

Finance report

Month 10 January 2021

Executive Summary

For the period ending 31 January 2021 the Trust is reporting both an in-year and forecast year-end break-even position. With only two months remaining of the current financial year, a significant amount of outstanding assumed funding is now coming into the organisation, and we continue to work closely with HSCB and DoH around remaining income assumptions.

Our overall position has remained stable since Month 7 reports, although there has been fluctuations in our estimates of COVID expenditure due to the unpredictable nature of some of the costs associated with the impact of the pandemic on our services.

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 line with the increase in activity in our hospitals, we continue to see increases in some of our COVID related expenditure, particularly spend on PPE. We have also seen increases in COVID related staffing costs.

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 JANUARY			DIRECTORATE FORECAST YEAR END POSITION
	SALARIES AND WAGES	GOODS AND SERVICES	TOTAL	
	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	344	(1,614)	(1,270)	(1,075)
CHILDRENS SERVICES	(1,353)	1,730	377	768
PRIMARY & ELDERLY SERVICES	(1,310)	2,433	1,123	945
FINANCE & ESTATES	114	(1,302)	(1,188)	(1,170)
HOSPITAL SERVICES	2,331	6,078	8,409	6,843
PLANNING,IT & PERF MANGEMENT	(735)	387	(348)	(338)
HUMAN RESOURCES & CORP AFFAIRS	(830)	336	(494)	(396)
	(1,439)	8,048	6,609	5,577
COST PRESSURES/SAVINGS/INCOME ANTICIPATED			(6,609)	(5,577)
(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



Statutory financial performance targets

RAG
status

Manage within allocated Revenue Resource Limit (RRL) / Achieve financial break-even

The Trust continues to forecast a break-even position. This is subject to no further unanticipated significant cost pressures arising in the final 2 months of the year, and all remaining assumed funding being received. We are anticipating increases in COVID related spend in the final quarter, and have adjusted our forecasts accordingly.

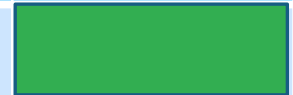
Manage within allocated Capital Resource Limit (CRL)

The Trust's latest CRL (17/02/21) is £48.28m. Of this amount £17.8m is to cover Ulster Hospital Phase B expenditure. Capital expenditure to the end of January is £20.8m, approx. 44%. As at the end of January 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 to be delivered by 31 March 2021.

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 – the largest single element 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 £28.9m year to date on agency and locum (excluding COVID related agency/locum spend). This represented about 6.9% of our overall staffing costs. The same percentage this time last year was 6.3%. 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 January is in line with our assumed funding and we are not identifying any significant easements/pressures within these ring-fenced funding pots.



Other financial performance targets

RAG status

4. Achieve recurrent breakeven position



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. A review of our opening position as we roll into the 21/22 financial year has been undertaken, and is presented in a separate paper. This provides a starting position for the development of a 21/22 financial plan, which is likely to again focus on non-recurrent measures.

5. Prompt payment target-95% of suppliers within 30 days

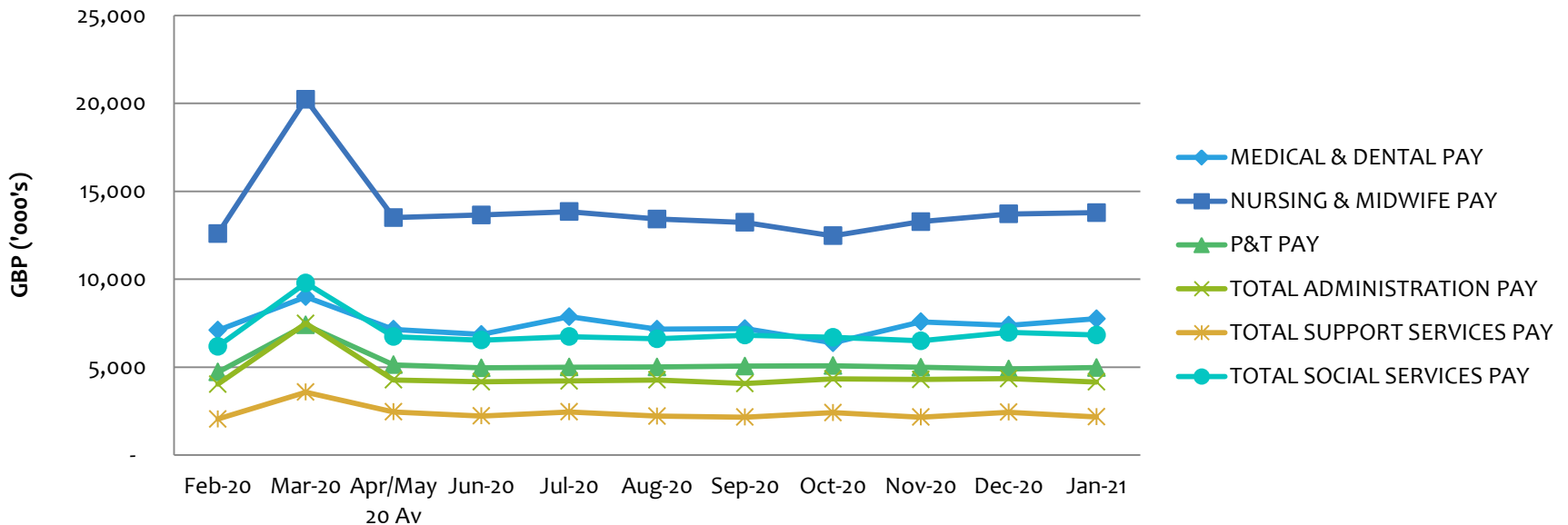


The Trust paid 96.4% of its suppliers within 30 days, and continue to be the top performing Trust with respect to this target.

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:

Core Salaries & Wages

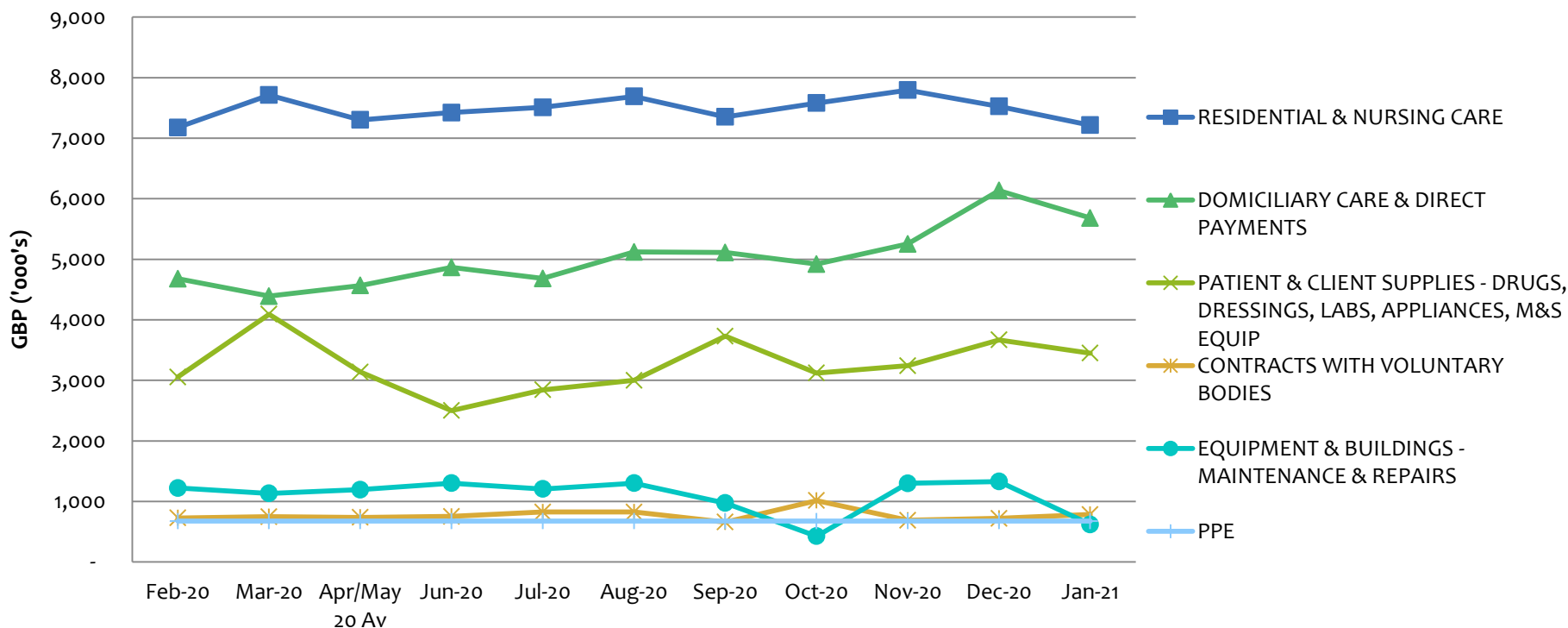


Payroll costs are affected by whether there are four or five pay days for weekly paid staff (Oct was a 5 week month, Sep was a 4 week month). Month 12 2019-20 included the AFC pay award and one off year end creditors. Month 1 2020-21 included the AFC pay award for 2020-21 and Month 4 included the Medical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

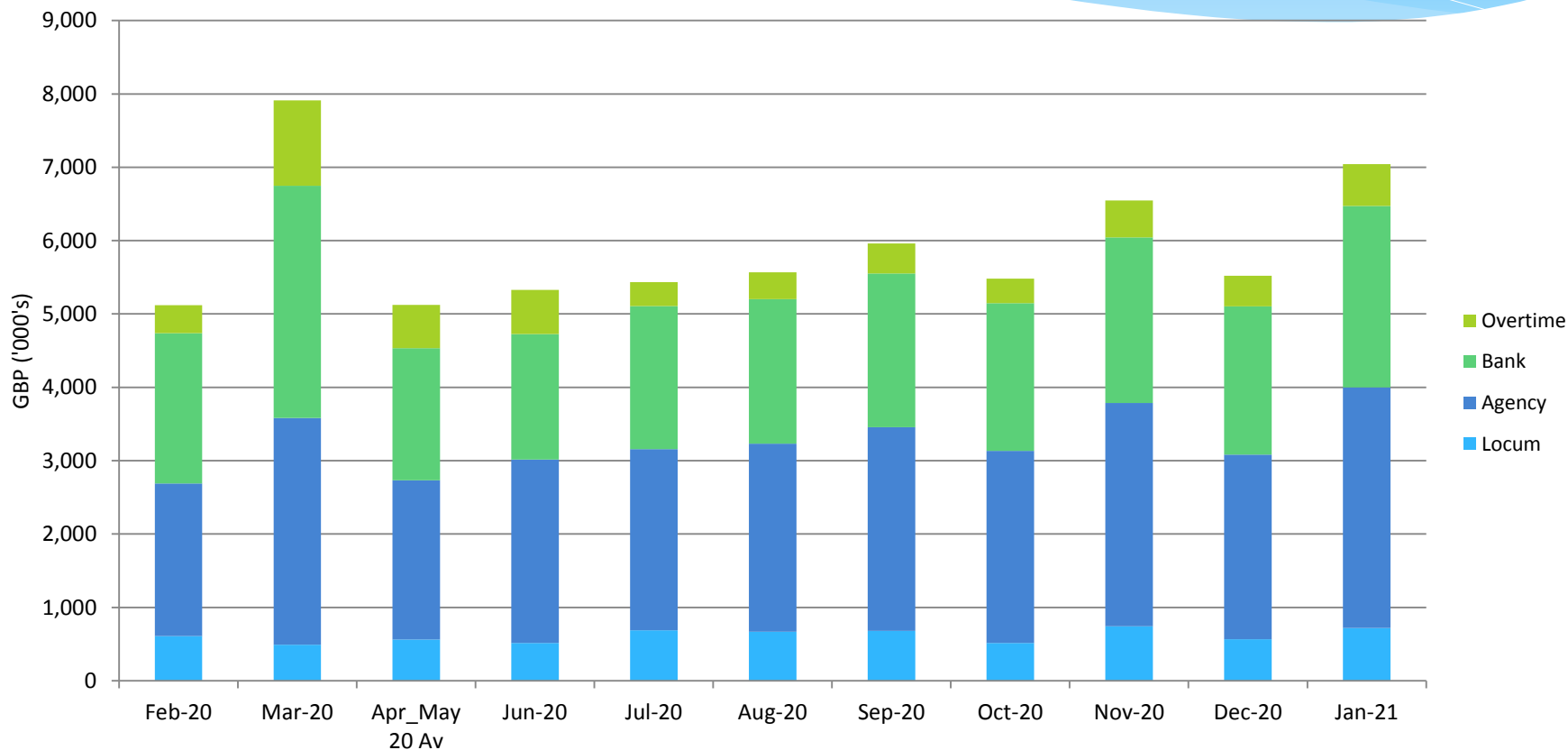
Core Goods and Services

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. (Oct was a 5 week month, Sep was a 4 week month).

Core Goods & Services



S&W - Flexible Staffing Costs



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.