South Eastern Health and Social Care Trust

Finance Report

Month 2 May 2022

Executive Summary

For the period ended 31 May 2022, the Trust is reporting overall expenditure of £158m. As no official funding allocation has been received as yet, our focus has been to consider whether expenditure trends within directorates, and overall have shown any significant shift from the previous two months.

Earlier in the year, we submitted a high level forecast core deficit for the Trust in 22/23 of approximately £50m. We have since received an indicative funding letter from SPPG with a number of planning/funding assumptions. These are leading to a reduction in our deficit reducing it from £50.4m to approximately £30.9m. We have been asked to review this position again in detail to reflect any further movements, and this is due for submission to SPPG by end of June.

	£M
Opening Forecast Deficit	**50.4**
Assume funding as follows:	
Energy Pressures	8.2
Deficit Funding	7.3
Demand Management Funding	3.5
HCC Children's	0.5
Remaining Forecast Deficit	**30.9**

Funding relating to COVID spend has been agreed for the first quarter of the year, but it is the expectation that (with the exception of a small number of specific areas) no further funding will be available from July onwards. We continue to work closely with SPPG to address spending in this area.

Underlying Expenditure Trends

As can been seen in the graphs on pages 7-8, the underlying expenditure trend has increased as expected in Month 12 in most areas. These rates of spend have since reverted back to more normal levels in M1&2.

Additional tariffs within Domiciliary Care and Residential & Nursing independent sector which were paid through COVID in 21/22 are now part of core costs which explains the increased costs in these areas. This increased tariff has been funded by SPPG.

Statutory Financial Performance Targets	RAG status
Manage within allocated Revenue Resource Limit (RRL) / Achieve financial break-even	

The Trust is currently forecasting a core deficit position for 22-23 of circa £31m. This is currently under review for submission to SPPG in late June 22.

In the absence of an agreed budget, no formal request for an in-year savings plan has been made by SPPG. We are clearly being advised that no further revenue commitments should be entered into without identified funding.

Manage within allocated Capital Resource Limit (CRL)	

The Trust's CRL funding (as at 31/5/22) was £15.641m. Of this amount £5.131m is to cover costs associated with completion of the Ulster Hospital Phase B project.

Total capital expenditure to the end of May 2022 was £0.256m. Full spend against CRL allocation received for the year is expected to be achieved.

In addition to the Ulster Hospital Phase B redevelopment funding noted above, we have also received funding for investment in general capital (£7.760m) and backlog maintenance schemes (£2.750m) An in-year spending plan associated with the general capital and backlog maintenance funding noted has now been agreed and approved at a recent EMT meeting.

Other Financial Performance Targets	RAG status
1. Achieve in year savings targets	

In 22-23, SPPG has indicated that the Trust should aim to make savings at a similar level to 21-22 adjusted for non repeatable savings. This would equate to approximately £7m as a minimum.

The Trust will also be expected to deliver against a 22-23 MORE (Regional Pharmacy Savings) savings target of £980k through a combination of drugs related savings and other technical adjustments.

2. Minimise expenditure on agency and locum

Average spend per month on locum/agency (excluding COVID related agency/locum spend) in 2021/22 was £2.6m which represented approximately 6.1% of staffing costs. In 2022/23 the average over Apr to May has increased and currently equates to 6.9% 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

Transformation:- Initial review of indicative allocations show a deficit of £1.6m. Work is ongoing with operational directorates and SPPG colleagues to reduce this cost pressure.

No More Silos:- £4.14m agreed funding with SPPG. Work is continuing to ensure there is no deficit in this area.

Other financial performance targets	RAG status
4. Achieve Recurrent Breakeven Position	Red

A combination of unachieved savings targets from previous years together with a range of unfunded pressures and new emerging inescapable pressures is resulting in a significant recurrent deficit position in 22-23.

We are reviewing our current position after receiving planning/funding assumptions from SPPG and plan to submit this in late June 22.

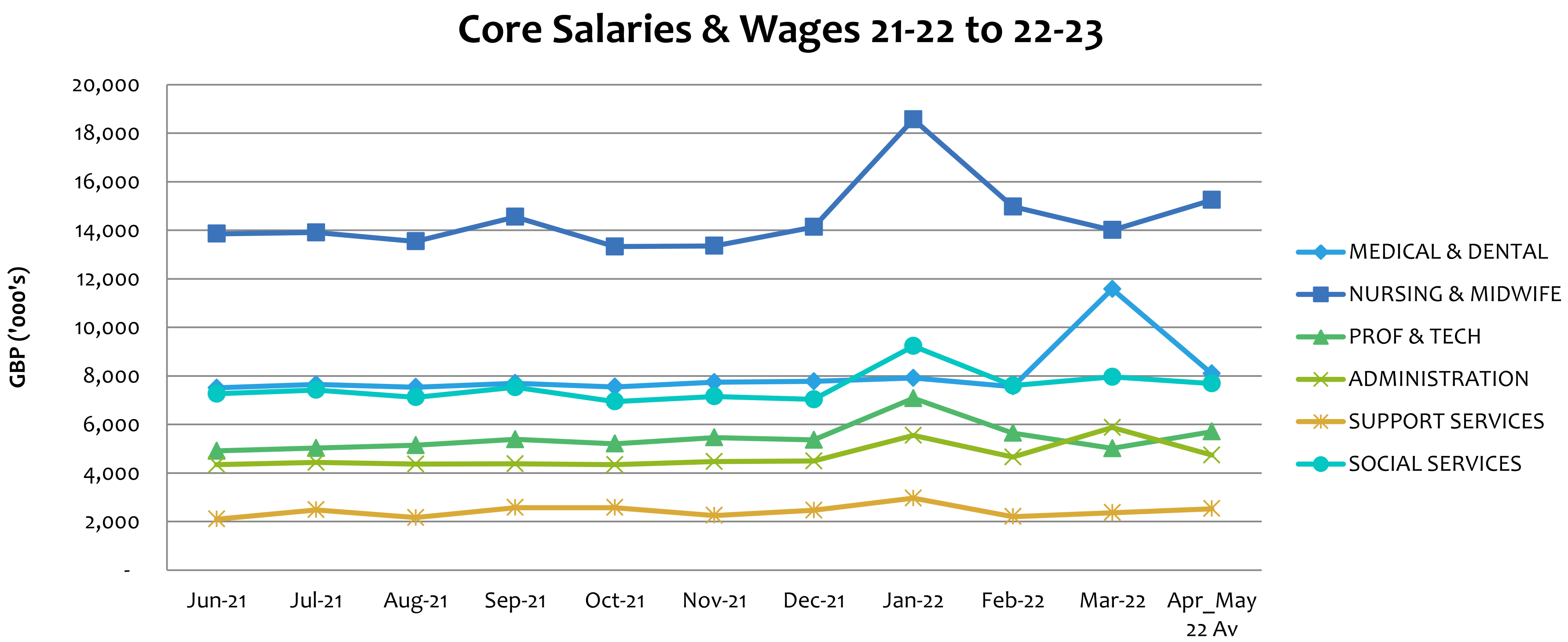
We have commenced some welcome initial work at a system level with DOH /SPPG colleagues to formulate the structure for a systems wide financial recovery plan, and this is likely to develop over the next number of months. This is a longer term plan for a roadmap to a sustainable financial position for the HSC system.

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

The Trust paid 94.3% of its suppliers within 30 days in month 2. We continue to perform well in this area when benchmarked against other HSC Trusts.

Core Salaries and Wages

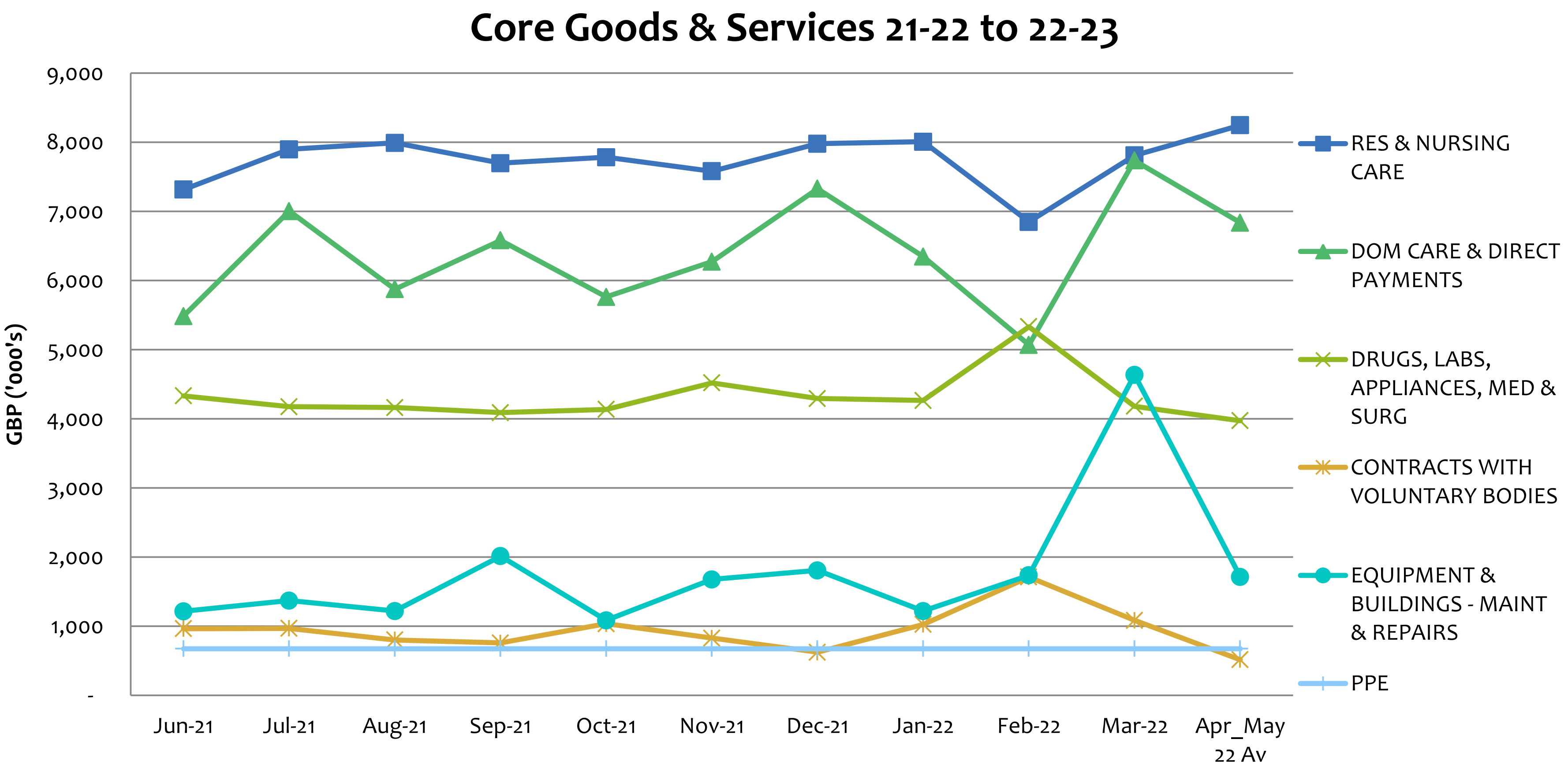
The graph below illustrates the stable trends in core payroll (excluding Covid-19 expenditure) spend across the Trust for a rolling period of twelve months – our top six spend areas in terms of salaries and wages are shown below – representing over 90% of our total monthly pay bill:

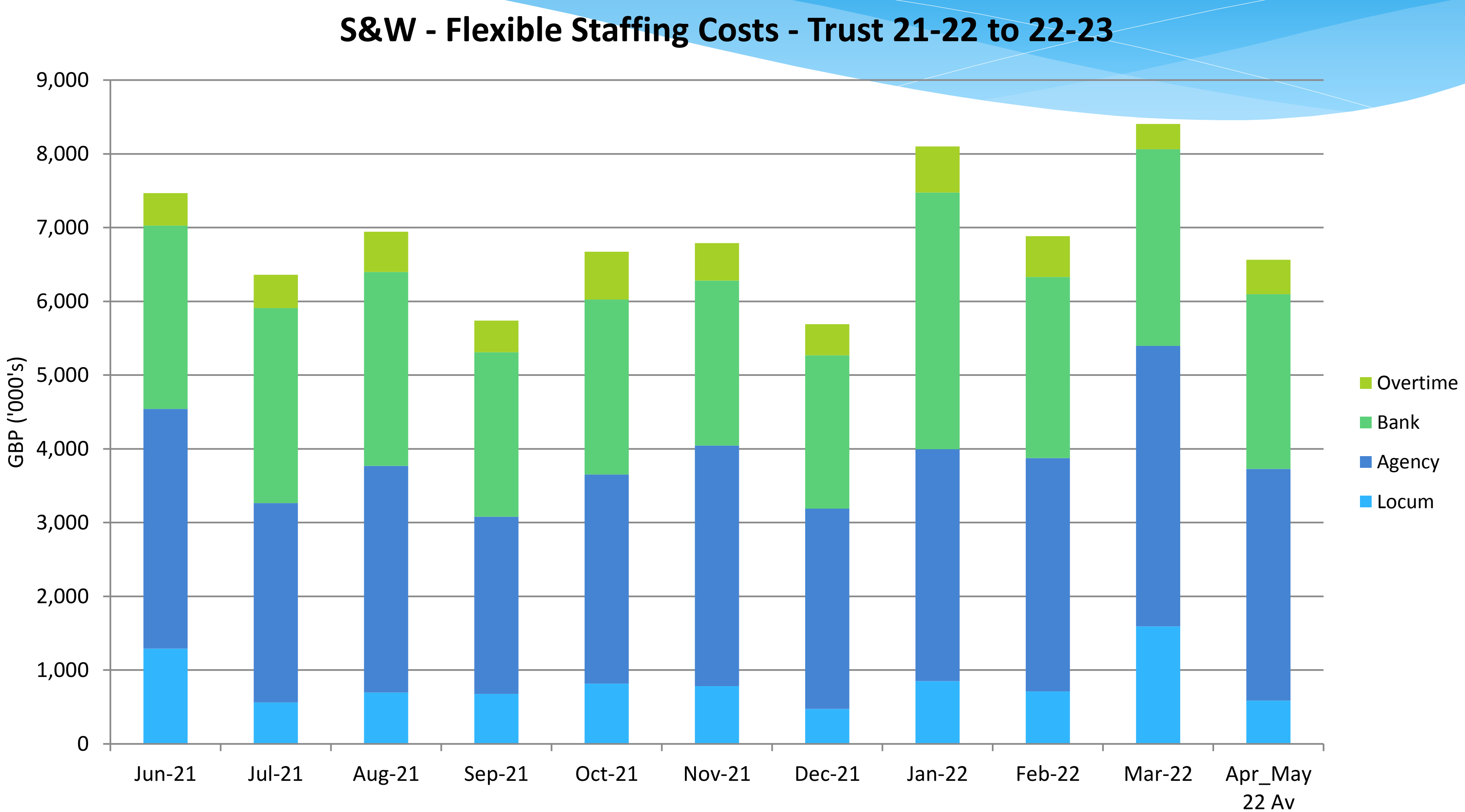


Payroll costs are affected by whether there are four or five pay days for weekly paid staff (May was a 4 week month, Apr was a 5 week month). January's figures include the 21/22 backdated pay award for all those paid under AFC, and February's figures include the 21/22 Medical & Dental backdated pay award. There were some increased costs in M12 relating to year end.

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 (May was a 4 week month, Apr was a 5 week month.) Spikes in March relate to year end adjustments.





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.)

South Eastern Health and Social Care Trust

Underlying Assumptions

- Cost in respect of 22/23 Pay Award and all regional pay issues will be funded
- Any additional costs in respect of EU Exit will be funded
- There will be no major accounting changes or provisions at year end.
- All funding indicated as ‘assumed’ will be received when a final NI budget is agreed
- The expenditure implications of any further waves of COVID will be fully funded.