b>
The Public Trust Board is asked to:
<b>a. NOTE</b> the contents of the report and forecast delivery of the financial plan

<b>5. Impact</b> <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	x	<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		<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 <small>[Safeguard Risk Nos]</small>						
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 8<sup>th</sup> March 2023

### Finance Report Month 10

#### 1. Introduction or background

1.1 The Trust Board in July confirmed that reporting will focus on delivery of the Internal deficit plan of £17.124m, acknowledging the system wide break-even plan.

#### 2. Income & Expenditure Financial Performance (to 31 January 2023 – Month 10)

2.1 The Trust's year to date income and expenditure position is a £5.99m deficit. This is £7.84m favourable variance to the Trust plan (a £13.8m deficit year to date) and £5.99m adverse to the ICS break even plan.

2.2 The material driver for the favourable performance against the plan is that system partners have agreed to recognise their shares of the risk reserve release. The Trust element of this is £10.1m for the year, £8.4m in the M10 position. It is important to note that this is non-recurrent and may be at risk if the system does not achieve their agreed forecast.

2.3 The key focus for the Trust Board is the delivery of the year end forecast position. The following table highlights the forecast ranges, with the most likely reflecting delivery against the internal deficit plan, £13.3m forecast which is £3.8m favourable to the £17.1m deficit plan. There is also a route to overall breakeven assuming the £10.1m risk share contribution.

	Worse £000s	Most Likely £000s	Best £000s	
<b>M10 ytd reported position</b>	<b>(5,999)</b>	<b>(5,999)</b>	<b>(5,999)</b>	
ICS risk share	8,417	8,417	8,417	
<b>M10 ytd</b>	<b>(14,416)</b>	<b>(14,416)</b>	<b>(14,416)</b>	
M11	(697)	(697)	(697)	Forecast
M12	(739)	(739)	(739)	Forecast
<b>Outturn</b>	<b>(15,852)</b>	<b>(15,852)</b>	<b>(15,852)</b>	
Mental health	300	300	300	Agreed
BSOL Conveyancing	0	1,000	1,000	Agreed
BC Strategic development funding	500	1,250	1,250	Agreed
<b>SWB financial performance</b>	<b>(15,052)</b>	<b>(13,302)</b>	<b>(13,302)</b>	
ICS risk share	10,100	10,100	10,100	Subject to system financial delivery of break even
	<b>(4,952)</b>	<b>(3,202)</b>	<b>(3,202)</b>	
Additional Flex	1,000	1,500	2,100	
Better Care Fund (BCF)	(700)	(400)	0	Net costs of closed wards and Better Care Fund invoices
<b>Outturn</b>	<b>(4,652)</b>	<b>(2,102)</b>	<b>(1,102)</b>	
Social discharge	300	650	650	
BSOL Strategic development funding	0	500	500	
BC - other schemes - long covid/care homes	494	1,000	1,000	
Annual leave accrual	0	0	2,500	To 19/20 levels in best case
<b>Outturn</b>	<b>(3,858)</b>	<b>48</b>	<b>3,548</b>	

#### 3. Capital and Cash

- 3.1 The Capital Plan for 2022/23 reflects the previously agreed, overcommitted forecast which was c£5m more than the available System funds at the time of setting the plan. It is encouraging to report to the Board that the Integrated Care System has agreed for the Trust to utilise slippage on the system wide capital programme to support our over commitment.
- 3.2 Whilst the capital programme continues to underperform assurance has been received that the year-end forecasts will be delivered.
- 3.3 With regards the capital spend for the Midland Metropolitan University Hospital (MMUH) the capital annex now reflects the new Memorandum of Understanding values, including the additional contingency that New Hospital Programme (NHP) approved in December 2022.
- 3.4 A revised cashflow has now been received by the Trust from WT Partnership and the impact on the forecast is reflected in our reporting. There are monthly progress meetings with the =NHP team to manage the Balfour Beatty contract and changes to contingency and compensation events. Further meetings with NHP will be held in February to finalise the expected drawdown in 2022/23 and to ensure any balances are carried forward to 2023/24.
- 3.5 Cash is ahead of plan for January following reimbursement for the cash expended on MMUH received in month. The Trust will need to manage cash through flexibility in working balances, as dictated by Income and Expenditure (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.

#### **4. Recommendations**


- 4.1 The Public Trust Board is asked to:
  - a. **NOTE** the contents of the report and forecast delivery of the financial plan.

**Simon Sheppard**  
**Director of Operational Finance**

**18 February 2023**

**Annex 1:** Key financial headlines  
**Annex 2:** Capital Programme  
**Annex 3:** Statement of Financial Position

## Annex 1 – Key Financial 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	(1.77)	1.87	● 3.64		(13.84)	(6.00)	● 7.84
 NHSI Agency Ceiling	0.78	(0.10)	● 0.88		10.57	11.92	● (1.35)
 Efficiency Programme (CIP)	2.25	2.76	● 0.51		21.24	18.96	● (2.28)
 Capital Expenditure (Excl MMUH)	1.49	2.83	● (1.34)		18.56	12.96	● 5.60
 Capital Expenditure (MMUH)	3.59	6.98	● (3.40)		86.32	82.41	● 3.92
 Cash Balance	27.20	42.17	● 14.97		27.20	42.17	● 14.97

## Annex 2 – Capital Programme

SANDWELL & WEST BIRMINGHAM HOSPITALS NHS TRUST							
Summary Capital Expenditure: FY 2022/23 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>							
MMUH	3,810	3,234	2,296	938	3,810	3,810	0
Estates	9,749	5,012	4,254	758	9,749	9,749	0
IT	4,215	3,511	2,981	530	4,215	4,215	0
Medical equipment	7,200	4,062	1,172	2,890	7,200	7,200	0
Charity	90	0	0	0	90	90	0
<b>Sub total</b>	<b>25,064</b>	<b>15,819</b>	<b>10,703</b>	<b>5,116</b>	<b>25,064</b>	<b>25,064</b>	<b>0</b>
<b>External - PDC Funded</b>							
Fluoroscopy PDC (Estates £258k & Equipment £432k)	0	0	0	0	690	690	0
Transnasal Endoscopy Diagnostic Room	0	0	16	-16	500	500	0
Nasoendoscopes	0	0	0	0	491	491	0
Frontline Digitisation EPR Readiness (IT)	0	0	0	0	3,750	3,750	0
iRefer, Wayfinder & Cyber (IT)	0	0	0	0	518	518	0
MRI Upgrade & Imaging MRI/CT	0	0	0	0	2,467	2,467	0
MMUH - PDC	585	584	584	0	585	585	0
MMUH - MOU	92,132	85,699	81,805	3,894	99,378	95,220	4,158
Midland Met Learning Campus (Grant Funded)	0	1,469	686	783	1,763	1,763	0
<b>Sub total</b>	<b>92,717</b>	<b>87,752</b>	<b>83,091</b>	<b>4,661</b>	<b>110,142</b>	<b>105,984</b>	<b>4,158</b>
<b>TOTAL INTERNAL &amp; PDC FUNDED</b>	<b>117,781</b>	<b>103,571</b>	<b>93,794</b>	<b>9,777</b>	<b>135,206</b>	<b>131,048</b>	<b>4,158</b>
<b>Technical-IFRIC12</b>							
BTC & MES	1,570	1,310	1,573	-263	1,789	1,789	0
<b>Trust Wide Programme</b>	<b>119,351</b>	<b>104,881</b>	<b>95,367</b>	<b>9,514</b>	<b>136,995</b>	<b>132,837</b>	<b>4,158</b>

- The table above shows the Month 10 spend position against the agreed Trust plan, the forecast now includes Same Day Emergency Care, Surgical Robot and all successful Public Dividend Capital (PDC) bids awarded to date
- The MMUH-PDC has been revised to reflect the increase to the MOU, submitted to the New Hospitals Programme team in December 22. The forecast is based on the most recent cashflow from the Trust advisors and predicts an underspend. The balance of the MOU will require formal agreement with NHP to carry forward into 23/24
- The plan for all non MMUH spend reflects an overcommitment against the initial ICS agreed Capital resource which has been agreed with the ICS, to utilise slippage across the System

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

	Balance as at 31st March 2022	Balance as at 31st January 2023	NHSI Planned Balance as at 31st January 2023	Variance to plan as at 31st January 2023	NHSI Plan as at 31st March 2023	Forecast 31st March 2023
	£000	£000	£000	£000	£000	£000
<b>Non Current Assets</b>						
Property, Plant and Equipment	646,763	722,528	890,471	(167,943)	775,879	775,879
Intangible Assets	183	143	146	(3)	131	131
Investment Assets	0	0	0	0	0	0
Trade and Other Receivables	100	100	100	0	100	100
<b>Current Assets</b>						
Inventories	3,585	3,585	3,437	148	3,585	3,585
Trade and Other Receivables	44,141	48,707	37,852	10,855	35,122	35,122
Cash and Cash Equivalents	55,013	42,169	27,197	14,972	29,517	29,517
<b>Current Liabilities</b>						
Trade and Other Payables	(85,865)	(103,683)	(98,363)	(5,320)	(94,639)	(94,639)
Provisions	(3,580)	(3,463)	(950)	(2,513)	(2,950)	(2,950)
Borrowings	(2,587)	(17,068)	(2,408)	(14,660)	(17,511)	(17,511)
DH Loan	0	0	0	0	0	0
<b>Non Current Liabilities</b>						
Provisions	(3,391)	(3,352)	(3,529)	177	(3,529)	(3,529)
Borrowings	(39,145)	(22,400)	(23,769)	1,369	(23,769)	(23,769)
DH Loan	0	0	0	0	0	0
	<b>615,217</b>	<b>667,266</b>	<b>830,184</b>	<b>(162,918)</b>	<b>701,936</b>	<b>701,936</b>
<b>Financed By</b>						
<b>Taxpayers Equity</b>						
Public Dividend Capital	664,941	722,436	664,151	58,285	757,659	757,659
Retained Earnings reserve	(73,442)	(78,776)	148,314	(227,090)	(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
	<b>615,217</b>	<b>667,266</b>	<b>830,184</b>	<b>(162,918)</b>	<b>701,936</b>	<b>701,936</b>