

SOUTH EASTERN HSC TRUST
FINANCE REPORT
6 MONTHS TO 30 SEPTEMBER 2020

Overall Position

The Trust is reporting a year to date deficit at month 6 of £6.3m and continues to forecast a year end deficit of £12.6m.

We continue to review our year-end forecast in the light of strong indications that we are entering a second surge of the COVID-19 pandemic, together with work that is ongoing to ensure that we have properly stripped out from our core position, all of the actual and forecast expenditure which is directly related to our response to the pandemic.

Draft Financial Strategy 2020-21

The Trust continues to manage the overall financial position in line with the draft financial strategy submitted to the Health and Social Care Board.

In line with this strategy, the Trust continues to assume that the full cost of Transformation and Covid-19 related expenditure will be fully funded.

Progress on Savings

As previously reported our overall savings target for the 2020/21 year is £22m- £15.4m of which has been identified through implementation of low impact but largely non-recurrent measures. Inevitably a large proportion of our

savings this year are due to a downturn in activity due to COVID-19. We are currently forecasting savings in the region of £7.3m from this downturn, but we are likely to see this figure increase over the next few months, depending on the full extent of any second surge.

Covid-19 Expenditure

The Trust is assuming in its Financial Plan that the cost of Covid-19, including Re-building costs, will be funded. The current forecast expenditure required for Covid-19/Rebuilding for 2020-21 is in the region of £68m. However the Trust has also estimated that COVID related expenditure, should a forecast second surge develop with the same, or increased level of activity as Surge 1, could reach £74m-£78m by the end of the year.

These figures have been included in forecast information provided to DOH, to help inform bids for the October monitoring round.

It remains extremely difficult to both track and forecast Covid-19 expenditure as services move teams across the organisation to deal with pressures as they emerge.

Key Assumptions/Risks

- Trust will be fully funded for those Transformation Projects approved by DOH.
- Additional costs in respect of Covid-19 and rebuilding of services will be funded.
- 2020-21 pay award will be funded.
- Trust is assuming that funding in respect of Psychological Therapies will continue (£541k).
- There may be additional costs in respect of EU Exit preparations.
- There will be no major accounting changes or provisions at year end.

We remain acutely aware of our statutory duty to achieve an overall in year break-even position and continue to work towards this.

Wendy Thompson

Conclusion

For Month 6 our end of year forecast deficit remains at £12.6m. We will continue to work with HSCB/DOH colleagues in an attempt to secure additional support to achieve a break-even position. We also continue to explore additional savings opportunities and further refine our financial forecasts.

There remains a strong potential for forecasts to fluctuate over the next few months as the organisation provides an agile response to emerging Surge 2 related pressures, and in addition attempts to maintain and rebuild services where this is possible. We are working collaboratively across the system to manage the overall financial envelope at both a system wide and individual organisation level.

Summary Financial Position

Period ended:	Reported(Surplus) / Deficit £m	Forecast year end (surplus) /Deficit £m
31 st May 2020	N/A	N/A
30 th June 2020	4.6	18.3
31 st July 2020	6.1	18.3
31 st August 2020	5.2	12.6
30 th September 2020	6.3	12.6

Directorate Performance – Summary

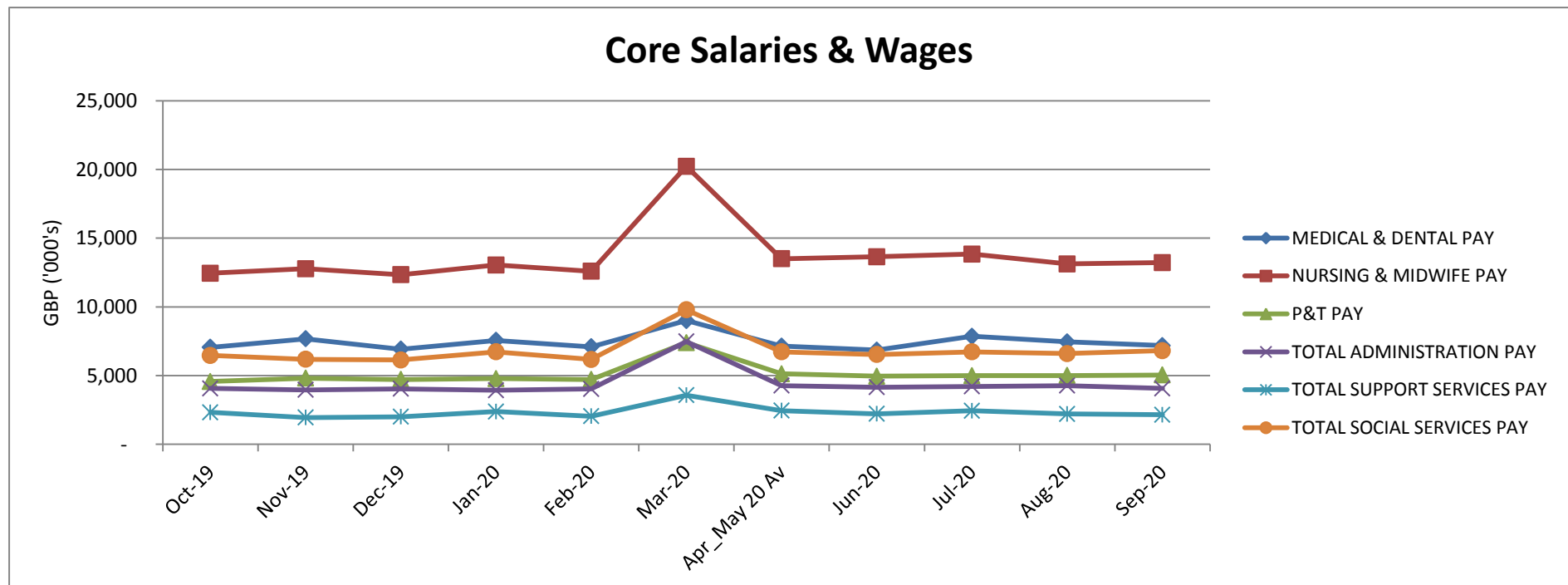
NB: In the following tables a negative figure represents an underspend against budget, with a positive figure indicating an overspend

	(SURPLUS)/ DEFICIT YEAR TO DATE			DIRECTORATE FORECAST YEAR END POSITION
	SALARIES AND WAGES	GOODS AND SERVICES	TOTAL	
	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	493	(100)	393	(526)
CHILDRENS SERVICES	(830)	1,050	220	1,195
PRIMARY & ELDERLY SERVICES	(252)	872	620	1,123
FINANCE & ESTATES	7	305	312	(288)
HOSPITAL SERVICES	4,582	1,996	6,578	10,354
PLANNING,IT & PERF MANGEMENT	(300)	126	(174)	(858)
HUMAN RESOURCES & CORP AFFAIRS	(160)	118	(42)	(47)
	3,540	4,367	7,907	10,953
COST PRESSURES/SAVINGS/INCOME ANTICIPATED			(1,626)	1,601
(SURPLUS)/DEFICIT			6,281	12,554
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				0
YEAR END PROJECTION				12,554

* The Trust is assuming that the cost of Transformation and Covid-19 will be fully funded.

Table 1 – Core Salaries and Wages Expenditure

The graph below illustrates the stable trends in core payroll (excluding Covid-19 expenditure) spend across the Trust for a rolling period of twelve months – our top six spend areas in terms of salaries and wages are shown below – representing over 90% of our total monthly pay bill:



Payroll costs are affected by whether there are four or five pay days for weekly paid staff (month 6 was a four week month as was month 5). Month 12 2019-20 included the AFC pay award and one off year end creditors. Month 1 2020-21 included the AFC pay award for 2020-21 and Month 4 included the Medical and Dental pay award.

Table 2 – Covid-19 Salaries and Wages Expenditure

The graph below illustrates the Covid-19 related expenditure. This includes the **additional** costs of staff redeployed to Covid-19 activities, for example overtime costs, enhanced rates and additional hours.

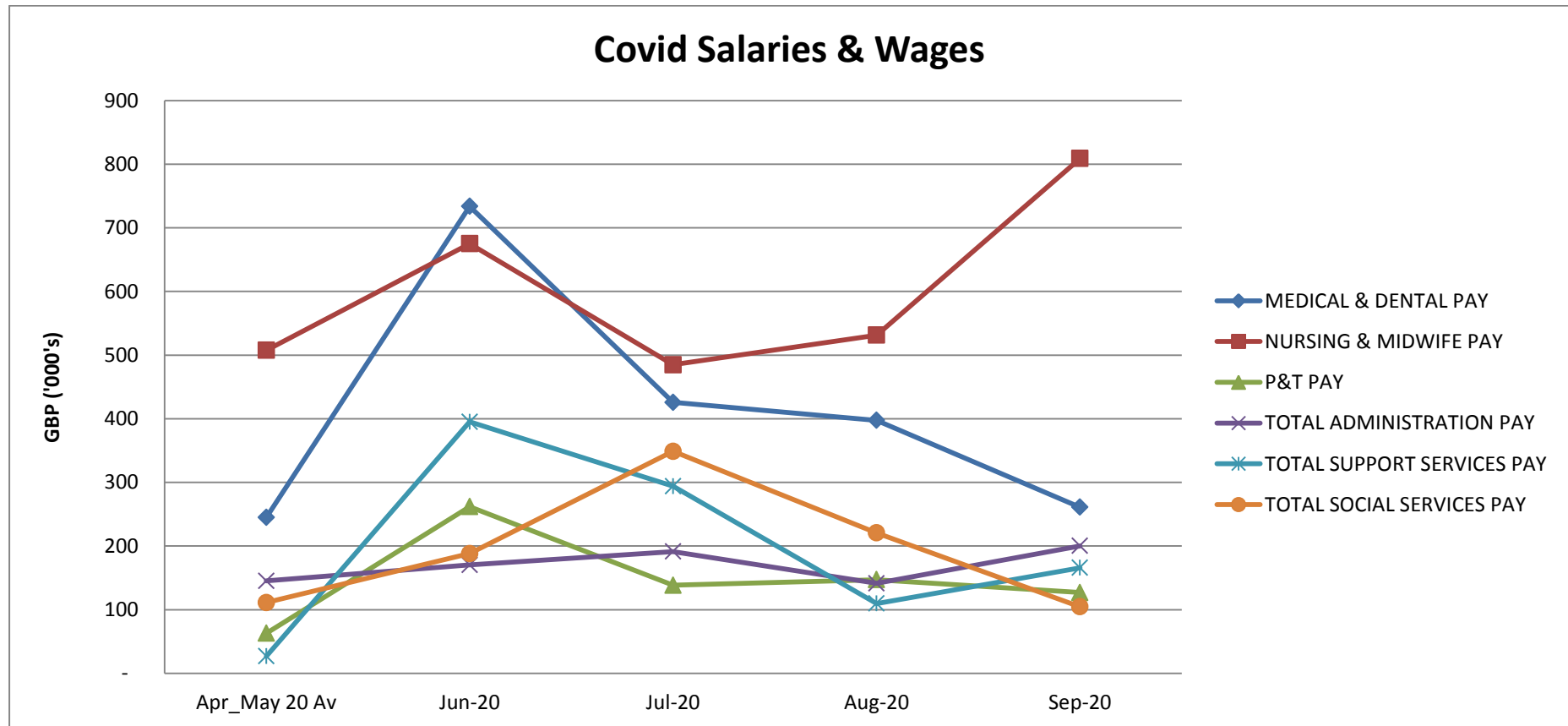
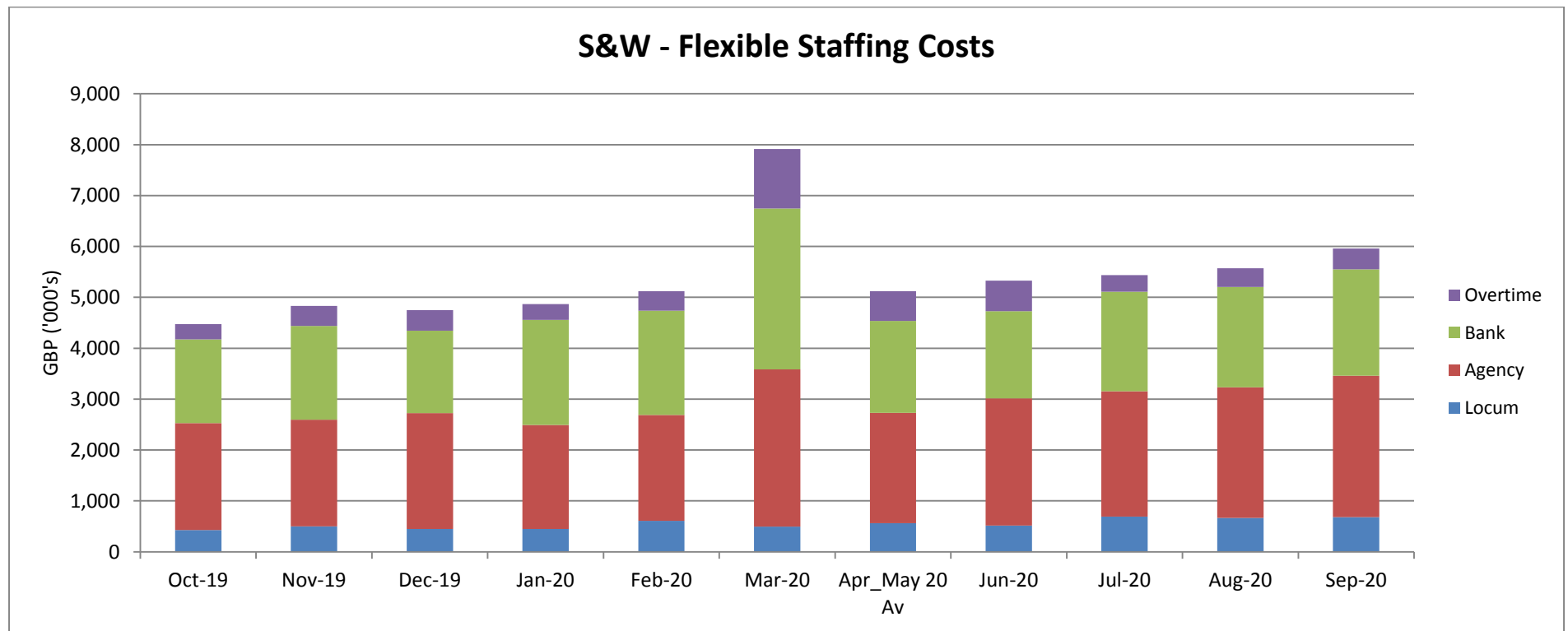


Table 3 – Total Flexible Staffing Costs

The graph below illustrates the trend in flexible payroll costs for a rolling period of twelve months. 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 6 was a four week month as was month 5)).



The above table includes total flexible staffing cost, both core and Covid-19.

Table 4 Core Goods and Services Expenditure

Almost 80% of the Trust’s monthly goods and services can be represented in the six categories below – monthly trends in this expenditure have remained relatively stable. Domiciliary Care expenditure is impacted by 4 and 5 weekly months and has been adjusted to provide an average monthly figure. (Month 6 was a four week month as was month 5).

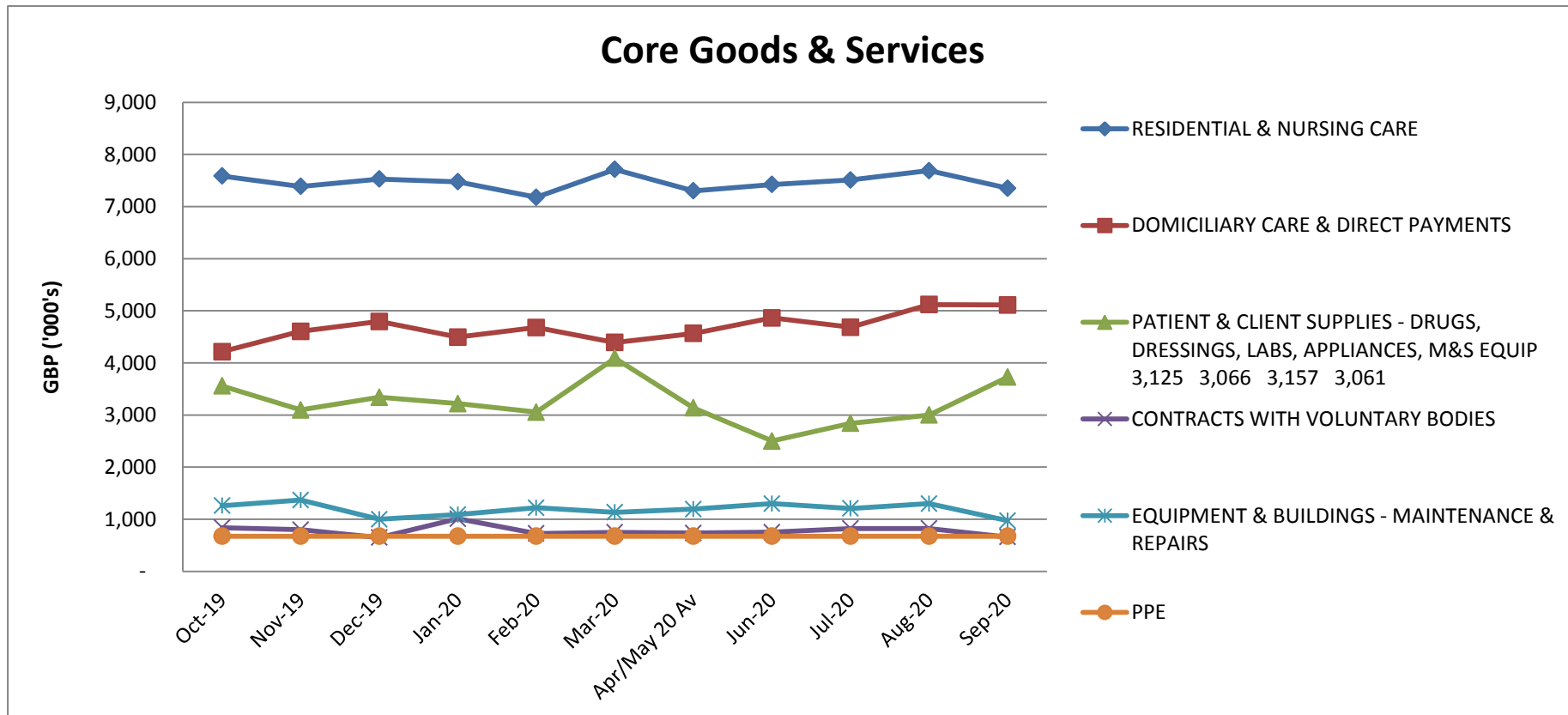
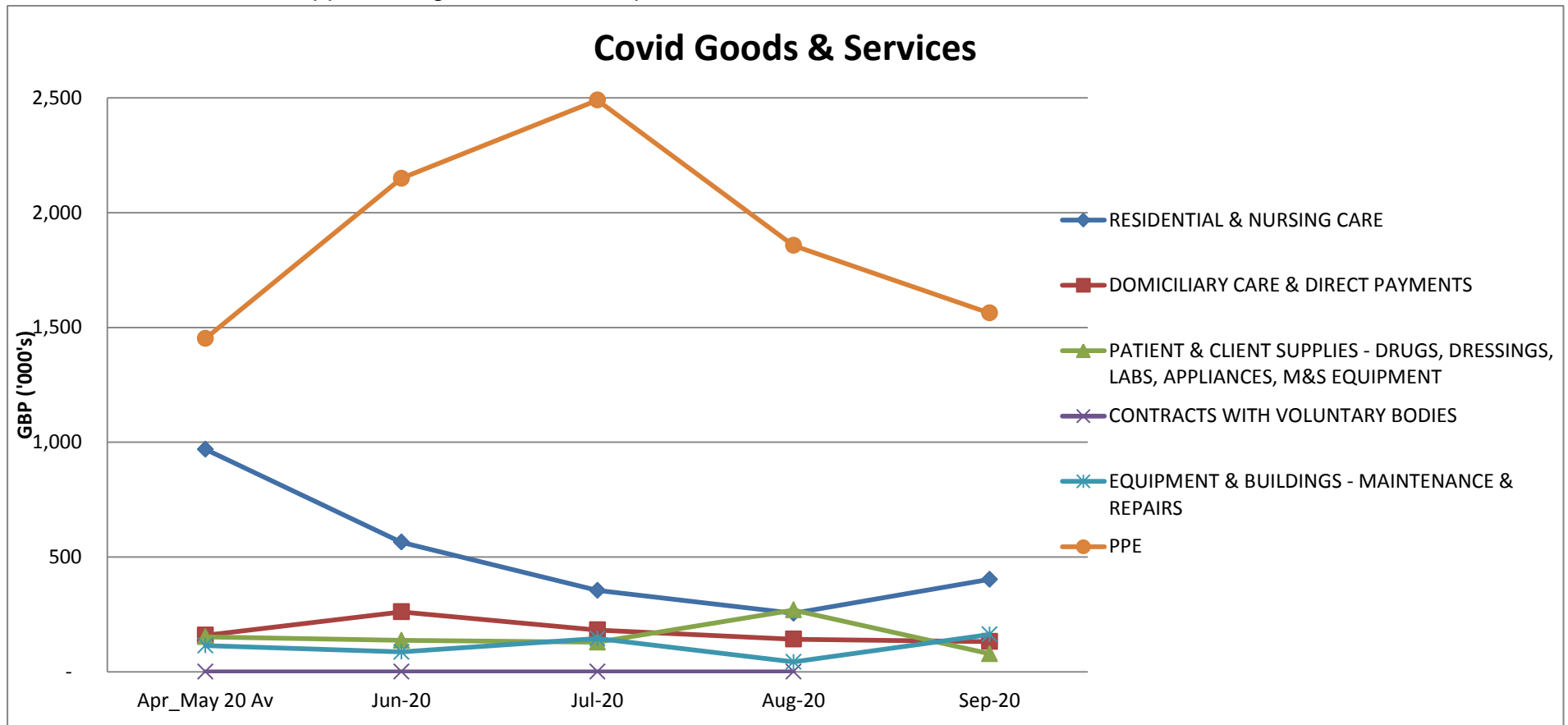


Table 5 Covid-19 Goods and Services Expenditure

The graph below illustrates the Covid-19 related expenditure. Expenditure in respect of residential and nursing homes/domiciliary care relates to financial support and grants to the independent sector.



Capital Expenditure Month 6

The latest Trust's Capital Resource Limit (CRL), issued 20th October 2020 was £34m.

In addition to £21m for Ulster Hospital Phase B and £6m General Capital, there are a number of other schemes totalling £7.3m.

- Backlog maintenance £2.6m,
- Covid_19 ASB Equip £1.5m
- ICT projects £1.7m
- Task & Finish and Invest to Save. £0.8m
- Lisburn HCC ICT & Equipment £0.7m

The following table summarises the Trust's position. Expenditure at the end of September was £11.3m. The Trust will monitor expenditure forecasts closely in the next few months, updating the Department regularly to ensure breakeven position at year end.

	2020/21 Capital Resource Limit as at 15 th Sept 2020 £'000	Changes in the 2020/21 CRL £'000	2020/21 Capital Resource Limit as at 20 th October 2020 £'000	Expenditure to 30/9/20 £'000	Forecast to 31/3/21 £'000
Ulster Hospital Phase B	24,412	(3,237)	21,175	5,892	21,175
Other Specific Schemes	6,625	+600	7,225	2,003	7,225
General Capital	6,006	0	6,006	3,396	6,006
Total	37,043	(2,637)	34,406	11,291	34,406

**The Trust's capital programme in 2020/21 is subject to delivering capital projects during Covid-19.*