

Financial outlook

2021/22

Background

The Trust is forecasting a break-even position for the 2020/21 financial year. This position has been achieved using a mixture of non-recurrent financial support, together with non-recurrent cost containment measures.

As has been consistently reported over the last three financial years, the organisation continues to build up an underlying recurrent deficit, due to a mixture of:

- Imposition of recurrent savings targets by DoH (Department of Health) which are covered off in-year, but then roll into the following year.
- Regional and national workforce issues leading to higher than funded staffing costs due to use of expensive agency and locum.
- Lack of funding by DoH for increased complexity of patients and clients across all settings requiring more intensive staffing levels not included in baseline service funding.
- Lack of sufficient funding by DoH to cover general demographic and economic cost pressures

Summary

The Trust has considered its opening recurrent deficit position as we move into 2021/22.

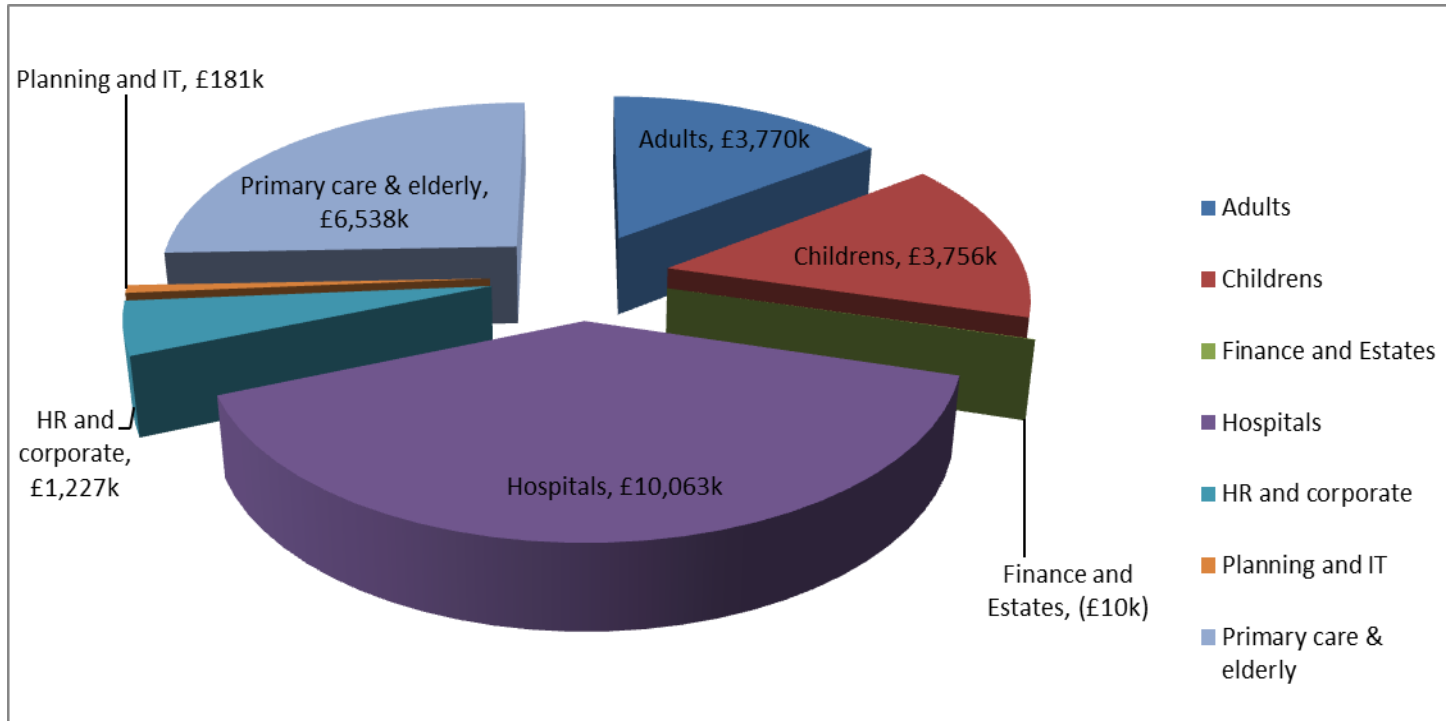
In doing this we have considered the impact of all known new recurrent pressures within our services, as well as adjusting for elements of recurrent funding received in 2020/21.

We have made a limited number of income assumptions which are in line with amounts received non-recurrently in previous years. (see page 5).

The summation of this exercise is that we estimate our opening recurrent deficit to be in the region of £26m.

As previously stated the majority of this deficit is unachieved recurrent savings. These have been allocated to directorates based on their share of the overall budget. **This is clearly a crude measure for the allocation of savings – the responsibility for achieving the totality of the savings rests with the organisation as a whole, and given the scale, requires a system wide reform such as that outlined in the Bengoa report.**

Recurrent Deficit indicative directorate split of £26m deficit



*Figures in brackets represent surpluses.

Assumed income required in order to arrive at £26m recurrent deficit*

	£'000
Psychological therapies	541
Mental Capacity Act	916
High cost cases in childrens services	2,500
FYE of demography received in 20/21	1,453
New 21/22 demography	2,000
GP Out of Hours funding (historically non recurrent funding received every year)	4,000
	11,410

*If the Trust does not receive any element of this funding in 21/22, the recurrent deficit position will worsen accordingly.

New 21/22 pressures not included in opening recurrent position

	£'000
Clinical excellence awards	1,359
COVID 21/22	44,100
COVID rebuild	13,100
No More Silos	3,000
Transformation programme	14,310
Revenue consequences of capital schemes (Lisburn PCCC and ASB)*	13,900
High cost drugs	2,550
Non pay uplift	8,900
	101,219

- *The £13.9m is a full year recurrent cost of both these capital projects
- 21/22 Pay award is assumed fully funded.

Key Risks in 2021/22

- Absence of recurrent funding sources for the identified pressures.
- Emergence of other unforeseen costs , both COVID and non-COVID related eg within mental health services, new high cost cases etc.
- Regional pressure to advance new initiatives within the organisation without sufficient funding to maintain core services.
- Continuing uncertainty around COVID related costs.
- Workforce cost pressures due to potential for increased absence levels through staff burn-out.

Next steps

- Awaiting the outcome of the consultation on the draft budget. Additional non-recurrent support has also been made available through the year end PPE stock flexibility (£175m system wide)
- Work with HSCB and DOH around reasonable income assumptions for the 21/22 year to deal with the known pressures.
- Work within the organisation to identify in-year and/or recurrent actions to address the forecast deficit.
- Finalise an overall plan/position for the 2021/22 financial year.