

SOUTH EASTERN HSC TRUST
FINANCE REPORT
4 MONTHS TO 31 JULY 2018

Overall Position

At month 4, The Trust is forecasting a year to date deficit of £1.1M and a forecast year end deficit of £3.6M.

The Trust had previously been advised by DoH/HSCB that it would have a control total in 2018-19 of £1.6M in recognition that there was a shortfall in allocation against its pressures/liabilities. The Trust has now been advised that the control total will be funded non-recurrently.

The Trust will therefore be expected to achieve a breakeven position at year-end.

Draft Trust Delivery Plan (TDP)

A part of the Draft TDP, the Trust was required to prepare a Financial Strategy, setting out the Trusts position and covering the following main issues:-

- Forecast Position
- Emerging Pressures
- How Trust would address its Savings Requirement of £9.02m
- Key Financial Assumptions

When taking all of the above into account the Trust was forecasting (based on month 3 financial position) a forecast year end deficit of £3.3M.

This forecast deficit is due to the following additional emerging pressures in 2018-19:-

Pressure	Cost CYE £m	Cost FYE £m
Expected shortfall in achieving Regional Pharmacy Savings	0.8	0.3
Additional employers pension costs in respect of auto enrolment (regional issue)	2.0	2.0
Additional pressures due to growth in independent fostering	0.5	0.8
Total	3.3	3.1

The Trusts forecast position at month 4 is £3.6M, a worsening of the position of £300K due to the continuing pressures/growth in independent sector fostering, above the original estimate.

The Trust has also highlighted that there is an emerging pressure in the second half of the financial year relating to increased energy costs. The Trust is currently scoping the impact of this and will be advising DoH/HSCB accordingly.

It should be noted that whilst the forecast deficit in the draft TDP is £3.3M in 2018-19, due to the non-recurrent nature of some of the funding, the full year effect of the Trust deficit is £32.6M.

Savings Requirement 2018-19

Trust has been set a Savings Target for 2018-19 of £9.02M. This Savings Target has three elements and is listed in the table below:

	£M
Trust Savings	6.86
Regional Pharmacy Savings	1.86
Community & Voluntary Sector	0.30
Total Savings Requirement 2018-19	9.02

Similar to 17-18, the Trusts believes that the Regional Pharmacy Savings Target will not be achievable. The Trust is identifying potential savings of approximately £1M as being achievable in 2018-19. The shortfall in the achievement of this target is factored into the Trusts forecast year end deficit.

In respect of the Trust Savings and the Community and Voluntary Sector Savings Target, the Trust has highlighted a range of no/low impact measures to meet the target. The proposals are detailed in the Trust's TDP submission.

Key Assumptions/Risks

- The Trust has to achieve its Savings Target in full.
- Regional Pharmacy Savings - The Trust believes that this will not be achievable in year and is forecasting a shortfall in this area of £0.8M

- The Trust is assuming that any Winter Resilience measures from 2017-18 that have not been stood down will be first call on 2018-19 Demography funding.
- The Trust is reliant on capitalising £0.5m of more minor equipment on a recurring basis (less than last year, but still a risk).
- The Trust is assuming income of £1M for Winter Resilience measures and £300K for stabilisation of the Downe Hospital.
- Accurate identification of trends in expenditure or activity is difficult given that this is only the fourth month of the financial year.
- Cost projections remain as expected in the final eight months of the year.
- There will be no major accounting changes or provisions at year end.

Highlights of Month 4 Performance

Expenditure trends in month 4 are relatively stable, except for the increased pressures identified in independent sector fostering. Certain increased costs in respect of tariff uplifts for Nursing/Residential and domiciliary care are as expected. Any major emerging pressures have been identified and factored into the Trust forecast position.

Conclusion

2018-19 will be another challenging year. The Trust is required to deliver £9M of savings in year and this will be difficult to do without impacting on services – we are currently £800k adrift of this total. We are hopeful, however, that this £800k will be funded.

It is important that we keep control of our costs in 2018-19, with so much uncertainty and challenges; there will be little or no scope to absorb increases in expenditure.

Neil Guckian

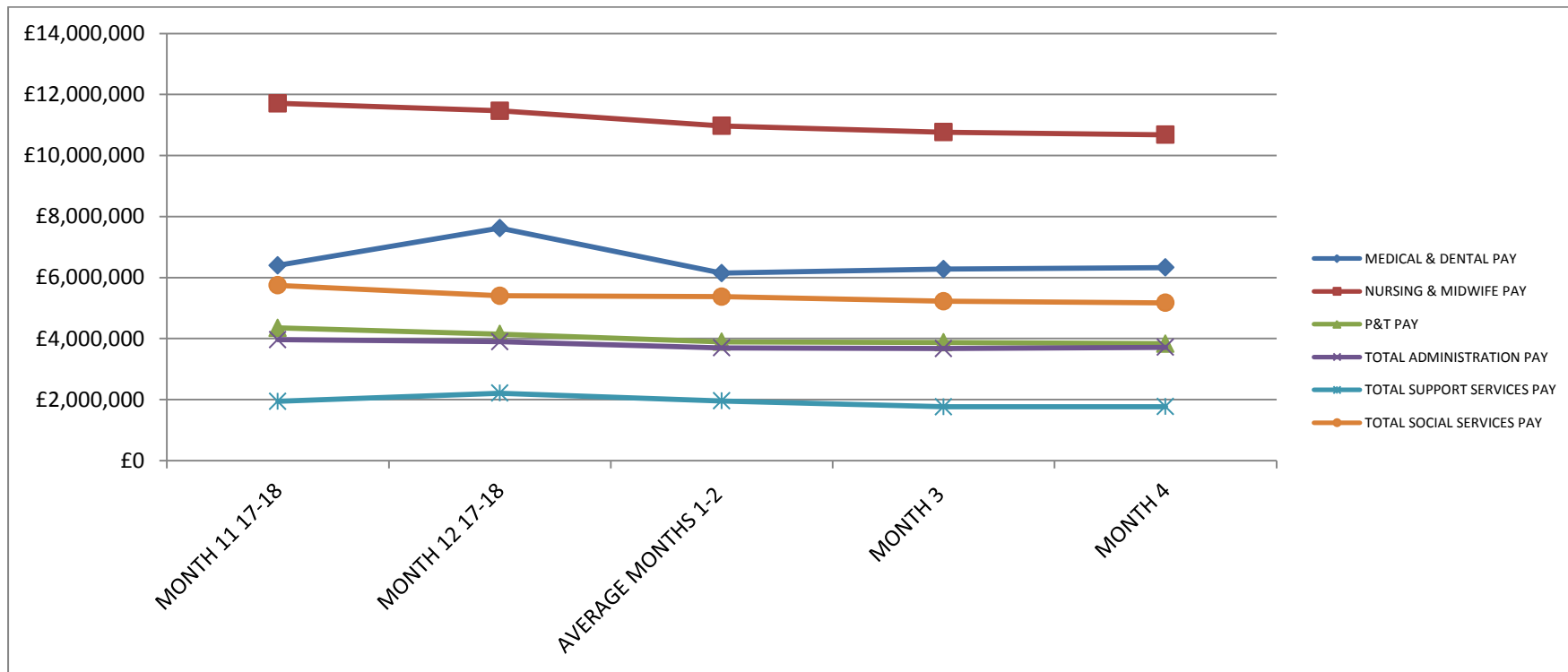
Summary Financial Position

The Trust has reported a deficit at month 4 of £1.1M a forecast year end deficit of £3.62M.

Period ended:	Reported(Surplus) / Deficit £m	Forecast year end (surplus) /Deficit £m
31 st May 2018	N/A	N/A
30 th June 2018	1.4	4.2
31 st July 2018	1.1	3.6

Overall Salaries and Wages Spend

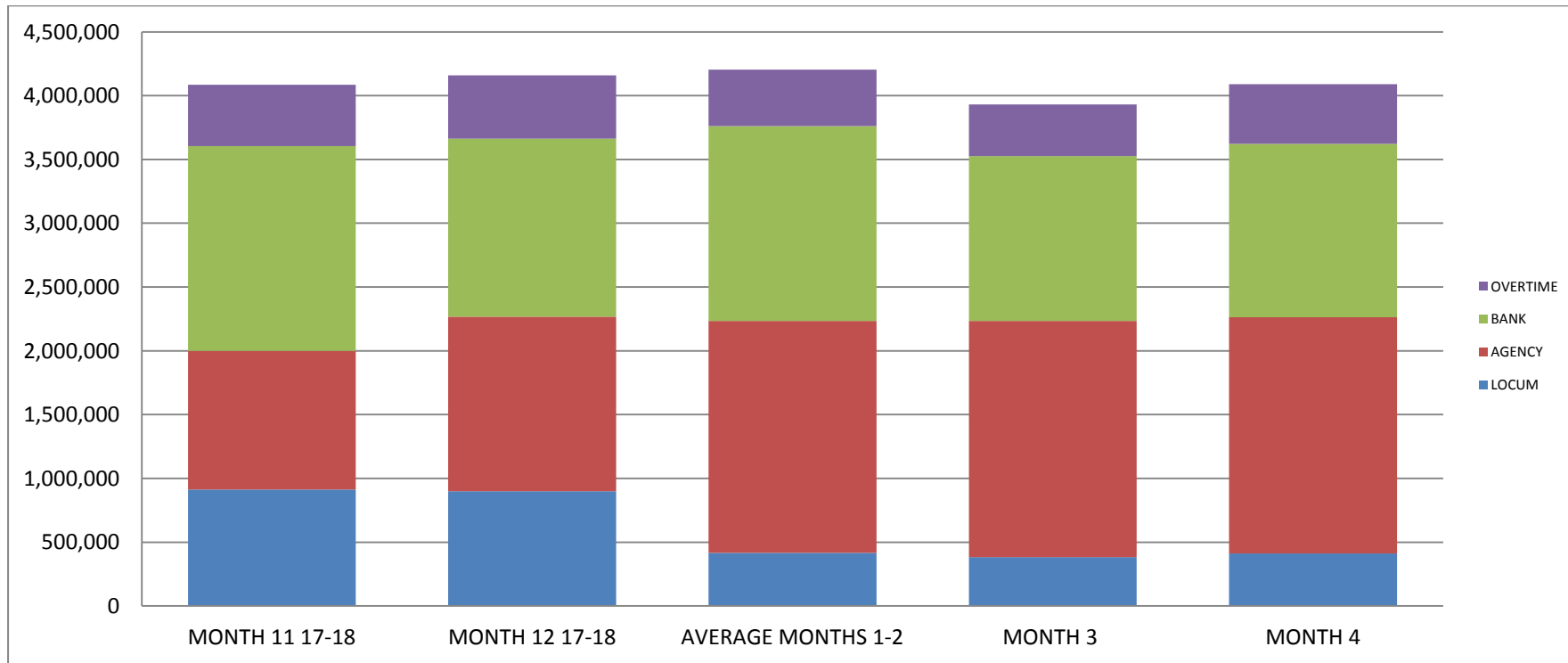
The graph below illustrates the stable trends in payroll spend across the Trust – our top six spend areas in terms of salaries and wages are shown below – representing over 90% of our total monthly pay bill:



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 (months 3 and 4 are both 4 week months).

Flexible Staffing Costs

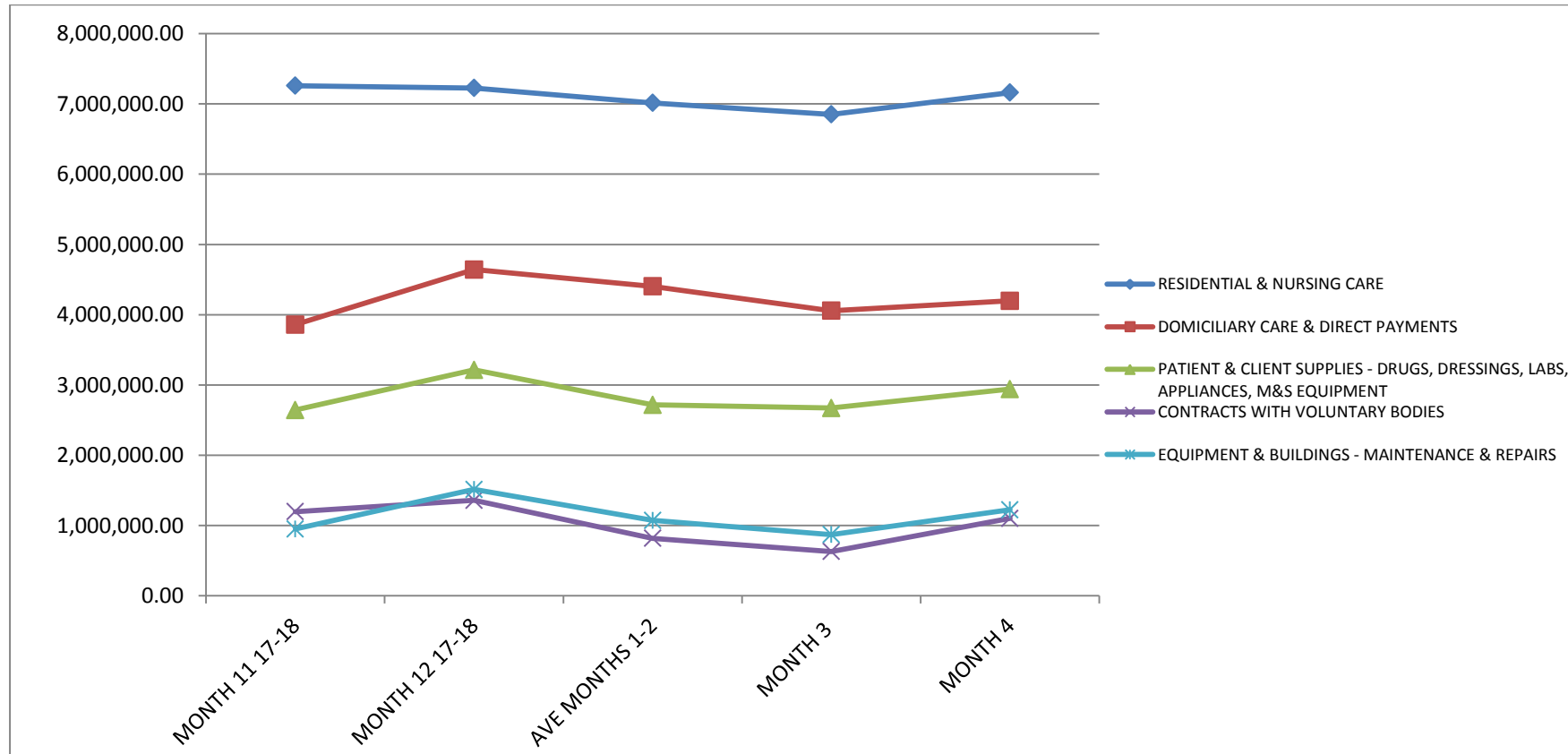
An area which we have particularly focused on to deliver out workforce elements of our savings plans in the past, has been our reliance on flexible staffing. The total spend on these areas each month is highlighted below: (figures have been adjusted to remove anomalies created by 4 and 5 week months. (months 3 and 4 are 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 (months 3 and 4 are both 4 week months). 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. The table below shows expenditure moving upwards to last year’s levels.



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	47	771	818	993
CHILDRENS SERVICES	199	989	1,188	2,157
PRIMARY & ELDERLY SERVICES	(263)	472	209	544
FINANCE & ESTATES	45	572	617	307
HOSPITAL SERVICES	1,833	2,869	4,702	8,457
PLANNING,IT & PERF MANGEMENT	56	(228)	(172)	223
HUMAN RESOURCES & CORP AFFAIRS	(162)	373	211	917
	1,755	5,818	7,573	13,598
COST PRESSURES/SAVINGS/INCOME ANTICIPATED			(6,504)	(10,033)
(SURPLUS)/DEFICIT			1,069	3,565
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				(245)
YEAR END PROJECTION				3,320

Individual Directorate Breakdown

ADULT SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
DIR ADULT & PSYCHOLOGY SERV	(58,427)	(3,409)	(61,836)
DISABILITY	14,915	623,045	637,960
MENTAL HEALTH	81,948	68,690	150,638
PRISON SERVICES	8,749	82,374	91,123
TOTAL	47,185	770,700	817,885

Commentary

Adult Services are reporting a deficit at month 4 of £818K and a forecast year end deficit of £993K.

CHILDREN'S SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
CARED FOR CHILDREN	426,254	921,252	1,347,506
CHILDRENS HEALTH	(191,982)	(14,739)	(206,721)
DIR. CHILD SERV & SWK GOV.	(28,623)	(44,780)	(73,403)
SOCIAL WORK QUALITY IMPROVEMENT, PRACTICE DEVELOPMENT & WORKFORCE	(38,736)	15,296	(23,440)
PREVENTION POPULATION HEALTH	41,140	(74,567)	(33,427)
SAFEGUARDING CHILDREN	12,497	222,324	234,821
SURESTART	(21,844)	(35,436)	(57,280)
TOTAL	198,706	989,350	1,188,056

Commentary

Children's Services are reporting a deficit at month 4 of £1,188K and a forecast year end deficit of £2,157K.

PRIMARY CARE AND ELDERLY SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
ALLIED HEALTH PROFESSIONALS	(238,936)	293,608	54,672
CARE PROVISION	(201,137)	130,287	(70,850)
DEMENTIA SERVICES	139,278	6,942	146,220
DIRECTORS & ASSISTANTS	30,364	183,434	213,798
ELDERLY SERVICES	27,593	(148,643)	(121,050)
PRIMARY CARE	(20,356)	6,293	(14,063)
TOTAL	(263,194)	471,921	208,727

Commentary

The Directorate is reporting a deficit at month 4 of £209K and a forecast year end deficit of £544K.

CORPORATE DIRECTORATES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
FINANCE AND ESTATES	44,562	571,550	616,112
PLANNING,IT & PERF MANGEMENT	56,120	(228,367)	(172,247)
HUMAN RESOURCES & CORP AFFAIRS	(161,806)	373,407	211,601
TOTAL	(61,124)	716,590	655,466

Commentary

Overall the Corporate Directorates are reporting a deficit at month of £655K and a forecast year-end deficit of £1,447K.

HOSPITAL SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
BANK NURSES SE TRUST	(2,722)	2,402	(320)
DIR. OF GENERAL MEDICINE	1,957,924	596,983	2,554,907
DIRECTORATE OF SURGERY	19,440	859,413	878,853
ELECTIVE CARE REFORM	2,989	878	3,867
EMERGENCY CARE REFORM	65,644	1,648	67,292
OPERATIONAL SUPPORT MEDICAL	(912,792)	588,858	(323,934)
WOMEN AND CHILD HEALTH	702,700	818,411	1,521,111
TOTAL	1,833,183	2,868,593	4,701,776

Commentary

Hospital Services are reporting a deficit at month 4 of £4,702K and a year-end forecast deficit of £8,457K.

Capital Expenditure Month 4

The Department of Health's (DoH) 2018/19 Capital Resource Limit (CRL) for South Eastern Trust of £52.984m as at 14th June 2018 has increased by £2.177m to £55.162m as at 16th August 2018. This additional CRL of £2.177m relates to £1.013m for ICT, £0.907m General Capital and £0.257m GP Improvement Scheme – Trust Owned.

Other Specific Schemes of £5.772m, as at 16th August 2018, comprise of Lagan Valley Enabling works £2.270m, Imaging £1.655m, ICT £1.590m and GP Improvement Scheme – Trust Owned £0.257m. The Trust is currently preparing Capital Business Cases for these projects and as a result spend will occur in Qtr 3 and 4 due to lead in time.

The General Capital funding of £6.718m has been allocated to a range of projects across the various Directorates with priority given to estates works due to the lead in time. The Trust is currently reviewing and prioritising the next tranche of capital projects to allow the additional General Capital funding of £0.907m received 16th August 2018 to be allocated. As a result, the majority of the General Capital spend will be in quarters 3 and 4, as quarters 1 and 2 are required to finalised Capital Business Cases below delegated limits and place tenders.

The following table summarises the Trust's 2018/19 Capital Resource Limit together with expenditure as at 31 July 2018 and forecast to 31 March 2019. Cumulative expenditure at month 4 reflects planned low spend which will increase during quarters 3 and 4 of 2018/19.

	2018/19 Capital Resource Limit as at 14 June 2018 £'000	Changes in the 2018/19 CRL £'000	2018/19 Capital Resource Limit as at 16 August 2018 £'000	Expenditure to 31/7/18 £'000	Forecast to 31/3/19 £'000
Ulster Hospital Phase B	41,765	0	41,765	14,672	41,765
Other Specific Schemes	4,501	1,271	5,772	35	5,772
General Capital	6,718	907	7,625	434	7,625
Total	52,984	2,177	55,162	15,141	55,162