

Finance Report

Month 4 July 2023

Executive Summary

For the period ending July 2023, the Trust is reporting a YTD deficit of £7.3m and a full year forecast deficit of £22.7m.

This is a further movement from our forecast reported at the end of May 2023 of £41.3m, due to the following:

- A formal allocation letter received after the finalisation of month 2 figures, which contained additional unanticipated funding.
- Following the finalisation of our annual accounts we have reviewed estimates included in 22/23, that may provide some additional non-recurrent support to savings plans – this has given us an additional £5m of non-recurrent savings.
- A review of the level of inescapable pressures to identify any possible in-year slippage.

Figures are assuming that £22.7m out of a £28.2m target savings are achieved in 23/24. The full £28.2m has been retracted from the Trust's opening allocation.

Underlying Expenditure Trends

The forecast relies on both the achievement of savings, and the underlying expenditure trends remaining stable. We are starting to see some pressures on these trends, which have previously tended to remain relatively flat. The pressures are appearing across all budget areas, and across a wide range of expenditure codes, suggesting an overall general inflationary and demand led growth in costs. We will need to monitor this closely over the next few months to determine the potential impact of this 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 JULY 23			FORECAST	SPEND YEAR TO DATE JULY 23
	SALARIES & WAGES	GOODS & SERVICES	TOTAL VARIANCE	FORECAST POSITION 23-24	TOTAL SPEND PER DIRECTORATE
	£'000	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	3,343	126	3,469	2,186	53,027
CHILDRENS SERVICES	1,001	3,959	4,960	7,820	30,627
ENCOMPASS	353	(2)	351	0	701
PRIMARY CARE & OLDER PEOPLE	30	3,531	3,561	5,490	83,361
FINANCE & ESTATES	(19)	3,176	3,157	4,294	16,745
MEDICAL DIRECTOR & RISK	3	269	272	128	1,126
SURGERY, ELECTIVE, MATERNITY & PAEDS	(12)	2,840	2,828	2,200	57,259
PLANNING, IT & PERF MGT	(63)	(148)	(211)	(71)	5,702
TRANSFORMATION/OTHER RINGFENCED	245	(40)	205	(219)	2,640
COVID	566	1,015	1,581	740	1,581
DIRECTOR OF NURSING & USER EXPERIENCE	21	323	344	406	17,168
UNSCHEDULED CARE, MEDICINE & CANCER	8,443	478	8,921	8,970	58,170
NO MORE SILOS	1,559	1	1,560	0	1,560
PEOPLE & ORG DEVELOPMENT/CE	32	223	255	378	2,965
CHIEF EXEC & PR	4	(11)	(7)	(21)	140
TOTAL	15,506	15,740	31,246	32,301	332,772
COST PRESSURES/SAVINGS/INCOME ANTICIPATED				(14,970)	
(SURPLUS)/DEFICIT (INCL RINGFENCED)				17,331	
FURTHER TRUST SAVINGS –YET TO BE IDENTIFIED				5,384	
YEAR END CLOSING POSITION				22,715	



Statutory Financial Performance Targets

RAG
status

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



The Trust is currently forecasting a deficit of £22.7m, even after the delivery of £23m of savings. A number of new pressures, predominantly in children's and adults services, are included in this forecast, but, with the exception of these, the forecast now assumes that costs largely stay within 22/23 levels.

This is challenging given the trends we are starting to see across a number of operational areas.

We continue to work closely with DOH colleagues to clarify the specific elements of our deficit position, and work collectively towards management of the overall position.

Statutory Financial Performance Targets

RAG
status

Manage within allocated Capital Resource Limit (CRL)

Current CRL is £23.4m. This has increased by £10.6m since the previous update in May.

The Trust has received additional ICT CRL of £4.5m to fund the capital requirements for the Encompass project which will Go Live on the 9th November.

General Capital CRL has increased by £3.7m. This will fund additional estates projects across the Trust as well as new and replacement capital equipment and vehicles. A further £1.5m capital has been received for invest to save projects such as installation of LED lighting, following bids made by the Trust to the DfE.

	CRL 31st May 2023 £'000	Additional Allocation £'000	CRL 4th Aug 2023 £'000
Ulster Hospital Phase B	20	340	360
GP Improvement Scheme	360	-	360
ICT		606	606
ICT Encompass		4,474	4,474
General Capital	8,320	3,717	12,037
Invest to Save		1,450	1,450
Backlog Maintenance	4,101	-	4,101
Total	12,801	10,587	23,388

Total capital paid expenditure to the 31 July 2023 was £2.6m. The Trust is forecasting breakeven.



Other Financial Performance Targets

RAG status

1. Achieve in year savings targets

The Trust has identified a range of low/medium impact measures, totalling £22.7m. These are predominantly in the area of reducing payroll costs, through reduced reliance on off-contract agency and locums, and also reductions in premiums paid to staff.

The new framework for the provision of agency nursing and health care support workers is now in place, and the Trust is monitoring the effectiveness of this. Initial signs are encouraging, although there will be a time lag before this hits the position.

In addition the move to removal of all qualified social work agency is well progressed and, again the impact of this should begin to materialised in financial results in latter months.

It is important to note that our forecast deficit of £23m, assumes full achievement of the £22.7m of cash releasing savings.

A breakdown of progress against savings is provided on page 7.

2. Delivering value

The Trust's delivering value programme is aligned to the regional programme, and is focusing on both cash releasing (as highlighted above), and a range of longer term projects which aim to deliver productivity/efficiency and/or expenditure reductions.

A number of areas have been identified and scoping work is underway. These include transport, utilisation across nursing, imaging and theatres.

With the exception of imaging, these projects are at a stage where information gathering and baselining is underway. There are challenges around the capacity of operational teams to engage in this work, particularly given the preparatory work for the implementation of Encompass.

Within imaging, some changes to rota management and reporting responsibilities have been agreed to implement in September. This will result in increased productivity, as well as reductions in agency staffing.



Other financial performance targets

RAG status

3. Achieve Recurrent Breakeven Position



The Trust welcomes the receipt of recurrent funding of £29m , which will address a large amount of the roll forward financial pressures on the organisation.

However set against this are a significant level of new inescapable pressures facing the organisation, together with a £28.2m recurrent retraction in funding. Current low/medium level impact measures to address this are planned to release recurrently £22.7m, but no low/medium impact measures have yet been identified to address the shortfall of £5.4m.

Achievement of £22.7m of savings is becoming increasingly reliant on non-recurrent measures, with the resultant negative impact on the recurrent position.

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

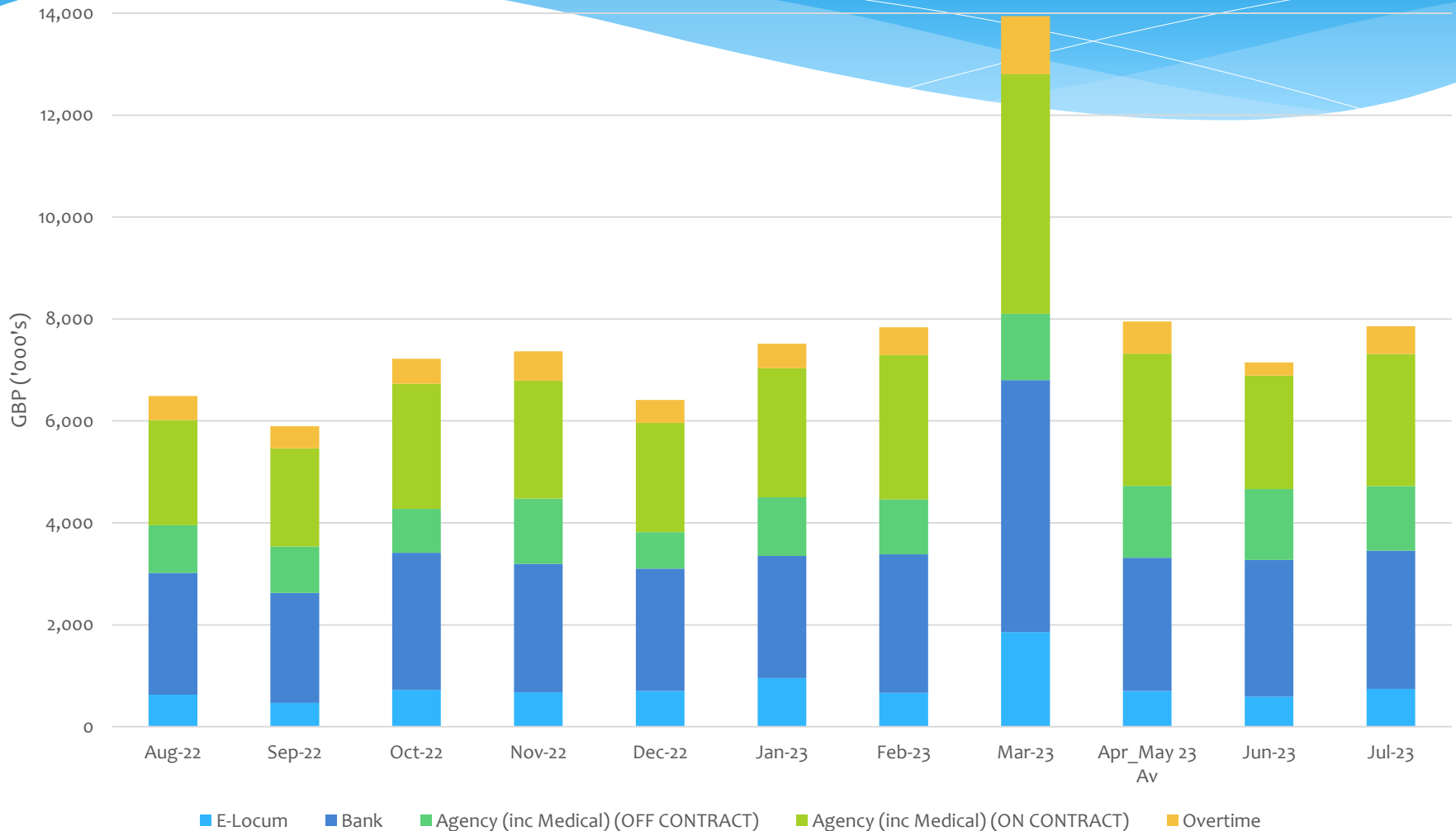


Paid 98.38% of our suppliers within 30 days.

Summary of progress on savings	TARGET £k	ACH'D £K	RAG STATUS
Slippage / technical adjustments	8,000	8,000	Green
Hold on discretionary spend	876	199	Green
Hold on minor capital works / F&Fs	800	-	Yellow
Procurement	1,330	44	Yellow
Reductions in drug wastage through increased use of PODs	500	-	Yellow
Reduction in training (use of charitable funds where possible)	230	20	Green
Income generation through energy buy-back	240	40	Green
Income generation through CSSD with private sector	500	104	Green
Review of transport - both non-urgent ambulance and community including taxis	491	23	Yellow
Standardised locum rate across all Trusts for all medical grades	3,086	-	Red

Detail of measure	TARGET £k	ACH'D £K	RAG STATUS
Stop use of off-contract agency	2,486	249	Green
Stop use of any critical shift / COVID rate	2,673	188	Red
Remove all social work agency (move to use of bank only)	812	194	Green
MORE pharmacy savings	500	0	Yellow
Other	213	0	Yellow
TOTAL	22,737	9,061	39.9%

S&W - Flexible Staffing Costs - Trust 22-23 to 23-24



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.) March figures include backdated 22/23 pay award and all year end adjustments relating to flexible staffing.

Underlying Assumptions

- Any announced pay award will be fully funded.
- Cash releasing savings of £22.7m are achieved.
- The operational impact of a planned Encompass go live does not lead to any significant financial issues.
- Use of PPE reverts to levels largely in line with pre-COVID usage.