

SOUTH EASTERN HSC TRUST

FINANCE REPORT

10 MONTHS TO 31 JANUARY 2018

Overall Position

At month 10 the Trust is reporting a year to date surplus of £108K and a small year-end surplus of £50K.

The year-end forecast position remains unchanged from month 9. This position is dependent upon the trust receiving £1.2m of assumed income to address the following pressures:

- Shortfall in the achievability of the Regional Pharmacy Savings Target of £1.05m.
- The balance of 16-17 pressures/additional superannuation charge of £0.15m.

At the Strategic Finance Forum meeting of 12th January 2018, the Deputy Secretary Resources and Performance Management Group confirmed that an allocation of £1.2m would be made to the Trust to cover the above pressures. As a result the Trust is now in a position to forecast a breakeven year end position, with a small surplus of £50K.

Whilst the Trust is forecasting financial breakeven in 2017-18, this has been achieved through a number of measures, the majority of which are non-recurrent and the Trust is forecasting a significant recurring deficit moving into 2018-19.

Savings Requirement 2017-18

As previously reported, the Trust had been set a Savings Target in 2017-18 of £12.354m. The Trust has subsequently

received £2.05m to avoid having to implement the major/controversial savings proposals. The Trusts revised saving target for 2017-18 is £10.304m. This consists of the following:

		£M
Trust Savings (share of £70m)	10.800	
Income to address major/controversial savings proposals	(2.050)	
Revised Trust Savings		8.750
Regional Pharmacy Savings (share of £12.5m)		1.554
Total Savings Requirement 2017-18		10.304

The Trust is on target to achieve it's in year Savings Requirement target, although the majority of the savings have been achieved non-recurrently.

Key Assumptions/Risks

- No unexpected costs arise in the final two months of the year, particularly during the busy winter period.
- There will be no major accounting changes or provisions at year end.
- Cost projections remain as expected in the final 2 months of the year.

Highlights of Month 10 Performance

Expenditure trends in month 10 are relatively stable. The Trust has either received or is assuming funding to address its identified funding pressures. The Trust is therefore able to forecast a 2017-18 breakeven position with a small surplus of £50K.

There are still a number of allocations and cost pressures that have not yet been allocated to individual Directorates. These are accounted for in the overall Trust position and will be allocated over the final months of the financial year.

Conclusion

The Trust is confident of achieving its breakeven duty in respect of 2017-18, albeit it, through largely non-recurrent measures.

Neil Guckian

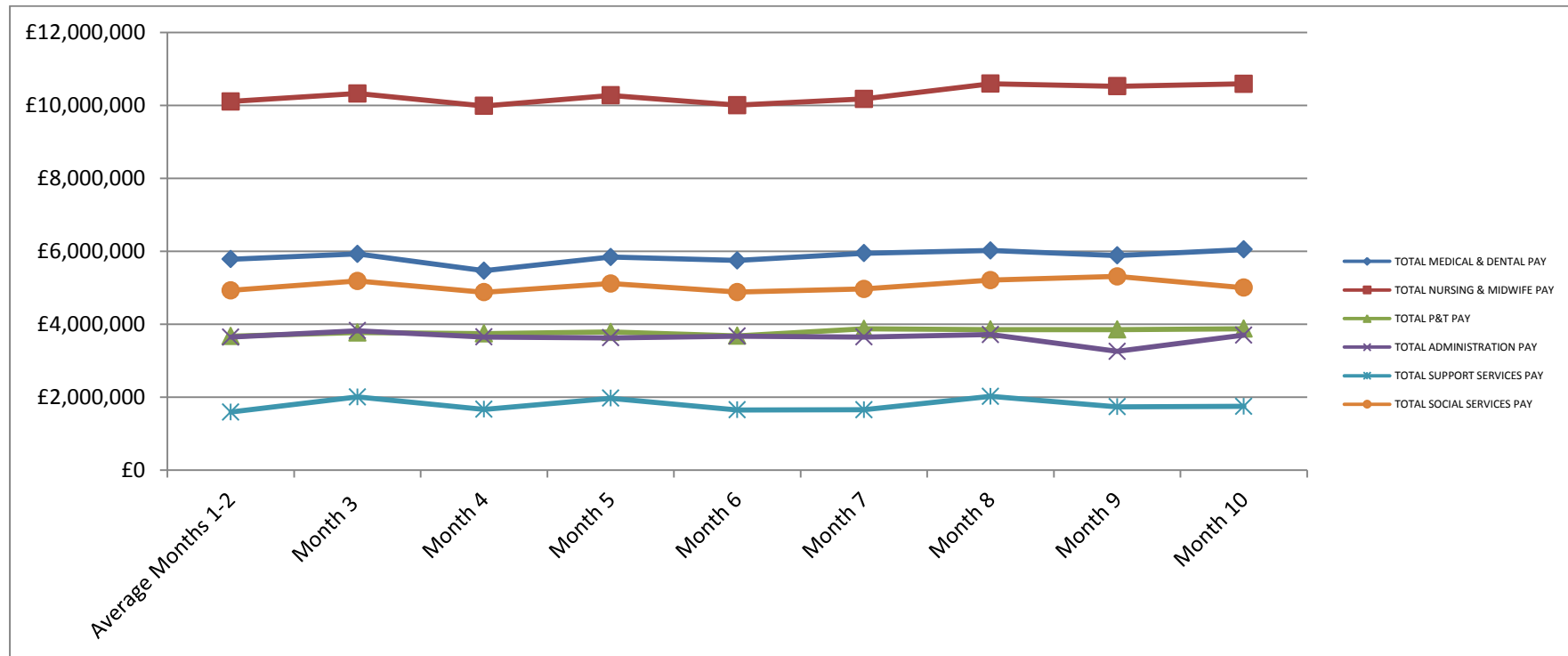
Summary Financial Position

The Trust has reported a surplus at month 10 of £108K a forecast year end surplus of £50K – reported results for the financial year to date are as follows.

Period ended:	Reported(Surplus) / Deficit £m	Forecast year end (surplus) /Deficit £m
Draft Savings Plan (revised)		46.5
31 st May 2017	N/A	N/A
30 th June 2017	N/A	N/A
31 st July 2017	3.6	7.0
31 st August 2017	4.3	8.1
30 th September 2017	1.2	2.6
31 st October 2017	1.7	2.6
30 th November 2017	0.8	1.2
31 st December 2017	0.04	(0.05)
31 st January 2017	(0.11)	(0.05)

Overall Salaries and Wages Spend

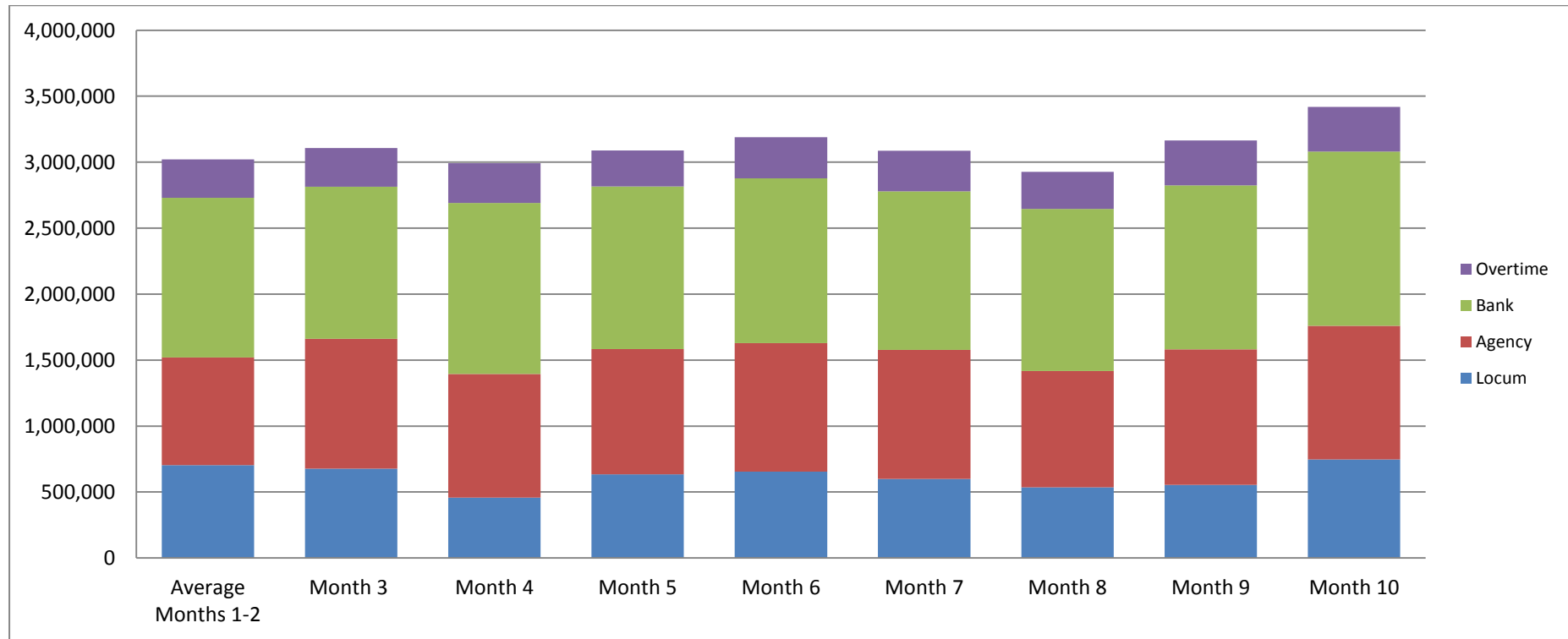
The graph below illustrates the stable trends in payroll spend across the Trust – our top six spend areas in terms of salaries and wages are shown below – representing over 90% of our total monthly pay bill:



Month 1 and 2 expenditure has been averaged to remove the effect of the listing of year end creditors. It is also normal to witness spikes in expenditure towards year end. Payroll costs are affected by whether there are four or five pay days for weekly paid staff (month 9 was a four week month; month 10 was a four week month).

Flexible Staffing Costs

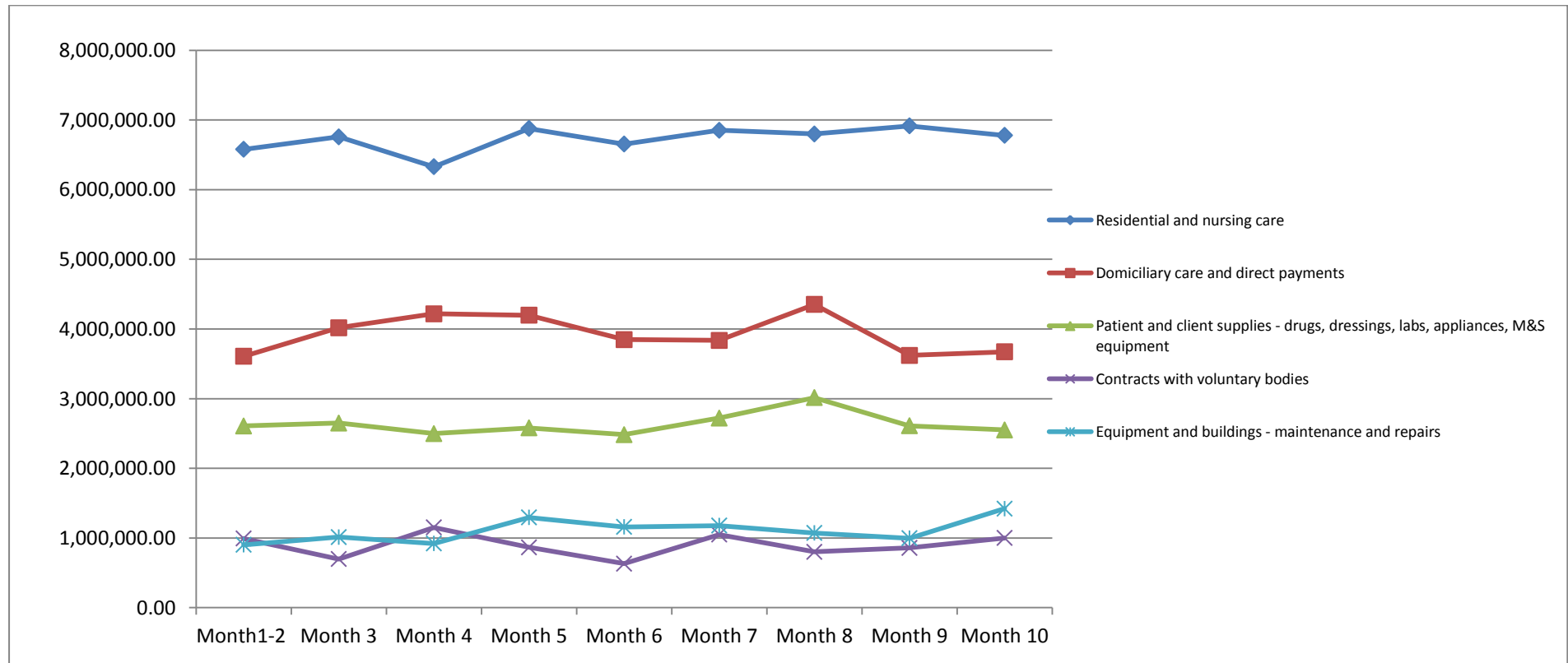
An area which we have particularly focused on to deliver out workforce elements of our savings plans in the past, has been our reliance on flexible staffing. The total spend on these areas each month is highlighted below: (figures have been adjusted to remove anomalies created by 4 and 5 week months. (December and January were both 4 week months).



Flexible staffing covers agency, locum, bank and overtime costs for the organisation and we can see these are overall fairly stable. Some fluctuations can be experienced due to time lags in agency invoicing, particularly in respect of invoices issued around the year end.

Goods and Services Spend

Almost 80% of the Trust’s monthly goods and services can be represented in the five categories below – monthly trends in this expenditure have remained relatively stable – some such as domiciliary care are impacted by 4 and 5 weekly months (month 10 was a 4 week month, month 9 was a four week month). Month 1 and 2 expenditure has been averaged to remove the effect of the listing of year end creditors. It is also normal to witness spikes in expenditure towards year end.



Directorate Performance – Summary

NB: In the following tables a negative figure represents an underspend against budget, with a positive figure indicating an overspend

	(SURPLUS)/ DEFICIT YEAR TO DATE			DIRECTORATE FORECAST YEAR END POSITION
	SALARIES AND WAGES	GOODS AND SERVICES	TOTAL	
	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	560	(1,863)	(1,303)	128
CHILDRENS SERVICES	(502)	1,694	1,192	1,490
PRIMARY & ELDERLY SERVICES	(1,702)	1,046	(656)	(511)
FINANCE & ESTATES	(119)	603	484	278
HOSPITAL SERVICES	1,734	3,246	4,980	5,940
PLANNING,IT & PERF MANGEMENT	(212)	(289)	(501)	(725)
HUMAN RESOURCES & CORP AFFAIRS	(493)	633	140	135
	(734)	5,070	4,336	6,735
COST PRESSURES/SAVINGS/INCOME ANTICIPATED			(4,444)	(6,785)
(SURPLUS)/DEFICIT			(108)	(50)
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				0
YEAR END PROJECTION				(50)

Individual Directorate Breakdown

ADULT SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
DIR ADULT & PSYCHOLOGY SERV	85	(27,438)	(27,353)
DISABILITY	(152,056)	(1,686,170)	(1,838,226)
MENTAL HEALTH	532,508	(110,291)	422,217
PRISON SERVICES	179,755	(39,354)	140,401
TOTAL	560,292	(1,863,253)	(1,302,961)

Commentary

Adult Services are reporting a surplus at month 10 of £1,303K and a forecast year end deficit of £128K.

CHILDREN'S SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
CARED FOR CHILDREN	490,600	1,509,133	1,999,733
CHILDRENS HEALTH	(871,118)	(195,017)	(1,066,135)
DIR. CHILD SERV & SWK GOV.	(77,890)	(117,850)	(195,740)
SOCIAL WORK QUALITY IMPROVEMENT, PRACTICE DEVELOPMENT & WORKFORCE	(106,599)	44,108	(62,491)
PREVENTION POPULATION HEALTH	(66,874)	(66,300)	(133,174)
SAFEGUARDING CHILDREN	139,775	411,455	551,230
SURESTART	(9,623)	108,819	99,196
TOTAL	(501,729)	1,694,348	1,192,619

Commentary

Children's Services are reporting a deficit at month 10 of £1,192K and a forecast year end deficit of £1,490K. The forecast year-end deficit is largely attributable to pressures within Independent Fostering.

PRIMARY CARE AND ELDERLY SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
ALLIED HEALTH PROFESSIONALS	(164,687)	526,948	362,261
CARE PROVISION	(1,449,269)	(335,407)	(1,784,676)
DEMENTIA SERVICES	230,009	(6,350)	223,659
DIRECTORS & ASSISTANTS	(35,534)	434,809	399,275
ELDERLY SERVICES	(166,779)	502,670	335,891
PRIMARY CARE	(115,673)	(76,225)	(191,898)
TOTAL	(1,701,933)	1,046,445	(655,488)

Commentary

The Directorate is reporting a surplus at month 10 of £656K and a forecast year end surplus £511K. The under spend in salaries and wages is attributable to scheduled recruitment which hasn't yet occurred.

CORPORATE DIRECTORATES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
FINANCE AND ESTATES	(118,530)	603,147	484,617
PLANNING,IT & PERF MANGEMENT	(211,865)	(288,853)	(500,718)
HUMAN RESOURCES & CORP AFFAIRS	(492,982)	632,788	139,806
TOTAL	(823,377)	947,082	123,705

Commentary

Overall the Corporate Directorates are reporting a deficit at month 10 of £124K and a forecast year-end surplus of £312K.

HOSPITAL SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
BANK NURSES SE TRUST	1,255	57,893	59,148
DIR. OF GENERAL MEDICINE	2,701,153	262,923	2,964,076
DIRECTORATE OF SURGERY	(694,072)	1,738,078	1,044,006
ELECTIVE CARE REFORM	0	£0	0
EMERGENCY CARE REFORM	139,185	(838)	138,347
OPERATIONAL SUPPORT MEDICAL	(648,453)	(518,669)	(1,167,122)
WOMEN AND CHILD HEALTH	234,827	1,706,382	1,941,209
TOTAL	1,733,895	3,245,769	4,979,664

Commentary

Hospital Services are reporting a deficit at month 10 of £4,980K and a year-end forecast deficit of £5,940K.

Capital Expenditure Month 10

The Trust's indicative Capital Delegated Expenditure Limit (DEL) for maintaining essential services has decreased to £41.286m as per the Department of Health's (DoH's) letter of 13 February 2018. This is an overall net increase of £0.240m reflecting additional ICT of £0.464m less £0.111m reduction for the Ulster Phase B project and a £0.113m decrease against Lagan Valley enabling works. The Trust continues to work closely with CPD-HE, to ensure forecasting and spend are on target for 31 March 2018.

The Trust's indicative Capital DEL of £41.286m comprises of £30.780m for the Ulster Hospital Phase B, £3.713m Other Specific Schemes (Lagan Valley enabling works and ICT) plus £6.793m General Capital. This general capital and ICT will be closely monitored with key personnel across the Trust.

The following table summarises the 2017/18 Indicative Capital DEL for maintaining essential services, together with expenditure of £27.015m as at 31st January 2018 and forecast of £41.286m to 31 March 2018. Cumulative expenditure after the first 10 months of the year continues to be low, with significant spend forecast in the remaining 2 months of 2018/19, reflecting the spend profile associated with significant general and ICT capital funding received during November 2017 through to February 2018 (the Trust received an initial general capital funding of £2.835m in April 2017, increasing to £4.788m by October 2017 for general and ICT, and to £10.299m by 13th February 2018).

	2017/18 Indicative Capital DEL for Maintaining Essential Services as per DoH's letter issued 19/1/18	2017/18 Indicative Capital DEL for Maintaining Essential Services as per DoH's letter issued 13/2/18	Expenditure to 31/1/18	Forecast to 31/3/18
	£'000	£'000	£'000	£'000
Ulster Hospital Phase B	30,891	30,780	21,483	30,780
Other Specific Schemes	3,362	3,713	2,185	3,713
General Capital	6,793	6,793	3,347	6,793
Total	41,046	41,286	27,015	41,286