South Eastern Health and Social Care Trust

Finance report

Month 9 December 2020

Executive Summary

For the period ending 31 December 2020 the Trust is reporting both an in-year and forecast year-end break-even position.

This is consistent with the position reported since end of October and reflects the receipt of non recurrent financial support from HSCB to cover general pressures, as well as the assumption that all COVID related expenditure is being fully funded

Underlying Expenditure Trends

As can be seen in the graphs on pages 7-8, the underlying core expenditure trends in the organisation remain fairly stable. In month 9 there was an increase in Domiciliary Care expenditure in line with increases in activity in this area. We are starting to see increases in some of our COVID related expenditure within Hospital Services, particularly spend on PPE.

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Summary of Directorate Positions

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 DECEMBER			
	SALARIES AND WAGES	GOODS AND SERVICES	TOTAL	DIRECTORATE FORECAST YEAR END POSITION
	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	330	(1,461)	(1,131)	(991)
CHILDRENS SERVICES	(1,133)	1,966	833	840
PRIMARY & ELDERLY SERVICES	(1,114)	2,096	982	714
FINANCE & ESTATES	174	(459)	(285)	(1,396)
HOSPITAL SERVICES	3,203	4,695	7,898	6,731
PLANNING,IT & PERF MANGEMENT	(426)	563	137	(398)
HUMAN RESOURCES & CORP AFFAIRS	(837)	317	(520)	(484)
	197	7,718	7,915	5,016
COST PRESSURES/SAVINGS/INCOME ANTICIPATED			(7,915)	(5,016)
(SURPLUS)/DEFICIT			0	0
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				0
YEAR END PROJECTION				0

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

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Statutory financial performance targets	RAG status
Manage Within Allocated Revenue Resource Limit (RRL) / Achieve Financial Break-Even	

Following the receipt of additional funding by HSCB, together with the identification of further COVID spend contained within the core expenditure position, the Trust is now forecasting a break-even position. This is subject to no further unanticipated significant cost pressures arising in the final 3 months of the year, and all assumed funding being received. We are anticipating increases in COVID related spend in the final quarter, and have adjusted our forecasts accordingly.

Manage Within Allocated Capital Resource Limit (CRL)	

The Trust's latest CRL (15/01/21) is £40.2m. Of this amount £18.6m is to cover Ulster Hospital Phase B expenditure. Capital expenditure to the end of December is £17.8m, approx. 45%. As at the end of December the Trust is currently anticipating full spend against the agreed CRL. We continue to manage a number of capital projects, together with on going equipment pressures.

Other financial performance targets	RAG status
1. Achieve in Year Savings Targets – Target of £22m for 20/21	
The Trust is on target to achieve in full the savings target for 20/21 approximately £7m of which is being achieved through downturn in normal activities as a result of COVID-19, whilst other savings have arisen from slippage on a number of schemes. With the exception of pharmacy savings, all savings have been achieved on a non-recurrent basis.	
2. Minimise Expenditure on Agency and Locum	
The Trust has spent almost £25.3m year to date on agency and locum (including COVID related agency/locum spend). This represented about 6.8% of our overall staffing costs. The same percentage this time last year was 6.4%. The graph on page 8 illustrates all our flexible staffing costs.	
3. Manage Ring-Fenced Funding Within Allocations	
The Trust is assuming ring fenced funding of approx. £88m (including funding for forecast COVID-19 costs of approx. £75m). Our expenditure to end of December is in line with our assumed funding and we are not identifying any significant easements/pressures within these ring-fenced funding pots.	

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Other Financial Performance Targets	RAG status
4. Achieve Recurrent Breakeven Position	Red

The vast majority of savings in 20/21 year have been achieved through non-recurrent measures. In addition the Trust has received non-recurrent support for a number of ongoing pressures. This continues the pattern of previous years where non-recurrent measures have been utilised to support the underlying position of the organisation, leading to a year on year increase in the recurrent deficit. At the beginning of the financial year we reported an underlying recurrent deficit of £32.5m – as we move into the latter part of the year we are reviewing the impact of increased inescapable pressures on our services, to identify our recurrent position rolling into 2021/22, but we inevitably anticipate a growth in our opening recurrent deficit position.

5. Prompt Payment Target - 95% of Suppliers within 30 days	Green

The Trust paid 98.36% of its suppliers within 30 days. This is the 3rd consecutive month that SEHSCT have been the top performing Trust and the highest percentage achieved to date of any Trust.

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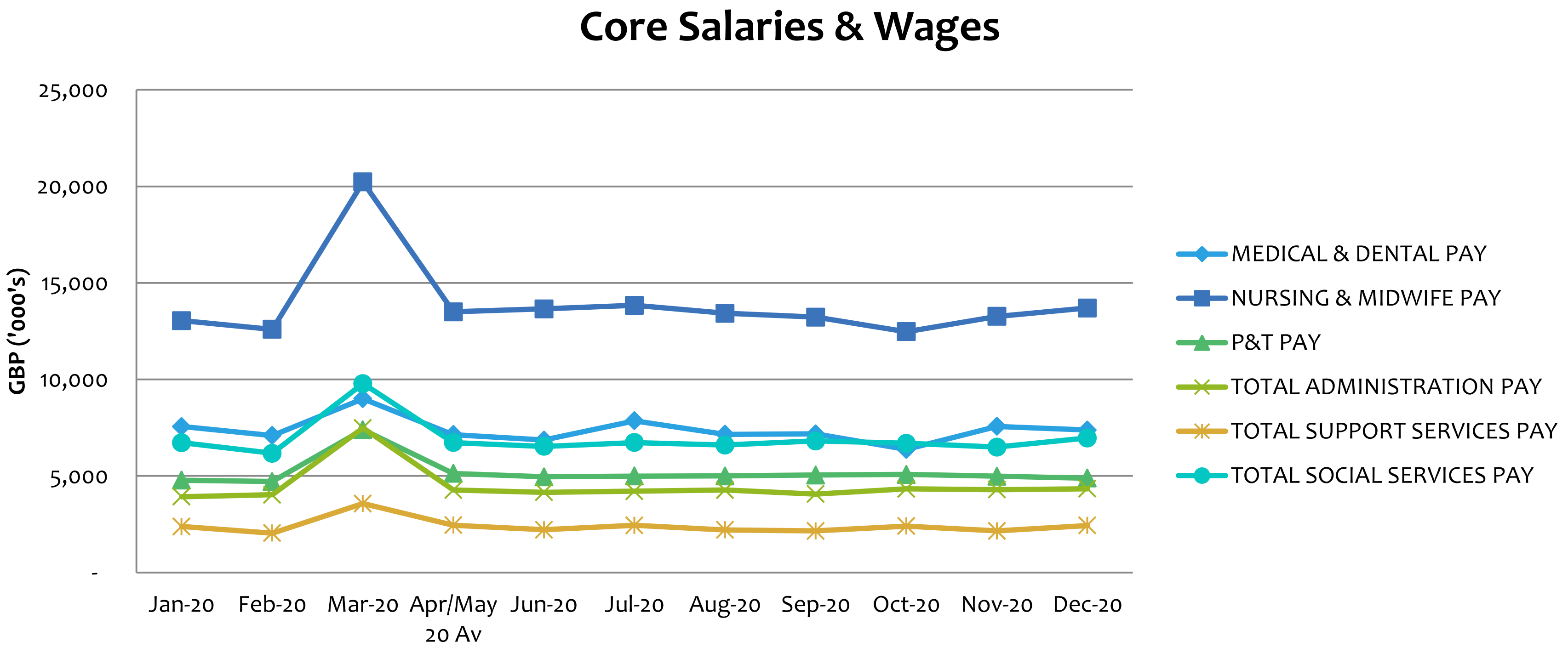
Core Salaries and Wages

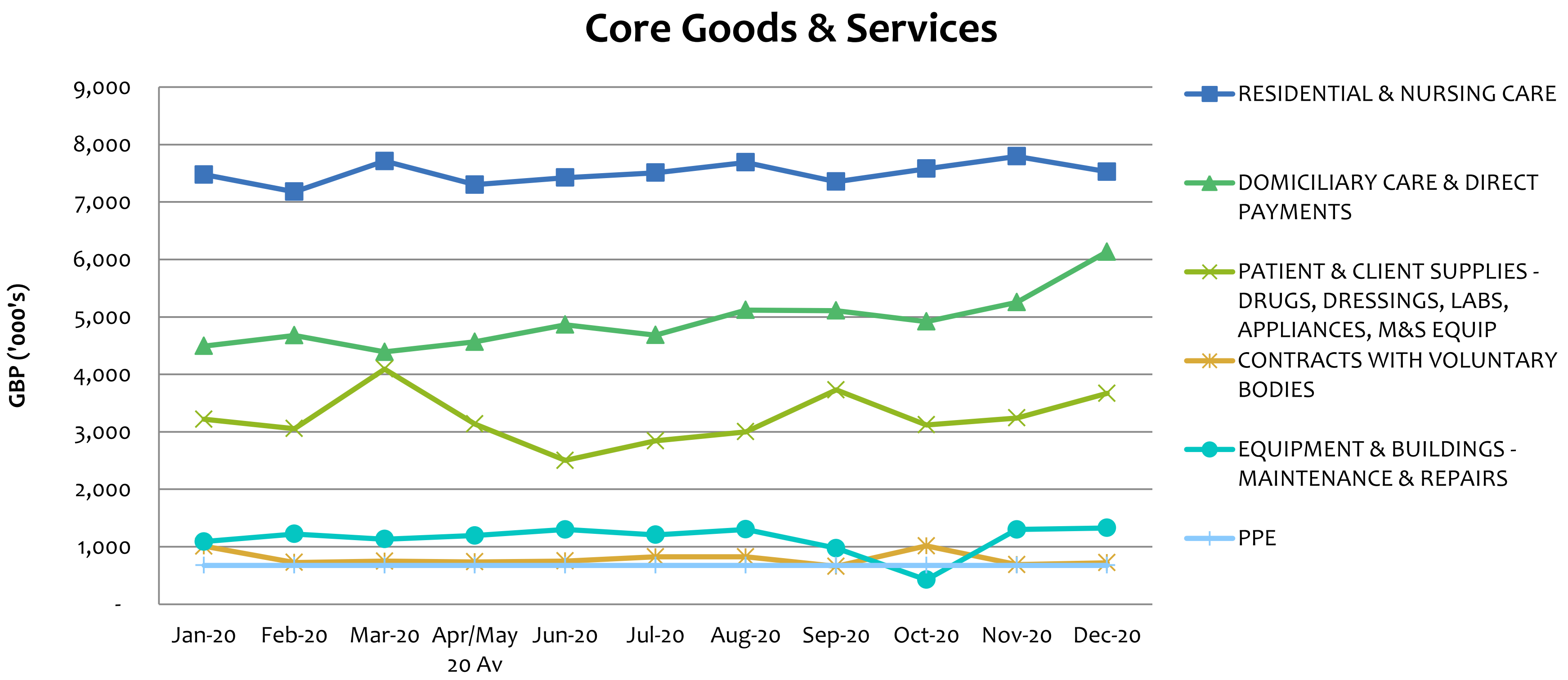
The graph below illustrates the stable trends in core payroll (excluding Covid-19 expenditure) spend across the Trust for a rolling period of twelve months – our top six spend areas in terms of salaries and wages are shown below – representing over 90% of our total monthly pay bill:

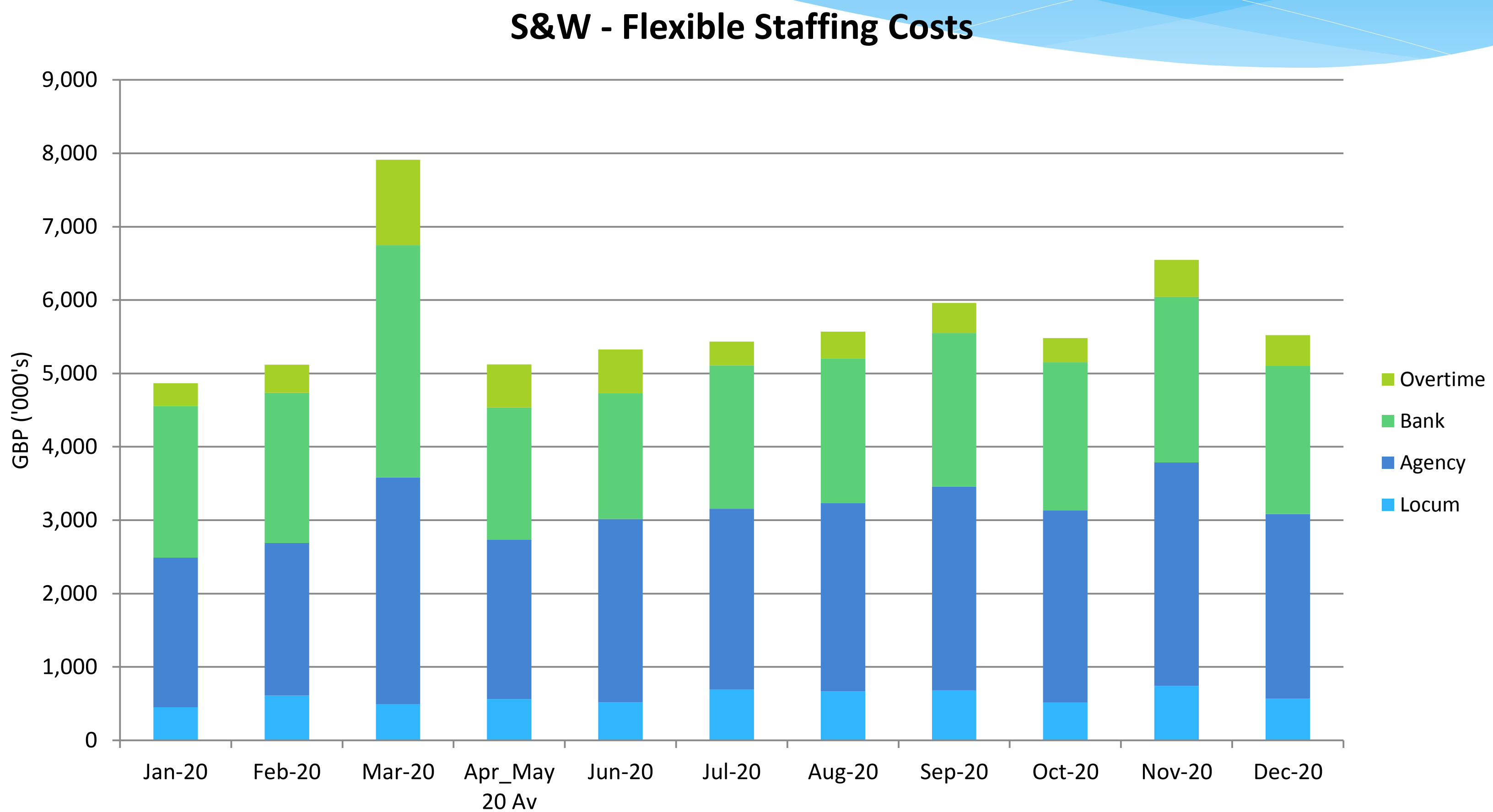


Payroll costs are affected by whether there are four or five pay days for weekly paid staff (Dec was a 5 week month, Nov was a 4 week month). Month 12 2019-20 included the AFC pay award and one off year end creditors. Month 1 2020-21 included the AFC pay award for 2020-21 and Month 4 included the Medical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

Core Goods and Services

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. (Dec was a 5 week month, Nov was a 4 week month).





The graph illustrates the trend in flexible payroll costs for a rolling period of twelve months.
(Figures have been adjusted to remove anomalies created by 4 and 5 week months and include both core and COVID-19 related spend.)

Underlying assumptions

- 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.
- There will be no major accounting changes or provisions at year end.