

# Finance Report

---

**2020/21 Month 9 - December**

# Financial Headlines

	MM2018	In Month	In Month	YTD	YTD	YTD	Q3	Q3	Q3
	Plan	Actual	Variance	Plan	Actual	Variance	Plan	Actual	Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m
 I&E Performance	(0.88)	(0.05) 	0.83	(2.00)	(0.48) 	1.52	(4.30)	(2.30) 	2.00
 NHSI Agency Ceiling	0.87	1.49 	{0.63}	8.04	11.29 	{3.26}	10.63	16.65 	{6.02}
 Efficiency Programme (CIP)	1.71	0.80 	{0.92}	15.40	7.26 	{8.14}	20.54	9.74 	{10.79}
 Capital Expenditure (excl MMUH)	2.15	1.86 	0.29	15.43	15.44 	{0.01}	30.48	28.48 	2.01
 Capital Expenditure - MMUH	30.93	13.54 	17.39	168.03	106.54 	61.49	237.12	160.88 	76.24
 Cash Balance	12.28	64.27 	51.99	12.28	64.27 	51.99	2.01	27.71 	25.70

### Income & Expenditure Position

	In Month £m	Year to Date £m
Main Contract Income	43.69	361.82
Other Income	5.74	42.48
Retrospective Top Up Income	0.00	26.89
<b>TOTAL INCOME</b>	<b>49.43</b>	<b>431.19</b>
<hr/>		
<b>EXPENDITURE</b>	<b>-49.48</b>	<b>-431.67</b>
<b>NET I&amp;E</b>	<b>-0.05</b>	<b>-0.48</b>

### Pay Expenditure



### Patient Related Income

During interim funding arrangements, this section will not be populated. This approach will be reviewed on a regular basis

### Underlying Position

During interim funding arrangements, this section will not be populated. This approach will be reviewed on a regular basis

### Covid Expenditure

£2.18m in Month, £25.97m ytd  
Pay costs £1.47m, increase of £0.1m against average. Non Pay £0.708m reduced by £0.904m against average. Work is on-going to understand the nature of covid expenditure, as to whether it is truly non-recurrent, or whether there is an on-going impact on the Trust's finances.

### Forecast Expenditure

The month 9 position was favourable by £0.825m, against a deficit plan of £0.877m. YTD there is a favourable variance of £1.52m against a £2m deficit plan. The trust is currently forecasting a £2.3m deficit against a £4.3m deficit plan, this is due to NHSM asking us to forecast receipt of taper relief income. EIS information has been received for M6 and 7 - the Trust was ahead of target, the STP overall was on plan. November and December saw the Trust meet exclusion criteria due to the level of covid patients. Given current covid activity, impact of EIS is forecast as minimal risk. Risks within the forecast are the growth in annual leave (not in forecast), and increased payments to staff due to operational pressures. Improved other income performance and non pay variances suggest hitting the control total is likely. Review of the forecast is difficult given the uncertainty around the Pandemic, but will be important in terms of the overall STP position, and 2021/2022 planning.

### Cost Improvement Programme

#### Year to Date

Plan	Actual	Variance
£m	£m	£m
15.40	7.26	-8.14

#### Forecast Outturn

Plan	Actual	Variance
£m	£m	£m
20.54	9.74	-10.79

Forecasting now to achieve 47.44% of the plan

### Cash in the Bank



## Headlines Summary: Month 1 - Month 9

### **I&E**

The Trust reported a deficit in month 9 (£0.05m) this is against a planned deficit of (£0.877m), a favourable variance of £0.825m. Covid specific costs decreased from the previous period by £0.32m, with decreases across pay and non pay. Other Income improved whereas Pay increased with bank holiday pay and capacity the main drivers. The adverse movements are mitigated by increased other income and reduced non-pay expenditure where activity has not been restored to planned levels.

### **PRI and Top Up**

All outstanding retro top up payments have been agreed and paid. We can expect these costs to be audited.

### **Other Income**

Significantly above NHSI plan. This is in part due to the receipt of backdated education income due to their information having correct tariffs applied. There continues to be some recovery in Pathology related income.

### **Pay**

Pressures on capacity, and the number of unfilled shifts has seen agreement for higher bank rates for nurses and midwives, and also pressure on agency rates as requests have gone to more expensive agencies. The use of locums in medical staff groups has also increased to cover additional capacity and other workloads. Bank Holiday pay increased actuals in December as expected.

### **Non-pay**

Decrease in month, with reviews of various budgets e.g. covid specific non-pay expenditure has led to reductions. The further scaling back of elective activity has also had an impact.

### **Performance against budgets**

The clinical group showing adverse variance to budget is Medicine and Emergency care, driven by pay pressures and non-delivery of CIP. Remediation will be important as we move into 2021/2022. Other clinical groups are showing underspends against expenditure budgets. Compliance to post CIP budgets should be the focus. Budgetary pressures are also seen in all Corporate directorates, with the exception of Finance. The drivers for the non-Covid adverse variances are mostly related to non-delivery of CIP and require in year mitigation.

### **Capital and Cash**

The outturn has now been revised to reflect the latest MMUH cashflow forecast from Balfour Beatty. Work continues to confirm the 5 year internally funded programme to align to the DHSC approved FBC and the Trust's extant cash plans. This was considered at FIC in July and November, and submitted to NHSI/E in August. Scheme detail behind the affordability envelope is nearing finalisation and was submitted to FIC in November. The Trust continues to work closely with the STP, to manage use of capital resources across all local providers. Although Covid capital claims had been partially approved the Trust has discussed with the STP the possibility of covering the expenditure within its existing capital plan, which would require careful planning of slippage on existing schemes and an impact on 21/22 plans, but would probably be possible.

Cash is considerably ahead of plan due to receipt of the block income in advance, and this is reflected in increased creditor balances against plan also. The working capital position is improving, as set out on slide 12. As a result of the Covid-19 Provider to Provider guidance, working balances are improving and historical debt (Pre March-20) has reduced significantly. Work continues on identifying a 2% spend commitment with local suppliers in line with Anchor Institution commitments.

# Forecast

	M7-M12 Plan £000s	Year End Forecast £000s	Variance £000s
Patient Related Income	509,759	509,160	(599)
Other income	64,475	71,483	7,008
Pay	(366,006)	(369,371)	(3,365)
Non Pay	(201,537)	(201,896)	(359)
Finance Costs	(11,001)	(11,686)	685
<b>Net I&amp;E</b>	<b>(4,310)</b>	<b>(2,310)</b>	<b>2,000</b>

- At the end of M9 the Trust is still reporting a year end deficit of £2,310k, £2,000k favourable to Plan. This is due to £2m assumed Taper income.
- There continues to be risks within the forecast, predominately linked to the uncertainty in relation to Covid 19, and the impact on capacity, reduced elective work and the workforce (sickness, increased premiums).
- The risks are understood by the Trust, with a high level of confidence these can be mitigated to ensure delivery of the financial forecast
- As part of M10 reporting, the Trust will be required to confirm the year end forecast, and clarify how this will be treated within the wider STP.

## Financial Regime Update – Months 7-12

### Financial Regime Update

- The STP is forecasting a favourable variance (£6m) with a forecast deficit of £21m to the Month 7 to 12 planned £27m deficit. These are largely due to technical issues being addressed with the centre, and there may be some similar issues close to settlement that will improve the position further.
- Current indications are that further improvements will not be required., Some STP partners are struggling to meet their control total, so discussions around the risk share arrangement are taking place. The Trust will look to support partners positively where possible.
- STP capital plans have a £2-3m gap, and it is hoped that normal slippage will address this. The STP is considering whether to request brokerage, but is keen to avoid due to the impact on next year.

### KEY MESSAGES

- Remain within 20/21 post CIP expenditure budgets for activity recovery plan. Exit run rates and being clear on any issues that drive those away from budgets vital.
- Critical decisions on significant costs (Vanguard, Endoscopy, Imaging) if additional funding for restoration is not provided
- Restoration of “other income” will be critical - value circa £5m a month.
- Financial grip and control needs to be very tight across the Trust.

### RISKS TO THE FORECAST

- Uncertainty around EIS, and its impact this year. September information has been received, and there was no impact. Rules around Covid activity mean that November and December will see no impact. *Given current covid activity levels this risk is assessed as zero risk, moving from a low risk last month.*
- Increased direct covid costs (this month). Mitigation currently is that high marginal cost activity has not been restored, which is offsetting. Some concerns around controls, and impact on views of next year, as will all the expenditure disappear if covid were to cease being an issue? *Medium risk*
- Outstanding Retrospective top up costs paid, subject to audit. *Only risk is an adverse audit, given this risk considered mitigated.*
- Increased rates for medical staff bank nurses and midwives. One month of evidence would suggest the pressure can be contained within the forecast. Any significant restoration of elective activity in 2021 might expose this pressure. *Medium Risk, mitigation is via controls at Tactical Groups*
- Further pressure on other bank rates as a result of the point above are being seen. *Medium Risk, mitigations as above.*
- Annual Leave. No indication from centre as to treatment of increases in annual leave outstanding at year end. Any increases are not in the forecast, as specifically told by the centre not to include. *Low Risk, as NHSM indicated that Annual leave is outside performance.*

# Income and Expenditure Run Rates

Month 9 2020/2021

£000's	2020/2021								
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Patient Related Income</b>									
Plan	39,250	39,250	39,250	39,250	39,250	39,250	45,383	45,388	45,388
Actual	44,075	42,844	45,611	47,379	41,311	45,007	45,436	45,170	45,271
Variance	4,825	3,594	6,361	8,129	2,061	5,758	53	-218	-117
<b>Other Income</b>									
Plan	4,663	4,663	4,663	4,663	4,663	4,663	2,955	2,961	2,985
Actual	2,997	2,501	3,302	3,182	2,765	2,754	3,430	3,995	4,158
Variance	-1,666	-2,162	-1,360	-1,480	-1,897	-1,908	475	1,034	1,173
<b>Pay</b>									
Plan	-29,110	-29,110	-29,110	-29,110	-29,110	-29,110	-30,806	-30,831	-30,887
Actual	-30,377	-29,934	-29,846	-30,745	-29,480	-30,649	-31,085	-31,195	-31,808
Variance	-1,267	-823	-735	-1,635	-370	-1,538	-279	-364	-921
<b>Non Pay</b>									
Plan	-14,802	-14,802	-14,802	-14,802	-14,802	-14,802	-17,984	-18,189	-18,363
Actual	-16,691	-15,414	-19,068	-19,817	-14,596	-17,113	-17,946	-18,232	-17,672
Variance	-1,889	-612	-4,266	-5,015	206	-2,311	38	-43	691
<b>Net I&amp;E</b>									
Plan	0	0	0	0	0	0	-452	-671	-877
Actual	3	-3	0	0	0	0	-165	-263	-52
Variance	3	-3	0	0	0	0	287	408	825

## ANALYSIS

### Patient Related Income

Small variance from plan that reflects M7-12 agreed funding levels, and some movement to other income.

### Other Income

Improvements against the plan relate to backdated E&T tariff changes, and the agreed treatment of the commercial income over the life of the agreement. Some improvement in Pathology income continues

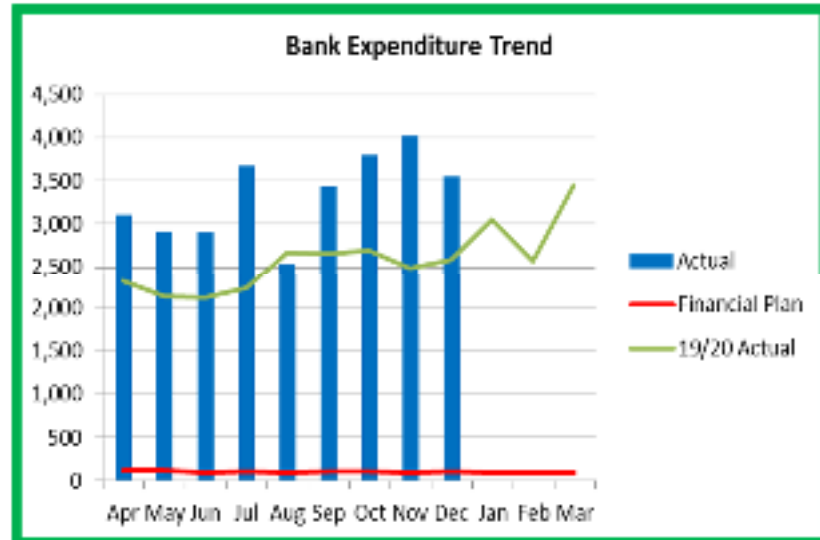
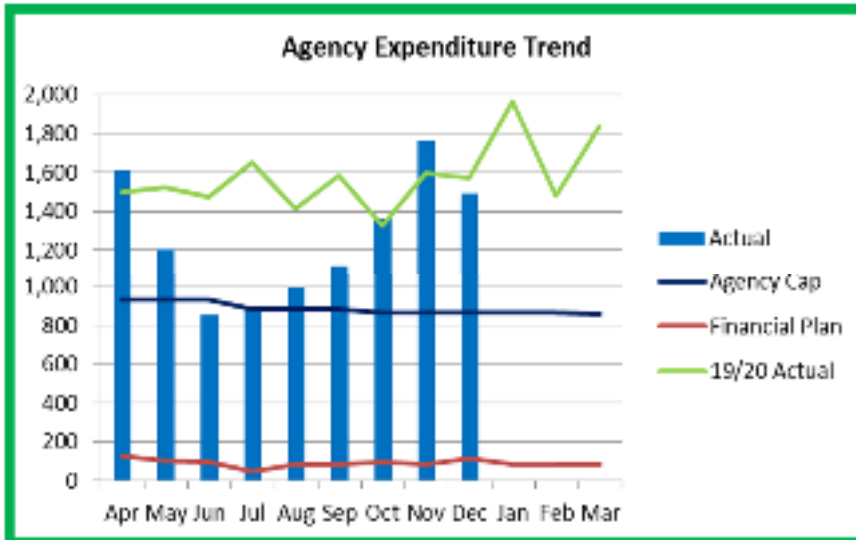
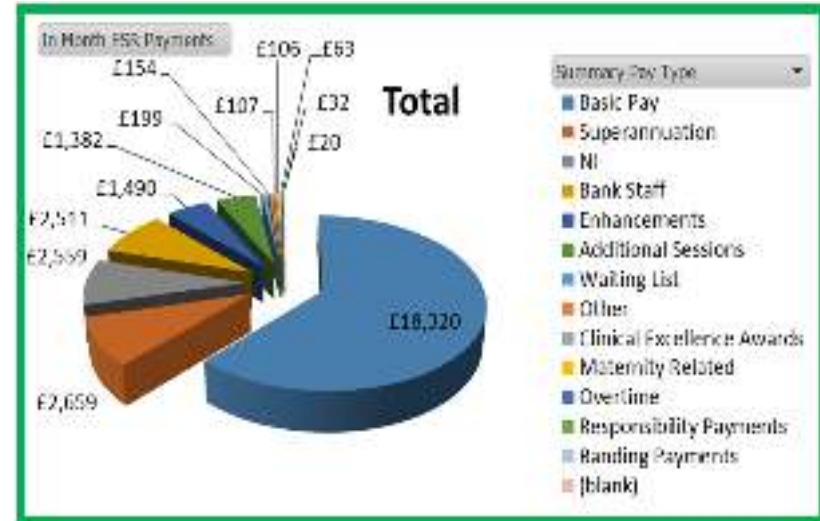
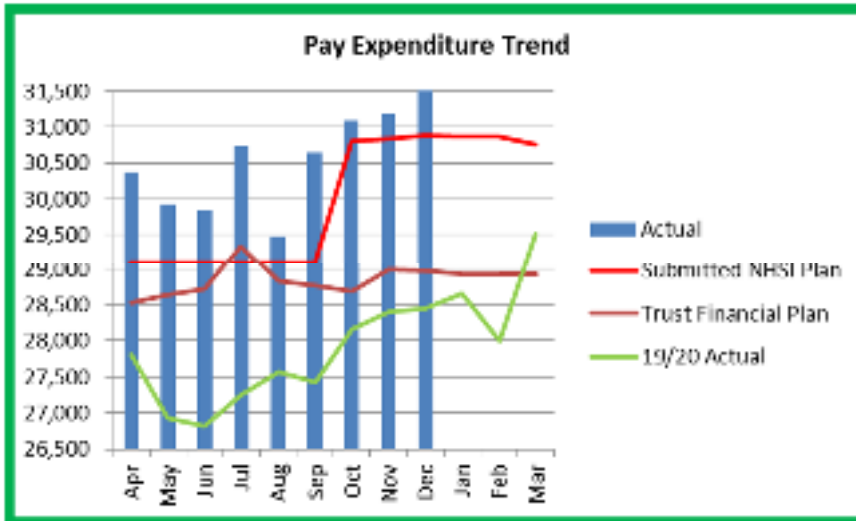
### Pay

Bank Holiday payments increase actual pay expenditure in December, along with additional staff to open the additional capacity opened due to the pandemic.

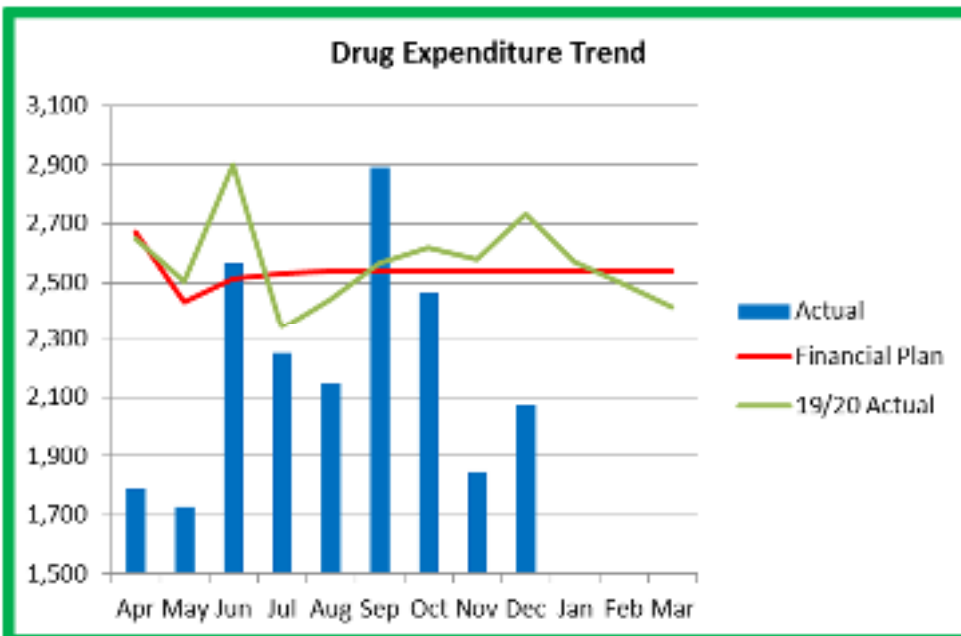
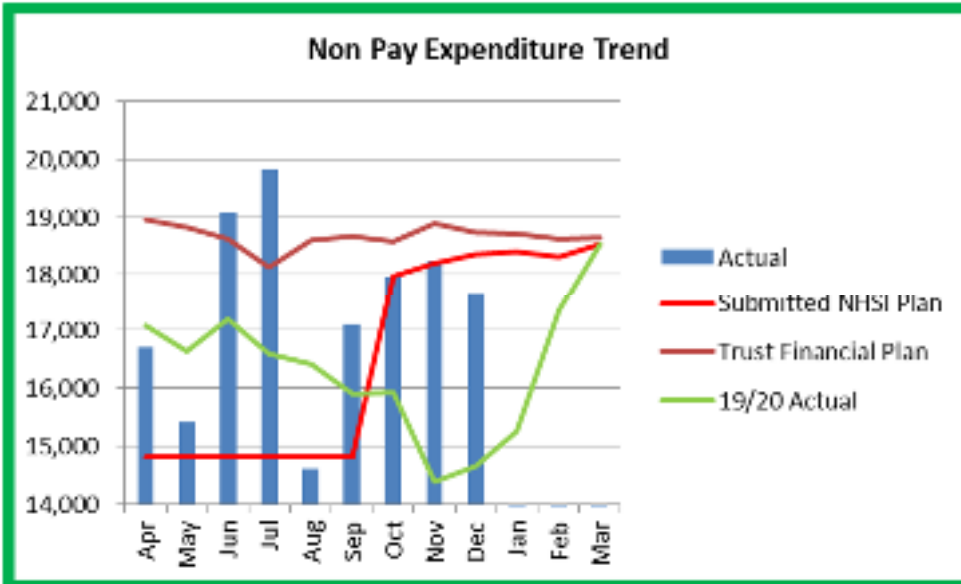
Adverse to plan because the expenditure control agreed with the STP was put into pay (£4.8m M7-12, or £0.8m per month)

### Non Pay

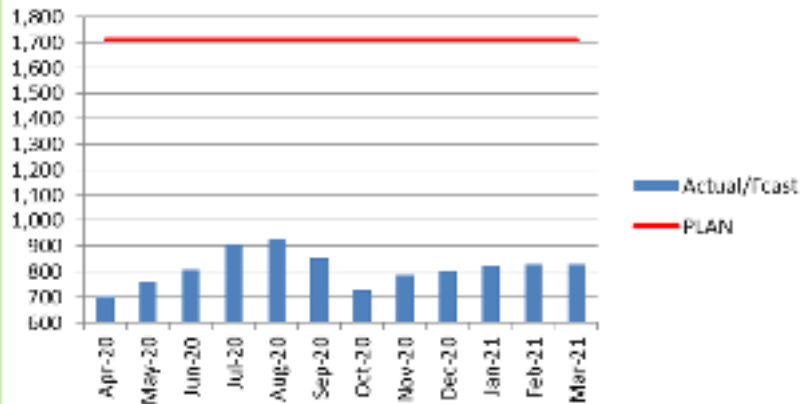
On-going review of key areas such as discrete covid expenditure has led to a positive impact in December. A review of non-operational expenditure has also led to an improved position in month. Elective activity remains suppressed as a result of the pandemic, and this also contributed to the improvement in the non-pay position.



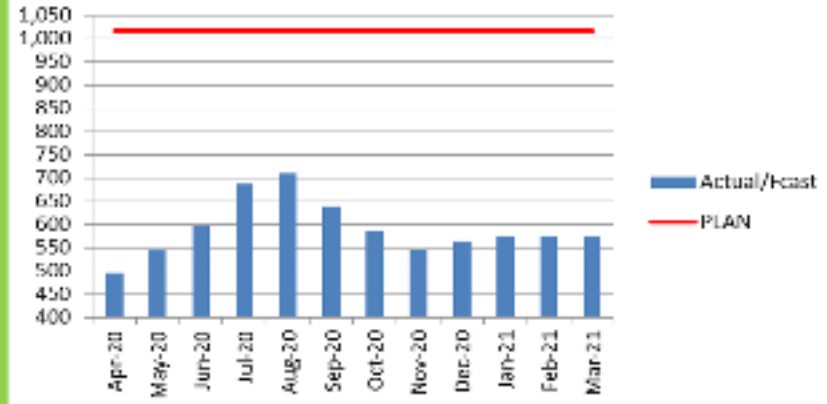




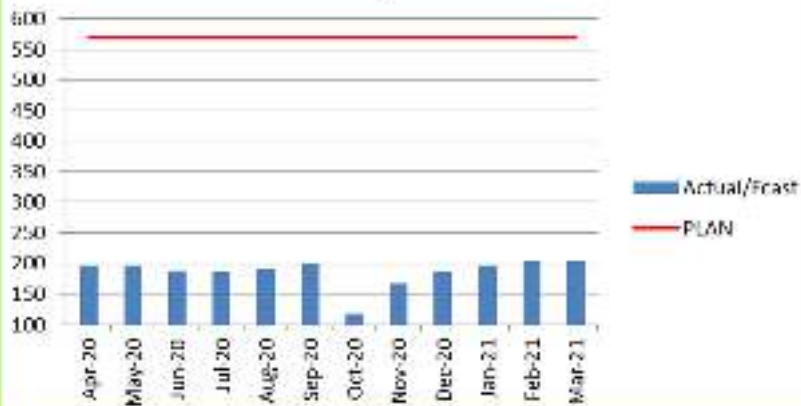
**Total CIP Trend**



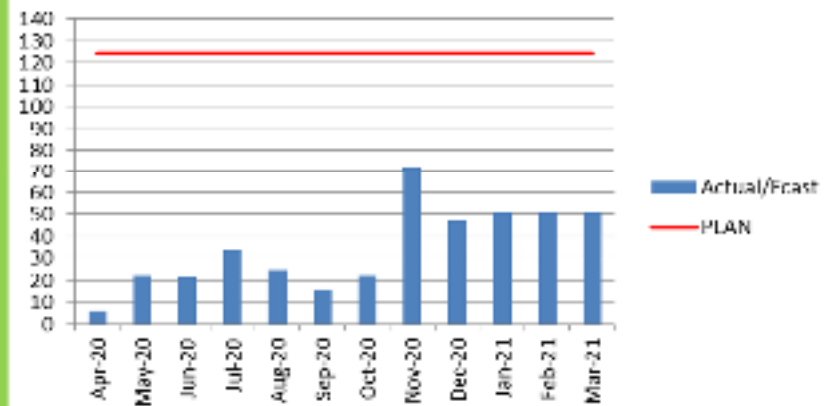
**Pay CIP Trend**



**Non Pay CIP Trend**



**Income CIP Trend**



# Capital Expenditure

Month 9 2020/21

	Original Plan £000s	Year to Date			Year End		
		Plan £000s	Actual £000s	Variance £000s	Plan £000s	Forecast £000s	Variance £000s
<b>Internal - Self Financing</b>							
Estates	7,234	5,437	3,481	1,956	7,234	4,551	2,683
IT	4,111	2,578	2,166	412	4,111	4,111	0
Medical equipment	2,272	1,570	1,284	286	2,272	2,272	0
<b>Sub total</b>	<b>13,617</b>	<b>9,585</b>	<b>6,931</b>	<b>2,654</b>	<b>13,617</b>	<b>10,934</b>	<b>2,683</b>
<b>External - PDC</b>							
ETTF - GP Practice	1,800	1,800	1,365	435	1,800	1,800	0
STP	3,704	2,890	2,981	-91	3,704	3,704	0
ED Monies			67	-67	4,000	4,000	0
CCS Surge			990	-990	1,600	1,600	0
CIR					1,882	1,882	0
Breast Screening Trailers				0	484	484	0
Adapt & Adopt-Endoscopy				0	490	490	0
Covid-19			1,977	-1,977	1,314	1,987	-673
<b>Sub total</b>	<b>5,504</b>	<b>4,690</b>	<b>7,380</b>	<b>-2,690</b>	<b>15,274</b>	<b>15,947</b>	<b>-673</b>
<b>MMUH</b>	<b>237,115</b>	<b>168,033</b>	<b>106,536</b>	<b>61,497</b>	<b>237,115</b>	<b>160,876</b>	<b>76,239</b>
<b>TOTAL</b>	<b>256,236</b>	<b>182,308</b>	<b>120,847</b>	<b>61,461</b>	<b>266,006</b>	<b>187,757</b>	<b>78,249</b>
<b>Technical-IFRIC12</b>							
IFRIC12, MES & Charity	1,594	1,159	1,132	27	1,594	1,594	0
<b>Trust Wide Programme</b>	<b>257,830</b>	<b>183,467</b>	<b>121,979</b>	<b>61,488</b>	<b>267,600</b>	<b>189,351</b>	<b>78,249</b>

## Analysis

- The Forecast Outturn now reflects the latest MMUH cashflow expectations, subject to CRL / CDEL agreement with NHSIE (Cashflow versus accrual accounting).
- The actual spend and forecast will now be measured against this plan as part of regular Capital Review meetings
- The Year to Date actuals include COVID costs of £1,977k, which represents those items received and/or paid for at the reporting date. The Forecast for COVID represents all known orders placed with suppliers in 2020/21
- The plan values for Medical Equipment and Estates now include the additional PDC the Trust has secured for Critical Care Surge, ED, Endoscopy and Diagnostic Imaging Equipment.

# Finance Report

## SOFP

Month 9 2020/21

**Sandwell & West Birmingham Hospitals NHS Trust**  
**STATEMENT OF FINANCIAL POSITION 2020/21**

	Balance as at 31st March 2020	Balance as at 31st December 2020	NHSI Planned Balance as at 31st December 2020	Variance to plan as at 31st December 2020	NHSI Plan as at 31st March 2021	Forecast 31st March 2021
	£000	£000	£000	£000	£000	£000
<b>Non Current Assets</b>						
Property, Plant and Equipment	521,752	629,977	694,632	(64,655)	749,751	749,751
Intangible Assets	132	101	106	(5)	106	106
Investment Assets	0	0	0	0	0	0
Trade and Other Receivables	181	(210)	67	(277)	67	67
<b>Current Assets</b>						
Inventories	5,129	4,156	4,742	(586)	4,742	4,742
Trade and Other Receivables	45,497	18,650	47,344	(28,694)	47,344	37,344
Cash and Cash Equivalents	23,381	76,553	12,280	64,273	2,009	27,707
<b>Current Liabilities</b>						
Trade and Other Payables	(83,897)	(118,769)	(81,610)	(37,159)	(82,774)	(98,472)
Provisions	(815)	(672)	(1,855)	1,183	(1,855)	(1,855)
Borrowings	(1,858)	(1,835)	(3,872)	2,037	(3,872)	(3,872)
DH Loan	0	0	0	0	0	0
<b>Non Current Liabilities</b>						
Provisions	(3,504)	(3,504)	(3,454)	(50)	(3,454)	(3,454)
Borrowings	(27,545)	(26,052)	(29,998)	3,946	(29,295)	(29,295)
DH Loan	0	0	0	0	0	0
	<b>478,453</b>	<b>578,395</b>	<b>638,382</b>	<b>(59,987)</b>	<b>682,769</b>	<b>682,769</b>
<b>Financed By</b>						
<b>Taxpayers Equity</b>						
Public Dividend Capital	300,103	400,643	476,277	(75,634)	527,359	527,359
Retained Earnings reserve	158,853	158,255	139,722	18,533	133,027	133,027
Revaluation Reserve	10,439	10,439	13,325	(2,886)	13,325	13,325
Other Reserves	9,058	9,058	9,058	0	9,058	9,058
	<b>478,453</b>	<b>578,395</b>	<b>638,382</b>	<b>(59,987)</b>	<b>682,769</b>	<b>682,769</b>

## Analysis

- The overall variance from plan is due to lower capital spend due to slippage on major capital schemes.
- Working balances are improving as the NHSI/E Provider to Provider payment arrangements reduce aged balances. Payables is showing a higher value due to the Block Income now being received a month in advance and reflected in the SOFP as a payment in advance.
- Further Analysis of Cash Balances and movements are included on the SOCF slide
- Further analysis on Receivables and Payables balances is available on slide 14
- 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

# Finance Report

## SOCF

Month 9 2020/21

Sandwell & West Birmingham Hospitals NHS Trust												
CASH FLOW 2020/21												
ACTUAL/FORECAST	April	May	June	July	August	September	October	November	December	January	February	March
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Receipts</b>												
SLAs: SWB CCG	50,491	26,041	27,926	24,463	24,255	25,214	25,626	37,277	31,743	24,193	24,193	0
Associates	18,046	8,993	8,783	8,916	8,874	9,235	8,515	8,435	8,410	8,681	8,681	0
Other NHS	8,193	1,184	1,209	4,275	184	1,846	263	1,244	2,748	749	1,053	1,875
Specialised Services	4,987	14,583	8,206	7,089	4,394	16,352	4,012	3,683	12,882	5,123	4,918	198
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	5,209	26	0	1,499	3	0	3,854	0	5,501	0	0	4,405
Public Dividend Capital	5,059	6,208	8,979	0	16,474	11,099	16,419	14,856	19,077	17,062	16,959	17,061
Loans	0	0	0	0	0	0	0	0	0	0	0	0
Other Receipts	893	796	4,078	4,817	6,793	2,252	5,213	3,847	3,730	2,075	2,075	2,075
<b>Total Receipts</b>	<b>92,879</b>	<b>57,830</b>	<b>59,181</b>	<b>51,059</b>	<b>60,975</b>	<b>65,998</b>	<b>63,901</b>	<b>69,342</b>	<b>84,091</b>	<b>57,884</b>	<b>57,879</b>	<b>25,614</b>
<b>Payments</b>												
Payroll	16,273	16,035	16,770	16,744	16,270	16,707	16,821	16,673	17,151	16,353	16,604	16,574
Tax, NI and Pensions	3,970	11,972	11,929	11,618	11,793	11,716	12,021	11,648	12,342	11,800	11,800	11,800
Non Pay - NHS	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550	1,550
Non Pay - Trade	27,364	8,135	6,589	23,751	8,077	12,275	13,897	10,463	18,305	10,473	11,284	10,429
Non Pay - Capital	10,202	7,779	14,530	4,931	14,299	12,937	18,425	14,643	22,694	18,524	18,425	18,568
MMH PFI	0	0	0	0	0	0	0	0	0	0	0	0
PDC Dividend	0	0	0	0	0	0	0	2,416	0	0	0	8,500
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	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,565	1,325	0	0
Other Payments	1,124	6,411	9,546	460	433	549	433	456	517	179	239	179
<b>Total Payments</b>	<b>62,487</b>	<b>53,887</b>	<b>62,919</b>	<b>61,060</b>	<b>54,428</b>	<b>57,739</b>	<b>65,151</b>	<b>59,853</b>	<b>74,565</b>	<b>60,644</b>	<b>60,342</b>	<b>68,040</b>
Cash Brought Forward	23,348	53,740	57,684	53,945	43,945	50,492	58,752	57,502	66,991	76,517	73,757	71,294
Net Receipts/(Payments)	30,392	3,944	(3,738)	(10,001)	6,547	8,259	(1,250)	9,489	9,526	(2,760)	(2,463)	(42,426)
Cash Carried Forward	53,740	57,684	53,945	43,945	50,492	58,752	57,502	66,991	76,517	73,757	71,294	28,868

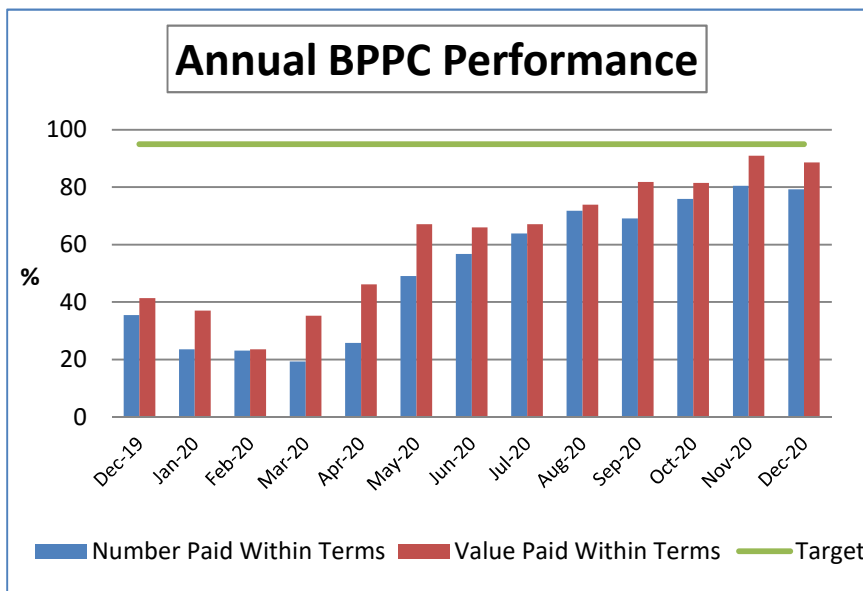
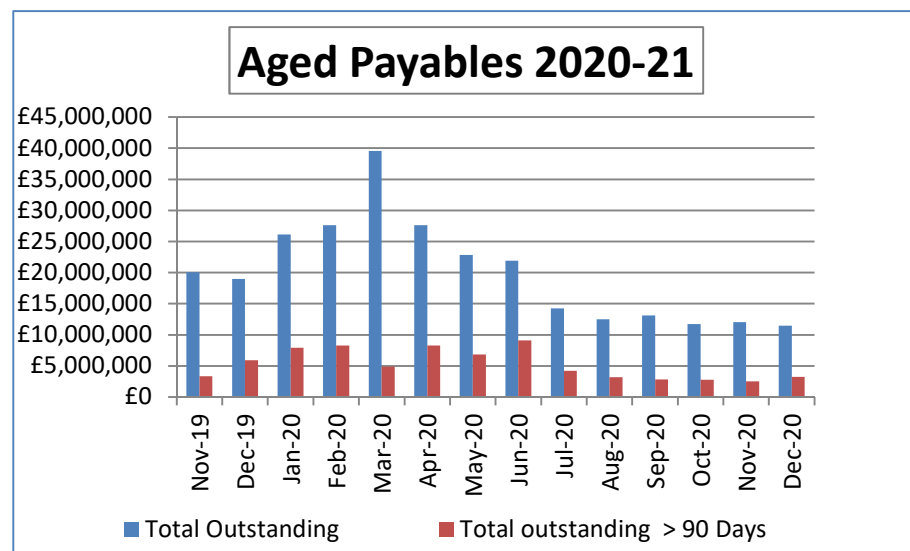
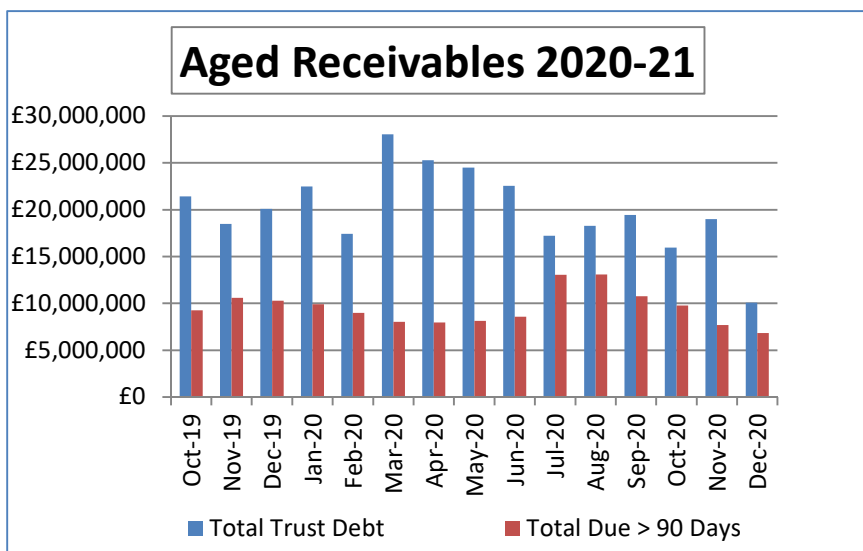
## Analysis

- This cash flow incorporates YTD M9 actual movements and a full year forecast for balances in the Trusts Bank Account.
- The cash flow represents the application of the breakeven NHS funding plans for Months 1 to 6, and achieving a small deficit during M7-12. Assumptions will need to be reassessed once the ongoing NHS Financial regime and the likely outturn is determined, particularly as discussions are till being held with Providers regarding billing arrangements.
- Over the medium term delivery of I&E plans are the key determinant of cash borrowing requirements, as well as capital investment.

# Finance Report

# Aged Receivables, Aged Payables & BPPC

Month 9 2020/21



### Analysis

- The overall Debt decreased as quarterly invoices to NHS Education and other NHS invoices were paid in December. The over 90 days debt decreased to its lowest balance in 2 years as historical NHS and non NHS debt was paid. The Trust is continuing to target specific customers to settle outstanding amounts as part of the overall plan to further reduce the Aged debt profile during 2020/21
- The overall value of Payables decreased in December 2020. The over 90 days NHS position increased marginally and the Trust is targeting those suppliers to ensure payments flow and the profile improves. Provider to Provider billing arrangements remain in place, ensuring prompt payment of invoices within 7 days.
- BPPC is showing continued signs of improvement but remains below the 95% target. This will continue to be managed in line with non-NHS creditor improvement and cash balances. The Trust is investigating further plans to improve performance against the target.