

UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
COUNCIL OF GOVERNORS
THURSDAY 25 FEBRUARY 2021

Title:	FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2020
Responsible Director:	Julian Miller, Chief Financial Officer
Contact:	Sarah Thomas, Director of Strategic Finance, ext. 17453

Purpose:	To present an update on the Trust's financial performance for the period ending 31 December 2020 (Month 9 2020/21) to the Council of Governors.
Confidentiality Level & Reason:	None
Board Assurance Framework Ref: / Strategy Implementation Plan Ref:	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
Key Issues Summary:	<ul style="list-style-type: none"> • Under the revised financial framework for the second half of 2020/21, the Trust has a plan deficit of (£20.5m). • The Trust has reported an overall I&E deficit of (£1.2m) for the year to date. This is £7.2m favourable to plan due largely to higher than anticipated variable income. • Based on current performance, and further to system level discussions with NHSE&I, a re-forecast year end deficit of (£11.4m) was submitted at Month 8, improving on the previous plan position by £9.1m. • Year to date COVID-19 costs total (£115.2m) including (£46.6m) for the Nightingale Hospital. • Capital expenditure of £37.2m has been incurred for the year to date including £4.2m of COVID-19 expenditure. • The cash balance at 31 December is £274.3m.
Recommendations:	The COUNCIL OF GOVERNORS is asked to: 1. Receive the contents of this report.
Signed: Julian Miller	Date: 17 FEBRUARY 2021

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
COUNCIL OF GOVERNORS**

THURSDAY 25 FEBRUARY 2021

**FINANCE AND ACTIVITY REPORT FOR THE PERIOD ENDING
31 DECEMBER 2020**

PRESENTED BY THE CHIEF FINANCIAL OFFICER

1. Introduction

On 15 September 2020, NHS England and NHS Improvement (NHSE&I) published guidance on contracts and payments for the second half of 2020/21. The guidance supported the implementation of phase 3 of the NHS response to the COVID-19 pandemic focussed on the restoration of non-COVID activity however the third wave of the pandemic has made delivery of this ambition impossible.

Funding envelopes were set at a system level for the first time. Whilst the Birmingham and Solihull Sustainability and Transformation Partnership (BSOL) are expected to deliver on the agreed overall system financial position, organisations within the system may deliver organisational surplus and deficit positions.

The Trust has a planned deficit of (£20.5m) for the second half of 2020/21 which forms part of the wider BSOL system deficit plan of (£53.0m). For the period ended 31 December (Month 9), the Trust has reported a deficit of (£1.2m), £7.2m favourable to the planned deficit of (£8.4m) for the year to date. In light of the current position, and further to system level discussions with NHSE&I, the Trust submitted a revised year end forecast deficit of (£11.4m) at Month 8, an improvement of £9.1m against plan.

2. Revised Financial Plan (Months 7-12 2020/21)

The Board approved the Financial Plan for months 7-12 2020/21 at its meeting on 22 October. The plan has subsequently been submitted and reviewed by NHSE&I as part of the overall BSOL financial plan

2.1 Summary of Revised Financial Plan 2020/21

A summary of the revised financial plan covering the remainder of the 2020/21 financial year is set out in Table 1 below. The forecast improvement of £9.1m is shown in the final column in Table 1 below.

Table 1: Financial Plan and Revised Forecast 2020/21

SoCI - NHSE&I Plan	M1-6	M7-12	M1-12	M1-12
	Actual	Plan	Annual Plan	Forecast
	£m	£m	£m	£m
Income - COVID Block Contract	752.4	789.0	1,541.4	1,541.4
Income - COVID System Top Up	20.2	44.9	65.1	65.1
Income - COVID Retrospective Top Up	68.4	0.0	68.4	68.4
Income - COVID Non-System Top Up	44.5	13.4	57.9	57.9
Other Patient Care Income	22.7	19.4	42.0	42.0
Other Income	64.6	63.4	128.0	138.9
Sub-Total Income	972.7	930.1	1,902.8	1,913.7
Expenditure - Pay	(526.9)	(537.6)	(1,064.5)	(1,066.8)
Expenditure - Non-Pay	(432.9)	(399.0)	(831.8)	(833.4)
Sub-Total Operating Expenditure	(959.8)	(936.6)	(1,896.3)	(1,900.2)
Net Finance Costs	(13.3)	(13.7)	(27.0)	(24.9)
Gains / (Losses)	0.0	(0.0)	(0.0)	0.0
Corporation Tax	0.0	(0.2)	(0.2)	(0.2)
Surplus / (Deficit)	(0.3)	(20.4)	(20.7)	(11.6)
Impairment of NCA's	0.0	0.0	0.0	0.0
Retained surplus / (deficit)	(0.3)	(20.4)	(20.7)	(11.6)
Control Total adjustments	0.3	(0.1)	0.2	0.2
Adjusted Financial Performance	0.0	(20.5)	(20.5)	(11.4)

2.2 Key Assumptions

The plan set out above will now be significantly impacted by the third wave of the COVID-19 pandemic and the recent national lockdown measures.

The plan assumes that the Nightingale Hospital will remain in hibernation and therefore excludes any additional costs of reanimation as well as the costs of rolling out the Vaccination Programme and additional COVID-19 Testing, all of which will be funded by additional non-system COVID-19 funding in line with costs incurred by the Trust.

The financial regime for months 7-12 introduced an Elective Incentive Scheme (EIS) designed to provide a financial incentive for systems to recover historic activity levels or suffer a financial penalty where they fall short. However, a term was included for such penalties to not be imposed if a significant number of beds became unavailable due to the volume of COVID patients. It is likely that a deduction will be applied for September but for subsequent months, the Trust will be exempt as a result of the volume of unavailable beds. The value of the September penalty is still being finalised and as such has not been accounted for within the Trust's reported financial position year to date.

3. Financial Position 2020/21

3.1 COVID-19 Direct Costs

The direct costs of the COVID-19 pandemic amounted to (£115.2m) for the period ended December (month 9). Of this, (£46.6m) related to the set up and running costs of the Nightingale Hospital, (£0.7m) related to the incremental costs of COVID testing and (£0.8m) to the initial roll out costs of the COVID Vaccination Programme. Details of the costs are set out in Table 2 below under the categories in which the Trust is required to report COVID-19 expenditure to NHSE&I as part of the monthly monitoring returns.

Table 2: Impact of COVID-19 Pandemic (Month 9 YTD)

NHSE&I Cost Category	Pay	Non Pay	Total
	£m	£m	£m
After care and support costs		(0.3)	(0.3)
Backfill for higher sickness absence	(2.3)	(0.3)	(2.6)
Rapid / PoC Testing	(0.2)	(0.0)	(0.3)
Decontamination	(0.1)	(0.9)	(1.0)
Direct Provision of Isolation Pod	(0.1)	(1.3)	(1.4)
Existing workforce additional shifts	(16.8)	(0.1)	(16.9)
Expanding medical / nursing / other workforce	(2.6)	(1.3)	(3.9)
Increase ITU capacity	(4.1)	(3.8)	(8.0)
Infection prevention	(0.2)		(0.2)
Internal and External Communication Costs		(0.1)	(0.1)
National procurement areas		(16.6)	(16.6)
Nightingale hospitals	(0.1)	(0.4)	(0.5)
Other COVID-19 virus testing	(0.0)	(0.4)	(0.4)
Plans to release bed capacity	(3.0)	(0.4)	(3.4)
Remote management of patients	(0.1)	(3.0)	(3.1)
Remote working for non patient activities	(0.0)	(3.1)	(3.1)
Segregation of patient pathways	(0.9)	(2.1)	(3.1)
Sick pay at full pay (all staff types)	(0.8)		(0.8)
Support for stay at home models		(1.4)	(1.4)
Sub-Total COVID- 19 Operational impact	(31.3)	(35.8)	(67.1)
Nightingale Facility	£m	£m	£m
Set Up Cost	(0.0)	(35.5)	(35.6)
Running Cost	(0.9)	(10.1)	(11.0)
Sub-Total Nightingale Facility	(0.9)	(45.6)	(46.6)
COVID-19 Testing (Months 7-12)	£m	£m	£m
Set Up Cost	0.0	(0.0)	(0.0)
Running Cost	(0.4)	(0.4)	(0.7)
Sub-Total COVID-19 Testing	(0.4)	(0.4)	(0.7)
Vaccination Programme (Months 7-12)	£m	£m	£m
Set Up Cost	(0.0)	(0.0)	(0.0)
Running Cost	(0.4)	(0.5)	(0.8)
Sub-Total Vaccination Programme	(0.4)	(0.5)	(0.8)
Grand Total	(33.0)	(82.2)	(115.2)

From Month 7 onwards the incremental costs of the Nightingale Hospital, COVID-19 Testing and the roll out of the Vaccination Programme will be funded through non-system COVID Reimbursement claims. All other COVID related expenditure will need to be managed within the prescribed block contract income for

months 7-12. The Trust is continuing to liaise with NHSE&I in relation to the forecast costs of the Vaccination Programme.

3.2 Income & Expenditure – Month 9 (December 2020)

The Trust's reported year to date income and expenditure position at the end of December is a deficit of (£1.2m). This is £7.2m favourable to the NHSE&I plan for the period to December as shown in Table 3.0 below.

At month 9 the Trusts income position was £6.0m favourable to the revised plan due to over-performance on cost per case drugs, additional income from other NHS providers and private patients.

The expenditure position is (£0.6m) adverse to the plan for the year to date of which (£1.4m) relates to non-pay and is predominantly driven by the costs relating to increases in cost per case drugs for which additional income has been recouped.

Due to the high level of cash the PDC dividend is forecast to reduce by the financial year end reflecting the £1.7m favourable position for finance costs.

Table 3.0: Trust Income and Expenditure Position (Month 9 YTD)

SoCI - NHSE&I Plan	Annual Plan	Year to Date			In month		
		Plan YTD	Actual YTD	Variance YTD	Plan	Actual	Variance
	£m	£m	£m	£m	£m	£m	£m
Income - Block Contracts	1,530.8	1,144.6	1,141.4	(3.2)	128.7	127.7	(1.1)
Income - CPC Drugs	10.6	5.3	6.9	1.6	1.8	2.2	0.4
Income - COVID System Top Up	65.1	42.7	42.7	0.0	7.5	7.5	0.0
Income - COVID Retrospective Top Up	112.9	112.9	112.9	0.0	0.0	0.0	0.0
Income - COVID Non-System Reimbursement	13.4	3.2	2.9	(0.3)	1.1	1.1	0.1
Other Patient Care Income	42.0	29.4	30.8	1.4	4.2	4.4	0.2
Other Income	128.0	95.4	101.8	6.4	10.4	13.0	2.6
Sub-total Income	1,902.8	1,433.5	1,439.4	6.0	153.6	155.8	2.2
Expenditure - Pay	(1,063.8)	(792.9)	(793.3)	(0.4)	(89)	(89)	0.1
Expenditure - Non-Pay	(819.4)	(625.5)	(626.9)	(1.4)	(63.7)	(64.7)	(1.0)
COVID (Non-System) Pay	(0.7)	(0.5)	(0.6)	(0.1)	(0.2)	(0.3)	(0.1)
COVID (Non-System) Non-Pay	(12.4)	(2.7)	(1.4)	1.3	(0.9)	(0.4)	0.5
Sub-Total Operating Expenditure	(1,896.3)	(1,421.6)	(1,422.2)	(0.6)	(154)	(155)	(0.6)
Net Finance Costs	(27.0)	(20.1)	(18.4)	1.7	(2.3)	(1.7)	0.6
Gains / (Losses)	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0
Corporation Tax	(0.2)	(0.1)	(0.0)	0.1	(0.0)	0.0	0.0
Surplus / (Deficit)	(20.7)	(8.4)	(1.2)	7.3	(2.8)	(0.4)	2.4
Impairment of NCA's	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retained surplus / (deficit) for period	(20.7)	(8.4)	(1.2)	7.2	(2.8)	(0.4)	2.4

Table 3.1: Operating Expenditure (Month 9 YTD)

Operating Expenditure	Pay	Clinical Supplies & Services	Drugs	Non-Clinical Supplies & Services	Total
	£m	£m	£m	£m	£m
M1-6 (Non-COVID-19)	(501.4)	(86.5)	(123.9)	(148.9)	(860.7)
M1-6 (COVID-19)	(24.7)	(9.2)	(0.8)	(19.4)	(54.2)
M1-6 (Nightingale)	(1.1)	(4.9)	(0.2)	(38.7)	(44.9)
Sub-Total M1-6	(527.3)	(100.6)	(124.9)	(207.0)	(959.8)
M7 (Non-COVID-19)	(86.6)	(12.1)	(20.7)	(31.6)	(150.9)
M7 (COVID-19) System	(1.8)	(0.4)	(0.7)	(2.4)	(5.4)
M7 (Nightingale)	(0.0)	(0.1)	(0.0)	(0.5)	(0.6)
M7 (COVID Testing)	(0.1)	(0.1)		(0.0)	(0.3)
M7 (Vaccination Programme)	(0.1)	(0.0)	(0.0)	(0.0)	(0.1)
Sub-Total October	(88.6)	(12.7)	(21.4)	(34.6)	(157.2)
M8 (Non-COVID-19)	(85.5)	(13.6)	(20.6)	(26.0)	(145.7)
M8 (COVID-19) System	(2.4)	(0.2)	(0.0)	(1.7)	(4.4)
M8 (Nightingale)	(0.1)	0.2	(0.0)	(0.4)	(0.4)
M8 (COVID Testing)	(0.1)	(0.1)		(0.0)	(0.2)
M8 (Vaccination Programme)	(0.1)	0.0	0.0	0.0	(0.1)
Sub-Total November	(88.1)	(13.7)	(20.7)	(28.2)	(150.7)
M9 (Non-COVID-19)	(86.4)	(13.2)	(23.3)	(26.8)	(149.8)
M9 (COVID-19) System	(2.3)	(0.5)	(0.0)	(0.7)	(3.5)
M9 (Nightingale)	(0.0)	(0.0)	(0.0)	(0.2)	(0.2)
M9 (COVID Testing)	(0.1)	(0.1)	(0.0)	(0.0)	(0.3)
M9 (Vaccination Programme)	(0.4)	(0.0)	0.0	(0.3)	(0.7)
Sub-Total December	(89.2)	(13.8)	(23.4)	(28.0)	(154.4)
Total (YTD)	(793.2)	(140.8)	(190.3)	(297.8)	(1,422.2)
2019-20 (average inflated to 20/21)	(84.1)	(15.9)	(20.1)	(21.1)	(141.3)
2020-21 (average)	(88.1)	(15.6)	(21.1)	(33.1)	(158.0)

NHSE&I continue to undertake a detailed review of the Trust's COVID-19 income claims. The retrospective top-up claims for months 1 to 6 have now been agreed and received. For months 7 to 9 the Trust has claimed reimbursement for the incremental costs of the Nightingale Hospital, COVID Testing and costs of the Vaccination Programme totalling £2.9m. A summary of the COVID-19 retrospective income and reimbursement claims included in the financial position are set out in table 3.2 below.

Table 3.2: COVID-19 Income

	YTD Q1	YTD Q2	Oct (M7) (Non-System)	Nov (M8) (Non-System)	Dec (M9) (Non-System)	Total
	£m	£m	£m	£m	£m	£m
Top-Up / Reimbursement claimed	81.3	112.9	1.2	0.6	1.1	115.8
NHSE&I approved payment	81.3	112.9	0.0	0.0	0.0	112.9

3.3 Operational Divisional Performance

Table 3.3 below shows the summarised financial performance of the operational divisions together with the levels of COVID-19 expenditure included in the year to date actual expenditure.

Table 3.3: Divisional Analysis

Month 9	Category	Annual Plan	YTD Plan	YTD Actual	YTD Var	YTD Var	YTD C-19 Exp £m
		£m	£m	£m	£m	%	
Division 1	Income	24.6	18.4	17.1	(1.4)		(4.1)
	Pay	(213.7)	(160.3)	(167.9)	(7.6)		(3.9)
	Non Pay	(99.5)	(74.6)	(76.7)	(2.1)		(8.0)
	Sub-Total	(288.6)	(216.5)	(227.5)	(11.1)	(5.1%)	
Division 2	Income	2.0	1.5	4.5	3.0		(2.1)
	Pay	(125.1)	(93.0)	(99.5)	(6.4)		(1.9)
	Non Pay	(122.2)	(91.5)	(106.2)	(14.7)		(4.0)
	Sub-Total	(245.2)	(183.1)	(201.2)	(18.1)	(9.9%)	
Division 3	Income	10.1	7.6	4.4	(3.2)		(9.4)
	Pay	(166.5)	(125.3)	(155.4)	(30.1)		(1.5)
	Non Pay	(24.6)	(18.5)	(18.4)	0.1		(10.9)
	Sub-Total	(181.0)	(136.2)	(169.4)	(33.2)	(24.4%)	
Division 4	Income	2.7	2.1	1.7	(0.4)		(1.3)
	Pay	(103.8)	(77.9)	(77.6)	0.3		(0.5)
	Non Pay	(59.7)	(44.8)	(40.4)	4.4		(1.8)
	Sub-Total	(160.7)	(120.7)	(116.3)	4.4	3.6%	
Division 5	Income	5.7	4.3	3.7	(0.6)		(1.5)
	Pay	(97.3)	(73.0)	(77.7)	(4.7)		(1.4)
	Non Pay	(143.8)	(107.8)	(98.8)	9.0		(2.9)
	Sub-Total	(235.4)	(176.5)	(172.8)	3.7	2.1%	
Division 6	Income	5.1	3.8	3.8	0.0		(1.3)
	Pay	(77.7)	(58.0)	(57.3)	0.7		(0.3)
	Non Pay	(37.9)	(28.4)	(27.6)	0.8		(1.6)
	Sub-Total	(110.5)	(82.6)	(81.1)	1.5	1.9%	
Division 7	Income	0.4	0.3	0.5	0.2		(0.0)
	Pay	(14.2)	(10.4)	(9.9)	0.5		(0.1)
	Non Pay	(2.6)	(1.9)	(1.7)	0.1		(0.1)
	Sub-Total	(16.4)	(12.0)	(11.1)	0.9	7.3%	
Central Operations	Income	1,639.9	1,216.1	1,215.4	(0.7)		-
	Pay	(5.5)	(3.5)	(5.5)	(2.0)		-
	Non Pay	(2.0)	(1.5)	(0.1)	1.5		-
	Sub-Total	1,632.4	1,211.1	1,209.9	(1.2)	(0.1%)	
DIVISIONAL TOTAL	394.4	283.6	230.5	(53.1)	(18.7%)		(29.2)

The key divisional variances are set out below;

Division 1 (Clinical Support Services)

- (£11.1m); (5.1%) adverse to budget as at Month 9.
- Within this position COVID-19 expenditure of (£8.0m) has been recorded by Division 1.
- Pay (£7.6m) adverse, driven by a (£6.8m) overspend on medical staffing which includes additional sessional payments of (£5.9m).
- Non Pay (£2.1m) adverse due primarily to a (£2.9m) overspend on drugs.

Division 2 (Cardiology, Renal, Transplant and other Medical services)

- (£18.1m); (9.9%) adverse to budget as at Month 9.
- Within this position COVID-19 expenditure of (£4.0m) has been recorded by Division 2.
- Income £3.0m favourable driven by Cardiac Surgery (Transplant and VAD activity).
- Pay (£6.4m) adverse, driven by a (£3.9m) overspend on medical staffing which includes additional sessional payments to medical staff (£1.4m) and (£1.4m) on bank medical staff largely in support of COVID-19 response measures.

- Non-Pay (£14.7m) adverse due primarily to a (£9.0m) overspend on drugs and (£3.1m) on clinical supplies.

Division 3 (Emergency)

- (£33.2m); (24.4%) adverse to budget as at Month 9.
- Within this position COVID-19 expenditure of (£10.9m) has been recorded by Division 3.
- Pay expenditure (£30.1m) adverse due to medical staffing (£14.4m) and nursing (£8.9m). Medical staff overspend includes agency (£10.9m) and bank staff (£7.7m). Nursing overspend includes agency (£8.6m), qualified bank (£3.9m) and HCA bank (£4.1m).
- Non-Pay £0.1m favourable of which £0.5m relates to an underspend within clinical supplies.

Division 4 (Surgery)

- £4.4m; 3.6% favourable to budget as at Month 9.
- Within this position COVID-19 expenditure of (£1.8m) has been recorded by Division 4
- Pay expenditure £0.3m favourable driven by a (£2.7m) overspend on medical staffing, offset by underspends within qualified nursing £2.6m.
- Non-Pay £4.4m favourable, of which £4.7m relates to an underspend within clinical supplies.

Division 5 (Oncology, Neurology and Specialist Surgery)

- £3.7m; 2.1% favourable to budget as at Month 9.
- Within this position COVID-19 expenditure of (£2.9m) has been recorded by Division 5.
- Pay expenditure (£4.7m) adverse with main driver being medical staffing (£3.8m) which includes agency (£1.5m), bank (£1.5m) and additional sessional payments of (£1.7m).
- Non-Pay £9.0m favourable to plan primarily due to drugs £6.4m favourable and clinical supplies £7.2m favourable across most departments.

Division 6 (W&C, Sexual Health, ID and Immunology)

- £1.5m; 1.9% favourable to plan for the year.

Division 7 (Out of Hospital Services)

- £0.9m; 7.3% favourable to plan for the year.

3.4 Activity

Table 3.4 below shows a year on year comparison of actual year to date clinical activity for the period ended December 2019/20 with the

provisional year to date activity for the period ended December 2020/21.

Table 3.4: Activity (Month 9 Provisional)

Point of Delivery	Year on Year Comparison (Actuals)				
	Activity Actual 19/20 M9 YTD	Activity Actual 20/21 M9 YTD	Activity Variance	% Delivered	Last Month % Delivered
Elective	19,694	8,893	(10,802)	45%	44%
Non Elective	115,691	92,107	(23,584)	80%	79%
Day Case	101,193	54,574	(46,619)	54%	52%
Excess Bed Days	48,228	14,448	(33,780)	30%	29%
AandE	315,414	224,583	(90,831)	71%	71%
Ambulatory Care	21,048	12,072	(8,976)	57%	59%
Critical Care	48,004	38,421	(9,583)	80%	81%
Diagnostic Imaging	168,872	104,418	(64,454)	62%	64%
Direct Access	6,931,361	4,200,855	(2,730,506)	61%	58%
Maternity	20,858	19,895	(963)	95%	94%
Outpatient First Attendance	262,956	160,585	(102,371)	61%	63%
Outpatient Follow Up	783,457	619,166	(164,291)	79%	78%
Outpatient Procedures	193,389	73,017	(120,372)	38%	38%
Renal Dialysis	235,192	226,043	(9,149)	96%	96%
Other	266,703	198,571	(68,133)	74%	72%

The table above shows a significant reduction in activity across all points of delivery including A&E and non-elective activity.

Tables 3.5 and 3.6 below show the early improvements in the monthly inpatient trend beginning to stall in quarter 3. Given the significant impact of the current phase of the pandemic this position is likely to further deteriorate as elective activity is severely curtailed in January.

Table 3.5: Inpatient Activity (2019/20 to 2020/21)

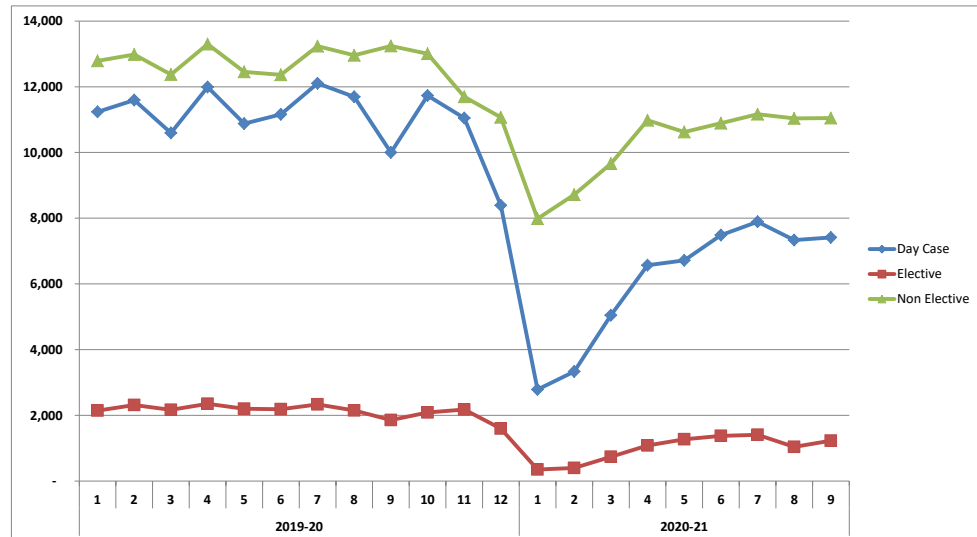
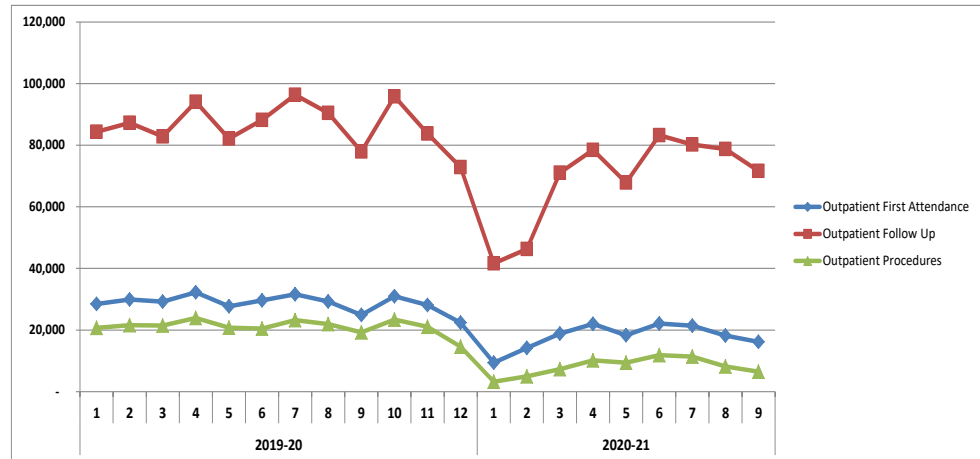


Table 3.6: Outpatient Activity (2019/20 to 2020/21)



4. Statement of Financial Position

The Statement of Financial Position shows the value of Trust's assets and liabilities as at 31 December 2020 compared to the closing values at the 2019/20 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. Both the net assets and the Public Dividend Capital (PDC) Reserve have increased during the first half of 2020/21 due primarily to the issue of new PDC to write off historical loans taken out by the former Heart of England NHS Foundation Trust prior to its acquisition by UHB.

Table 4: Statement of Financial Position as at December (Month 9)

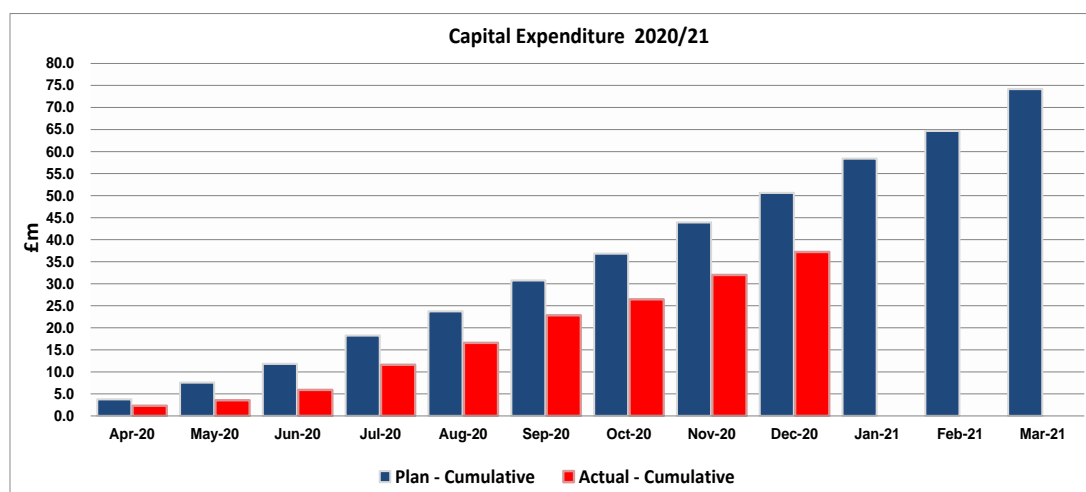
Summarised Statement of Financial Position (Consolidated)		
Group	Actual Mar-20 £m	Actual Dec-20 £m
Non-current assets		
Intangible Assets	18.0	16.0
Tangible Assets	414.4	426.2
PFI Assets	311.8	309.5
Debtors	10.1	9.3
Total	754.3	761.0
Current assets		
Inventories	37.9	34.7
Debtors & Accrued Income	124.0	116.5
Bank & Cash	61.0	274.3
Total	222.9	425.5
Total Assets	977.2	1,186.5
Current liabilities		
Payables - trade	(263.7)	(328.3)
Payables - capital	(7.6)	(6.0)
Provisions	(5.5)	(4.8)
Deferred income	(36.4)	(186.6)
Borrowings	(48.4)	(14.0)
Total	(361.6)	(539.7)
Non-current liabilities		
Payables - trade	0.0	0.0
Provisions	(8.5)	(8.9)
Deferred income	(0.5)	(0.4)
Borrowings	(448.8)	(438.2)
Total	(457.8)	(447.5)
Total Liabilities	(819.4)	(987.2)
Net Assets	157.8	199.3
Financed by		
PDC	375.0	417.5
Revaluation Reserve	137.8	136.1
I&E Reserve	(355.0)	(354.3)
Total	157.8	199.3

5. Capital Expenditure (Non-Current Assets)

Table 5 below shows actual capital expenditure against the approved Capital Programme for 2020/21. In total capital expenditure of £37.2m has been incurred for the period to Month 9, £13.4m below plan. Of this, £6.3m slippage relates to the ACAD development for which permission has been given to move the funding also in to future financial years. However, the plan figures within the monthly reporting externally will not be changed and as such the graph below reflects the previous plan.

Further details of the capital expenditure programme are set out in the quarter 3 update at Appendix 1.

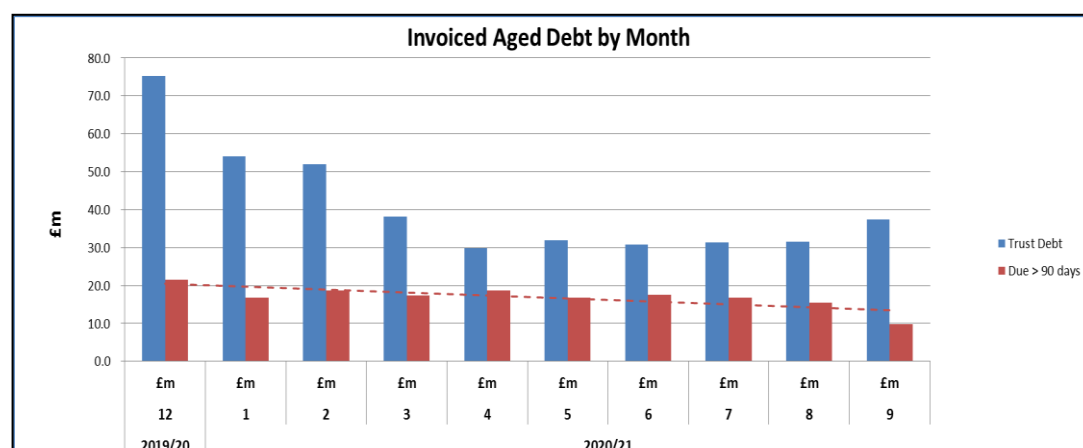
Table 5: Capital Programme Expenditure



6. Aged Debt

The age profile of debtors (unpaid invoices issued by the Trust) is summarised below. At the end of December 2020 the value of unpaid debtor invoices over 90 days stood at £9.8m. This includes £1.4m owed to the Trust by NHS Commissioners of which £1.0m relates to Birmingham and Solihull CCG, with a further £2.0m relating to unpaid invoices for services provided to other NHS Trusts. The remaining £6.4m owed to the Trust includes overseas visitors, private patients, local authorities, universities and private sector organisations.

Table 6: Aged Debt analysis

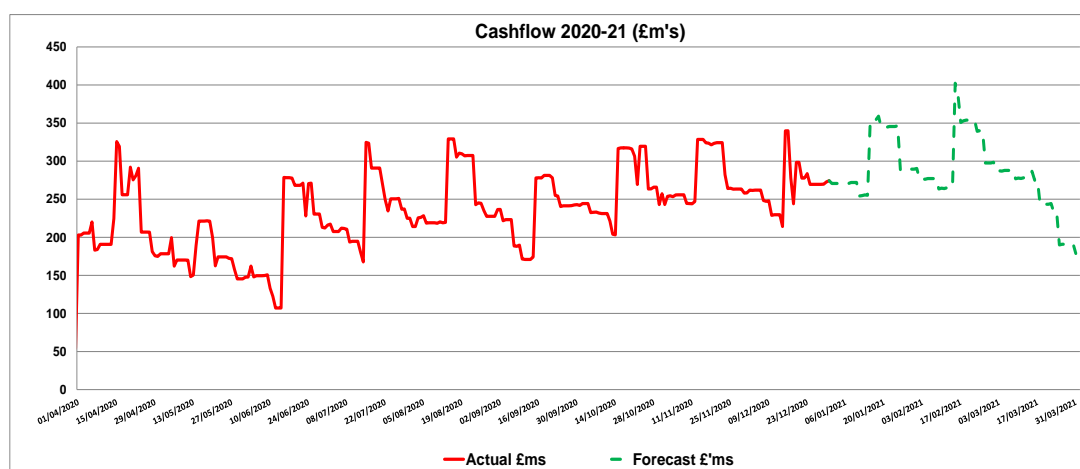


7. Cash Flow

Table 7 shows the Trust's actual weekly cash balances. The cash balance at the end of December stood at £274.3m, an increase of £16.2m from November. Cashflow remains significantly favourable to plan due to the advance payment of Commissioner block contracts in April, capital slippage

and favourable movements in working capital balances.

Table 7: Cash Flow Forecast



The Trust is awaiting further guidance from NHSE&I in relation to the claw back of the advance block contract income of £128.5m received in April 2020. This is assumed to be recovered in March 2021 in Table 7 above.

8. Cost Improvements

Embedded in the UHB operating expenditure plan is an assumed 1% efficiency target amounting to £9.3m (or £1.6m per month for the remainder of the financial year). Table 8 summarises the CIP position for the period ended December (Month 9).

Table 8: Summary of CIP Plan and Delivery (M7-12)

	Target	YTD Delivery		
		YTD Target	YTD Delivery	Variance
	£m	£m	£m	£m
Income	0.4	0.2	0.4	0.2
Pay	4.4	2.2	0.8	(1.4)
Non-Pay	4.5	2.3	3.6	1.4
Total	9.3	4.7	4.8	0.1

9. NHSE&I Adjusted Financial Performance

NHSE&I measure the Trusts overall financial performance on an adjusted basis excluding the impact of capital grants and donations and COVID-19 income. Table 9 below shows the reconciliation between the figures used;

Table 9: Adjusted NHSE&I Financial Performance

Adjusted Financial Performance	Plan £m	YTD Plan £m	YTD Actual £m	YTD Variance £m
Trust surplus / (deficit) for the period	(20.7)	(8.4)	(1.2)	7.2
Adjust: Impairment of Non Current Assets	0.0	0.0	0.0	0.0
Adjust: Capital donations / grants I&E impact	0.2	0.2	0.4	0.2
Remove impact of prior year PSF post accounts reallocation	0.0	0.0	0.0	0.0
Adjusted financial surplus / (deficit) incl. C19 Top Up	(20.5)	(8.1)	(0.7)	7.5
Less Central Funding : COVID-19 Top Up	(133.1)	(133.1)	(136.0)	(2.9)
Adj. financial surplus / (deficit) excl. Central Funding	(153.6)	(141.3)	(136.8)	4.6

For the duration of the current financial regime previously planned central funding including FRF and MRET has been suspended. In place of this, the Trust must now record the total value of COVID-19 top-up funding and non-system COVID funding as shown in Table 10 below:

Table 10: COVID-19 Income

COVID-19 Income	£m	£m	£m
	M1-6	M7-12	Total
Prospective Top Up Payment (M1-6)	20.2	0.0	20.2
Retrospective Top Up Income (M1-6):			
Operational COVID-19 Costs	54.2	0.0	54.2
Add back underlying Trust deficit	14.5	0.0	14.5
Adjustment for the impact of grants and donations	(0.3)	0.0	(0.3)
Nightingale Costs	44.5	0.0	44.5
Non-System COVID Reimbursement (M7-12):			
Nightingale Costs (non-system)	0.0	1.4	1.4
COVID Testing (non-system)	0.0	0.8	0.8
COVID Vaccination Programme (non-system)	0.0	0.7	0.7
Sub-Total Non-System COVID Reimbursement	112.9	2.9	115.8
Total COVID-19 Top Up / Reimbursement Income	133.1	2.9	136.0

Under the new financial regime for months 7 to 12 the Trust can no longer claim retrospective COVID Top Up funding. Reimbursement can be claimed for non-system funded costs relating to the incremental costs of running the Nightingale Hospital, COVID Testing and the roll out of the Vaccination Programme.

10. Conclusion

The Trust has reported an overall income and expenditure deficit of (£1.2m) at the end of December 2020, which is £7.2m favourable to plan. Against the adjusted financial performance measure used by NHSE&I, which excludes the impact of donated assets, the Trust is reporting a favourable position £7.5m compared to plan. The reported position includes £115.2m of direct COVID-19 costs for the year to date.

The outlook for the second half of the year remains subject to uncertainty particularly in relation to the operational impact of the third wave of COVID-19. However, the Trust is currently on track to deliver an improved forecast

deficit of (£11.4m) against the planned deficit of (£20.5m), an improvement of £9.1m.

11. Recommendations

The COUNCIL OF GOVERNORS is asked to:

1. Receive the contents of this report.

Julian Miller
Chief Financial Officer
17th February 2021

Capital Expenditure 2020/21 - Quarter 3 Update

1. Purpose

This appendix provides a summary of Trust's 2020/21 capital expenditure at Quarter 3 and the current capital forecast.

2. 2020/21 Capital Programme

The Board of Directors approved an initial capital programme of £68.8m for 2020/21. Subsequently, there have been a number of changes to the programme including additional national allocations which have increased the total planned expenditure to £87.5m.

The table below outlines the approved programme for 2020/21 including the sources of funding:

Table 1: 2020/21 Capital Programme

CDEL	Sources of Funding	Scheme	Annual Plan Within Monthly Reporting £m	Externally Approved Adjustments Not Built into Plan £m	Description
Within CDEL	Internally Generated	Medical Equipment	7.4		
	Internally Generated	Equipment to facilitate innovation	0.8		
	Internally Generated	Facilities and Estates Backlog Maintenance	5.0		
	Internally Generated	Estates Projects	2.4		
	Internally Generated	Major Medical Equipment	7.3		
	Emergency PDC Funded	Major Medical Equipment	2.5		
	Internally Generated	ICT	4.3		
	Internally Generated	Subsidiary Companies	0.5		
	Internally Generated	Contingency	2.0		
	Internally Generated	COVID-19 Expenditure - Medical Equipment	0.0		
	Internally Generated	Slippage in Delivery	0.0		
Subtotal Within CDEL			32.1	0.0	
Outside CDEL	Internally Funded	Estates QEHB PFI Lifecycle Works	5.2		
	PDC Funded	ACAD Project	26.7	(7.3)	Slippage in ACAD development but it has been approved to slip the PDC funding in to future years.
	PDC Funded	Critical Infrastructure Risk	7.8		
	PDC Funded	ED Schemes		7.0	Additional PDC awarded for increased capacity in Eds across the 3 sites.
	PDC Funded	COVID-19 Retrospective Schemes		1.2	Retrospective claims made for additional equipment required for the pandemic. Claims have been approved but PDC not yet awarded.
	PDC Funded	External Funds - Workforce Plans	1.0		
	PDC Funded	Diagnostic Equipment/Mammography		1.0	Additional PDC awarded for upgrade of Breast Screening mammography equipment and trailer.
	PDC Funded	Cyber Resilience		0.2	Additional PDC awarded to enhance the Trust's Cyber resilience.
	PDC Funded	Adapt & Adopt - Endoscopy		1.6	Additional PDC awarded to increase Endoscopy capacity on the Solihull site.
	PDC Funded	Critical care Resilience Funding		2.3	Additional PDC awarded for the equipment required to support additional Critical Care surge capacity of 21 beds.
Subtotal Outside CDEL			40.7	6.0	
Charitable Funded			1.3	0.0	
TOTAL CAPITAL PLAN 2020/21			74.2	6.0	

3. Capital Expenditure

At quarter 3, the Trust has incurred capital expenditure of £37.2m with further commitments (orders raised) of £31.5m.

Total expenditure year to date has a variance of £13.4m, with £6.4m being driven by slippage on ACAD. Table 2 below outlines expenditure incurred to date against year to date plan:

Table 2: 2020/21 Capital Expenditure

CDEL	Sources of Funding	Scheme	Annual Plan £m	Year to Date Plan £m	Year to Date Actual £m	Variance £m
Within CDEL	Internally Generated	Medical Equipment	7.4	7.0	1.3	5.6
	Internally Generated	Equipment to facilitate innovation	0.8	0.6	0.0	0.6
	Internally Generated	Facilities and Estates Backlog Maintenance	5.0	4.5	3.1	1.5
	Internally Generated	Estates Projects	2.4	2.0	6.1	(4.0)
	Internally Generated	Major Medical Equipment	7.3	2.9	3.5	(0.6)
	Emergency PDC Funded	Major Medical Equipment	2.5	1.7	0.0	1.7
	Internally Generated	ICT	4.3	3.8	3.0	0.8
	Internally Generated	Subsidiary Companies	0.5	0.3	0.2	0.2
	Internally Generated	Contingency	2.0	1.4	0.0	1.4
	Internally Generated	COVID-19 Expenditure - Medical Equipment	0.0	0.0	2.9	(2.9)
	Internally Generated	Slippage in Delivery	0.0	0.0	0.0	0.0
Subtotal Within CDEL			32.1	24.3	20.1	4.2
Outside CDEL	Internally Funded	Estates QEHB PFI Lifecycle Works	5.2	5.2	2.7	2.5
	PDC Funded	ACAD Project	26.7	15.1	8.9	6.2
	PDC Funded	Critical Infrastructure Risk	7.8	4.5	1.0	3.4
	PDC Funded	ED Schemes	0.0	0.0	1.6	(1.6)
	PDC Funded	COVID-19 Retrospective Schemes	0.0	0.0	1.2	(1.2)
	PDC Funded	External Funds - Workforce Plans	1.0	0.7	0.2	0.5
	PDC Funded	Diagnostic Equipment/Mammography	0.0	0.0	0.0	0.0
	PDC Funded	Cyber Resilience	0.0	0.0	0.2	(0.2)
	PDC Funded	Adapt & Adopt - Endoscopy	0.0	0.0	0.0	(0.0)
	PDC Funded	Critical care Resilience Funding	0.0	0.0	0.0	0.0
Subtotal Outside CDEL			40.7	25.5	15.8	9.6
Charitable Funded			1.3	0.9	1.3	(0.4)
TOTAL CAPITAL PLAN 2020/21			74.2	50.6	37.2	13.4

3.1 Medical Equipment

Year to date expenditure includes a Microscope in QE Labs, Anaesthetic machines, Defibrillators, Cardiology PACs, Anorectal 3D Transducer – GHH, Histopathology Staining Machine and ERA Machine.

3.2 Facilities and Estates Backlog Maintenance

Year to date expenditure includes spend relating to replacement fridges, Schneider BMS and access controls, Fothergill Heating, Catering Oven at Solihull, fire compartmentation works (phase 3) and Trust wide backlog maintenance works.

3.3 Estates Projects

Year to date expenditure includes £6.1m on Wellcome Theatres. Works are near completion and in line with plan with an estimated completion date of mid-January 2021.

3.4 Major Medical Equipment

Year to date expenditure includes works to Lin Acc Rooms, HDR Brachytherapy equipment, Mammography system, MRI 4, CT 5 and 6.

3.5 ICT Infrastructure

Year to date expenditure is related to Secondary Data Centre, replacement and modernisation, ICT HSLI, infrastructure computer, voice/data refresh and MIHRO licences.

3.6 Ambulatory Care and Diagnostics Centre (ACAD)

Year to date expenditure is related to PSCP works carried out by the main contractor, Kier for stage 4 construction costs as indicated on payment application No. 17 and professional and PMO costs.

3.7 Grants & Donations

Expenditure includes MLU (GHH) and RSU (GHH), benches (BHH), playground equipment, Raystation (QE), Ultrasound (QE), Samsung CT Scanner Critical Care (QE), Scalp Coolers (GHH), Delivery Suite equipment (GHH), recliner chairs (BHH) and Recording System (GHH).

4. **COVID-19 Capital**

In April 2020, the Government announced that additional PDC funding would be issued for all genuinely additional capital expenditure driven directly by the COVID-19 response, which would be in addition to existing capital envelopes.

To date £1.2m of COVID-19 capital costs incurred prior to 19 May 2020 have been approved but the funding is yet to flow to the Trust. A further £3.0m of COVID-19 capital costs have been incurred since this date however these have not been approved by DHSC at this point and it has been indicated that this must come out of the Trust envelope.

The expenditure has not changed from that reported at quarter 2.

5. **Forecast 2020/21**

The current forecast spend for the year is in line with the plan as shown in table 3 below.

Table 3: Forecast Capital Expenditure 2020/21

CDEL	Sources of Funding	Scheme	Annual Plan £m	Forecast Expenditure £m	Forecast Variance £m
Within CDEL	Internally Generated	Medical Equipment	7.4	2.7	4.7
	Internally Generated	Equipment to facilitate innovation	0.8	0.0	0.8
	Internally Generated	Facilities and Estates Backlog Maintenance	5.0	5.0	0.0
	Internally Generated	Estates Projects	2.4	7.3	(4.9)
	Internally Generated	Major Medical Equipment	7.3	8.9	(1.7)
	Emergency PDC Funded	Major Medical Equipment	2.5	0.0	2.5
	Internally Generated	ICT	4.3	4.3	0.0
	Internally Generated	Subsidiary Companies	0.5	0.7	(0.2)
	Internally Generated	Contingency	2.0	0.3	1.7
	Internally Generated	COVID-19 Expenditure - Medical Equipment	0.0	3.0	(3.0)
	Internally Generated	Slippage in Delivery	0.0	0.0	0.0
Subtotal Within CDEL			32.1	32.2	(0.0)
Outside CDEL	Internally Funded	Estates QEHB PFI Lifecycle Works	5.2	5.1	0.1
	PDC Funded	ACAD Project	26.7	19.4	7.3
	PDC Funded	Critical Infrastructure Risk	7.8	8.3	(0.5)
	PDC Funded	ED Schemes	0.0	7.0	(7.0)
	PDC Funded	COVID-19 Retrospective Schemes	0.0	1.2	(1.2)
	PDC Funded	External Funds - Workforce Plans	1.0	1.0	0.0
	PDC Funded	Diagnostic Equipment/Mammography	0.0	1.0	(1.0)
	PDC Funded	Cyber Resilience	0.0	0.2	(0.2)
	PDC Funded	Adapt & Adopt - Endoscopy	0.0	1.6	(1.6)
	PDC Funded	Critical care Resilience Funding	0.0	2.3	(2.3)
Subtotal Outside CDEL			40.7	47.2	(6.4)
Charitable Funded			1.3	1.3	0.0
TOTAL CAPITAL PLAN 2020/21			74.2	80.7	(6.5)

As a result of absorbing the unapproved COVID -19 capital costs, the internal programme is fully committed with only £0.3m of contingency remaining for emergency bids during quarter 4. The forecast is continuously monitored to ensure that any potential slippage is reallocated and can be quickly utilised within the financial year.

The over delivery within the outside of CDEL section has largely been explained within section 2 above. The remaining £0.5m is related to Critical Infrastructure Risk where the Trust is planning to over-deliver against the envelope awarded to offset an under delivery elsewhere within the STP.

