

Finance Report

Month 10 January 2022

Executive Summary

For the period ended 31 January the Trust is continuing to report both an in-year and forecast end of year breakeven position. As indicated in the previous two monthly reports the receipt of further non-recurrent support has enabled us to resolve our deficit for this financial year.

Financial planning for the 2022/23 year has commenced but the absence of a NI budget means we are facing into a landscape with a large degree of uncertainty and limited ability to engage in long term financial strategic planning.

We are engaging with the Department of Health through the newly formed Strategic Planning and Performance Group (SPPG) to agree a number of principles and assumptions which we can use to develop a financial plan for the year.

Underlying expenditure trends

The Trust has a strong record for consistent and transparent forecasting and monitoring of expenditure trends and this continues to be crucial to securing additional resources and enhancing our credibility as an organisation. We anticipate the usual slight spike in expenditure in the last few months of the year as we encourage the appropriate identification of all expenditure relating to the 21/22 financial year, before the close of the year end accounts.

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 22			
	SALARIES AND WAGES	GOODS AND SERVICES	TOTAL	DIRECTORATE FORECAST YEAR END POSITION
	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	1,005	2,597	3,602	2,997
CHILDRENS SERVICES	(129)	5,905	5,776	4,681
PRIMARY & ELDERLY SERVICES	(1,896)	7,457	5,561	3,000
FINANCE & ESTATES	440	3,521	3,961	3,413
HOSPITAL SERVICES	4,605	14,238	18,843	15,758
PLANNING, IT & PERF MANGEMENT	(681)	459	(222)	(49)
HUMAN RESOURCES & CORP AFFAIRS	(529)	1,716	1,187	730
TRANSFORMATION (NDNA)	9,554	1,144	10,698	239
NO MORE SILOS (NMS)	3,029	181	3,210	0
COVID RESPONSE/REBUILD	35,095	32,255	67,350	0
	50,493	69,473	119,966	30,769
COST PRESSURES/SAVINGS/INCOME ANTICIPATED				(30,769)
(SURPLUS)/DEFICIT				0
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				0
YEAR END PROJECTION				0

Statutory Financial Performance Targets

RAG
status

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

Given recent non-recurrent allocations we are now forecasting an in-year breakeven position. Within our forecasts we have provided for the normal trend of increases in spend in the last two months of the year.. A few residual risks remain should a radically different accounting approach be determined for any of our material items.

Manage within allocated Capital Resource Limit (CRL)

The Trust's CRL funding (as at 31/1/22) is £48.221m. Of this amount £12.246m is to cover Ulster Hospital Phase B expenditure.

Total capital expenditure to the end of January 2022 is £17.857m. Although the Trust still anticipates full spend against remaining CRL funding received, unforeseen issues in supply chain for equipment delivery, due to Covid are still a reality. However, we continue to work closely with our equipment suppliers to manage and reduce risk of underspend in this area.

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 (£25.176m), new equipment and ICT innovation for the new Lisburn PCCC (£3.656m), general Trust wide ICT schemes (£4.754m) and investment in replacing ageing radiology/Imaging equipment (£2.382m).

Other Financial Performance Targets

**RAG
status**

1. Achieve in year savings targets



The Trust has received a savings target for MORE (Regional Pharmacy Savings) of £980k in year, and our anticipated shortfall on this is part of our reported deficit position. We have identified £12.5m of savings, the majority of which are non recurrent, along with 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 Jan has decreased slightly and currently equates to 5.95% 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



Ring fenced funding has now been largely confirmed for the year and we are left with a small ring-fenced surplus. Funding for COVID related expenditure as we have forecast it has been confirmed in full, and only a small element of this remains outstanding.



Other financial performance targets

RAG status

4. Achieve Recurrent Breakeven Position



We are continuing the discussions required with the Department of Health to confirm planning assumptions and any potential income sources for the 2022/23 year in order to confirm our forecast deficit position.

A combination of unachieved savings targets from previous years together with a range of unfunded pressures is resulting in a significant recurrent deficit position.

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

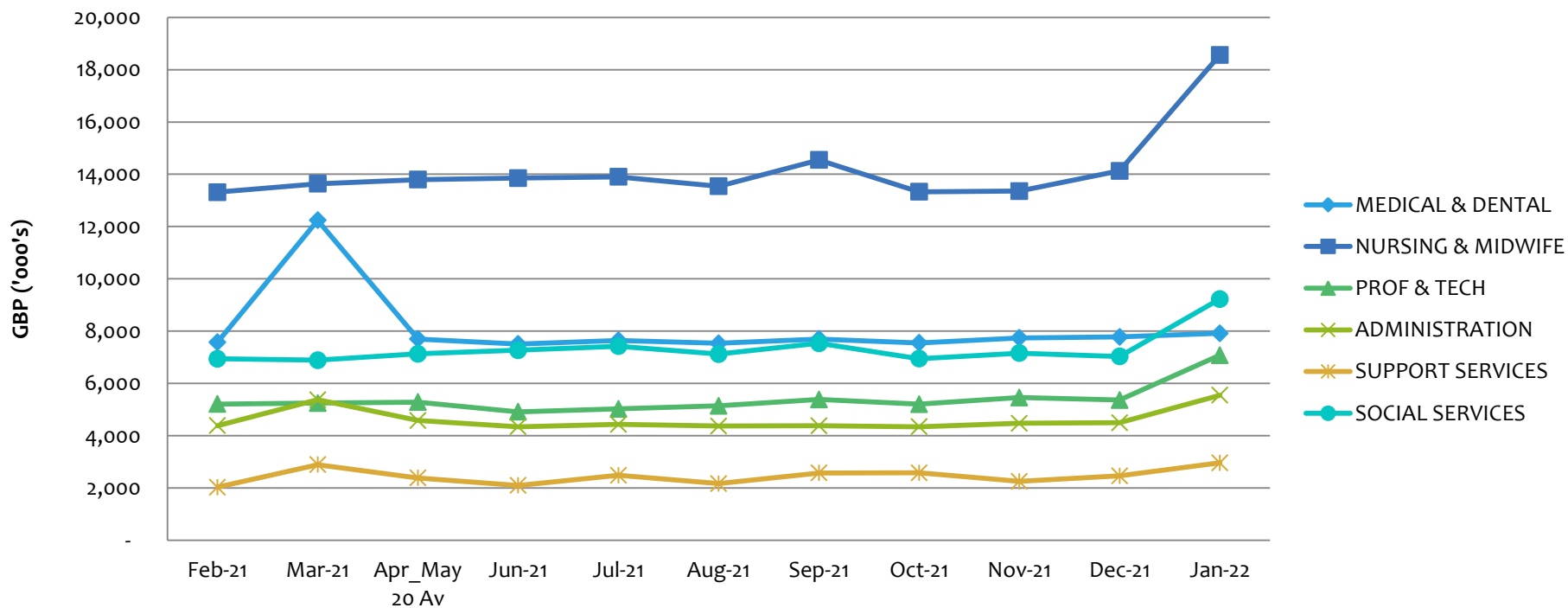


The Trust paid 94.1% of suppliers within 30 days. All Trusts have experienced a dip in their performance this month due to Omicron causing staffing issues. Pharmacy and Estates were particularly impacted in SEHSCT in January.

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

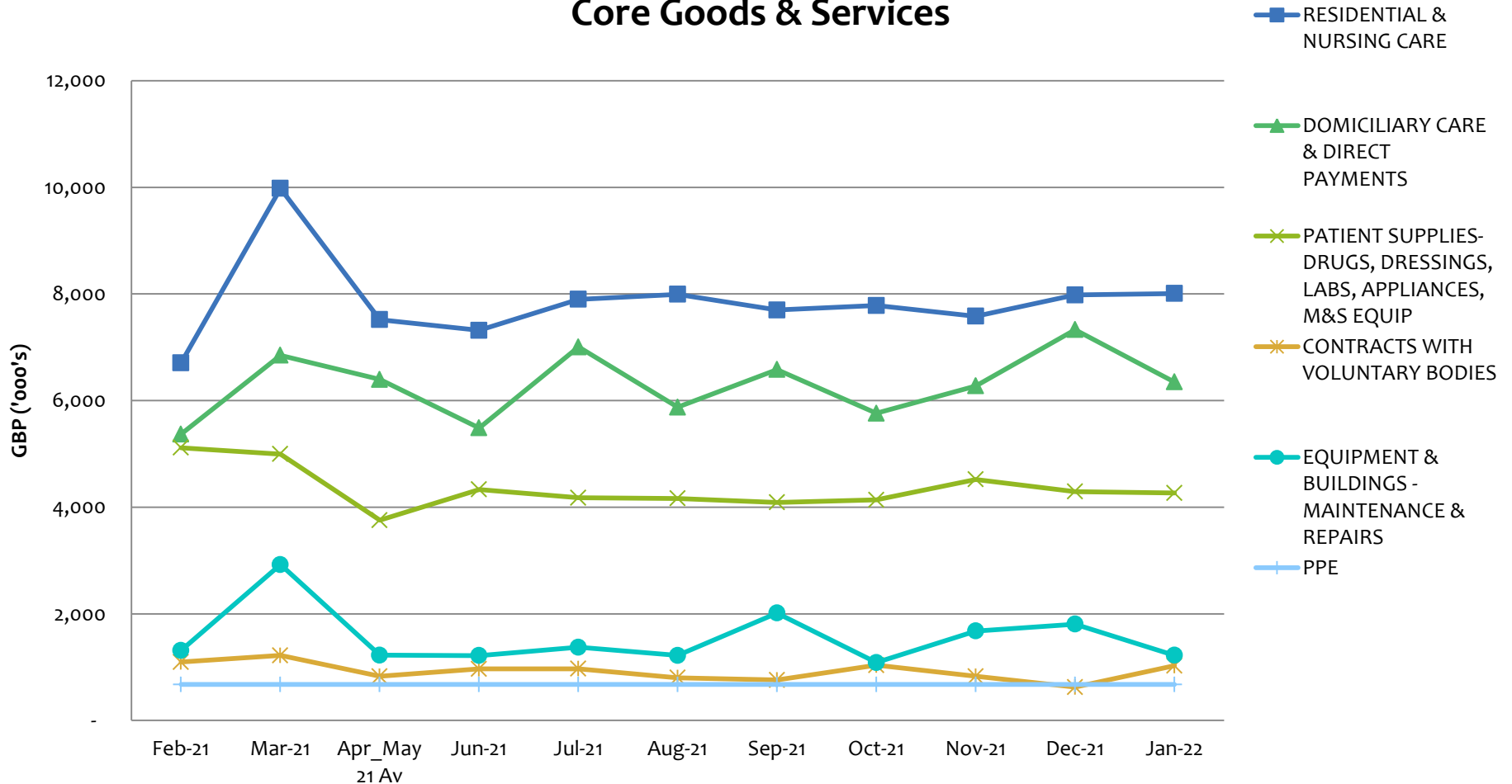


Payroll costs are affected by whether there are four or five pay days for weekly paid staff (Jan was a 4 week month and Dec was a 5 week month). January's figures include the 21/22 backdated pay award for all those paid under AFC.

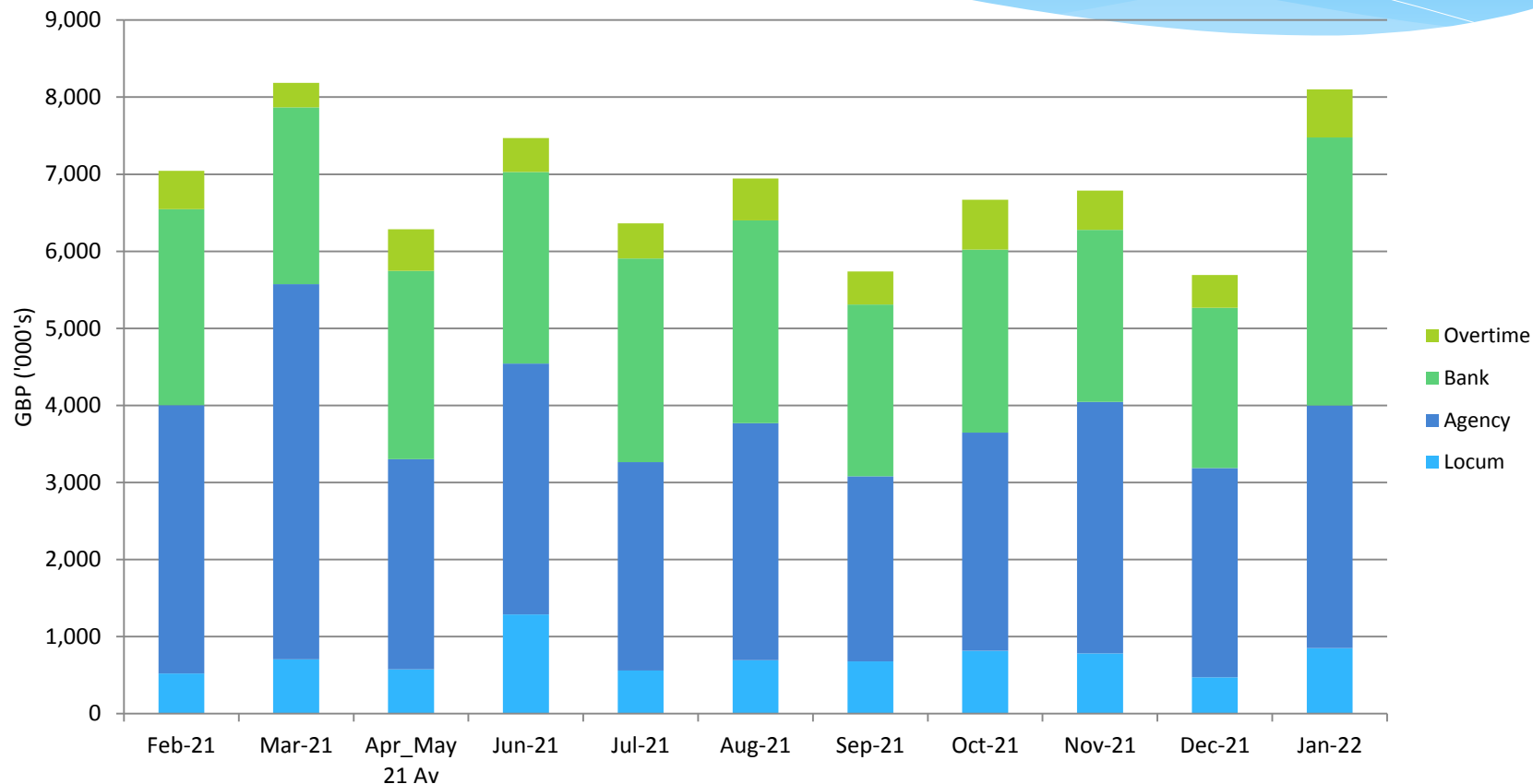
Core Goods and Services

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 (Jan was a 4 week month and Dec 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-
RESOLVED IN YEAR
- All additional costs in respect of Covid-19 Response will be fully funded.-**RESOLVED IN YEAR**
- Any additional costs in respect of EU Exit will be funded – **NO DIRECT COSTS IDENTIFIED AND NOW UNLIKELY TO BE MATERIAL**
- 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.-**RESOLVED IN YEAR.**