

SOUTH EASTERN HSC TRUST
FINANCE REPORT
11 MONTHS TO 28 FEBRUARY 2017

Overall Position

At month 11, the Trust is reporting a year to date surplus of £50K and a small year-end surplus of £50K. This is compared to year-end forecast deficits in month 10 of £91K. The Trust is therefore on target to achieve financial breakeven for 2016-17.

Whilst the Trust is forecasting financial breakeven in 2016-17, 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 2017-18.

Payroll Issues

It has previously been reported that there is a regional issue in respect of the incorrect calculation of employer’s pension contributions. The Trust is working regionally with BSO and other Trusts to quantify this before year. The indications are that DoH will address any costs arising from this.

Key Assumptions/Risks

- It is assumed that the Trust will be fully resourced for the impact of the incorrect calculation of employer’s pension contributions.
- Not all of the pay arrears have been processed by BSO and some high level forecasts are included in the position. It is expected that the outstanding pay arrears will be paid in March.

- We assume that cost projections remain as expected in the final month of the year.
- There is no regional requirement to release the creditors that have been used to achieve breakeven.
- There will be no major accounting changes or provisions at year end.
- Certain creditors for Human Resources issues will be reassessed before the year-end.

Recurring deficit 2017-18

Whilst the Trust is confident of meeting its statutory breakeven duty in 2016-17, this will be achieved through largely non-recurrent means. The forecast recurring core deficit for 2017-18 is £39.3m with the total resourcing required, including the revenue consequences of Phase B at £51.8m. The breakdown of this is as follows:-

	£M
Recurrent Roll Forward Position	23.0
New Pressures 2017-18	16.3
Core Deficit	39.3
Regional Resources required	
Revenue Consequences : Ulster Hospital	12.5
Total Deficit/Funding Requirement 2017-18	51.8

The new 2017/18 pressures relate to Regional/National cost increases for Pay Award, National Living Wage, Demographic impact and non-pay inflation. There are no South Eastern Trust specific pressures included in this total.

Highlights of Month 11 Performance

Month 11 has been a relatively stable month, with the Trust now reporting a small forecast surplus of £50K.

Conclusion

The Trust is confident of achieving its breakeven duty in respect of 2016-17, albeit it, through largely non-recurrent measures. The level of recurring deficit (£51.8m) remains a concern.

Neil Guckian

Summary Financial Position

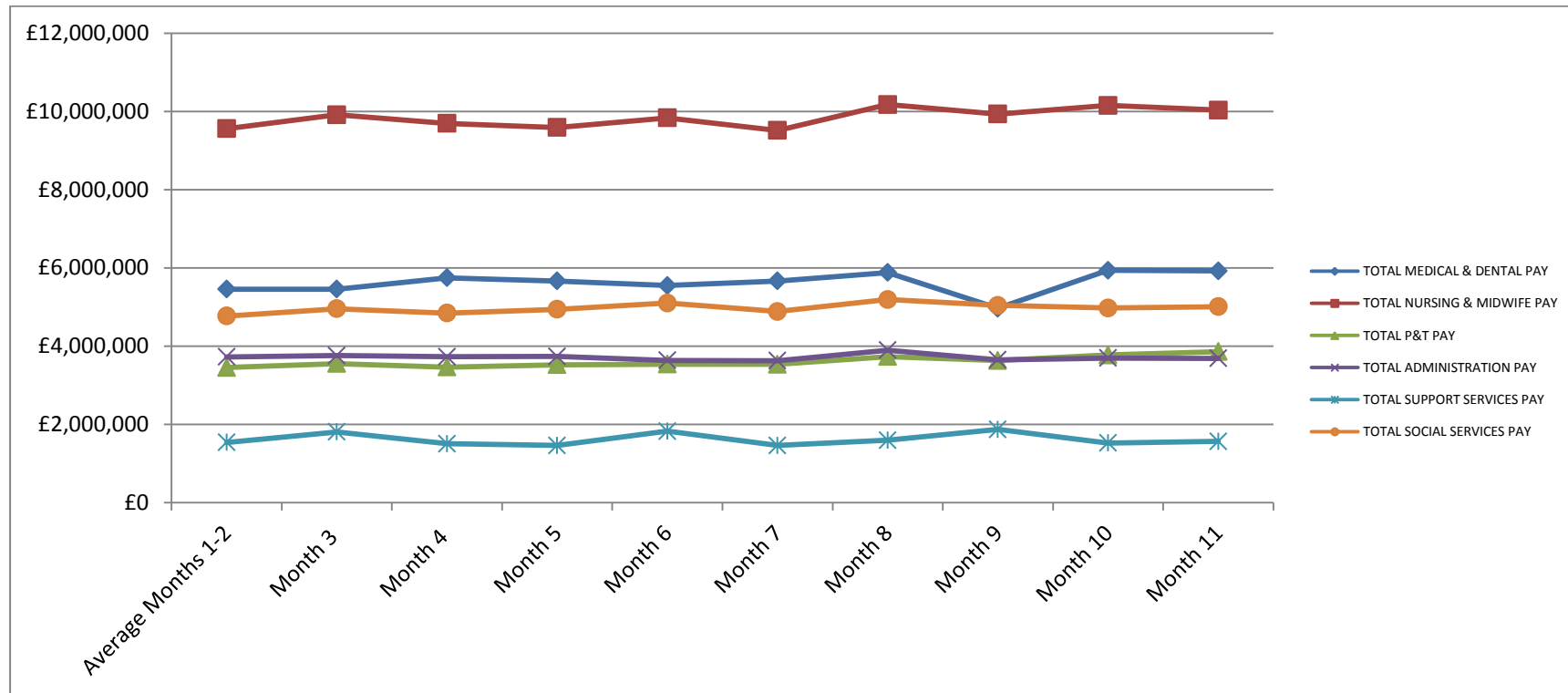
The Trust has reported a surplus at month 11 of £50K (year-end forecast of £50k) – reported results for the financial year to date are as follows:

Period ended:	Reported(Surplus) / Deficit £m	Forecast year end (surplus) /Deficit £m
Draft Savings Plan		14.9
31 st May 2016	2.7	14.9
30 th June 2016	3.2	14.9
31 st July 2016	2.1	8.9
31 st August 2016	1.0	0.0
30 th September 2016	0.86	0.0
31 st October 2016	0.45	0.0
30 th November 2016	0.33	0.0
31 st December 2016	0.32	0.0
31 st January 2017	0.01	0.0
28 th February 2017	(0.05)	(0.05)

The Trust is forecasting that it will breakeven at financial year end, with a small forecast surplus of £50K.

Overall Salaries and Wages Spend

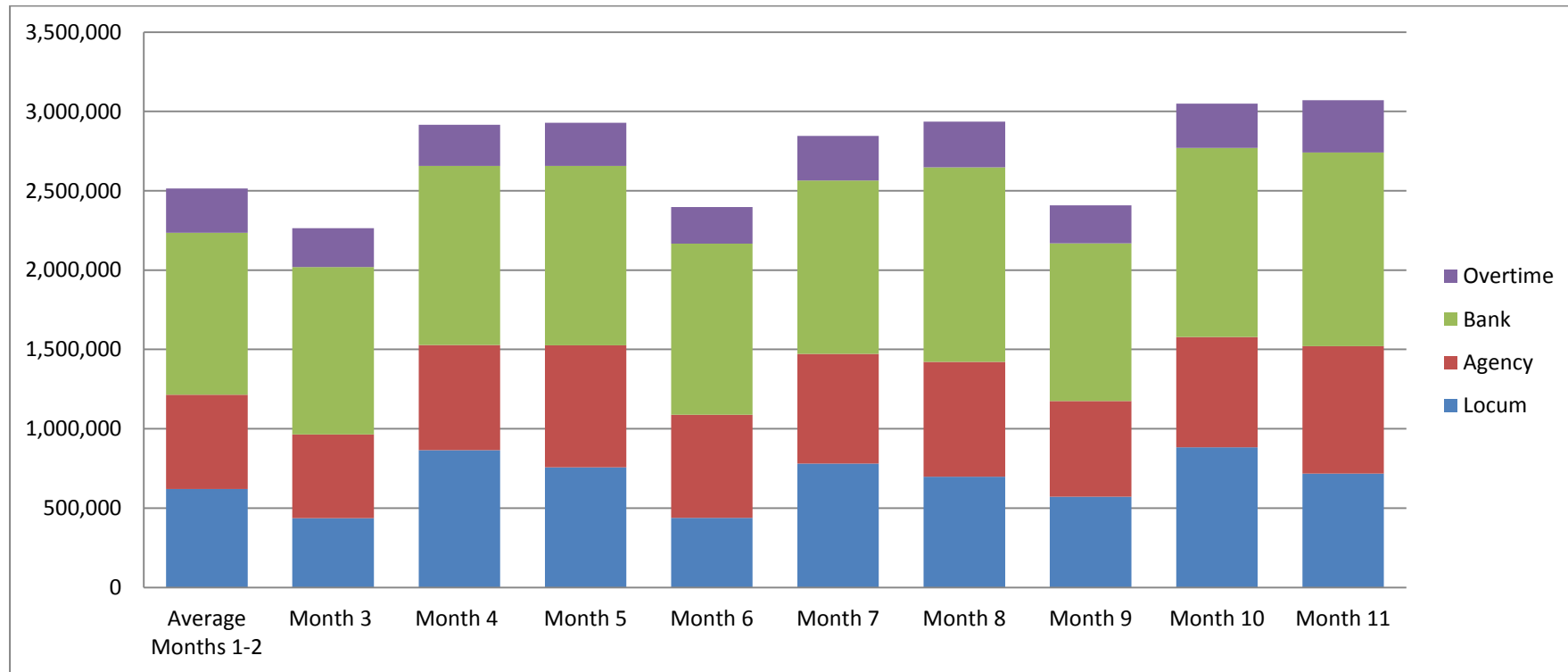
The graph below illustrates the stable trends in payroll spend across the Trust – our top six spend areas in terms of salaries and wages are shown below – representing over 90% of our total monthly pay bill:



Month 9 salaries and wages were reduced due to the release of certain payroll creditors as per the Trusts TDP and Mid-year review.

Flexible Staffing Costs

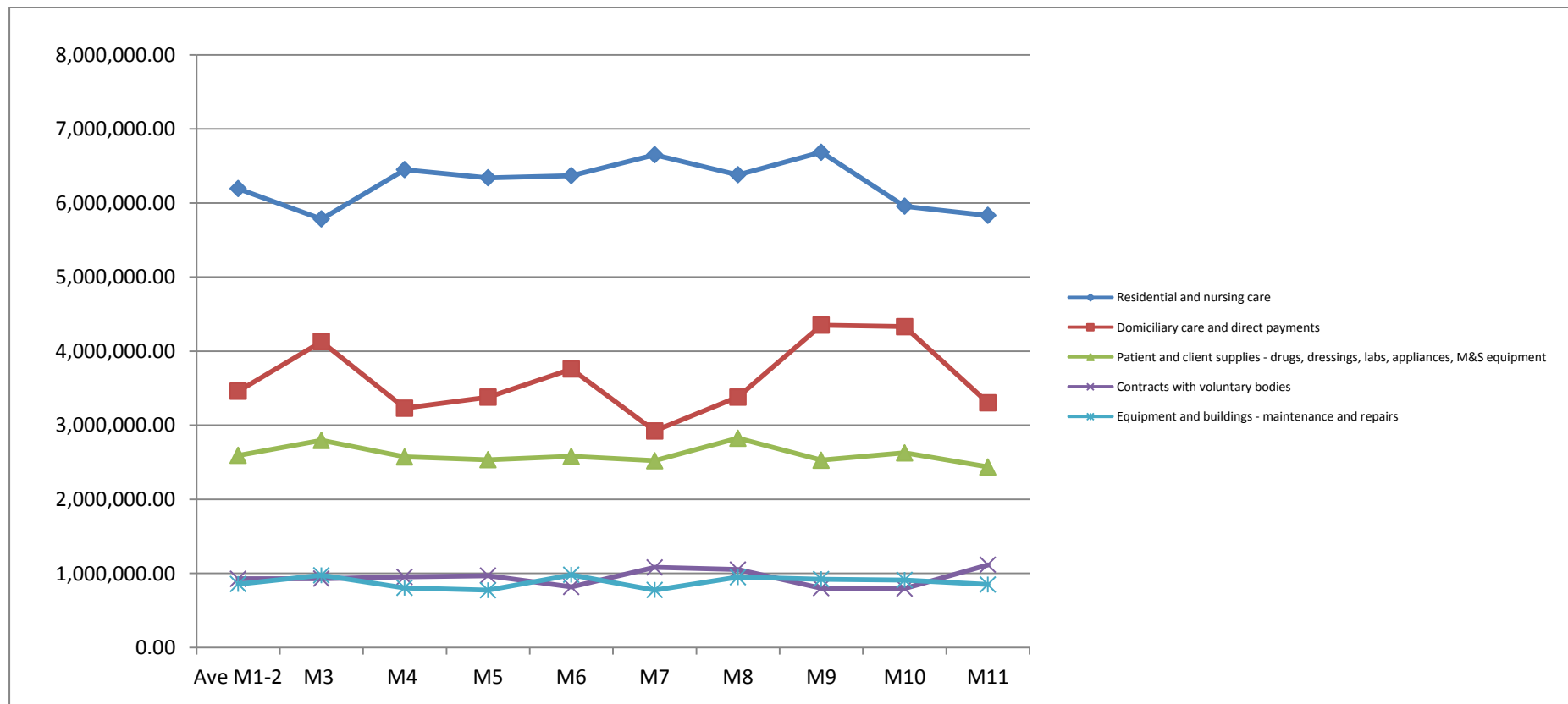
An area which we have particularly focused on to deliver out workforce elements of our savings plans in the past, has been our reliance on flexible staffing. The total spend on these areas each month is highlighted below: (figures have been adjusted to remove anomalies created by 4 and 5 week months. (February 17 was a 4 week month).



Flexible staffing covers agency, locum, bank and overtime costs for the organisation and we can see these are overall fairly stable. Some small spikes 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 11 was a 4 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	(1,053)	(512)	(1,565)	(266)
CHILDRENS SERVICES	(598)	(16)	(614)	(466)
PRIMARY & ELDERLY SERVICES	(2,734)	(56)	(2,790)	(2,383)
FINANCE & ESTATES	(215)	863	648	(157)
HOSPITAL SERVICES	1,565	(1,045)	520	145
PLANNING,IT & PERF MANGEMENT	240	103	343	(218)
HUMAN RESOURCES & CORP AFFAIRS	(819)	873	54	110
			(3,404)	(3,235)
COST PRESSURES/SAVINGS ANTICIPATED			3,354	3,185
(SURPLUS)/DEFICIT			(50)	(50)
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				0
YEAR END PROJECTED SURPLUS				<u>50</u>

Individual Directorate Breakdown

ADULT SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
DIR ADULT & PRISON SERV	(485,364)	78,281	(407,083)
DISABILITY	(355,563)	(150,170)	(505,733)
MENTAL HEALTH	(105,405)	(403,781)	(509,186)
PRISON SERVICES	(106,395)	(36,329)	(142,724)
TOTAL	(1,052,727)	(511,999)	(1,564,726)

Commentary

Adult Services are reporting a surplus at month 11 of £1,565K and a forecast year end surplus of £266K.

CHILDREN'S SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
CARED FOR CHILDREN	255,307	907,509	1,162,816
CHILDRENS HEALTH	(502,308)	1,095	(501,213)
DIR. CHILD SERV & SWK GOV.	(168,447)	(1,353,676)	(1,522,123)
LEARNING/DEVELOP/RESEARCH	(88,405)	72,357	(16,048)
PROMOTING WELLBEING	(135,417)	(58,570)	(193,987)
SAFEGUARDING CHILDREN	37,090	393,418	430,508
SURESTART	3,743	21,965	25,708
TOTAL	(598,437)	(15,902)	(614,339)

Commentary

Children's Services are reporting a surplus at month 11 of £614K and a forecast year end surplus of £466K.

PRIMARY CARE AND ELDERLY SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
ALLIED HEALTH PROFESSIONALS	(70,171)	673,233	603,062
CARE PROVISION	(1,782,670)	(705,948)	(2,488,618)
DEMENTIA SERVICES	47,857	487	48,344
DIRECTORS & ASSISTANTS	(393,587)	394,790	1,203
ELDERLY SERVICES	(273,241)	(373,090)	(646,331)
PRIMARY CARE	(262,236)	(45,535)	(307,771)
TOTAL	(2,734,048)	(56,063)	(2,790,111)

Commentary

The Directorate is reporting a surplus at month 11 of £2,790K and a forecast year end surplus of £2,383K. 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	(215,207)	863,076	647,869
PLANNING,IT & PERF MANGEMENT	240,064	103,151	343,215
HUMAN RESOURCES & CORP AFFAIRS	(818,775)	873,498	54,723
TOTAL	(793,918)	1,839,725	1,045,807

Commentary

Overall the corporate Directorates are reporting a deficit at month 11 of £1,045K and a forecast year-end surplus of £265K. This is mainly due to capitalisation of staff at year end and anticipated income in respect of running costs of Phase B.

HOSPITAL SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
BANK NURSES SE TRUST	0	37,318	37,318
DIR. OF GENERAL MEDICINE	2,738,651	(5,887)	2,732,764
DIRECTORATE OF SURGERY	(134,284)	1,371,330	1,237,046
ELECTIVE CARE REFORM	0	0	0
EMERGENCY CARE REFORM	130,775	(1,843)	128,932
OPERATIONAL SUPPORT MEDICAL	(1,897,038)	(4,093,693)	(5,990,731)
WOMEN AND CHILD HEALTH	727,217	1,647,393	2,374,610
TOTAL	1,565,321	(1,045,382)	519,939

Commentary

Hospital Services are reporting a deficit at month 11 of £520K and a year-end forecast deficit of £145K.

Capital Expenditure Month 11

The Trust's Capital Resource Limit (CRL) for 2016-17 is £51,650k as per the Department's CRL letter of 2nd March 2017. This is an increase of £115k for ICT and £382k for Ulster Hospital Phase B from the previous CRL letter.

This £51,650k consists of 5 specific projects totalling £44,436k comprising of the Ulster Hospital Phase B £36,319k (Generic Ward Block Main Build and the Acute Service Block Main Build), enabling works at Lagan Valley Hospital £1,866k, Decontamination £1,635, ICT £3,734k and SAMMD (Strategic Asset Management of Medical Devices) £882k. The remaining £7,354k was allocated as General Capital and has been distributed across the various Directorates. In relation to disposals, the Trust is projecting a net book value of £140k.

The Trust is closely monitoring actual and forecast spend, with frequent meetings held with key personnel within the Trust/CPD-HE/Pals to ensure the Trust achieves its CRL target by 31 March 2017.

	Feb-17 DoH CRL letter (14/02/17) £'000	Mar-17 DoH CRL letter (02/03/17) £'000	Expenditure to 28/02/2017 £'000	Total Projected 2016/17 £'000
Ulster Hospital Phase B	35,937	36,319	25,776	36,319
Other Specific Schemes	8,002	8,117	2,606	8,117
General Capital	7,354	7,354	2,208	7,354
Asset Sales	- 140	- 140	- 124	- 140
Total	51,153	51,650	30,465	51,650