

# Finance Report

Month 9 December 2022

## **Executive Summary**

For the period ending December 2022, the Trust is reporting a YTD deficit of £3.9m and a full year forecast deficit of £5.3m.

The improvement in the deficit position from circa £6.3m in November to £5.3m in December is due to a reduction in forecast energy costs for the remainder of the year.

We continue to work closely with Department of Health, who are aware of our current forecast position, and the underlying issues causing it. Our focus for the remainder of the year will be to hold this forecast position for the final quarter and begin to plan for the new financial year.

At this stage the forecast deficit position has been accepted by DOH and no recovery plan has been requested.

## **Underlying Expenditure Trends**

As we approach the final quarter of the year, our expenditure trends have remained stable, with some small movements due to the continuing filtering into our core position of costs previously attributed to COVID. Whilst we anticipate some increases in staffing costs in the final 3 months, these are unlikely to impact significantly on our forecast position.

# Summary of Directorate Positions

**NB:** In the following table, columns 1-3 show variances (budget vs actual). A negative figure represents an underspend against budget, with a positive figure indicating an overspend.

The last column represents spend per Directorate.

|   | (SURPLUS)/ DEFICIT YEAR TO DATE DECEMBER 22 |                    |                | FORECAST                | SPEND YEAR TO DATE DECEMBER 22 |
|---|---|--------------------|----------------|-------------------------|--------------------------------|
|   | SALARIES AND WAGES                          | GOODS AND SERVICES | TOTAL VARIANCE | FORECAST POSITION 22-23 | TOTAL SPEND PER DIRECTORATE    |
|   | £'000                                       | £'000              | £'000          | £'000                   | £'000                          |
| ADULT & PRISON SERVICES                   | 1,665                                       | 1,336              | 3,001          | 4,043                   | 103,115                        |
| CHILDRENS SERVICES                        | 2,202                                       | 9,246              | 11,448         | 9,308                   | 68,181                         |
| PRIMARY & ELDERLY SERVICES                | (776)                                       | 9,687              | 8,911          | 7,901                   | 178,422                        |
| FINANCE & ESTATES                         | (11)  | 2,670              | 2,659          | 3,310                   | 25,035                         |
| HOSPITAL SERVICES                         | 7,306                                       | 16,017             | 23,323         | 17,080                  | 238,069                        |
| PLANNING, IT & PERF MANGEMENT             | (245)                                       | 162                | (83)           | 81                      | 8,206                          |
| HUMAN RESOURCES & CORP AFFAIRS            | (1,006)                                     | 2,159              | 1,153          | 1,304                   | 41,392                         |
| TRANSFORMATION (NDNA ONLY)                | 1,266                                       | 55                 | 1,321          | 24                      | 9,200                          |
| NO MORE SILOS (NMS)                       | 3,576                                       | (26)               | 3,550          | 110                     | 3,549                          |
| COVID RESPONSE/REBUILD                    | 15,654                                      | 10,295             | 25,949         | 0                       | 26,213                         |
| <b>TOTAL</b>                              | <b>29,631</b>                               | <b>51,601</b>      | <b>81,232</b>  | <b>43,161</b>           | <b>701,382</b>                 |
| COST PRESSURES/SAVINGS/INCOME ANTICIPATED |   |                    |                | (37,906)                |                                |
| (SURPLUS)/DEFICIT (INCL RINGFENCED)       |   |                    |                | 5,255                   |                                |
| FURTHER TRUST SAVINGS – TO BE IDENTIFIED  |   |                    |                | 0                       |                                |
| YEAR END CLOSING POSITION                 |   |                    |                | 5,255                   |                                |

## Statutory Financial Performance Targets

RAG  
status

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



The Trust is currently forecasting a deficit position for 22-23 of £5.3m. This is reflective of a range of unfunded demand led pressures across various directorates including high cost cases, independent fostering costs, non-pay inflationary related costs and additional staffing costs above funded levels. We continue to work collectively to maintain this forecast position.

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



The Trust's CRL funding (as at 31/12/22) was £28.1m :

- Ulster Hospital Phase B Project £4.13m
- General Capital and Backlog Maintenance £13m (EMT approved on 17/5/22 and 9/8/22)
- ICT £3.8m
- Invest to Save – Energy Efficiency £2.5m
- Elective Equipment £0.7m
- Breast Screening & Imaging £1.3m
- Other Schemes £2.67m.

Total capital expenditure to the 31 December 2022 was £10.1m. Phase B Slippage of £0.45m has been reported to the Department in January 2023. Subject to that full spend against CRL allocations is expected to be achieved.

## 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. As part of the forecast deficit position, we have plans to achieve approximately £11.1m of savings mainly through technical adjustments alongside other efficiency savings. The Trust will also be expected to deliver against a 22-23 MORE (Regional Pharmacy Savings) savings target of £980k through drugs related savings.

In September, a further savings target of £15m was set regionally against off contract agency spend, and South Eastern Trust's share of this is £2.3m. Whilst corporate areas have identified firm plans for addressing their share of this target, the largest element, within operational areas, is proving more challenging. Some elements will be achieved by permanent recruitment, resulting in a saving of the premium paid to agencies.

In Nov 22, SPPG were required to identify a further £5m of savings across the system, with £4m of this due to come from Trusts. SET's share of this was identified as £0.6m and we aim to achieve these savings through technical adjustments and slip of development funding. We continue to monitor savings across all areas and are on target to achieve these by the end of the financial year.

### . 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 Dec has increased again this month and currently equates to 6.4% of core staffing costs. The Trust will endeavour to make savings in this area to meet savings target of £2.3m recently allocated out from SPPG. The graph on page 10 illustrates all our flexible staffing costs. A number of our wards are operating at levels above their funded establishment due to increased acuity of the patients and additional corridor beds.

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

**Transformation NDNA:-** Expected deficit for the year in relation to NDNA Transformation projects is £24k. Work is ongoing in operational directorates and with SPPG colleagues to reduce this cost pressure.

**No More Silos:-** £4.9m of funding has been agreed in this area, leaving a deficit of circa £110k. Work continues with SPPG address this deficit.

**COVID:-** The Trust is currently forecasting a breakeven position against Covid funding in 2022-23.

**Other financial performance targets**

**RAG status**

**4. Achieve Recurrent Breakeven Position**



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.

Planning is well underway for 2023/24, with the roll forward position currently being assessed.

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

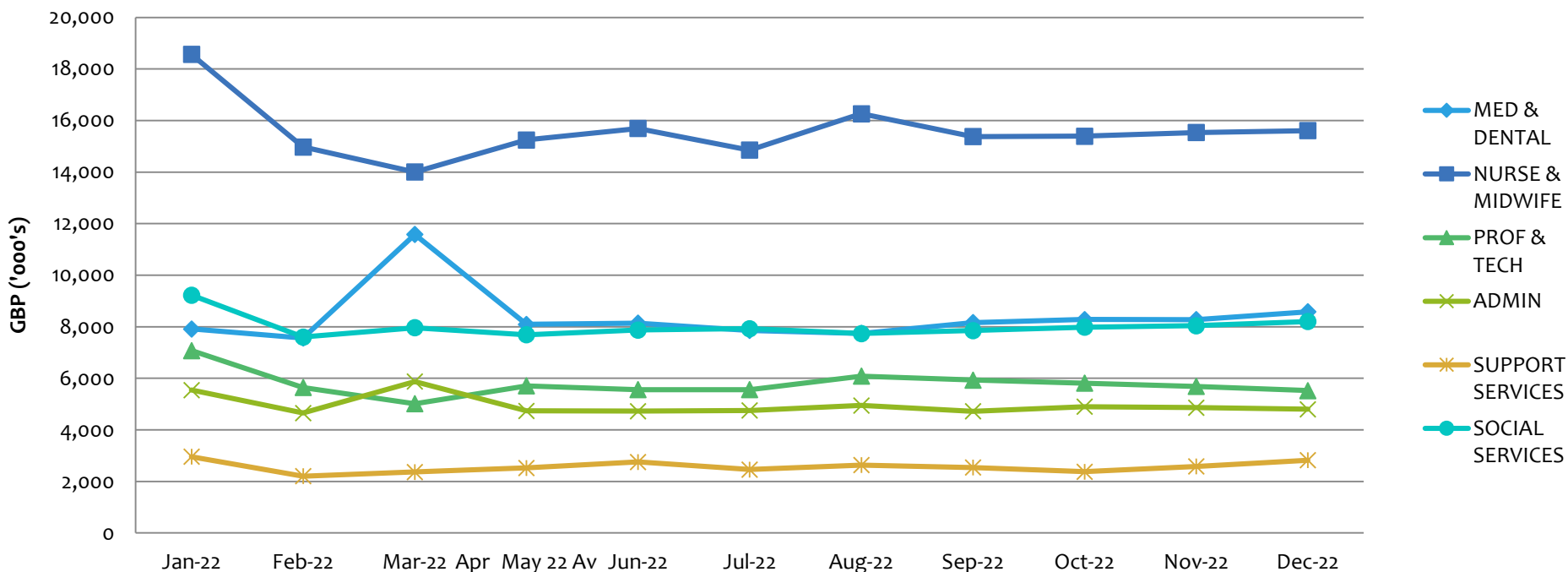


97.37% of invoices paid within 30 days in December 22. Top performing Trust

## 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:

### Core Salaries & Wages 21-22 to 22-23

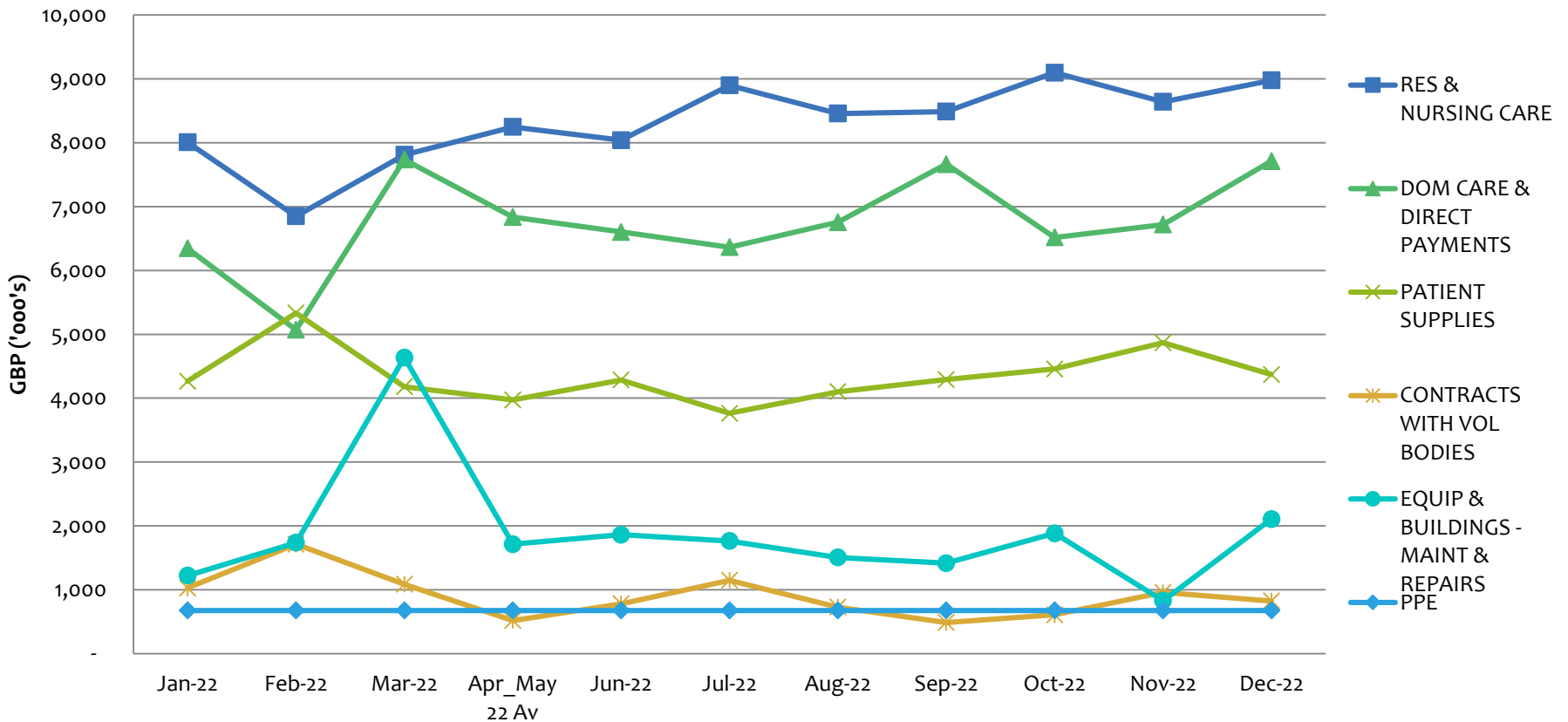


Payroll costs are affected by whether there are four or five pay days for weekly paid staff (Dec was a 5 week month, Nov was a 4 week month). January's figures include the 21/22 backdated pay award for all those paid under AFC, and February's figures include the 21/22 Medical & Dental backdated pay award.

## Core Goods and Services

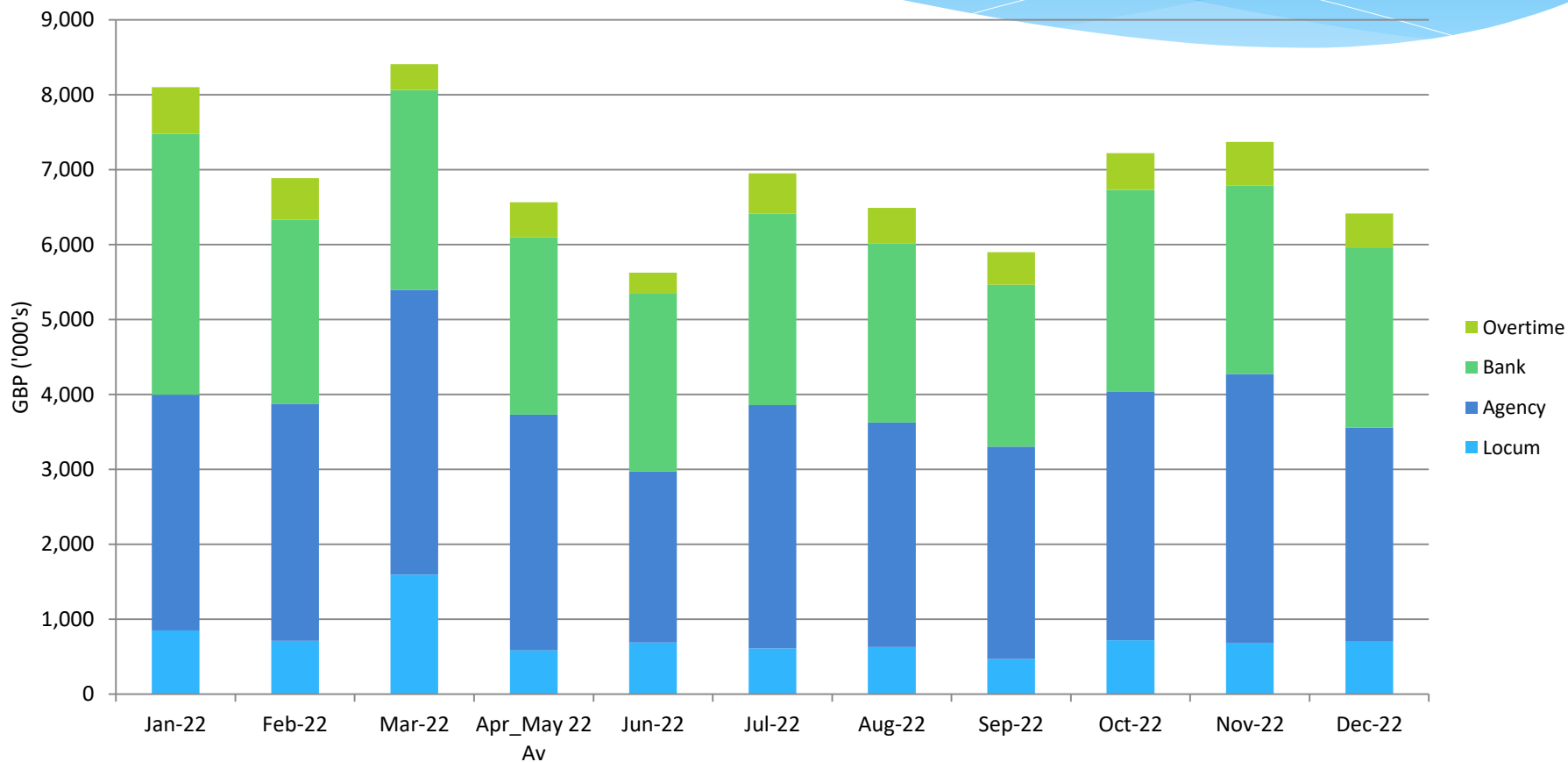
Almost 80% of the Trust's monthly goods and services can be represented in the six categories below – monthly trends in this expenditure have remained relatively stable. Domiciliary Care expenditure is impacted by 4 and 5 weekly months (Dec was a 5 week month, Nov was a 4 week month)

### Core Goods & Services 21-22 to 22-23





### S&W - Flexible Staffing Costs - Trust 21-22 to 22-23



*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 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.
- The expenditure implications of any further waves of COVID will be fully funded.