

**AGENDA ITEM NO:**

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST**  
**BOARD OF DIRECTORS**  
**THURSDAY 29 JULY 2021**

<b>Title:</b>	<b>FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 30 JUNE 2021</b>	
<b>Responsible Director:</b>	<b>Julian Miller, Chief Financial Officer</b>	
<b>Contact:</b>	<b>Sarah Thomas, Deputy Chief Financial Officer, ext. 17453</b>	
<b>Purpose:</b>	To present an update on the Trust's financial performance for the period ending 30 June 2021 (Month 3 2021/22) to the Board of Directors.	
<b>Confidentiality Level &amp; Reason:</b>	None	
<b>Board Assurance Framework Ref: / Strategy Implementation Plan Ref:</b>	<p>BAF - SR2/18 - Cash flow affects day to day operations of Trust</p> <p>BAF - SR12/18 - Unable to maintain and improve quality and quantity of physical environment to support the level of service</p> <p>SIP - #8 Use our resources as efficiently as possible</p> <p>SIP - #9 Invest in our estates and capital infrastructure to provide high quality facilities for patients and minimise under-utilised clinical space</p>	
<b>Key Issues Summary:</b>	<ul style="list-style-type: none"> <li>• The final financial plan for the first half of the financial year (H1) is for a breakeven position based on the adjusted financial performance measure.</li> <li>• The adjusted financial position is a deficit of (£0.9m), £0.8m favourable to plan. The overall unadjusted I&amp;E deficit is (£3.8m) at month 3, (£8.8m) adverse to plan mainly due to slippage on grant income.</li> <li>• Year to date COVID-19 costs total (£11.3m) of which (£6.1m) relates to centrally funded PCR Testing and the Vaccination Programme.</li> <li>• Capital expenditure amounted to £13.4m year to date.</li> <li>• The cash balance at 30 June 2021 is £204.9m.</li> </ul>	
<b>Recommendations:</b>	<p>The BOARD OF DIRECTORS is asked to:</p> <ol style="list-style-type: none"> <li>1. Receive the contents of this report.</li> </ol>	
<b>Signed:</b> Julian Miller		<b>Date:</b> 19 JULY 2021

# UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST

## BOARD OF DIRECTORS

THURSDAY 29 JULY 2021

### FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 30 JUNE 2021

#### PRESENTED BY THE CHIEF FINANCIAL OFFICER

#### 1. Executive Summary

A summary of the key financial performance indicators for the period ending 30 June (Month 3) are set out in table 1 below.

**Table 1: Key Metrics**

Year to Date			Theme	Current month		
Plan	Actual	Variance		Plan	Actual	Variance
£5.1m	(£3.8m)	(£8.8m)	Income & Expenditure Surplus / (Deficit)	£1.7m	(£2.9m)	(£4.6m)
(£1.7m)	(£0.9m)	£0.8m	Adjusted Financial Performance	(£0.5m)	(£3.3m)	(£2.8m)
£0.0m	£0.9m	£0.9m	CIP Delivery	£0.0m	£0.5m	£0.5m
(£9.3m)	(£9.7m)	(£0.4m)	Agency Expenditure	(£3.1m)	(£3.3m)	(£0.2m)
£26.6m	£13.4m	(£13.2m)	Capital Expenditure	£9.4m	£8.2m	(£1.3m)
£202.7m	£204.9m	£2.2m	Cash	£1.9m	(£2.4m)	(£4.3m)
£73.5m	£71.4m	(£2.1m)	ERF Performance Total	£28.4m	£25.7m	(£2.7m)
£35.7m	£31.4m	(£4.4m)	ERF Performance Inpatients	£13.9m	£11.4m	(£2.4m)
£37.8m	£40.1m	£2.2m	ERF Performance Outpatients	£14.6m	£14.3m	(£0.3m)

On the adjusted basis used by NHSEI the Trust has reported a deficit of (£0.9m), £0.8m favourable to plan. The overall financial position for M3 is a year to date deficit of (£3.8m), (£8.8m) adverse to the plan for the year to date. Of the (£8.8m) adverse variance (£5.9m) relates to slippage in grant funding for Salix Energy schemes.

During the month cash balances remained high and stood at £204.9m, (£2.4m) lower than the previous month.

The System has recognised £0.5m of additional Elective Recovery Fund (ERF) income for UHB for the period to May however provisional activity data for June indicates that the thresholds have not been met in month 3 notably for inpatient activity.

## 2. Financial Position 2021/22

### 2.1 Income & Expenditure: Year to Date Position

The year to date income and expenditure position is set out below in table 2.1. For the period ended June (month 3) the Trust has reported a deficit of (£3.8m), (£8.8m) adverse to plan.

**Table 2.1: YTD Income and Expenditure Position**

SoCI	Year to Date		
	Plan	Actual	Variance
	£m	£m	£m
Income - COVID Block Contracts	418.6	412.1	(6.5)
Income - NHSE CPC Drugs	6.5	10.9	4.4
Income - COVID Non-System Reimbursement	8.3	6.1	(2.3)
Other Patient Care Income	10.4	9.4	(1.1)
Other Income	42.0	39.7	(2.4)
<b>Sub-Total Income</b>	<b>485.9</b>	<b>478.1</b>	<b>(7.8)</b>
Expenditure - Pay	(271.9)	(274.6)	(2.7)
Expenditure - Non-Pay	(195.8)	(191.5)	4.4
Expenditure - Non-Pay [PPE & Equipment]	0.0	(3.6)	(3.6)
COVID (Non-System) Pay	(4.6)	(3.9)	0.8
COVID (Non-System) Non-Pay	(2.4)	(2.2)	0.2
<b>Sub-Total Operating Expenditure</b>	<b>(474.8)</b>	<b>(475.8)</b>	<b>(0.9)</b>
Net Finance Costs	(6.0)	(6.1)	(0.1)
Gains / (Losses)	0.0	(0.0)	(0.0)
Corporation Tax	(0.0)	0.0	0.0
<b>Surplus / (Deficit)</b>	<b>5.1</b>	<b>(3.8)</b>	<b>(8.8)</b>
Impairment of NCA's	0.0	0.0	0.0
<b>Retained Surplus / (Deficit) for period</b>	<b>5.1</b>	<b>(3.8)</b>	<b>(8.8)</b>

The position shown in Table 2.1 above is the unadjusted financial performance. For the purposes of reporting to NHSEI adjustments are made to remove the impact of donations, gains and losses, impairments and the impact of centrally procured PPE and equipment.

On the adjusted basis the Trust has reported a deficit of (£0.9m), £0.8m favourable to plan as set out in table 2.1a below.

**Table 2.1a: Adjusted Financial Performance**

Adjusted Financial Performance:	Plan YTD	Actual YTD	Variance YTD
	£m	£m	£m
Trust Surplus / (Deficit) for the period	5.1	(3.8)	(8.8)
Remove net impact of consumables donated from other DHSC bodies	0.0	3.6	3.6
Adjust: Capital Donations / Grants [I&E impact]	(6.8)	(0.7)	6.0
<b>Adjusted financial performance surplus / (deficit)</b>	<b>(1.7)</b>	<b>(0.9)</b>	<b>0.8</b>

### 2.2 Income & Expenditure: In Month Position

The income and expenditure position for the month of June (month 3) is set out below in table 2.2. In month 3 the position was a deficit of (£2.9m), (£4.6m) adverse to plan.

Income was £0.4m favourable to plan in month 3 mainly due to an increase in the level of cost per case drug funding from NHSE (Hep C and CDF), £2.9m favourable to plan. This was offset by shortfalls in overseas visitor income of (£0.2m) and SALIX energy scheme grant income (£2.4m).

Pay expenditure in June was £0.3m favourable to plan largely driven by a reduction of £0.8m in the level of bank staff expenditure.

Non-Pay expenditure is (£6.3m) adverse to plan in month 3 primarily due to increase of (£1.5m) in clinical supplies and (£5.3m) increase in drug costs.

The costs of delivering the Vaccination Programme and rapid PCR Testing increased by (£2.3m) in month 3 but remain below plan overall. These costs are reimbursed directly from NHSEI as they sit outside of the ICS funding envelope.

Due to the predicted levels of cash, the Trust is not forecasting any PDC Dividend repayments will be due in H1. This has been reflected in the plan within net finance costs.

**Table 2.2: In Month Income and Expenditure Position**

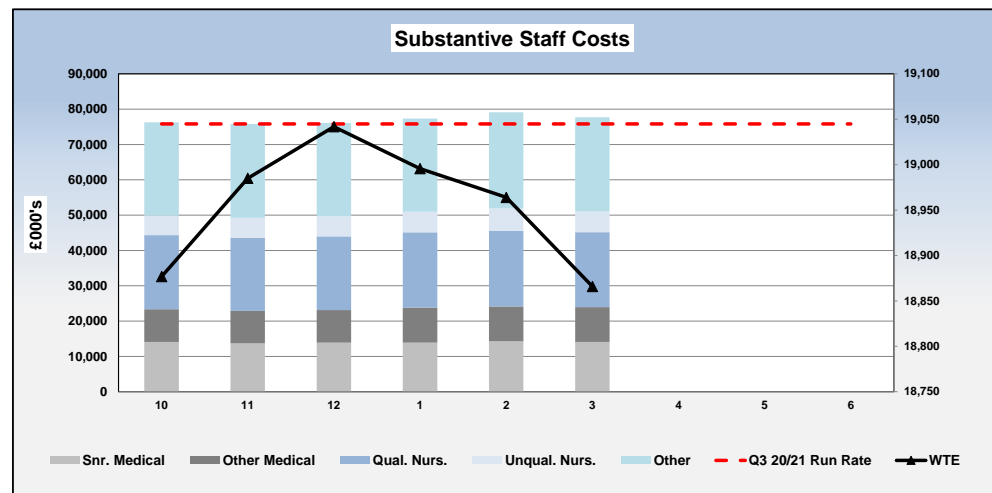
SoCI - In month	Current Month		
	Plan	Actual	Variance
	£m	£m	£m
Income - COVID Block Contracts	139.5	138.0	(1.6)
Income - NHSE CPC Drugs	2.2	5.0	2.9
Income - COVID Non-System Reimbursement	2.2	2.2	0.0
Other Patient Care Income	3.5	3.3	(0.2)
Other Income	14.0	13.2	(0.8)
<b>Sub-Total Income</b>	<b>161.5</b>	<b>161.8</b>	<b>0.4</b>
Expenditure - Pay	(91.7)	(91.4)	0.3
Expenditure - Non-Pay	(62.8)	(69.0)	(6.3)
Expenditure - Non-Pay (PPE & Equipment)	0.0	0.0	0.0
COVID (Non-System) Pay	(2.2)	(1.4)	0.8
COVID (Non-System) Non-Pay	(1.0)	(0.9)	0.2
<b>Sub-Total Operating Expenditure</b>	<b>(157.7)</b>	<b>(162.7)</b>	<b>(5.0)</b>
Net Finance Costs	(2.0)	(2.0)	0.0
Gains / (Losses)	0.0	(0.0)	(0.0)
Corporation Tax	(0.0)	0.0	0.0
<b>Surplus / (Deficit)</b>	<b>1.7</b>	<b>(2.9)</b>	<b>(4.6)</b>
Impairment of NCA's	0.0	0.0	0.0
<b>Retained Surplus / (Deficit) for period</b>	<b>1.7</b>	<b>(2.9)</b>	<b>(4.6)</b>

### 2.3 Substantive Staff Expenditure

Expenditure for substantive staff amounted to (£79.9m) in month 3, (£2.0m) adverse to plan. For the period to month 3 the Trust has made (£1.3m) of payments to buy back annual leave which contributed to this variance. With the exception of Junior Doctors in Training, no agreements have been reached nationally regarding the level of pay awards for FY21/22. It is anticipated in the plan that the additional cost of agreed pay awards will be met by additional central

funding. The monthly profile of substantive pay expenditure is set out in table 2.3 below.

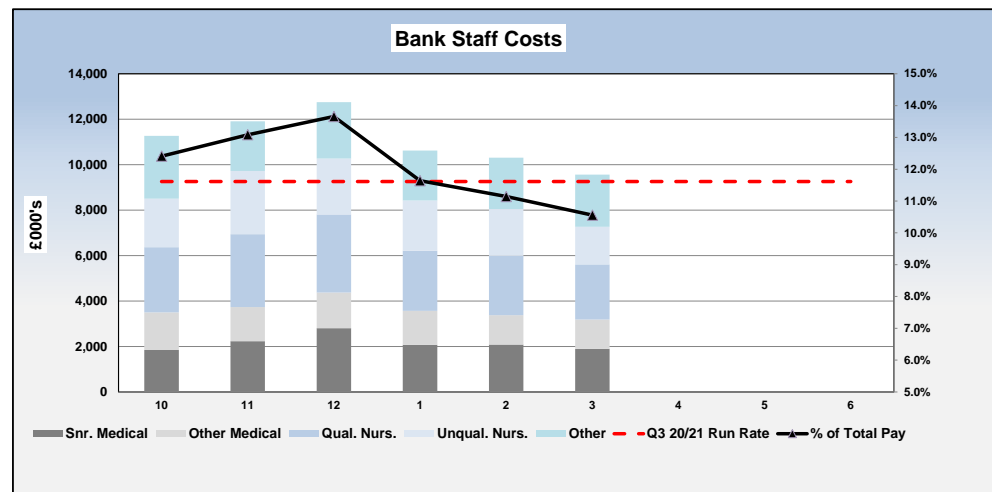
**Table 2.3: Substantive Staff Expenditure**



## 2.4 Bank Staff Expenditure

Bank staff expenditure amounted to (£9.6m) in month 3 or 11% of the total pay bill. Whilst costs fell by £0.8m month on month, bank costs remain (£0.9m) per month higher on average than the Q3 run rate used as a baseline for the H1 financial plan. The profile of bank expenditure is set out in Table 2.4 below.

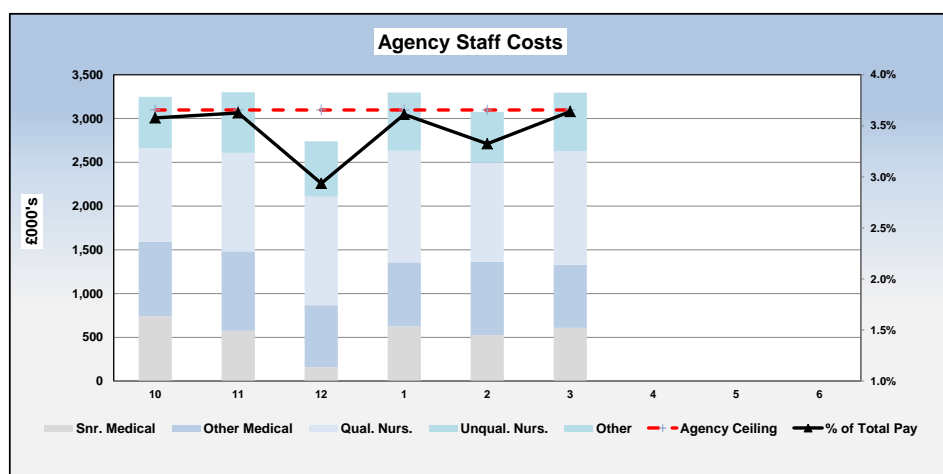
**Table 2.4: Bank Staff Expenditure**



## 2.5 Agency Staff Expenditure

Agency staff expenditure amounted to (£3.3m) or 3.6% of total pay expenditure in month 3. For the 2021/22 financial year NHSEI have set an agency celling expectation of £37.2m for the year representing a 6% reduction over the level of agency expenditure compared to FY2020/21. In month 3 the Trust agency expenditure was (£0.2m) above the NHSEI monthly agency ceiling of £3.1m.

**Table 3.5: Agency Staff Expenditure**



## 2.6 Non-Pay Expenditure

A run rate summary of the non-pay operating expenditure incurred by the Trust is set out in Table 2.6 below. The table includes comparative figures for 2019/20 and Q3 2020/21 averages.

**Table 2.6: Non-Pay Expenditure**

Category	Monthly Run Rate (Actuals)				
	FY19-20 Av*.	FY20-21 Q3 Av*.	M1	M2	M3
	£m	£m	£m	£m	£m
Clinical Supplies	(16.1)	(14.2)	(13.7)	(17.7)	(15.2)
Drugs	(20.7)	(22.3)	(23.0)	(21.3)	(26.8)
Purchases of Healthcare	(4.5)	(4.4)	(5.6)	(4.9)	(5.0)
General Supplies	(2.2)	(2.6)	(1.6)	(2.0)	(2.0)
Premises	(6.4)	(9.9)	(7.0)	(6.6)	(7.3)
CNST	(3.3)	(3.9)	(4.0)	(4.0)	(4.0)
Depreciation	(3.2)	(3.4)	(3.5)	(4.0)	(3.5)
Transport	(0.7)	(0.5)	(0.4)	(0.4)	(0.6)
Other	(5.0)	(5.2)	(4.3)	(3.6)	(3.3)
Subsidiaries	0.4	0.7	0.4	0.4	0.5
<b>Total Non-Pay</b>	<b>(61.7)</b>	<b>(65.7)</b>	<b>(62.7)</b>	<b>(64.1)</b>	<b>(67.3)</b>

\*Prior year values adjusted for inflation

Note: In month 2 (£3.6m) of centrally procured PPE stock held at the end of the last financial year was charged to clinical supplies.

## 2.7 Divisional Performance

A summary of the Division financial performance and monthly run rate is set out below in table 2.7. The values shown are the net income, pay and non-pay values for each area.

**Table 2.7: Divisional Performance**

Division	Year to Date			Run Rate (Actuals)		
	Plan	Actual	Variance	M1	M2	M3
	£m	£m	£m	£m	£m	£m
Central Operations	429.4	429.0	(0.4)	140.5	143.2	145.3
D1	(74.3)	(75.5)	(1.2)	(25.7)	(24.2)	(25.6)
D2	(64.2)	(71.3)	(7.1)	(22.5)	(23.1)	(25.8)
D3	(48.2)	(56.3)	(8.1)	(19.5)	(18.6)	(18.2)
D4	(38.3)	(38.4)	(0.0)	(12.5)	(13.0)	(12.9)
D5	(64.3)	(63.6)	0.7	(21.0)	(20.5)	(22.1)
D6	(28.6)	(27.7)	0.9	(9.2)	(9.1)	(9.4)
D7	(4.5)	(4.3)	0.2	(1.5)	(1.4)	(1.4)
Corporate / Other	(101.9)	(95.8)	6.1	(29.0)	(33.9)	(32.8)
<b>Grand Total</b>	<b>5.1</b>	<b>(3.9)</b>	<b>(8.9)</b>	<b>(0.4)</b>	<b>(0.5)</b>	<b>(3.0)</b>

Notes:

- a) Central Operations includes Healthcare Income from Commissioners.  
b) Excludes subsidiaries.

## 2.8 Impact of COVID-19 Pandemic

The Trust has been informed that essential PPE stocks will continue to be provided centrally for the remainder of the 2021/22 financial year. As such no account of these costs has been included in the H1 plan. However, the supply route has since changed and the Trust appears to be being charged for some of these products representing a pressure against the plan. The Procurement team are following this up with the central teams with regards additional funding.

“Non envelope” COVID-19 costs relating to PCR Testing and the Vaccination Programme continue to be centrally reimbursed. The Trust has incurred costs to date of circa (£6.1m) as set out in Table 2.8 below. The associated funding has also been assumed in the reported position although it should be noted that as yet the Trust has not received confirmation from NHSEI that the costs have been validated and agreed.

**Table 2.8: COVID-19 Expenditure (Non-Envelope)**

(Non-Envelope) COVID-19 Expenditure (YTD)	Pay	Non Pay	Total
	£m	£m	£m
Running Cost	(0.6)	(0.7)	(1.2)
<b>Sub-Total PCR Testing</b>	<b>(0.6)</b>	<b>(0.7)</b>	<b>(1.2)</b>
<b>Vaccination Programme</b>			
Set Up Cost	0.0	0.0	0.0
Running Cost	(3.4)	(1.5)	(4.9)
<b>Sub-Total Vaccination Programme</b>	<b>(3.4)</b>	<b>(1.5)</b>	<b>(4.9)</b>
<b>Total (Non-Envelope) COVID-19 Expenditure</b>	<b>(3.9)</b>	<b>(2.2)</b>	<b>(6.1)</b>

## 2.9 Cost Improvements (CIPs)

The Trust has set a requirement to deliver a 1.1% CIP target based on relevant budgets for the 2021/22 financial year amounting to £17.2m. This is higher than the national requirement for H1 but is on

the expectation that H2 will see a much tougher financial environment for provider Trusts.

Table 2.9 below summarises the current information held on the Trust's CIP Tracker for the period ended 30 June (month 3).

**Table 2.9: Cost Improvement Programme (CIP)**

CIP Summary	Annual Target £m	H1 Target £m	YTD Target £m	YTD Delivery £m	Variance £m
Trust CIP Target	17.2	2.7	0.0	0.9	0.9

Divisional Position	Annual Target £m	Schemes Identified £m	Schemes Identified %	Delivered £m	Delivered %
Division 1	3.3	1.3	39%	0.0	0%
Division 2	2.8	2.3	81%	0.3	9%
Division 3	2.1	0.6	28%	0.1	4%
Division 4	1.7	0.9	51%	0.0	0%
Division 5	2.8	2.2	79%	0.1	4%
Division 6	1.1	1.1	106%	0.3	28%
Division 7	0.2	0.0	10%	0.0	23%
Central Operations	0.1	0.1	129%	0.0	45%
Corporate	3.0	1.9	62%	0.0	0%
<b>Total</b>	<b>17.2</b>	<b>10.4</b>	<b>61%</b>	<b>0.9</b>	<b>5%</b>

Recurrent / Non-Rec	Annual Target	Identified	Identified	Delivered	Delivered
	£m	£m	%	£m	%
Recurrent	17.2	6.4	62%	0.1	17%
Non-Recurrent		4.0	38%	0.7	83%
<b>Total</b>	<b>17.2</b>	<b>10.4</b>	<b>100%</b>	<b>0.9</b>	<b>100%</b>

### 3. Recovery & Restoration

#### 3.1 Elective Recovery Fund (ERF)

For H1, Acute providers have access to additional funding via the Elective Recovery Fund which is designed to incentivise the recovery of planned activity. Thresholds were set against a financial baseline of the 2019/20 income for tariff based activity i.e. taking into account relative casemix with a phased increase until reaching 85% in July. Where the Trust performs above this level then additional ERF funding is available. If income delivered for any of these months is above 85% of the same month of 2019/20, an additional 20% bonus tariff top up will be available from the ERF.

The 85% target in July has since been uplifted by NHSE&I to 95% for July to September 2021.

The ERF is assessed as a system and so under-performance in one organisation may be offset by over-performance in another.



Table 3.1 sets out the Trust's assessment of the UHB performance against the thresholds April to June. Based on current data the BSoL System has agreed to allocate £0.5m of additional ERF funding for the period to May. Provisional data for month 3 indicates that activity levels did not reach the required 80% threshold for June, notably for inpatient activity.

**Table 3.1 Elective Recovery (ERF) Financial Target**

Point of Delivery / Month	Target £ms						Actual £m's			ERF £ms		
	Apr	May	Jun	Jul	Aug	Sep	Apr	May	Jun	Apr	May	Jun
Threshold Applied	70%	75%	80%	95%	95%	95%	85%	85%	85%			
Daycase	5.3	5.2	6.4	7.3	7.0	7.3	4.7	4.9	5.5	(0.6)	(0.3)	(0.9)
Elective	5.6	5.8	7.5	8.1	7.6	8.1	4.4	5.9	6.0	(1.2)	0.1	(1.5)
<b>Total Inpatients</b>	<b>10.9</b>	<b>11.0</b>	<b>13.9</b>	<b>15.4</b>	<b>14.6</b>	<b>15.4</b>	<b>9.1</b>	<b>10.8</b>	<b>11.4</b>	<b>(1.8)</b>	<b>(0.2)</b>	<b>(2.4)</b>
Outpatients New	3.8	3.9	4.9	5.6	5.1	5.7	3.5	3.8	4.1	(0.3)	(0.1)	(0.9)
Outpatients Follow Up	5.7	5.7	7.0	8.2	7.5	8.5	7.6	7.7	8.3	2.0	2.1	1.3
Outpatient Procedures	2.1	2.1	2.6	3.0	2.8	2.8	1.4	1.6	1.9	(0.6)	(0.4)	(0.7)
<b>Total Outpatients</b>	<b>11.6</b>	<b>11.6</b>	<b>14.6</b>	<b>16.9</b>	<b>15.4</b>	<b>17.0</b>	<b>12.6</b>	<b>13.2</b>	<b>14.3</b>	<b>1.0</b>	<b>1.5</b>	<b>(0.3)</b>
<b>Grand Total</b>	<b>22.5</b>	<b>22.6</b>	<b>28.4</b>	<b>32.3</b>	<b>30.0</b>	<b>32.4</b>	<b>21.7</b>	<b>24.0</b>	<b>25.7</b>	<b>(0.8)</b>	<b>1.4</b>	<b>(2.7)</b>

The Trust's assessment currently differs from the first draft numbers received from NHSEI. The anomalies within the information received are under investigation and discussion with NHSEI.

### 3.2 Activity

Table 3.2 below shows the year to date activity delivered compared to the plan using 2019/20 equivalent activity levels. Actual activity is based on provisional month 3 activity data.

**Table 3.2: Activity by Point of Delivery (PoD) (Month 3 Provisional)**

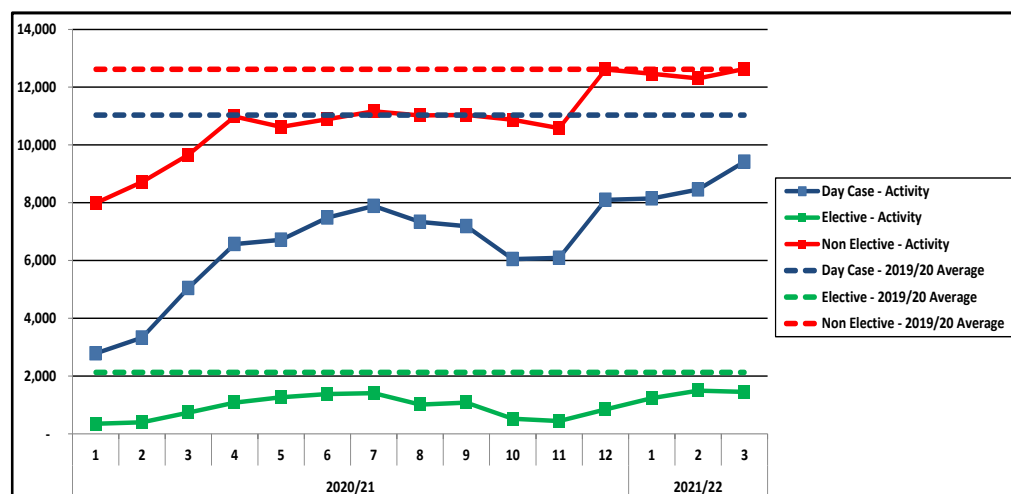
Activity by PoD	YTD Plan	YTD Activity	YTD Variance	% Variance
AandE	103,798	100,504	(3,294)	-3%
Ambulatory Care	6,938	6,051	(887)	-13%
Critical Care	16,184	11,809	(4,375)	-27%
Day Case	33,391	26,021	(7,371)	-22%
Diagnostic Imaging	54,728	49,454	(5,274)	-10%
Direct Access	2,209,695	2,151,025	(58,670)	-3%
Elective	6,637	4,186	(2,450)	-37%
Excess Bed Days	13,474	4,619	(8,855)	-66%
Maternity	7,102	6,095	(1,007)	-14%
Non Elective	38,222	37,399	(823)	-2%
Other	88,367	84,961	(3,406)	-4%
Outpatient First Attendance	90,184	59,351	(30,833)	-34%
Outpatient Follow Up	259,647	244,002	(15,645)	-6%
Outpatient Procedures	59,658	32,193	(27,465)	-46%
Renal Dialysis	77,348	77,685	337	0%

The table above shows a reduction in activity across all points of delivery compared with 2019/20 levels notably for Elective (37%), Daycase (22%), First Outpatients (34%) and Outpatient Procedures (46%). A&E activity has increased steadily over the first quarter from (9%) below plan in April to (3%) at the end of June with levels of Non-Elective activity now within (2%) of 2019/20 values.

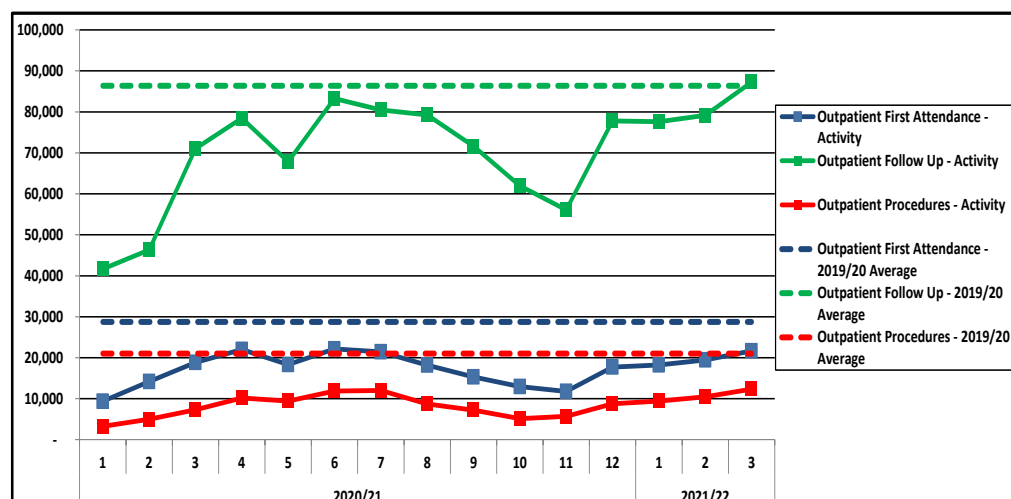
Tables 3.3 and 3.4 below show the gradual recovery of elective and

outpatient activity compared to the 2019/20 average.

**Table 3.3: Inpatient Activity (2019/20 to 2020/21)**



**Table 3.4: Outpatient Activity (2019/20 to 2020/21)**



#### 4. Statement of Financial Position

The Statement of Financial Position shows the value of Trust's assets and liabilities as at 30 June 2021 compared to the closing values at the 2020/21 year end. The upper part of the statement shows net assets after short and long term liabilities with the lower part identifying sources of finance.

**Table 4: Statement of Financial Position (SoFP) as at June 2021 (Month 3)**

SoFP (Group)	Notes	Actual Mar-21 £m	Actual Jun-21 £m
<b>Non-current assets</b>			
Intangible Assets	i	18.5	17.8
Tangible Assets		455.4	459.1
PFI Assets		312.0	311.4
Debtors		5.0	8.3
<b>Total</b>		<b>790.9</b>	<b>796.6</b>
<b>Current assets</b>			
Inventories	ii	31.0	26.2
Debtors & Accrued Income		96.5	114.1
Bank & Cash		210.7	204.9
<b>Sub-total</b>		<b>338.2</b>	<b>345.2</b>
<b>Total Assets</b>		<b>1,129.1</b>	<b>1,141.8</b>
<b>Current liabilities</b>			
Payables - trade		(337.8)	(357.3)
Payables - capital		(17.5)	(12.6)
Provisions		(5.8)	(5.8)
Deferred income		(51.8)	(57.1)
Borrowings		(14.0)	(14.0)
<b>Sub-total</b>		<b>(426.9)</b>	<b>(446.8)</b>
<b>Non-current liabilities</b>			
Payables - trade		0.0	0.0
Provisions		(15.0)	(15.0)
Deferred income		(0.4)	(0.4)
Borrowings		(434.8)	(431.4)
<b>Sub-total</b>		<b>(450.2)</b>	<b>(446.8)</b>
<b>Total Liabilities</b>		<b>(877.1)</b>	<b>(893.6)</b>
<b>Net Assets</b>		<b>252.0</b>	<b>248.2</b>

Financed by:		£m	£m
PDC		453.4	453.4
Revaluation Reserve		137.4	136.8
I&E Reserve		(338.8)	(342.0)
<b>Total</b>		<b>252.0</b>	<b>248.2</b>

**Notes:**

- i. NCA additions of £13.4m less (£9.7m) of depreciation.
- ii. £3.6m reduction in DHSC PPE Stock

**5. Capital Expenditure (Non-Current Assets)**

Table 5 below shows actual capital expenditure against the approved Capital Programme for 2021/22. In total, capital expenditure of £13.4m has been incurred for the period to month 3, £13.2m less than plan.

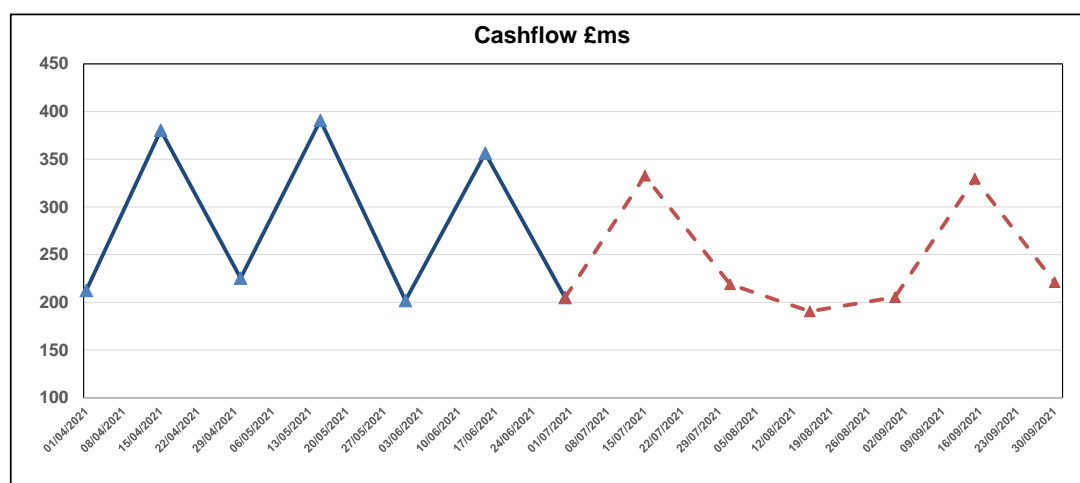
**Table 5: Capital Expenditure**

Capital Expenditure	Annual Plan £m	YTD Plan £m	YTD Actual £m	YTD Variance £m
<b>Internally Funded Schemes:</b>				
Medical Equipment	6.2	1.6	0.4	(1.1)
Equipment to Facilitate Innovation	0.1	0.0	0.0	0.0
Estates backlog maintenance	3.6	0.7	0.5	(0.2)
Estates Change of Use	6.0	1.6	0.6	(0.9)
QEHB PFI & lifecycle	4.9	1.2	1.2	(0.0)
ICT	5.3	0.8	0.6	(0.2)
Major Medical	9.0	1.4	0.4	(1.0)
Facilities and Subsidiaries	0.5	0.1	0.0	(0.1)
Contingency	0.0	0.0	0.0	0.0
<b>Sub-total Internally Funded</b>	<b>35.6</b>	<b>7.4</b>	<b>3.7</b>	<b>(3.6)</b>
<b>Externally Funded Schemes</b>				
ACAD Project (External)	61.3	11.9	8.0	(4.0)
Salix Funded Energy works	14.4	7.2	1.3	(5.9)
Digital Maturity (HSLI)	0.5	0.1	0.4	0.2
Charitable / Grant Funded	0.0	0.0	0.0	0.0
Charitable Donations ( UHB)	0.0	0.0	0.1	0.1
<b>Sub-total Externally Funded</b>	<b>76.1</b>	<b>19.3</b>	<b>9.6</b>	<b>(9.6)</b>
<b>Total (All Schemes)</b>	<b>111.8</b>	<b>26.6</b>	<b>13.4</b>	<b>(13.2)</b>

Further detail can be found in Appendix 1: Quarter 1 Capital Update.

## 6. Cash Flow

Table 6 shows the Trust's actual weekly cash balances. The cash balance at the end of June stood at £204.9m representing a reduction of (£2.4m) from the balance at the end of May.

**Table 6: Cash Flow Forecast**

## 7. Integrated Care System (ICS) Financial Position

As the largest provider organisation, the Trust's financial performance is key to the overall management of the Birmingham and Solihull (BSol) financial position. NHSEI require the BSol ICS to manage the collective financial position to achieve financial balance. For the period ended 30 June the ICS has delivered a surplus of £2.5m, £4.8m favourable to plan. Table 7 sets out the financial position of the respective BSol ICS organisations for the period ended 30 June (month 3).

**Table 7: BSol ICS Financial Position**

ICS Organisation	YTD Plan £m's	YTD Actual £m's	Variance £m's
BSMHT	0.0	2.6	2.6
BCHC	(0.8)	0.2	1.0
BWC	0.0	0.2	0.2
ROH	0.2	0.0	(0.1)
UHB	(1.7)	(0.9)	0.8
<b>Provider Total</b>	<b>(2.3)</b>	<b>2.1</b>	<b>4.4</b>
BSOL CCG	0.0	0.5	0.5
System	0.0	0.0	0.0
<b>CCG Total</b>	<b>0.0</b>	<b>0.5</b>	<b>0.5</b>
<b>System Total</b>	<b>(2.3)</b>	<b>2.5</b>	<b>4.8</b>

At month 3 the ICS has recognised £8.2m of additional ERF funding within the reported position, £4.2m favourable to plan. The system continues to forecast a breakeven position for H1 subject to emerging risks for example associated with the loss of ERF, the current wave of the pandemic and increasing capacity constraints. The total capital expenditure for the ICS within the system CDEL amounted to £17.3m, (£9.8m) adverse to the year to date plan of £27.2m.

## 8. Conclusion

The Trust has reported an adjusted financial position evaluated by NHSEI is a deficit of (£0.9m), £0.8m favourable to plan. The overall income and expenditure deficit reported is (£3.8m) for the period ended June (month 3), (£8.8m) adverse to plan. At this stage of the financial year the Trust must continue to focus on understanding the financial impact of responding to the restoration and recovery of services, the changing financial regime as well as playing a key part in the delivery of financial balance across the local Integrated Care System (ICS) financial position. Key to this will be to prepare for the second half of the financial year including a requirement for robust efficiency measures and fully quantified plans where service delivery needs are changing.

## **9. Recommendations**

The BOARD OF DIRECTORS is asked to:

1. Receive the contents of this report.

Julian Miller  
Chief Financial Officer  
19 July 2021

## Appendix 1: Quarter 1 Capital Update

### 1. Purpose

This appendix outlines the capital project expenditure incurred for the year to date to 30 June 2021 and provides an update on the year-end forecast capital expenditure for 2021/22.

### 2. Capital Programme 2020/21

At the beginning of the year, the annual 2021/22 capital budget submitted to NHSEI was £113.3m. This comprised internally generated funds, PDC and a grant. Table 1 outlines the approved breakdown of schemes within CDEL and those outside of CDEL. Internally generated funds totalled £32.2m and of this, so far, £30.7m has been approved as part of the System prioritisation and allocation process. A further £1.0m remains under review by the System awaiting further detailed information before it can be approved. PDC funding of £61.3m was allocated against ACAD, £0.5m against Digital Maturity and £14.4m against Salix Energy Grant.

**Table 1: Sources of Funding**

CDEL	Sources of Funding	Scheme	Current Approved Annual Plan £m
Within CDEL	Internally Generated	Medical Equipment	6.2
	Internally Generated	Equipment to facilitate innovation	0.1
	Internally Generated	Facilities & Estates Backlog Maintenance	3.6
	Internally Generated	Estates Projects	6.0
	Internally Generated	Major Medical Equipment	9.0
	Internally Generated	ICT	5.3
	Internally Generated	Subsidiary Companies	0.5
	Internally Generated	Contingency	0.0
<b>Subtotal Within CDEL</b>			<b>30.7</b>
Outside CDEL	Internally Generated	Estates QEHB PFI Lifecycle Works	4.9
	PDC Funded	ACAD Project	61.3
	Grant Funded	Salix funded Energy Works (Grant)	14.4
	PDC Funded	Digital Maturity (HSLI)	0.5
	Charitable Funded		0.0
<b>Subtotal Outside CDEL</b>			<b>81.0</b>
<b>TOTAL CAPITAL PLAN 2021/22</b>			<b>111.8</b>

Table 2 below outlines commitments and expenditure incurred against the full year plan.

**Table 2: 2021/22 Trust Capital Expenditure Incurred M3 YTD**

CDEL	Sources of Funding	Scheme	Annual Plan £m	Year to Date Plan £m	Year to Date Actuals £m	YTD Variance £m	Commitments £m
Within CDEL	Internally Generated	Medical Equipment	6.2	1.6	0.4	1.1	1.1
	Internally Generated	Equipment to facilitate innovation	0.1	0.0	0.0	0.0	0.0
	Internally Generated	Facilities & Estates Backlog Maintenance	3.6	0.7	0.5	0.2	2.0
	Internally Generated	Estates Projects	6.0	1.6	0.6	0.9	3.9
	Internally Generated	ICT	5.3	0.8	0.6	0.2	1.0
	Internally Generated	Major Medical	9.0	1.4	0.4	1.0	0.3
	Internally Generated	Subsidiary Companies	0.5	0.1	0.0	0.1	0.0
	Internally Generated	Contingency	0.0	0.0	0.0	0.0	0.0
<b>Subtotal Within CDEL</b>			<b>30.7</b>	<b>6.1</b>	<b>2.5</b>	<b>3.6</b>	<b>8.3</b>
Outside CDEL	Internally Generated	Estates QEHB PFI Lifecycle Works	4.9	1.2	1.2	0.0	0.0
	PDC Funded	ACAD Project	61.3	11.9	8.0	4.0	49.2
	Grant Funded	Salix funded Energy Works (Grant)	14.4	7.2	1.3	5.9	13.1
	PDC Funded	Digital Maturity (HSLI)	0.5	0.1	0.4	(0.2)	0.0
	Charitable Funded		0.0	0.0	0.1	(0.1)	0.0
<b>Subtotal Outside CDEL</b>			<b>81.0</b>	<b>20.5</b>	<b>10.9</b>	<b>9.6</b>	<b>62.4</b>
<b>TOTAL CAPITAL PLAN 2021/22</b>			<b>111.8</b>	<b>26.6</b>	<b>13.4</b>	<b>13.2</b>	<b>70.7</b>

At Month 3, the Trust reported £13.4m of expenditure against £26.6m year to date plan (including ACAD). Total expenditure year to date has a variance of £13.2m, with £9.9m being largely driven by slippage on ACAD and Energy works, which will recover later in the financial year.

There are further commitments of £70.7m that are currently in progress. The main ones include ACAD (£49.2m) for professional fees and construction orders and Energy centre works of (£13.1m).

### 3. Capital Project Update

#### 3.1 Medical Equipment (£0.4m expenditure incurred YTD)

At month 3 year to date, the main expenditure related to Nasendoscopies, Ultrasound machines, Diathermy, Patient trollies and RRPPS Dosimetry.

#### 3.2 Facilities and Estates (£0.5m expenditure incurred YTD)

At month 3 year to date, there was spend relating to Heritage backlog maintenance.

#### 3.3 Estates Projects (£0.6m expenditure incurred YTD)

At month 3 year to date, there was £0.6m spend incurred against final payment for Wellcome Theatres and the new warehouse.

#### 3.4 ICT (£0.6m expenditure incurred YTD)

At month 3 year to date, costs incurred related to ICT HSLI and the Voice/Data refresh.



3.5 Charitable Donations (£0.1m expenditure incurred YTD)

Donated expenditure includes Parsortix instruments (£20k), upgrade to Octos2 Angiography software module (£32k), fixtures and fitting to A&E GHH and Ward 16 BHH (£42k). In addition, expenditure of £8k has been incurred for East block sim suite.

3.6 ACAD (£8.0m expenditure incurred YTD)

At month 3 year to date, expenditure incurred related to PSCP works carried out by the main contractor, Kier and professional and PMO costs.

3.7 Salix Funded Energy Works (Grant) (£1.3m expenditure incurred year to date)

At month 3 year to date, £1.3m of funding has been received by the Trust to offset the initial purchase of equipment associated with the new Energy Performance Centre on the BHH site.

