

SOUTH EASTERN HSC TRUST
FINANCE REPORT
9 MONTHS TO 31st DECEMBER 2019

Overall Position

The Trust is reporting a year to date deficit at Month 9 of £0.04m and is forecasting a year end breakeven position.

At month 9, this year to date deficit is projected to be a small full year deficit of approximately £0.06m. This projected deficit is primarily due to a small shortfall in savings and the Trust will continue to address this position over the remaining three months of the financial year in order to achieve financial breakeven.

Whilst the Trust is forecasting a breakeven position at year end 2019-20, the Trust's opening recurrent deficit is £25.225m.

Trust Delivery Plan

The Trust has submitted its Financial Strategy to the Health and Social Care Board (HSCB), clearly setting out the financial position of the Trust. The Trust has submitted a balanced financial position for 2019-20, but is reporting a recurrent deficit of £25.225m.

The Trusts recurrent deficit is attributable to the following factors:-

	Current Year £m
Savings not achieved recurrently	13.419
Demography funding not received recurrently	3.688
Other funding not received recurrently for existing and emerging pressures	8.118
Total	25.225

Outlook for 2020-21

The Trust's opening deficit moving into 2020-21 is £25.225m as detailed above. The Trust will be shortly commencing its financial planning for 2020-21. The Trust is awaiting clarity in respect of the financial settlement connected to "New Decade, New Approach" and it's implication for HSC and the Trust. It is important to highlight the potential pressures which may impact on the 2020-21 financial position:-

- New Decade, New Approach commitments
- Sustainability of Transformation Projects
- Recurrent costs of Muckamore resettlements
- Recurrent cost of Mental Capacity Act
- 2020-21 Savings Targets
- Other Service Pressures

It likely that 2020-21 will again be a challenging financial year.

2019-20 Savings requirement

The Trust has a savings requirement of £14.316m, which comprises of the following:-

	£m
18-19 Savings Target not achieved recurrently	6.628
19-20 Trust Savings	6.620
Regional Pharmacy Savings	0.945
Car Parking Charges	0.123
Total Savings Requirement 2019-20	14.316

To date the Trust has identified £12.372m of low/no impact measures comprising of:-

Trust Savings Plans	In Year Effect £m	Full Year Effect £m
Natural Delays on Service Developments	3.244	0.000
Natural Delays on Recruitment	1.775	0.000
Other Efficiency/Productivity measures	5.537	0.320
Regional Pharmacy Savings (18-19 & 19-20)	0.686	0.577
Further Low Impact Savings measures identified	1.130	
Total	12.372	0.897

This level of savings is higher than in previous years (2018-19 £8.9m, 2017-18 £8.75m). If the Trust is required to achieve further savings through additional measures, they are likely to have significant impacts on service delivery and staff.

The Trust is currently on track to achieve low/no impact savings for the majority of the £12.372m.

Key Assumptions/Risks

- 19-20 pay award will be funded in full
- Cost of increased employers pension contribution will be funded in full – confirmed with HSCB.
- The Trust is assuming that there are no new emerging pressures, particularly in respect of emergency activities.
- Potential re-grading of staff band 2/3. The Trust now has no financial cover for any widespread grading changes (particularly Band 2 to Band 3) linked to regional decisions (likely to be 20-21 pressure)
- Any surplus funding in respect of Transformation projects will be retracted by DoH/HSCB.
- Cost projections remain as forecast for the remainder of the financial year.
- There will be no major accounting changes or provisions at year end.
- The Trust is assuming £24m of income. This includes £18.6m for increased employers pension contributions

confirmed with HSCB and £2m SUMDE training monies.

Conclusion

At month 9 the Trust is reporting a year to date deficit of £0.04m and a forecast small full year deficit of approximately £0.06m. The Trust will seek to address this deficit over the remaining three months of the financial year in order to achieve financial breakeven.

It is important that we keep control of our costs for the remainder of 2019-20, particularly heading into the busy winter period as there will be little or no scope to absorb increases in expenditure.

Paul Morgan

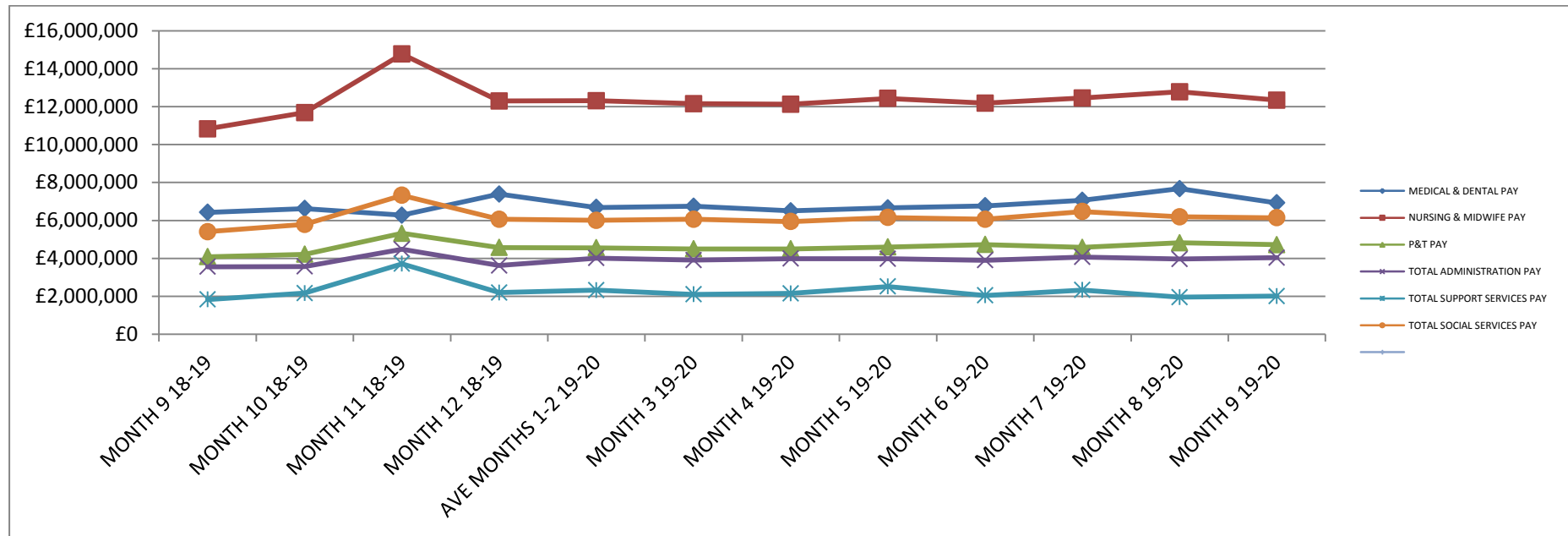
Summary Financial Position

The Trust has reported a deficit at month 9 of £0.04m and a forecast year end breakeven position..

Period ended:	Reported(Surplus) / Deficit £m	Forecast year end (surplus) /Deficit £m
31 st May 2019	N/A	N/A
30 th June 2019	3.2	11.7
31 st July 2019	4.2	11.7
31 st August 2019	1.6	3.0
30 th September 2019	0.5	0.0
31 st October 2019	0.4	0.0
30 th November 2019	0.1	0.0
31 st December 2019	0.0	0.0

Overall Salaries and Wages Spend

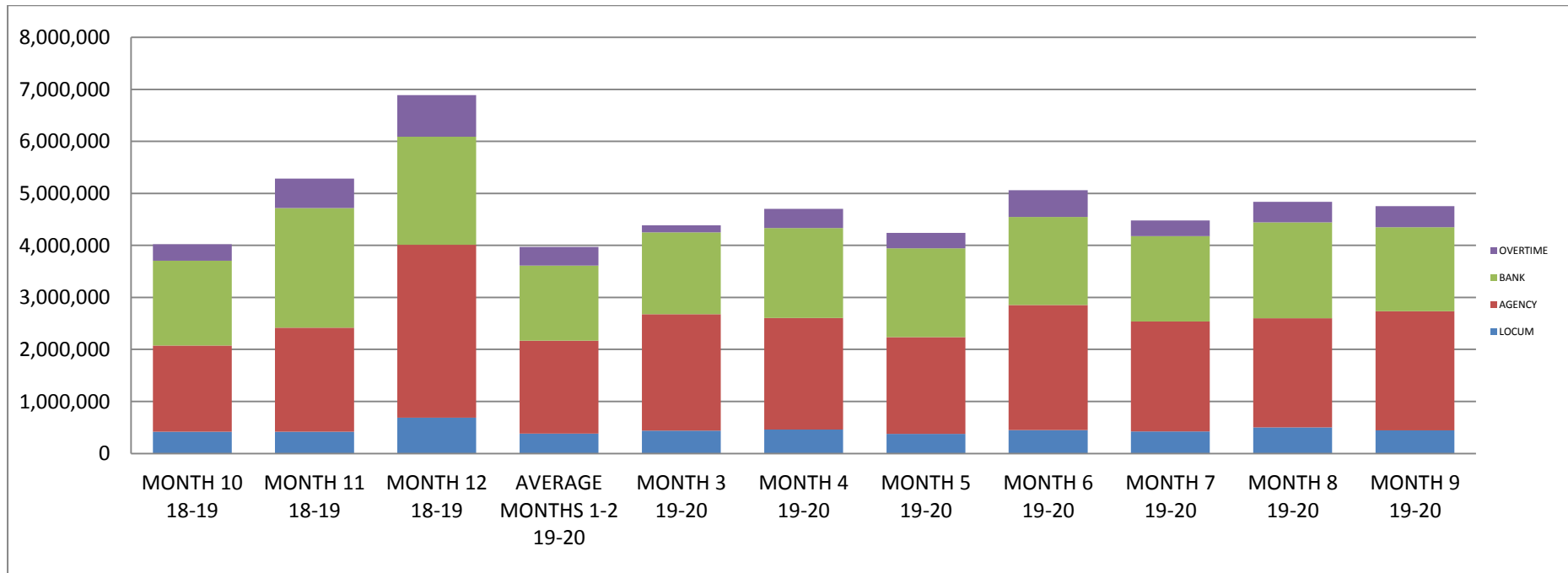
The graph below illustrates the stable trends in payroll spend across the Trust – our top six spend areas in terms of salaries and wages are shown below – representing over 90% of our total monthly pay bill:



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. The increase in Salaries and Wages costs in month 11 18-19 is largely attributable to the payment of the Agenda for Change (AFC) pay award and arrears of approximately £9.6m. Employer’s pension contributions also increased in 19-20 from 16.3% to 22.5%. The increase in Medical & Dental costs in month 8 is due to the payment of the 18/19 pay award including arrears of £2m. Payroll costs are affected by whether there are four or five pay days for weekly paid staff (month 8 was a 4 week month as was month 9).

Flexible Staffing Costs

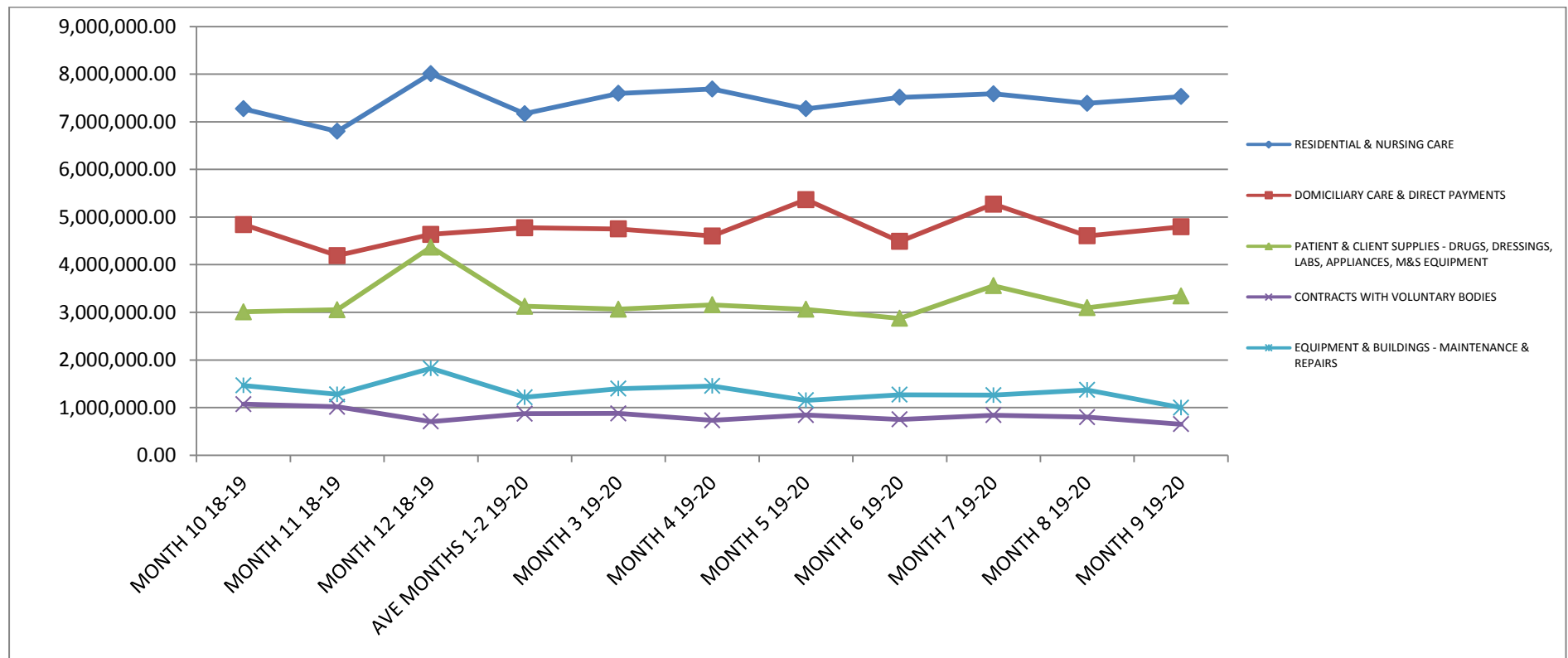
An area which we have particularly focused on to deliver out workforce elements of our savings plans in the past has been our reliance on flexible staffing. The total spend on these areas each month is highlighted below: (figures have been adjusted to remove anomalies created by 4 and 5 week months. (month 8 was a 4 week month as was month 9).



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. The increase in bank and overtime costs in month 11 18-19 is largely due to the payment of AFC pay award and arrears. Month 12 18-19 also includes year-end accruals including an accrual of £1m in respect of arrears for on contract agency staff due to the AFC pay award.

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 8 was a 4 week month as was month 9). 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. Nursing, Residential and Domiciliary care rates have also been increased with effect from 1st April 2019.



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	2,028	774	2,803	2,890
CHILDRENS SERVICES	(158)	1,858	1,700	2,281
PRIMARY & ELDERLY SERVICES	(2,620)	1,476	(1,144)	(1,724)
FINANCE & ESTATES	80	(38)	42	(109)
HOSPITAL SERVICES	1,285	7,097	8,382	5,580
PLANNING,IT & PERF MANGEMENT	(662)	515	(147)	(469)
HUMAN RESOURCES & CORP AFFAIRS	(479)	991	512	868
	(525)	12,674	12,149	9,318
COST PRESSURES/SAVINGS/INCOME ANTICIPATED			(12,105)	(9,318)
(SURPLUS)/DEFICIT			44	0
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				0
YEAR END PROJECTION				0

Individual Directorate Breakdown

ADULT SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
DIR ADULT & PSYCHOLOGY SERV	(314,420)	(807,225)	(1,121,645)
DISABILITY	388,784	1,535,893	1,924,677
MENTAL HEALTH	1,416,793	42,033	1,458,826
PRISON SERVICES	537,224	3,440	540,664
TOTAL	2,028,381	774,141	2,802,520

Commentary

The Directorate is reporting a deficit at month 9 of £2,803K and a forecast year end deficit of £2,890K.

CHILDREN'S SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
CARED FOR CHILDREN	526,672	1,973,968	2,500,640
CHILDRENS HEALTH	(315,982)	(8,267)	(324,249)
DIR. CHILD SERV & SWK GOV.	(28,131)	(547,279)	(575,410)
SOCIAL WORK QUALITY IMPROVEMENT, PRACTICE DEVELOPMENT & WORKFORCE	(136,812)	35,472	(101,340)
PREVENTION POPULATION HEALTH	(168,349)	(105,563)	(273,912)
SAFEGUARDING CHILDREN	(41,197)	544,294	503,097
SURESTART	6,297	(34,609)	(28,312)
TOTAL	(157,503)	1,858,017	1,700,514

Commentary

The Directorate is reporting a deficit at month 9 of £1,701K and a forecast year end deficit of £2,281K.

PRIMARY CARE AND ELDERLY SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
ALLIED HEALTH PROFESSIONALS	(1,123,262)	425,906	(697,356)
CARE PROVISION	(737,740)	(436,879)	(1,174,619)
DEMENTIA SERVICES	176,754	3,442	180,196
DIRECTORS & ASSISTANTS	(299,665)	684,750	385,085
ELDERLY SERVICES	198,438	898,783	1,097,221
PRIMARY CARE	(834,090)	(99,837)	(933,927)
TOTAL	(2,619,565)	1,476,165	(1,143,401)

Commentary

The Directorate is reporting a surplus at month 9 of (£1,143K) and a forecast year end surplus of (£1,724K).

CORPORATE DIRECTORATES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
FINANCE AND ESTATES	79,761	(37,948)	41,813
PLANNING,IT & PERF MANGEMENT	(661,817)	515,210	(146,607)
HUMAN RESOURCES & CORP AFFAIRS	(479,070)	991,152	512,082
TOTAL	(1,061,126)	1,468,414	407,288

Commentary

Overall the Corporate Directorates are reporting a deficit at month 9 of £407K and a forecast year-end deficit of £291K.

HOSPITAL SERVICES	S&W variance YTD	G&S variance YTD	Total variance YTD
	£	£	£
BANK NURSES SE TRUST	(57)	20,971	20,914
DIR. OF GENERAL MEDICINE	2,013,091	1,578,805	3,591,896
DIRECTORATE OF SURGERY	(671,050)	2,414,363	1,743,313
ELECTIVE CARE REFORM	14,516	176,580	191,096
EMERGENCY CARE REFORM	0	0	0
OPERATIONAL MEDICAL SUPPORT	(4,423,710)	(615,375)	(5,039,085)
UNSCHEDULED CARE	3,875,959	717,284	4,593,243
WOMEN AND CHILD HEALTH	476,458	2,804,303	3,280,761
TOTAL	1,285,208	7,096,931	8,382,131

Commentary

The Directorate is reporting a deficit at month 9 of £8,382K and a year-end forecast deficit of £5,580K.

Capital Expenditure Month 9

The Department of Health's (DoH) 2019/20 Capital Resource Limit (CRL) of £32.998m, as at 18th December 2019, has increased to £34.297m as at 31st December 2019. This Capital Resource Limit increase of £0.299m relates to additional general capital.

There is no change to the specific capital funding of £4.609m, which relates to £1.627m ICT, £1m Transformation Projects, £0.890m Car Parking, £0.473m Invest-2-Save, £0.385k GP Improvement Scheme Trust Owned facilities, £117k Task & Finish associated with in-patient Mental Health facilities, £0.057k Specialist Services Dental CT and £0.060m GovTech Phase 1. The additional general capital funding of £0.299m received 31st December 2019 has been allocated to equipment schemes which can be delivered before 31 March 2020.

The following table summarises the Trust's 2019/20 Capital Resource Limit together with expenditure of £15.821m as at 31 December 2019 and forecast to 31 March 2020 of £34.297m. Cumulative expenditure of Specific and General schemes in quarters 1-3 reflect planned low spend which will increase during quarter 4 of 2019/20.

	2019/20 Capital Resource Limit as at 18 th November 2019 £'000	Changes in the 2019/20 CRL £'000	2019/20 Capital Resource Limit as at 31 st December 2019 £'000	Expenditure to 31/12/19 £'000	Forecast to 31/3/20 £'000
Ulster Hospital Phase B	18,089	0	18,089	12,866	18,089
Other Specific Schemes	4,609	0	4,609	222	4,609
General Capital	11,327	299	11,626	2,760	11,626
Disposals	(27)	0	(27)	(27)	(27)
Total	33,998	299	34,297	15,821	34,297