

# Finance Report

Month 6 September 2021

## **Executive Summary**

For the period ended 30 September 2021, the Trust is reporting an in-year deficit of £12m, and income received or advised of to that point would not substantially change our forecast from that previously reported ie approx. £29m.

However we are now aware of the outcome of October monitoring. Whilst the Department of Health received in full all the funding requested for COVID related expenditure, and funding to cover pay uplifts, it received only £15m for underlying Trust deficits.

We have been advised by HSCB that October monitoring funding, together with specific allocations for increases in energy costs, and the release of centrally held funding, collectively means that additional support of approx. £8m is likely to be allocated to the Trust. In addition the £5m of COVID rebuild included in our overall deficit is being funded as part of the overall COVID envelope. These two combined reduce our forecast deficit from the £30m to approx. £16m.

## **Underlying expenditure trends**

Our overall expenditure trend remains stable. The increase we have seen in the earlier months in Hospital Services staffing costs, has been maintained, but has not worsened. The two main other pressure areas in our budget relate to energy costs, for which additional funding has been received, and high cost cases in childrens services.

## 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 SEPTEMBER 21			DIRECTORATE FORECAST YEAR END POSITION £'000
	SALARIES AND WAGES	GOODS AND SERVICES	TOTAL	
	£'000	£'000	£'000	
ADULT & PRISON SERVICES	2,290	3,423	5,713	4,493
CHILDRENS SERVICES	918	4,689	5,607	5,765
PRIMARY & ELDERLY SERVICES	(345)	3,811	3,466	3,149
FINANCE & ESTATES	320	2,623	2,943	1,204
HOSPITAL SERVICES	4,789	9,403	14,192	16,285
PLANNING,IT & PERF MANGEMENT	(159)	133	(26)	303
HUMAN RESOURCES & CORP AFFAIRS	(315)	1,227	912	912
TRANSFORMATION (NDNA)	5,479	519	5,998	617
NO MORE SILOS (NMS)	1,523	65	1,588	0
COVID RESPONSE/REBUILD	20,095	16,878	36,973	5,231
	34,595	42,771	77,366	37,960
COST PRESSURES/SAVINGS/INCOME ANTICIPATED				(8,719)
(SURPLUS)/DEFICIT				29,241
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				0
YEAR END PROJECTION				29,241



## Statutory Financial Performance Targets

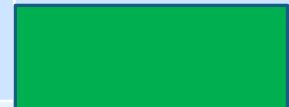
RAG  
status

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



As outlined in the Executive summary additional in-year support has resulted in an amended forecast deficit of £16m. The forecast is predicated on a number of assumptions around how costs will level out in the new Acute Services Block, and how pressures of winter will impact on workforce. There is a degree of uncertainty inherent in this figure. We are also continuing to work with the HSCB to resolve the residual forecast deficit, given that we have continued to deliver to full capacity throughout the financial year, and have therefore experienced lower levels of expenditure downturn which would have improved our financial position, but considerably worsened our operational performance.

### Manage within allocated Capital Resource Limit (CRL)



The Trust's latest CRL funding (as at 30/09/21) is £48.783m. Of this amount £15.827m is to cover Ulster Hospital Phase B expenditure. Total capital expenditure to the end of September 2021 is **£9.2m**. As at the end of September 2021, the Trust anticipates full spend against the 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 (£23.072m), new equipment and ICT innovation for the new Lisburn PCCC (£3.656m), general Trust wide ICT schemes (£4.662m) and investment in replacing ageing radiology/Imaging equipment (£1.566m).

## Other Financial Performance Targets

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status

### 1. Achieve in year savings targets



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.

### 2. Minimise expenditure on agency and locum



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 Apr to Sep is £2.6m per month which is 6.3% of core staffing costs. The graph on page 9 illustrates all our flexible staffing costs. A number of our wards are operating at levels above their funded establishment due to the increased acuity of the patients.

### 3. Manage ring-fenced funding within allocations



As outlined in the Executive Summary we have been informed that funding will be received to cover COVID rebuild ring-fenced costs, which were approx. £5m of the £6m pressure we had identified. The remaining £1m sits within the New Decade New Approach schemes.



## Other financial performance targets

## RAG status

### 4. Achieve Recurrent Breakeven Position



Whilst our in-year deficit is showing a likely improving position, the support being provided is all non-recurrent. Our underlying position continues to be a cause for concern, and requires a regional system wide financial recovery approach. We continue to work with HSCB and DOH colleagues to progress this issue.

### 5. Prompt Payment Target - 95% of suppliers within 30 days

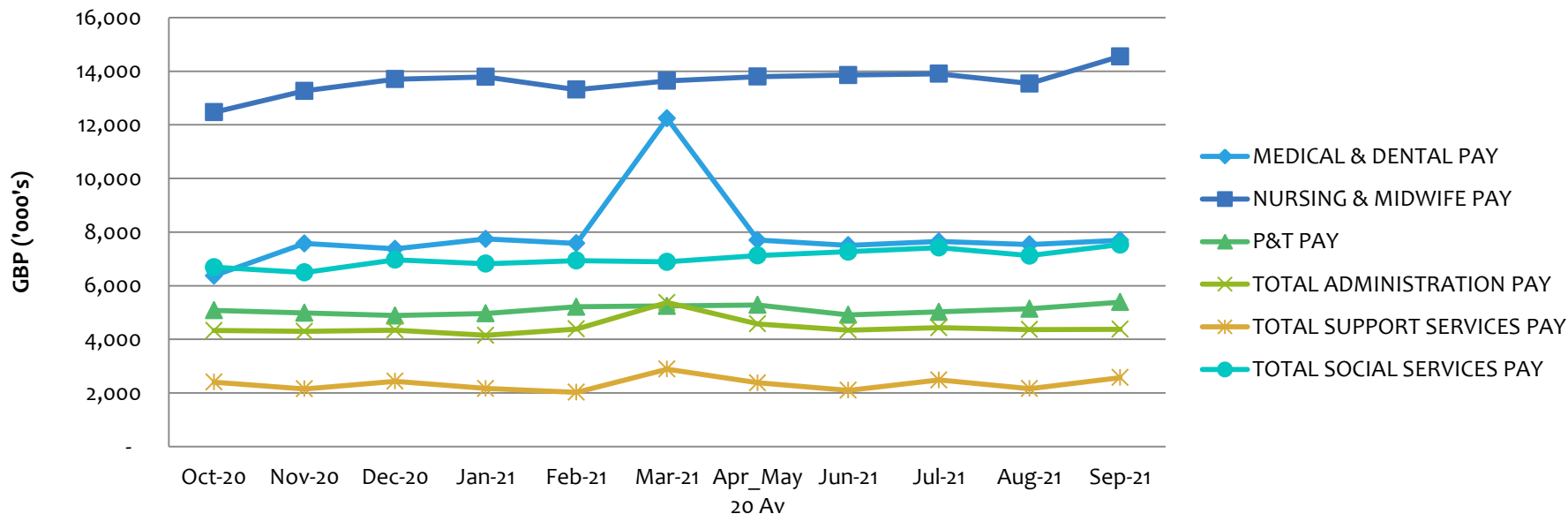


The Trust paid 96.8% of suppliers within 30 days. We continue to perform strongly in this area.

## 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 20/21 to 21/22

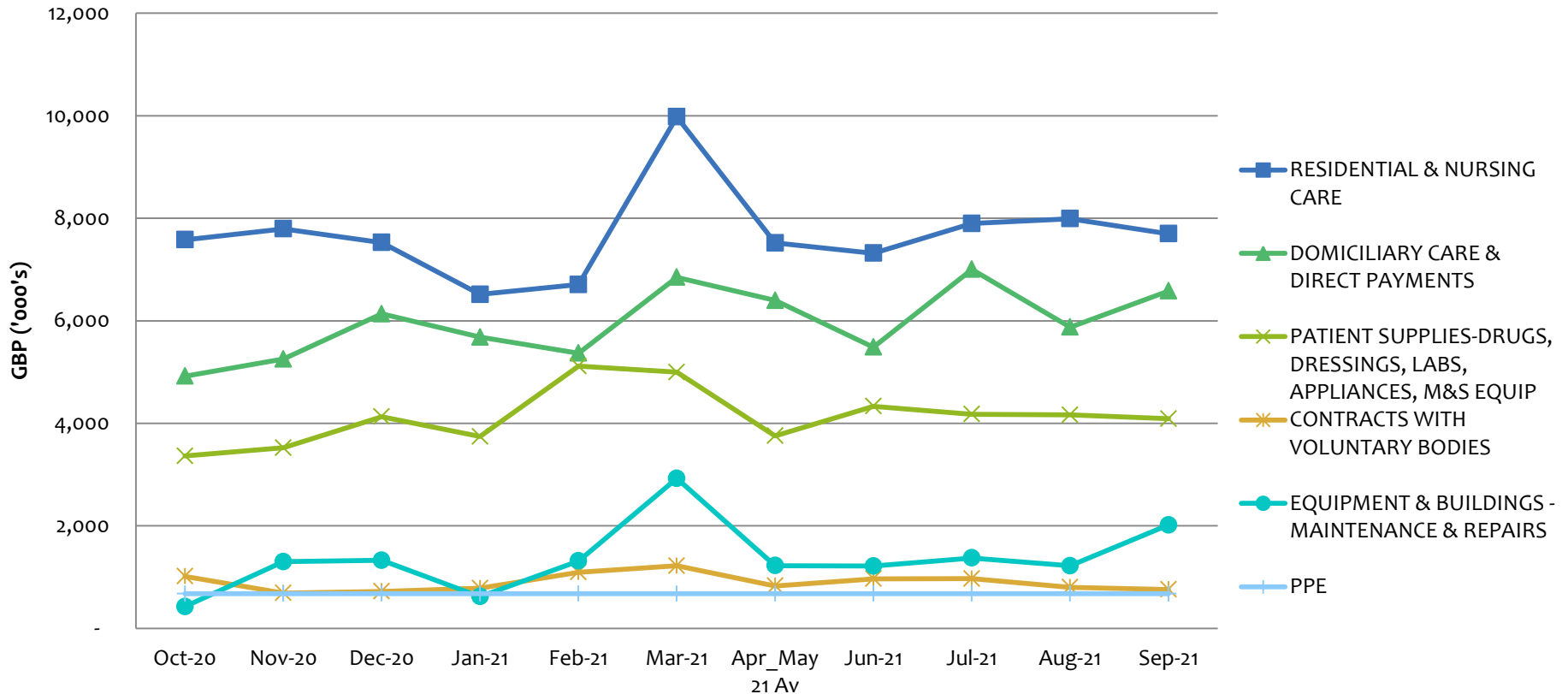


Payroll costs are affected by whether there are four or five pay days for weekly paid staff (Aug was a 4 week month and Sep was a 5 week mth.).

### Core Goods and Services

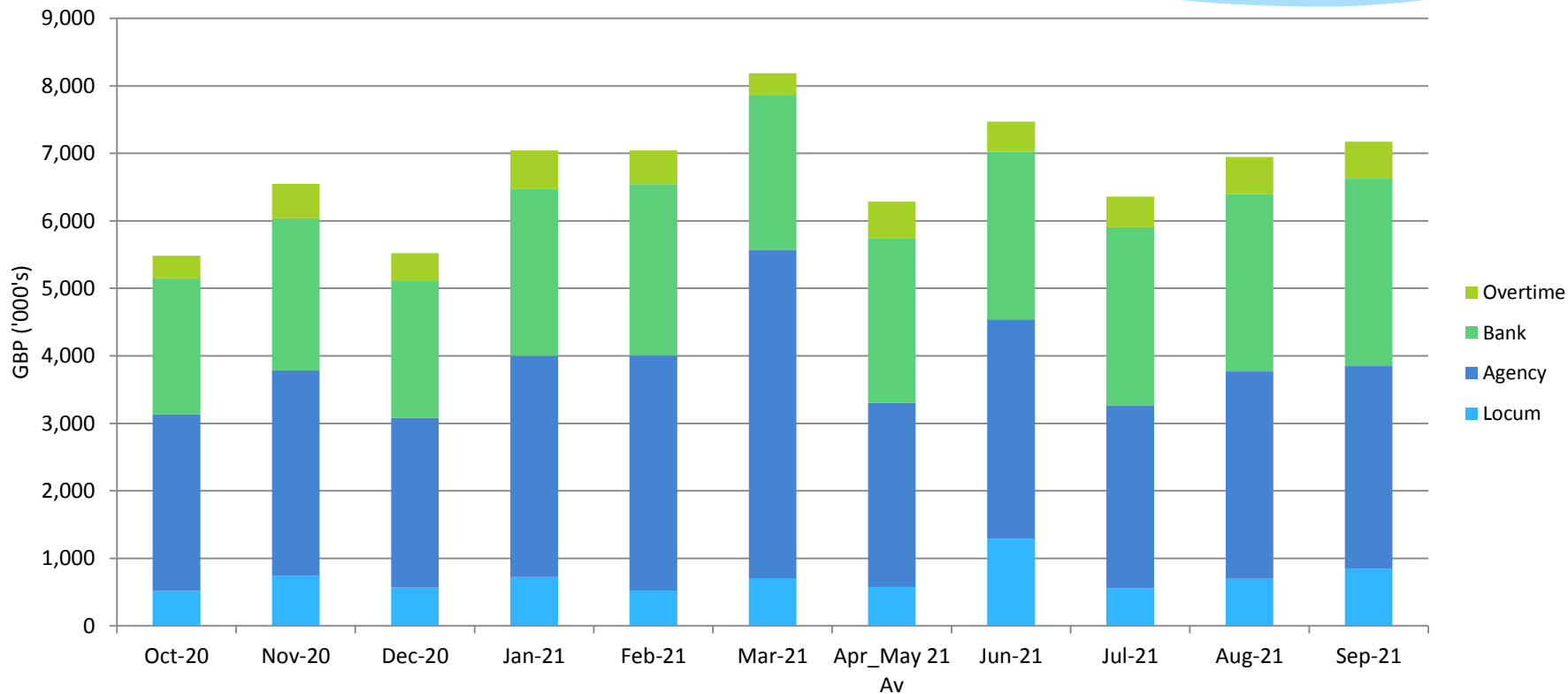
Almost 80% of the Trust’s monthly goods and services can be represented in the six categories below – monthly trends in this expenditure have remained relatively stable. Domiciliary Care expenditure is impacted by 4 and 5 weekly months (Aug was a 4 week month, Sep was a 5 week month.)

### Core Goods & Services





### S&W - Flexible Staffing Costs - 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.