

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST**  
**BOARD OF DIRECTORS**  
**THURSDAY 28 OCTOBER 2021**

<b>Title:</b>	<b>FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2021</b>	
<b>Responsible Director:</b>	Julian Miller, Chief Financial Officer.	
<b>Contact:</b>	Sarah Thomas, Deputy Chief Financial Officer, ext. 17453.	
<b>Purpose:</b>	To present an update on the Trust's financial performance for the period ending 30 September 2021 (Month 6 2021/22).	
<b>Confidentiality Level &amp; Reason:</b>	None	
<b>Board Assurance Framework Ref: / Strategy Implementation Plan Ref:</b>	BAF - SR2/18 - Cash flow affects day to day operations of Trust BAF - SR12/18 - Unable to maintain and improve quality and quantity of physical environment to support the level of service SIP - #8 Use our resources as efficiently as possible SIP - #9 Invest in our estates and capital infrastructure to provide high quality facilities for patients and minimise under-utilised clinical space	
<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 surplus of £0.4m, £0.4m favourable to plan. The overall unadjusted I&amp;E deficit is (£0.2m) at month 6, (£13.7m) adverse to plan mainly due to slippage of (£10.5m) in grant income.</li> <li>• Year to date non-envelope COVID-19 costs total (£11.6m) relating to centrally funded initiatives including PCR Testing and the Vaccination Programme.</li> <li>• Capital expenditure amounted to £32.3m year to date.</li> <li>• The cash balance at 30 September 2021 is £238.5m.</li> </ul>	
<b>Recommendations:</b>	The BOARD OF DIRECTORS is asked to: 1. Receive the contents of this report.	
<b>Signed:</b> Julian Miller		<b>Date:</b> 18 OCTOBER 2021

# UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST

## BOARD OF DIRECTORS

THURSDAY 28 OCTOBER 2021

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

#### PRESENTED BY THE CHIEF FINANCIAL OFFICER

#### 1. Executive Summary

A summary of the key financial performance indicators for the period ending 30 September (Month 6) are set out in table 1 below.

**Table 1: Key Metrics**

Year to Date			Theme	Current month		
Plan	Actual	Variance		Plan	Actual	Variance
£13.5m	(£0.2m)	(£13.7m)	Income & Expenditure Surplus / (Deficit)	£4.1m	£3.3m	(£0.8m)
£0.0m	£0.4m	£0.4m	Adjusted Financial Performance	£1.9m	£0.6m	(£1.3m)
£2.7m	£3.0m	£0.3m	CIP Delivery	£0.9m	£0.9m	(£0.0m)
(£18.6m)	(£19.9m)	(£1.3m)	Agency Expenditure	(£3.1m)	(£3.7m)	(£0.6m)
£57.6m	£32.3m	(£25.3m)	Capital Expenditure	£11.2m	£7.8m	(£3.4m)
£221.0m	£238.5m	£17.5m	Cash	£15.7m	£16.2m	£0.5m
£168.2m	£146.5m	(£21.7m)	ERF Performance Total	£32.4m	£25.4m	(£7.0m)
£81.2m	£65.3m	(£15.8m)	ERF Performance Inpatients	£15.4m	£10.9m	(£4.5m)
£87.0m	£81.2m	(£5.8m)	ERF Performance Outpatients	£17.0m	£14.5m	(£2.5m)

On the adjusted basis used by NHSEI the Trust has reported a surplus of £0.4m, £0.4m favourable to plan. The overall financial position for month 6 is a deficit of (£0.2m), (£13.7m) adverse to the plan for the year to date. Of the (£13.7m) adverse variance (£10.5m) relates to slippage in grant funding for the Salix Energy scheme at Birmingham Heartlands Hospital.

At the end of September cash balances had increased to £238.5m, £16.2m higher than the previous month mainly due to the receipt of training income from Health Education England in M6.

The System has allocated £0.4m of additional Elective Recovery Fund (ERF) income for UHB for the period to September. Provisional activity data for September indicates that the revised 95% thresholds have not been met in month 6 for either inpatient or outpatient activity.

## 2. Financial Position 2021/22

### 2.1 Income and 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 September (month 6) the Trust has reported a deficit of (£0.2m), (£13.7m) 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	837.3	840.0	2.7
Income - NHSE CPC Drugs	13.0	20.8	7.8
Income - COVID Non-System Reimbursement	26.5	11.6	(15.0)
Other Patient Care Income	22.6	18.7	(3.9)
Other Income	85.8	84.7	(1.2)
<b>Sub-Total Income</b>	<b>985.2</b>	<b>975.8</b>	<b>(9.5)</b>
Expenditure - Pay	(546.9)	(556.8)	(9.9)
Expenditure - Non-Pay	(386.2)	(392.9)	(6.7)
Expenditure - Non-Pay (PPE & Equipment)	0.0	(3.6)	(3.6)
COVID (Non-System) Pay	(20.9)	(7.2)	13.7
COVID (Non-System) Non-Pay	(5.7)	(4.4)	1.2
<b>Sub-Total Operating Expenditure</b>	<b>(959.6)</b>	<b>(963.5)</b>	<b>(3.9)</b>
Net Finance Costs	(12.1)	(12.3)	(0.2)
Gains / (Losses)	0.0	(0.2)	(0.2)
Corporation Tax	(0.1)	0.0	0.1
<b>Surplus / (Deficit)</b>	<b>13.5</b>	<b>(0.2)</b>	<b>(13.7)</b>
Impairment of NCA's	0.0	0.0	0.0
<b>Retained Surplus / (Deficit) for period</b>	<b>13.5</b>	<b>(0.2)</b>	<b>(13.7)</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 surplus of £0.4m, £0.4m favourable to the H1 breakeven 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	13.5	(0.2)	(13.7)
Remove net impact of consumables donated from DHSC	0.0	3.6	3.6
Adjust: Capital Donations / Grants [I&E impact]	(13.5)	(3.2)	10.4
Adjust: Loss on return of COVID assets to DHSC	0.0	0.2	0.2
<b>Adjusted financial performance Surplus / (Deficit)</b>	<b>0.0</b>	<b>0.4</b>	<b>0.4</b>

## 2.2 Income and Expenditure: In Month Position

The unadjusted income and expenditure position for the month of September (month 6) is set out below in table 2.2. In month 6 the position was a surplus of £3.3m, (£0.8m) adverse to plan.

Total income was £8.8m favourable to plan in month 6 mainly due to the accrual of £11.8m of anticipated funding to offset the cost of the backdated Agenda for Change pay award (paid to staff in M6). Non-system reimbursement income continues to be lower than anticipated primarily due to reduced expenditure in the Vaccination Programme. Cost per case drug funding from NHSEI (Hep C and CDF) was £0.4m favourable to plan in month. This was offset by shortfalls in overseas visitor income of (£0.1m) and RTA income of (£0.3m). In month 6 the Trust claimed £2.6m of grant funding in relation to the Salix energy scheme, £0.2m favourable to the in month plan.

Pay expenditure in September was (£9.7m) adverse to plan primarily due to the back dated 3% Agenda for Change pay award which amounted to (£11.8m) in month. Funding for the impact of the pay award will not be made available in system allocations until the second half of the financial year (expected in month 7).

Non-Pay expenditure is (£4.8m) adverse to plan in month 6 primarily due to drug costs (£3.6m) and clinical supplies and services (£1.8m). Overall levels of non-pay expenditure increased by (£4.2m) month on month.

Further costs of (£1.6m) have been incurred in month 6 for delivering the Vaccination Programme, Rapid PCR Testing and the costs of Final Year Nursing student placements. As above, these costs overall remain below planned levels and are reimbursed directly from NHSEI as they sit outside of the ICS funding envelope.

Due to the current cash balance, 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	152.0	12.5
Income - NHSE CPC Drugs	2.2	2.5	0.4
Income - COVID Non-System Reimbursement	6.6	1.6	(4.9)
Other Patient Care Income	5.2	2.9	(2.3)
Other Income	14.6	17.8	3.2
<b>Sub-Total Income</b>	<b>168.1</b>	<b>176.9</b>	<b>8.8</b>
Expenditure - Pay	(91.6)	(101.3)	(9.7)
Expenditure - Non-Pay	(63.7)	(68.5)	(4.8)
Expenditure - Non-Pay (PPE & Equipment)	0.0	0.0	0.0
COVID (Non-System) Pay	(5.5)	(0.7)	4.8
COVID (Non-System) Non-Pay	(1.1)	(0.9)	0.2
<b>Sub-Total Operating Expenditure</b>	<b>(161.9)</b>	<b>(171.4)</b>	<b>(9.5)</b>
Net Finance Costs	(2.0)	(2.0)	0.0
Gains / (Losses)	0.0	(0.2)	(0.2)
Corporation Tax	(0.0)	0.0	0.0
<b>Surplus / (Deficit)</b>	<b>4.1</b>	<b>3.3</b>	<b>(0.8)</b>
Impairment of NCA's	0.0	0.0	0.0
<b>Retained Surplus / (Deficit) for period</b>	<b>4.1</b>	<b>3.3</b>	<b>(0.8)</b>

On the adjusted basis, the Trust has reported a surplus in month of £0.6m, (£1.3m) adverse to plan as set out in table 2.2a below.

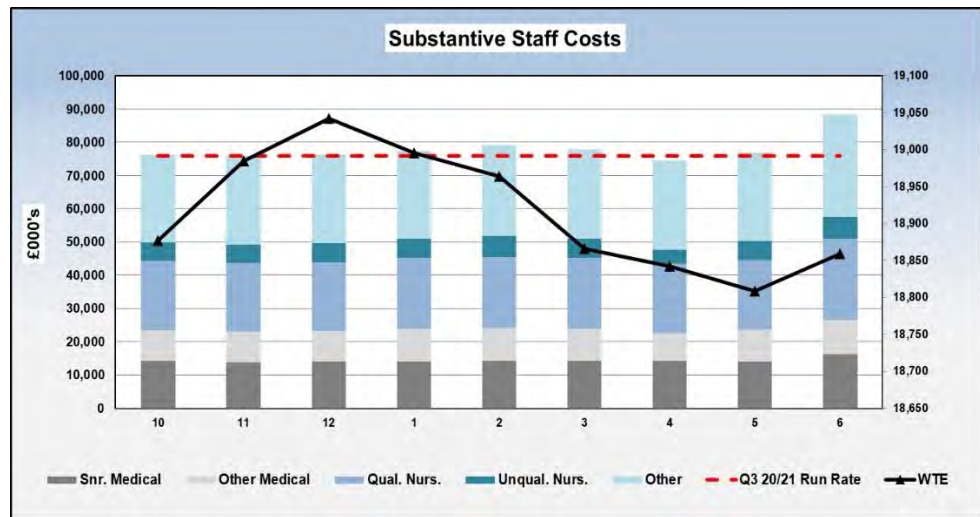
**Table 2.2a: Adjusted Financial Performance (In Month)**

Adjusted Financial Performance:	Plan	Actual	Variance
	£m	£m	£m
Trust Surplus / (Deficit) for the period	4.1	3.2	(0.9)
Remove net impact of consumables donated from other DHSC bodies	0.0	0.0	0.0
Adjust: Capital Donations / Grants [I&E impact]	(2.3)	(2.8)	(0.6)
Adjust: Loss on return of COVID assets to DHSC	0.0	0.2	0.2
<b>Adjusted financial performance surplus / (deficit)</b>	<b>1.9</b>	<b>0.6</b>	<b>(1.3)</b>

### 2.3 Substantive Staff Expenditure

Expenditure for substantive staff amounted to (£88.3m) in month 6, (£9.2m) adverse to plan. The main reason for the adverse position in month 6 is the cost of the backdated 3% pay award for Agenda for Change staff groups and senior medical staff which amounted to (£11.8m). Additional funding will be received through block contracts (starting from month 7) to cover the cost of this pay award. For the period to month 6 the Trust has made (£1.5m) of payments to buy back annual leave, the costs of which have been offset by a reduction in the annual leave provision made in the 2020/21 accounts. The number of substantive WTE paid has fallen by 183 WTE (1.0%) between March 2021 and September 2021. The monthly profile of substantive pay expenditure is set out in table 2.3 below.

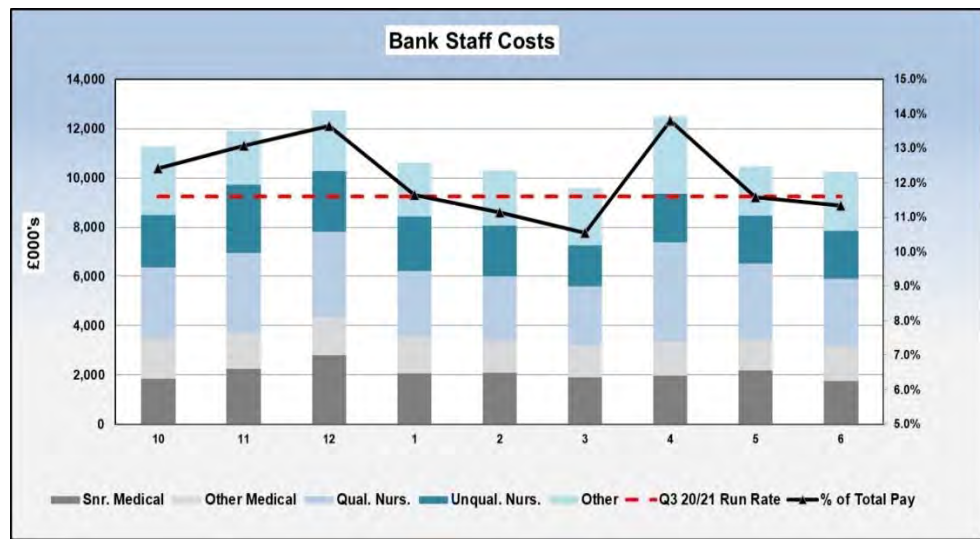
**Table 2.3: Substantive Staff Expenditure**



## 2.4 Bank Staff Expenditure

Bank staff expenditure amounted to (£10.2m) in month 6 or 11% of the total pay bill. Overall bank costs reduced by £0.2m month on month but remain (£1.6m) 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.

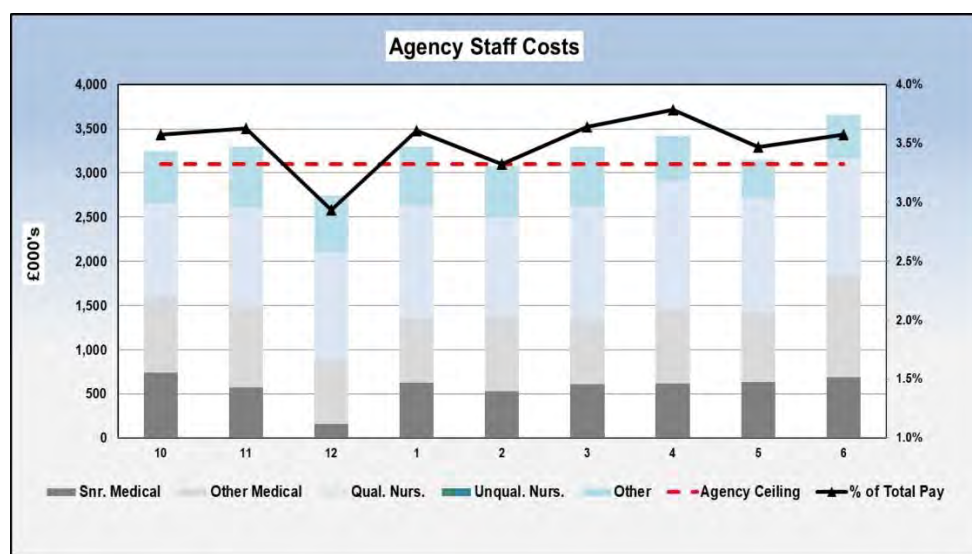
**Table 2.4: Bank Staff Expenditure**



## 2.5 Agency Staff Expenditure

Agency staff expenditure amounted to (£3.7m) or 3.6% of total pay expenditure in month 6. For the 2021/22 financial year NHSEI have set an agency ceiling expectation of £37.2m for the year representing a 6% reduction over the level of agency expenditure compared to FY2020/21. In month 6 agency expenditure was (£0.6m) adverse to the NHSEI monthly agency ceiling of £3.1m.

**Table 2.5: 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	M4	M5	M6
	£m	£m	£m	£m	£m	£m	£m	£m
Clinical Supplies	(16.1)	(14.2)	(13.7)	(17.7)	(15.2)	(16.5)	(14.4)	(15.4)
Drugs	(20.7)	(22.3)	(23.0)	(21.3)	(26.8)	(25.2)	(23.0)	(25.8)
Purchases of Healthcare	(4.5)	(4.4)	(5.6)	(4.9)	(5.0)	(5.9)	(6.7)	(6.2)
General Supplies	(2.2)	(2.6)	(1.6)	(2.0)	(2.0)	(2.5)	(2.3)	(2.4)
Premises	(6.4)	(9.9)	(7.0)	(6.6)	(7.3)	(7.3)	(5.9)	(6.8)
CNST	(3.3)	(3.9)	(4.0)	(4.0)	(4.0)	(4.1)	(4.0)	(4.0)
Depreciation	(3.2)	(3.4)	(3.5)	(4.0)	(3.5)	(3.5)	(3.5)	(3.7)
Transport	(0.7)	(0.5)	(0.4)	(0.4)	(0.6)	(0.5)	(0.4)	(0.5)
Other	(5.0)	(5.2)	(4.3)	(3.6)	(3.3)	(3.9)	(5.9)	(4.8)
Subsidiaries	0.4	0.7	0.4	0.4	0.5	0.3	0.5	0.3
<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>	<b>(68.9)</b>	<b>(65.6)</b>	<b>(69.4)</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 Divisional 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	Q1 av.	M4	M5	M6
	£m	£m	£m	£m	£m	£m	£m
Central Operations	902.6	871.3	(31.3)	143.0	144.3	142.5	155.5
D1	(152.1)	(156.6)	(4.4)	(25.2)	(26.4)	(25.9)	(28.9)
D2	(149.9)	(145.7)	4.2	(23.8)	(24.3)	(23.6)	(26.5)
D3	(100.9)	(113.6)	(12.7)	(18.8)	(18.7)	(18.1)	(20.3)
D4	(78.9)	(77.5)	1.4	(12.8)	(13.0)	(12.3)	(13.8)
D5	(138.9)	(133.1)	5.8	(21.2)	(23.6)	(21.7)	(24.1)
D6	(58.5)	(56.5)	2.0	(9.2)	(9.5)	(8.9)	(10.5)
D7	(9.9)	(9.7)	0.2	(1.4)	(2.0)	(1.6)	(1.8)
Corporate / Other	(213.4)	(172.5)	40.9	(31.9)	(28.0)	(29.5)	(27.3)
<b>Grand Total</b>	<b>0.0</b>	<b>6.1</b>	<b>6.1</b>	<b>(1.3)</b>	<b>(1.1)</b>	<b>0.9</b>	<b>2.2</b>

**Notes:**

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

**2.8 Impact of COVID-19 Pandemic**

The majority of costs associated with COVID-19, including the supply of PPE, are being managed within the ICS envelope and organisational allocations. The costs continue to be reported to NHSEI on a monthly basis but the categories reported against have been reduced acknowledging that some of the costs have now become business as usual and so not directly COVID-19 related.

“Non-envelope” COVID-19 costs relating to PCR Testing and the Vaccination Programme continue to be centrally reimbursed on an actual cost basis. In addition the Trust has reclaimed the cost of 12 week paid placements undertaken by Final Year Nursing students in the period to month 6. The Trust has incurred costs to date of circa (£11.6m) as set out in Table 2.8 below. The associated funding has also been assumed in the reported position. To date NHSEI have confirmed that the Trust will receive full reimbursement for quarter 1 totalling £6.1m.

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

(Non-Envelope) COVID-19 Expenditure (YTD)	Pay	Non Pay	Total
	£m	£m	£m
<b>Rapid PCR / POC Testing:</b>			
Running Cost	(1.2)	(1.4)	(2.5)
<b>Sub-Total PCR Testing</b>	<b>(1.2)</b>	<b>(1.4)</b>	<b>(2.5)</b>
<b>Vaccination Programme:</b>			
Set Up Cost	0.0	0.0	0.0
Running Cost	(5.7)	(2.7)	(8.4)
<b>Sub-Total Vaccination Programme</b>	<b>(5.7)</b>	<b>(2.7)</b>	<b>(8.4)</b>
<b>Final Year Nursing Students:</b>			
12 Week Placement Costs	(0.6)	0.0	(0.6)
<b>Sub-Total Final Year Student Nurses</b>	<b>(0.6)</b>	<b>0.0</b>	<b>(0.6)</b>
<b>Total (Non-Envelope) COVID-19 Expenditure</b>	<b>(7.5)</b>	<b>(4.1)</b>	<b>(11.6)</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 September (month 6). The Trust has delivered CIPs of £3.0m against a H1 plan of £2.7m.

**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	2.7	3.0	0.3

Divisional Position	Annual Target £m	Schemes Identified £m	Schemes Identified %	Delivered £m	Delivered %
Division 1	3.3	1.8	54%	0.3	8%
Division 2	2.8	2.7	96%	0.6	22%
Division 3	2.1	0.7	36%	0.3	16%
Division 4	1.7	1.1	66%	0.4	26%
Division 5	2.8	2.1	72%	0.4	12%
Division 6	1.1	1.3	119%	0.7	69%
Division 7	0.2	0.3	135%	0.1	61%
Central Operations	0.1	0.1	130%	0.1	65%
Corporate	3.0	2.1	70%	0.1	3%
<b>Total</b>	<b>17.2</b>	<b>12.2</b>	<b>71%</b>	<b>3.0</b>	<b>18%</b>

Recurrent / Non-Rec	Annual Target £m	Identified £m	Identified %	Delivered £m	Delivered %
Recurrent	17.2	9.5	78%	1.0	34%
Non-Recurrent		2.7	22%	2.0	66%
<b>Total</b>	<b>17.2</b>	<b>12.2</b>	<b>100%</b>	<b>3.0</b>	<b>100%</b>

Run Rate Delivery	Q1 £m	M4 £m	M5 £m	M6 £m	YTD total £m
Recurrent	0.4	0.2	0.2	0.2	1.0
Non-Recurrent	0.6	0.4	0.4	0.7	2.0
<b>Total</b>	<b>1.0</b>	<b>0.6</b>	<b>0.5</b>	<b>0.9</b>	<b>3.0</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 with a phased increase until reaching 95% (revised from 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 the required percentage target of the same month of 2019/20, an additional 20% bonus tariff top up will be available from the ERF. 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 September. Based on current data the BSol System has agreed to allocate £0.4m of additional ERF funding for the period to September reflecting the costs associated with delivering some Cardiac Surgery work in the Independent Sector. Provisional data for month 6 indicates that activity and associated income levels did not reach the required 95% threshold for September.

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

Point of Delivery / Month	ERF Performance £m					
	Apr	May	Jun	Jul	Aug	Sep
Daycase	(0.6)	(0.3)	(0.9)	(1.7)	(1.9)	(1.5)
Elective	(1.2)	0.1	(1.5)	(1.7)	(1.7)	(3.0)
<b>Total Inpatients</b>	<b>(1.8)</b>	<b>(0.2)</b>	<b>(2.4)</b>	<b>(3.4)</b>	<b>(3.6)</b>	<b>(4.5)</b>
Outpatients New	(0.3)	(0.1)	(0.9)	(1.7)	(1.6)	(1.4)
Outpatients Follow Up	2.0	2.1	1.3	(0.0)	(0.0)	(0.3)
Outpatient Procedures	(0.6)	(0.4)	(0.7)	(1.2)	(1.0)	(0.8)
<b>Total Outpatients</b>	<b>1.0</b>	<b>1.5</b>	<b>(0.3)</b>	<b>(2.9)</b>	<b>(2.6)</b>	<b>(2.5)</b>
<b>Grand Total</b>	<b>(0.8)</b>	<b>1.4</b>	<b>(2.7)</b>	<b>(6.3)</b>	<b>(6.2)</b>	<b>(7.0)</b>

## 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 6 activity data.

**Table 3.2: Activity by Point of Delivery (PoD) (Month 6 Provisional)**

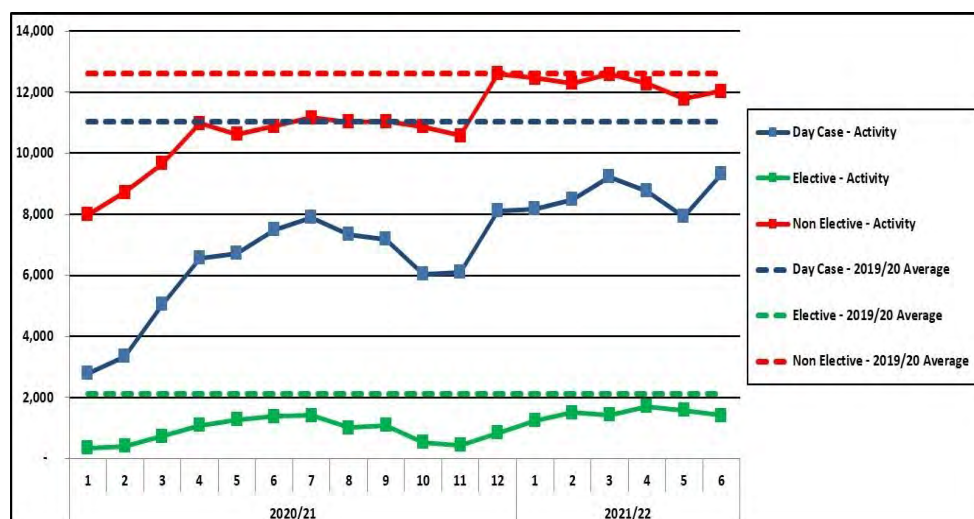
Activity by PoD	YTD Plan	YTD Activity	YTD Variance	% Variance
AandE	210,115	201,810	(8,305)	-4%
Ambulatory Care	14,065	10,772	(3,293)	-23%
Critical Care	32,017	26,203	(5,814)	-18%
Day Case	67,442	51,853	(15,589)	-23%
Diagnostic Imaging	112,071	99,677	(12,394)	-11%
Direct Access	4,641,295	4,219,147	(422,148)	-9%
Elective	13,393	8,881	(4,512)	-34%
Excess Bed Days	31,651	13,243	(18,408)	-58%
Maternity	13,999	12,697	(1,302)	-9%
Non Elective	76,399	73,454	(2,944)	-4%
Other	179,426	184,558	5,132	3%
Outpatient First Attendance	182,242	120,606	(61,636)	-34%
Outpatient Follow Up	524,890	490,800	(34,090)	-6%
Outpatient Procedures	120,252	70,171	(50,081)	-42%
Renal Dialysis	156,107	157,034	927	1%

The table above shows a reduction in activity across all points of delivery compared with 2019/20 levels notably for Elective (34%), Daycase (23%), First Outpatients (34%) and Outpatient Procedures

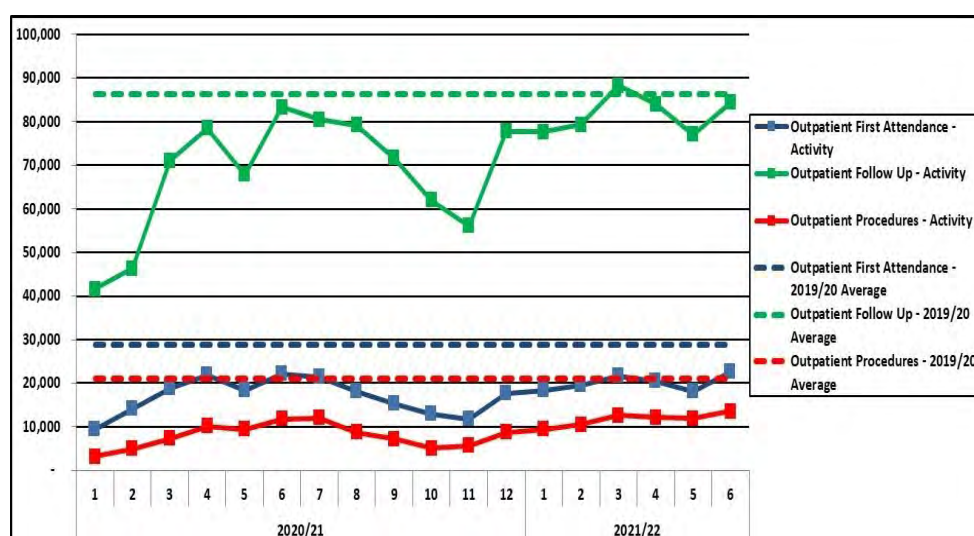
(42%). A&E activity has increased steadily over the first half of the year from (9%) below plan in April to (4%) at the end of September with levels of Non-Elective activity within (4%) of 2019/20 values.

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 2021/22)**



**Table 3.4: Outpatient Activity (2019/20 to 2021/22)**



#### 4. Statement of Financial Position

The Statement of Financial Position shows the value of Trust's assets and liabilities as at 30 September 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 September 2021 (Month 6)**

SoFP (Group)	Notes	Actual Mar-21 £m	Actual Sep-21 £m
<b>Non-current assets</b>			
Intangible Assets	i	18.5	17.7
Tangible Assets		455.4	467.4
PFI Assets		312.0	311.1
Debtors		5.0	7.5
<b>Total</b>		<b>790.9</b>	<b>803.7</b>
<b>Current assets</b>			
Inventories	ii	31.0	23.8
Debtors & Accrued Income		96.5	119.9
Bank & Cash		210.7	238.5
<b>Sub-total</b>		<b>338.2</b>	<b>382.2</b>
<b>Total Assets</b>		<b>1,129.1</b>	<b>1,185.9</b>
<b>Current liabilities</b>			
Payables - trade		(337.8)	(381.6)
Payables - capital		(17.5)	(11.3)
Provisions		(5.8)	(7.8)
Deferred income		(51.8)	(59.3)
Borrowings		(14.0)	(14.0)
<b>Sub-total</b>		<b>(426.9)</b>	<b>(473.9)</b>
<b>Non-current liabilities</b>			
Payables - trade		0.0	(0.0)
Provisions		(15.0)	(14.9)
Deferred income		(0.4)	(0.4)
Borrowings		(434.8)	(427.9)
<b>Sub-total</b>		<b>(450.2)</b>	<b>(443.2)</b>
<b>Total Liabilities</b>		<b>(877.1)</b>	<b>(917.1)</b>
<b>Net Assets</b>		<b>252.0</b>	<b>268.8</b>

Financed by:		£m	£m
PDC	iii	453.4	470.4
Revaluation Reserve		137.4	136.3
I&E Reserve		(338.8)	(337.9)
<b>Total</b>		<b>252.0</b>	<b>268.8</b>

**Notes:**

- i. NCA additions of £32.3m less (£20.3m) of depreciation.
- ii. £3.6m reduction in DHSC PPE stock.
- iii. £11.0m of new PDC funding (August) for major capital schemes.

## 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 £32.3m has been incurred for the period to month 6, (£25.3m) less than plan. Of this slippage,

(£21.0m) relates to externally funded projects including ACAD and the Salix funded energy scheme.

**Table 5: Capital Expenditure**

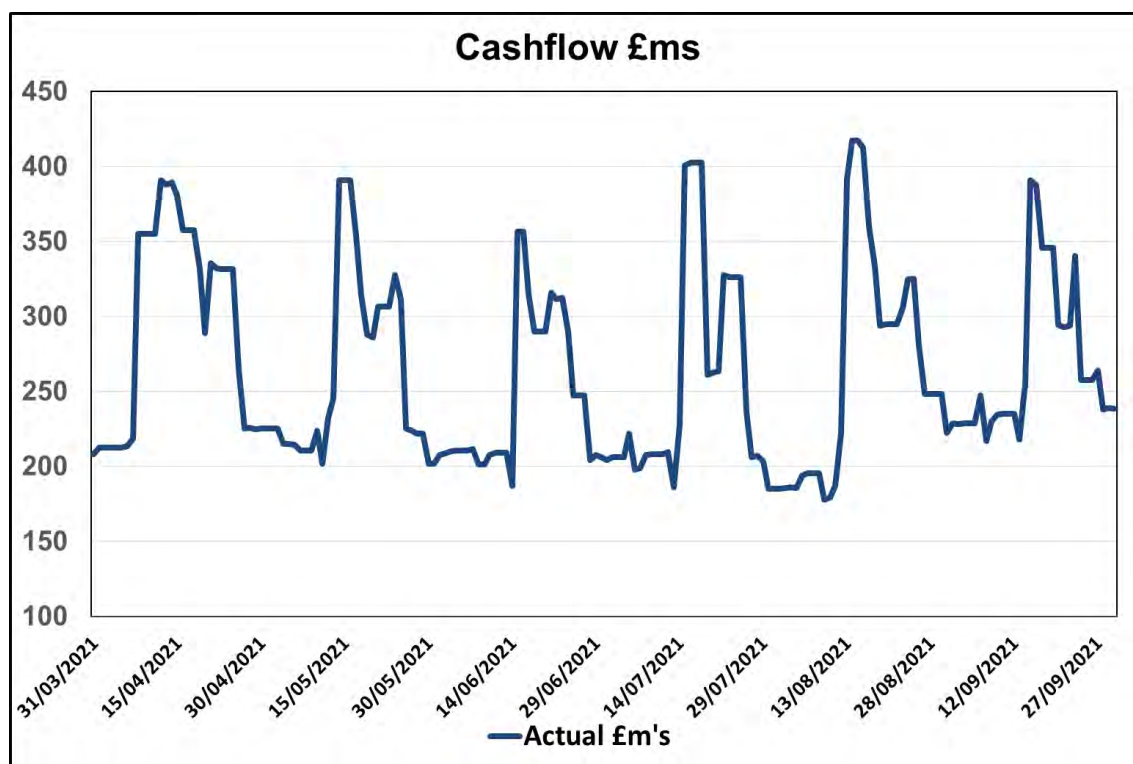
	Annual Plan £m	YTD Plan £m	YTD Actual £m	YTD Variance £m
<b>Internally Funded Schemes:</b>				
Medical Equipment	6.2	3.1	1.4	(1.7)
Equipment to Facilitate Innovation	0.1	0.0	0.0	0.0
Estates backlog maintenance	4.8	1.4	1.7	0.3
Estates Change of Use	6.3	3.2	2.8	(0.4)
QEHB PFI & lifecycle	4.9	2.5	2.0	(0.5)
ICT	5.3	1.6	1.9	0.3
Major Medical	9.0	2.7	0.5	(2.2)
Facilities and Subsidiaries	0.5	0.3	0.0	(0.2)
Contingency	0.0	0.0	0.0	0.0
<b>Sub-total Internally Funded</b>	<b>37.1</b>	<b>14.7</b>	<b>10.4</b>	<b>(4.3)</b>
<b>Externally Funded Schemes</b>				
ACAD Project (External)	61.3	28.3	17.8	(10.5)
Salix Funded Energy works	14.4	14.4	3.8	(10.5)
Digital Maturity (HSLI)	0.5	0.3	0.0	(0.3)
Charitable / Grant Funded	0.0	0.0	0.0	0.0
Charitable Donations ( UHB)	0.0	0.0	0.3	0.3
<b>Sub-total Externally Funded</b>	<b>76.1</b>	<b>42.9</b>	<b>21.9</b>	<b>(21.0)</b>
<b>Total (All Schemes)</b>	<b>113.3</b>	<b>57.6</b>	<b>32.3</b>	<b>(25.3)</b>

Further details of the capital programme are set out in **Appendix 1**.

## 6. Cash Flow

Table 6 shows the Trust's actual weekly cash balances. The cash balance at the end of September stood at £238.5m representing an increase of £16.2m from the balance at the end of August. The increase in cash balance is mainly due to the receipt of £11.5m of training income from Health Education England in September.

**Table 6: Cash Flow Forecast**



At this point the anticipated cash flow forecast for the second half of the year is uncertain as the funding envelopes have only recently been released.

## 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 September the ICS has delivered a surplus of £0.8m, £0.8m favourable to plan. Table 7 sets out the financial position of the respective BSol ICS organisations for the period ended 30 September (month 6).

**Table 7: BSol ICS Financial Position**

ICS Organisation	Year to Date		
	Plan	Actual	Variance
	£m's	£m's	£m's
BSMHT	0.0	0.0	0.0
BCHC	0.0	0.0	0.0
BWC	0.0	0.4	0.4
ROH	0.0	0.0	0.0
UHB	0.0	0.4	0.4
<b>Provider Total</b>	<b>0.0</b>	<b>0.8</b>	<b>0.8</b>
BSOL CCG	0.0	0.0	0.0
System	0.0	0.0	0.0
<b>CCG Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>System Total</b>	<b>0.0</b>	<b>0.8</b>	<b>0.8</b>

At month 6 the ICS has recognised £11.2m of additional ERF funding within the reported position with a further £1.1m held back to support future costs of investment decisions made to date.

## **8. Conclusion**

The Trust has reported a year to date surplus of £0.4m, £0.4m favourable to the breakeven plan at H1 and based on the adjusted financial position evaluated by NHSEI. The overall income and expenditure deficit reported is (£0.2m) for the period ended September (month 6), (£13.7m) adverse to plan, mainly due to slippage in external grant funding of (£10.5m).

There remains some uncertainty about H2 2021/22 and more importantly 2022/23 however it is clear that there will be a renewed focus on productivity and efficiency in order to deliver the operational challenges with the funding envelopes for systems.

## **9. Recommendations**

The BOARD OF DIRECTORS is asked to:

1. Receive the contents of this report.

Julian Miller  
Chief Financial Officer  
18 October 2021

## Appendix 1: Quarter 2 Capital Update

### 1. Purpose

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

### 2. Capital Programme 2021/22

At the beginning of the year, the annual 2021/22 capital plan 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. PDC funding of £61.3m was allocated against ACAD, £0.5m against Digital Maturity and £14.4m against Salix Energy Grant. Since then, a further £2.0m has been approved for Replacement Linac equipment taking the total approved capital plan to £115.3m.

**Table 1: Sources of Funding**

CDEL	Sources of Funding	Scheme	Annual Plan within Monthly Reporting £m	Externally approved adjustments not built into plan £m
Within CDEL	Internally Generated	Medical Equipment	6.2	
	Internally Generated	Equipment to facilitate innovation	0.1	
	Internally Generated	Facilities & Estates Backlog Maintenance	4.8	
	Internally Generated	Estates Projects	6.3	
	Internally Generated	Major Medical Equipment	7.9	
	PDC Funded	Equipment - clinical diagnostics	1.1	
	Internally Generated	ICT	5.3	
	Internally Generated	Subsidiary Companies	0.5	
	Internally Generated	Contingency	0.0	
<b>Subtotal Within CDEL</b>			<b>32.2</b>	<b>0.0</b>
Outside CDEL	Internally Generated	Estates QEHB PFI Lifecycle Works	4.9	0.0
	PDC Funded	Equipment - clinical diagnostics	0.0	0.0
	PDC Funded	ACAD Project	61.3	0.0
	Internally Generated	Salix funded Energy Works (Grant)	14.4	0.0
	PDC Funded	LINAC replacement machine	0.0	2.0
	PDC Funded	Digital Maturity (HSLI)	0.5	0.0
<b>Subtotal Outside CDEL</b>			<b>81.0</b>	<b>2.0</b>
<b>Charitable Funded</b>			<b>0.0</b>	
<b>TOTAL CAPITAL PLAN 2021/22</b>			<b>113.3</b>	<b>2.0</b>

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



**Table 2: 2021/22 Trust Capital Expenditure Incurred M6 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	3.1	1.4	1.7	1.0
	Internally Generated	Equipment to facilitate innovation	0.1	0.0	0.0	0.0	0.0
	Internally Generated	Facilities & Estates Backlog Maintenance	4.8	1.4	1.7	(0.3)	2.0
	Internally Generated	Estates Projects	6.3	3.2	2.8	0.4	2.3
	Internally Generated	ICT	5.3	1.6	1.9	(0.3)	0.0
	Internally Generated	Major Medical	7.9	2.7	0.4	2.3	0.8
	PDC Funded	Equipment - clinical diagnostics	1.1	0.0	0.1	(0.1)	0.0
	Internally Generated	Subsidiary Companies	0.5	0.3	0.0	0.2	2.8
	Internally Generated	Contingency	0.0	0.0	0.0	0.0	0.0
<b>Subtotal Within CDEL</b>			<b>32.2</b>	<b>12.3</b>	<b>8.4</b>	<b>3.9</b>	<b>8.9</b>
Outside CDEL	Internally Generated	Estates QEHB PFI Lifecycle Works	4.9	2.5	2.0	0.5	0.0
	PDC Funded	LINAC replacement machine	0.0	0.0	0.0	0.0	0.0
	PDC Funded	ACAD Project	61.3	28.3	17.8	10.5	39.5
	Internally Generated	Salix funded Energy Works (Grant)	14.4	14.4	3.8	10.5	13.4
	PDC Funded	Digital Maturity (HSLI)	0.5	0.3	0.0	0.3	0.0
<b>Subtotal Outside CDEL</b>			<b>81.0</b>	<b>45.4</b>	<b>23.6</b>	<b>21.8</b>	<b>52.9</b>
<b>Charitable Funded</b>			<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>(0.3)</b>	<b>0.0</b>
<b>TOTAL CAPITAL PLAN 2021/22</b>			<b>113.3</b>	<b>57.6</b>	<b>32.3</b>	<b>25.3</b>	<b>61.8</b>

At Month 6, the Trust reported £32.3m of expenditure against £57.6m year to date plan (including ACAD). Total expenditure year to date has a variance of £25.3m, with £21.0m being largely driven by slippage on ACAD and Energy works, which will recover later in the financial year.

There are further commitments of £61.8m that are currently in progress. The main ones include ACAD (£39.5m) for professional fees and Kiers orders for works and Energy centre works of (£13.4m).

### 3. Capital Project Update

#### 3.1 Medical Equipment (£1.4m expenditure incurred YTD)

At month 6 year to date, the main expenditure related to Nasendoscopies, Ultrasound machines, Diathermy, Patient trollies, Ophthalmoscope and RRPPS Dosimetry.

#### 3.2 Facilities and Estates (£1.7m expenditure incurred YTD)

At month 6 year to date, there was spend relating to Heritage backlog maintenance, general repairs, BMS switch upgrades, fire maintenance and oxygen monitoring.

#### 3.3 Estates Projects (£2.8m expenditure incurred YTD)

At month 6 year to date, the main expenditure related to

- £1.3m related to the warehouse expansion
- £0.3m related to Capacity expansion restoration works in the East Block at QE
- £0.1m of Vanguard enabling works
- £0.5m of Ward 3 refurbishment costs
- £0.2m of baby security measures recommended in the Ockendun report
- £0.1m related to Ambulatory and Paediatric Trauma Work
- £0.1m relating to the energy grant enabling works
- £0.1m relating to the relocation of Sleep Lab and establishment

of Respiratory Assessment and Discharge Area (RADA) at Heartlands

3.4 ICT (£1.9m expenditure incurred YTD)

At month 6 year to date, costs incurred related to ICT HSLI, the Voice/Data refresh and the SSL certification service.

3.5 Charitable Donations (£0.3m expenditure incurred YTD)

Donated expenditure includes fixtures and fittings to BHH, GHH and SOL of £128k, trust wide equipment of £179k and expenditure of £8k has also been incurred for East block sim suite.

3.6 ACAD (£17.8m expenditure incurred YTD)

At month 6 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) (£3.8m expenditure incurred year to date)

At month 6 year to date, £3.8m has been incurred by the trust to offset design fees, planning applications, insurance and legal fees and reinforcement works.

4. **Year End Forecast 2021/22**

The forecast spend for the year is in excess of the plan and the Trust's CDEL. Table 3 outlines the forecast against the approved plan and the forecasted costs for the schemes approved at risk.

**Table 3: 2021/22 Capital Forecast at M6 YTD**

Sources of Funding	Scheme	Annual Plan £m	Expenditure £m	Forecast £m	Notes
	<b>Internal CDEL: Approved</b>				
Internally Generated	Medical Equipment	6.2	1.4	5.0	
Internally Generated	Equipment to facilitate innovation	0.1	0.0	0.1	
Internally Generated	Facilities & Estates Backlog Maintenance	4.8	1.7	5.2	
Internally Generated	Estates Projects	6.3	2.8	21.4	Includes Warehouse Racking £1.2m; BHH EPC £0.2m; Vanguard £0.3m; Capacity Expansion £13.8m;
Internally Generated	Major Medical Equipment	7.9	0.4	7.0	Includes £1.1m for Tomotherapy Unit; Includes £0.4m for PET Scanner
PDC Funded	Equipment - clinical diagnostics	1.1	0.1	1.1	
Internally Generated	ICT	5.3	1.9	5.3	
Internally Generated	Subsidiary Companies	0.5	0.0	0.5	
<b>Subtotal within CDEL</b>		<b>32.2</b>	<b>8.4</b>	<b>45.6</b>	
	<b>Outside CDEL:</b>				
PDC Funded	LINAC replacement machine	0.0	0.0	2.0	Approved PDC not built into monthly reporting
Internally Generated	Estates QEHB PFI Lifecycle Works	4.9	2.0	4.9	
PDC Funded	ACAD Project	61.3	17.8	61.3	
Internally Generated	Salix funded Energy Works (Grant)	14.4	3.8	14.4	
PDC Funded	Digital Maturity (HSLI)	0.5	0.0	0.5	
<b>Subtotal outside CDEL</b>		<b>81.0</b>	<b>23.6</b>	<b>83.0</b>	
<b>Charitable Funded</b>		<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	
<b>TOTAL CAPITAL PLAN</b>		<b>113.3</b>	<b>32.3</b>	<b>128.9</b>	

The current programme is over committed against plan by £13.8m predominantly driven by the capacity expansion works which have been

committed to at risk. A bid has been put forward to the Targeted Investment Fund (TIF) to request the funding to offset this. A decision is expected in November.

Some small slippage in schemes is starting to come through and as such priorities are being reviewed to bring schemes forward from next year in particular any equipment that could be purchased at short notice before the end of the financial year.

