South Eastern Health and Social Care Trust

Finance Report

Month 3 Jun 2021

South Eastern Health and Social Care Trust

Executive Summary

For the period ended 30 June 2021, the Trust is reporting an in-year deficit of £8.4m, and forecasting a deficit for the financial year of approx. £33m.

In February 2021 we reported an opening roll forward recurrent deficit of £26m. This is reconciled to our in-year position as follows:

	£m
Opening recurrent roll forward deficit	26
In year savings opportunities/ technical adjustments	(11)
Shortfalls in ring-fenced funding	8
New in year pressures	10
In year forecast deficit	**33**

We continue to work closely with the HSCB and the DOH to secure additional funding to address both our underlying recurrent deficit, and the in year pressures. This includes increases that are starting to present as a result of increased COVID inpatient numbers.

Executive Summary (cont'd)

Underlying expenditure trends

In the first quarter of the financial year we are starting to see the impact on the financial position of the rise in pressures on unscheduled care, with attendances at ED reaching higher levels than pre-COVID activity.

Within acute services both staffing (particularly within nursing and midwifery), and goods and services (particularly drugs) are starting to show signs of increased pressures. The impact of increased activity can also be seen in expenditure trends within acute mental health services.

A number of the new local pressures that are beginning to materialise in 2021/22 are in respect of high cost cases within both childrens and adult services. We are working closely across both finance and service leads within HSCB to press for additional funding for these inescapable cost pressures.

Accurate forecasting remains difficult with only one quarter of actual financial information , coupled with an uncertain picture as to the future trajectory of the ongoing pandemic.

Summary of Directorate Positions

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

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	(SURPLUS)/ DEFICIT YEAR TO DATE JUNE 21			
	SALARIES AND WAGES	GOODS AND SERVICES	TOTAL	DIRECTORATE FORECAST YEAR END POSITION
	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	1,226	1,444	2,670	4,213
CHILDRENS SERVICES	608	1,977	2,585	2,794
PRIMARY & ELDERLY SERVICES	8	1,984	1,992	3,816
FINANCE & ESTATES	183	143	326	313
HOSPITAL SERVICES	3,086	6,368	9,454	16,402
PLANNING, IT & PERF MANGEMENT	(65)	139	74	293
HUMAN RESOURCES & CORP AFFAIRS	144	701	845	1,486
TRANSFORMATION (NDNA)	2,714	190	2,904	2,000
NO MORE SILOS (NMS)	700	34	734	400
COVID RESPONSE/REBUILD	10,428	8,536	18,964	4,929
DirectorateTotal (excluding ring-fenced sources)	**5,190**	**12,755**	**17,946**	**36,646**
COST PRESSURES/SAVINGS/INCOME ANTICIPATED				(3,877)
(SURPLUS)/DEFICIT				32,769
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				0
YEAR END PROJECTION				32,769

Statutory financial performance targets	RAG status
Manage within allocated Revenue Resource Limit (RRL) / Achieve financial break-even	

The Trust’s forecast in-year deficit position is in the region of £33m. We are aware that there is an intention by DOH to bid for in-year monitoring funding for the HSC system. Should the DOH be unable to secure this additional funding the Trust would be tasked with developing a plan for achieving break-even. The outcome of the in-year monitoring exercise will not be known until the end of October , which would in theory give the organisation 5 months to achieve £33m of cash releasing savings. Given the fixed and semi-fixed nature of our cost base it is difficult to see how this could be achieved, and there would undoubtedly be major service impacts, requiring public consultation.

Manage within allocated Capital Resource Limit (CRL)	

Since the last report, the Trust received an additional general capital allocation of £5.52m. The Trust’s latest CRL funding (as at 15/07/21) is £48.31m. Of this amount £20.59m is to cover Ulster Hospital Phase B expenditure. Total capital expenditure to the end of June 2021 is £3.40m.
The Trust is aware that there may be slippage regarding the Phase B redevelopment and the amount is currently being calculated regarding construction and equipment costs.

Otherwise, as at the end of June 2021, the Trust anticipates full spend against the remaining CRL funding received.

In addition to the Ulster Hospital Phase B redevelopment funding noted above, we continue to manage a significant number of capital projects, comprising investment in general capital and backlog maintenance schemes (£19.41m), new equipment and ICT innovation for the new Lisburn PCCC (£3.66m), general Trust wide ICT schemes (£3.08m) and investment in replacing ageing radiology/Imaging equipment (£1.57m).

South Eastern Health and Social Care Trust

Other financial performance targets	RAG status
1. Achieve in year savings targets	Red

The Trust has received a savings target for MORE (Regional Pharmacy Savings) of £980k in year, and we continue to work to identify how we can achieve this specific target. We have identified £11m of non recurrent savings/ technical adjustments to support the in-year position and we are on target to deliver these in full. Currently we have no plans developed to address the residual deficit, as we await the outcome of October monitoring, and confirmation from HSCB of any funding they may currently be holding centrally. We continue to explore potential efficiency savings, but our ability to deliver further savings in year is severely restricted by the ongoing pressures across the entire system

2. Minimise expenditure on Agency and Locum	Amber

Average spend per month on locum/agency (excluding COVID related agency/locum spend) in 2020/21 was £2.5m which represented approximately 6.2% of staffing costs. In 2021/22 the average over April to June is £2.7m per month which is 6.5% of core staffing costs. The graph on page 8 illustrates all our flexible staffing costs.

3. Manage ring-fenced funding within allocations	Red

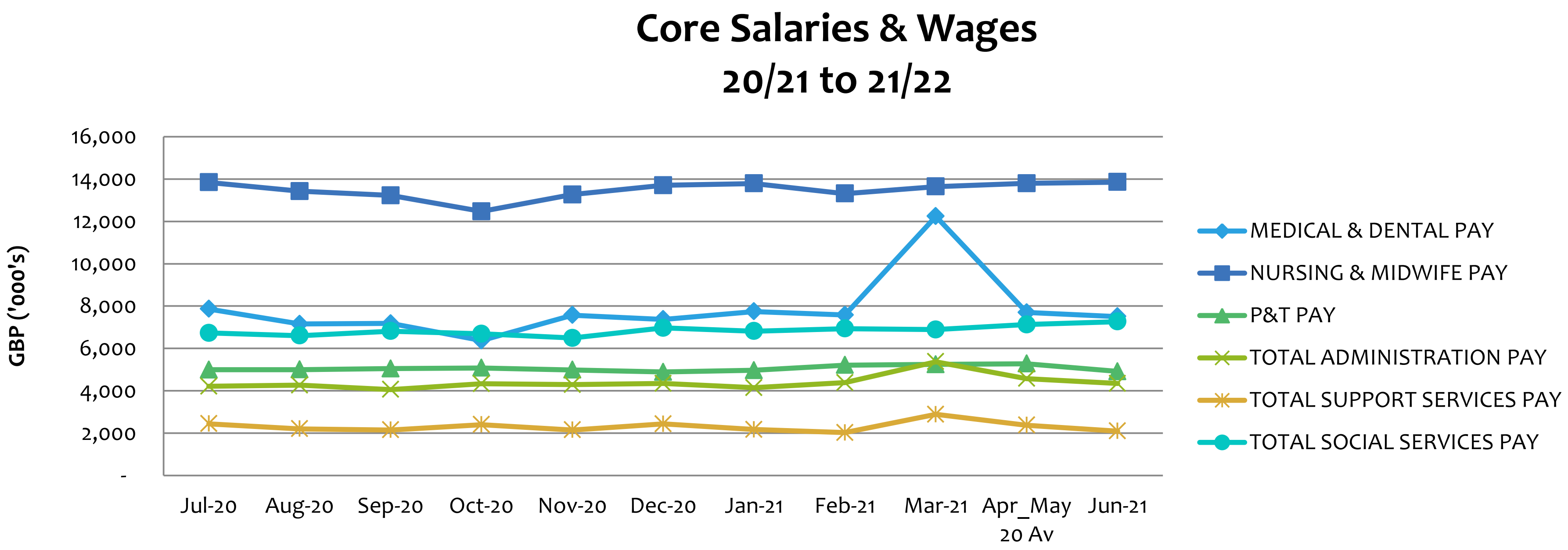
Included in our current deficit figures is approx. £8m in respect of shortfalls in ring-fenced schemes – many of these are supporting unscheduled care pressures and could not be stood down without impacting significantly on patient flow. We are therefore continuing to work with HSCB to identify funding to sustain these elements of our service.

Other financial performance targets	RAG status
4. Achieve recurrent breakeven position	
As outlined in previous pages our in year forecast position remains extremely challenging, and many of the pressures identified have the real potential to increase our recurrent deficit by the end of this financial year. There is a pressing need to rebalance the HSC system, to provide a financially sustainable platform for future reforms and developments.	
5. Prompt payment target-95% of suppliers within 30 days	
The Trust paid 97.83% of suppliers within 30 days in month 3.	

South Eastern Health and Social Care Trust

Core Salaries and Wages

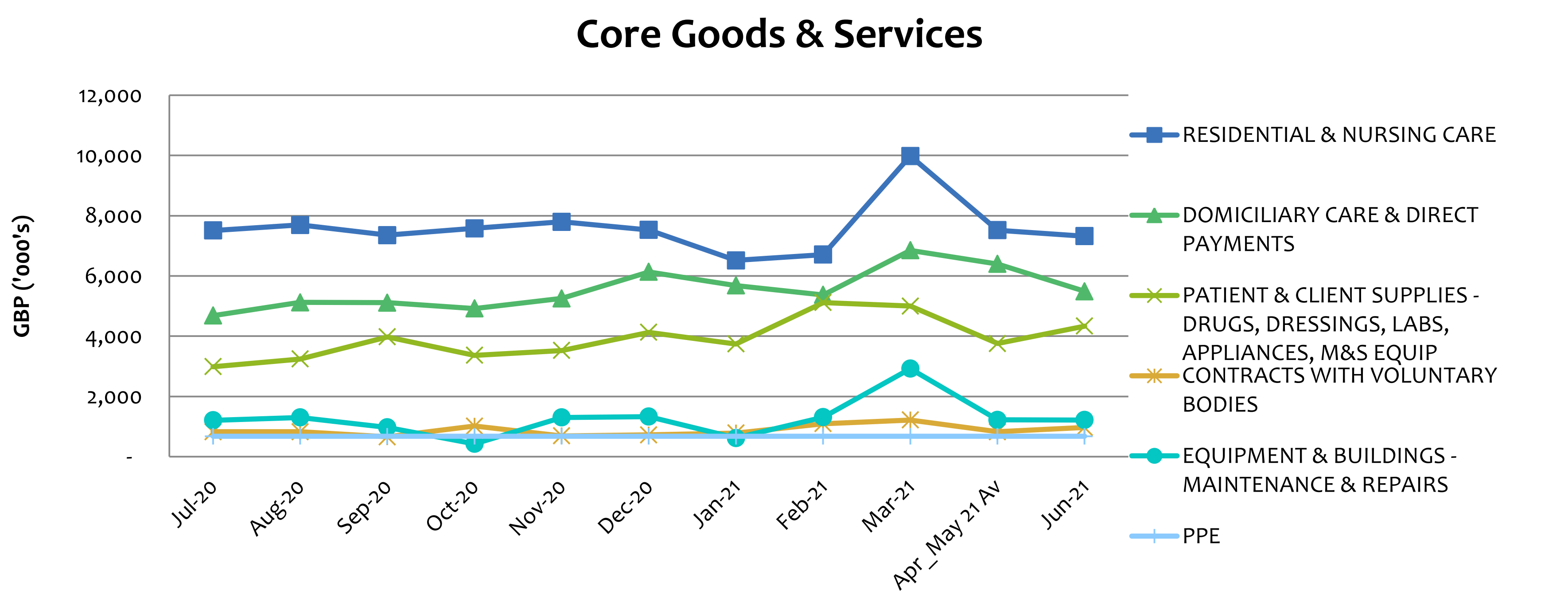
The graph below illustrates the stable trends in core payroll (excluding Covid-19 expenditure) spend across the Trust for a rolling period of twelve months – our top six spend areas in terms of salaries and wages are shown below – representing over 90% of our total monthly pay bill:



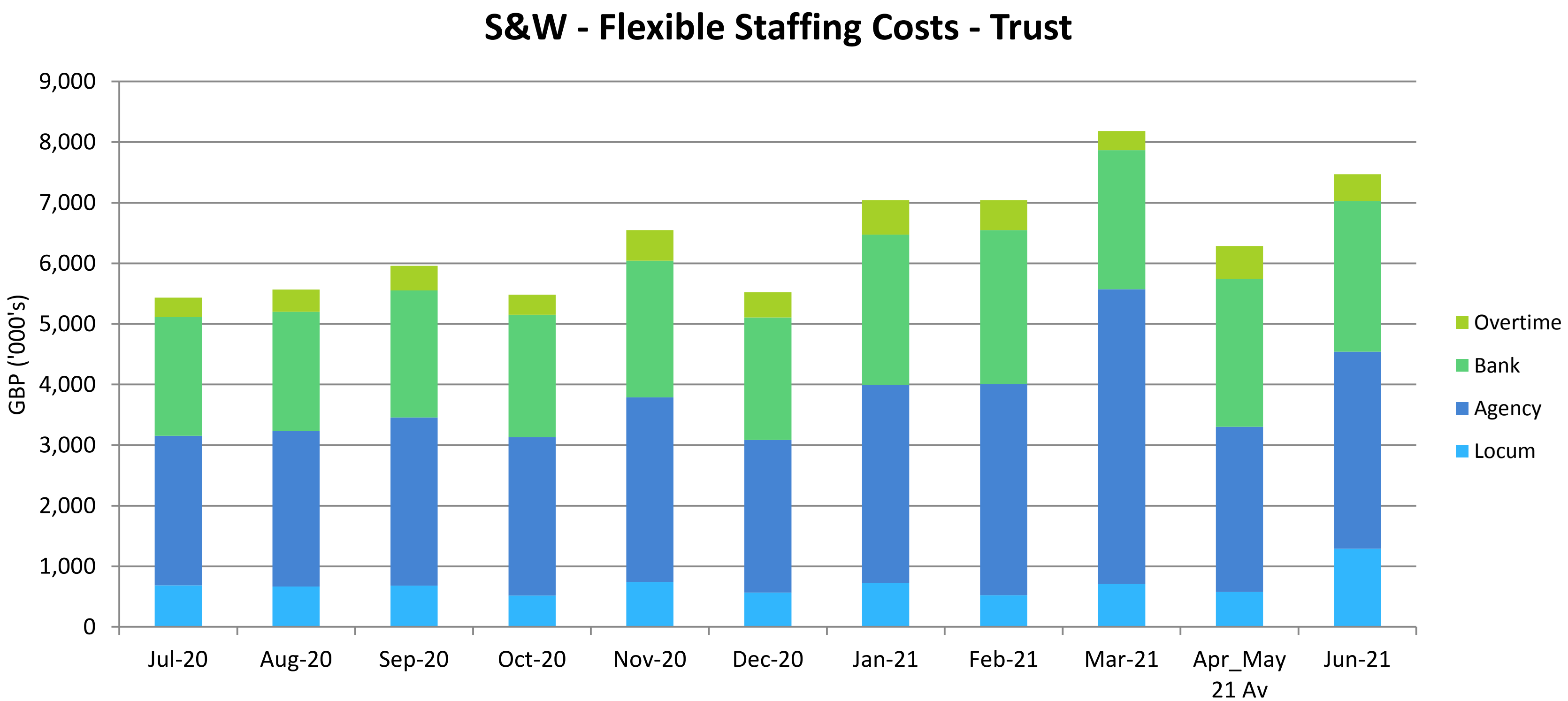
Payroll costs are affected by whether there are four or five pay days for weekly paid staff (Mth 2 was a 5 week month and mth 3 was a 4 week mth.) Jul 20 included the Medical and Dental pay award.

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. (May was a 5 week month, Jun was a 4 week month.)



South Eastern Health and Social Care Trust



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

- Cost in respect of 21/22 Pay Award and all regional pay issues will be funded
- All additional costs in respect of Covid-19 Response will be fully funded.
- Any additional costs in respect of EU Exit will be funded
- There will be no major accounting changes or provisions at year end.
- The additional in-year revenue costs of the opening of the new Acute Services Block will be fully funded.