

# Finance Report

Month 10 January 2024

## **Executive Summary**

For the period ending January 2024, the Trust is reporting a Year To Date deficit of £11.7m. Our January spend was adversely impacted by a number of retrospective payroll adjustments put into the system in Month 10.

These backdated elements of pay resulted in a one off additional hit to our payroll spend. We are working with BSO payroll to identify the exact impact of these adjustments as there were some elements of overpayments to staff. The high level estimate of impact was around £1.5m. This was not anticipated and not included in our Month 9 reported forecast deficit of £11.5m.

We have however been advised that Trust deficits will be non-recurrently funded in 2023/24 by an allocation from SPPG. Subject to receipt of this allocation we are therefore forecasting an in-year break-even position.

We continue to forecast savings of £22.7m out of a £28.2m target savings, though as the year progresses, we are placing increased reliance on non-recurrent measures - details of this are on Pages 8-9 of this report.

## **Underlying Expenditure Trends**

Setting aside the payroll issues highlighted above, we have seen the anticipated increases in medical locum and nursing agency spend over the key months of December and January coming through our pay expenditure. This is likely to continue for the remainder of the financial year given the heightened unscheduled pressures across our system. Expenditure on community care, flagged as a significant growth in previous reports, continues to see some growth but at a reduced level, suggesting some small element of flattening of this cost trend.

# 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 JANUARY 24			FORECAST	SPEND YEAR TO DATE JANUARY 24
	SALARIES & WAGES	GOODS & SERVICES	TOTAL VARIANCE	FORECAST POSITION 23-24	TOTAL SPEND PER DIRECTORATE
	£'000	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	5,799	165	5,964	4,300	137,956
CHILDRENS SERVICES	803	5,931	6,734	6,029	76,417
ENCOMPASS	0	0	0	0	3,571
PRIMARY CARE & OLDER PEOPLE	(4)	9,348	9,344	9,640	210,427
FINANCE & ESTATES	117	5,804	5,921	3,771	41,683
MEDICAL DIRECTOR & RISK	16	584	600	603	2,735
SURGERY, ELECTIVE, MATERNITY & PAEDS	4,201	9,490	13,691	4,937	149,234
PLANNING, IT & PERF MGT	(423)	180	(243)	41	15,040
TRANSFORMATION/OTHER RINGFENCED	0	0	0	0	6,921
COVID	(117)	(4)	(121)	0	3,635
DIRECTOR OF NURSING & USER EXPERIENCE	(815)	1,805	990	827	43,929
UNSCHEDULED CARE, MEDICINE & CANCER	18,919	1,694	20,613	15,553	147,622
NO MORE SILOS	146	(545)	(399)	0	4,240
PEOPLE & ORG DEVELOPMENT	125	505	630	721	7,445
CHIEF EXEC & PR	(6)	(13)	(19)	(22)	350
<b>TOTAL</b>	<b>28,761</b>	<b>34,944</b>	<b>63,705</b>	<b>46,400</b>	<b>851,205</b>
COST PRESSURES/SAVINGS/INCOME ANTICIPATED				(46,400)	
YEAR END CLOSING POSITION				0	



## Statutory Financial Performance Targets

## RAG status

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



The DoH has been allocated £550.6m in the financial package which accompanied the restoration of the Executive on 13 February 2024. This allocation is for general overspend pressures and pay. This is a non-recurrent allocation.

We have therefore been advised that the Department will be in a position to allocate funds to cover Trust deficits, which form a part of the overall £150m of advised Departmental forecast deficit.

## Statutory Financial Performance Targets

RAG  
status

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

Current CRL remains at £27.8m. Total capital paid expenditure to 31<sup>st</sup> January 2024 was £9.3m.

Please note there are on-going legal issues with procurement regarding “Car Parking – Hospital Parking Charges Act CRL £1.2m” which will impact on the achievement of CRL spend by 31 March 2024. This is a regional issue and DoH is aware.

Forecast for the remaining allocations £26.596m is 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 also reductions in premiums paid to staff. Whilst progress in some areas has been achieved, we are reliant on regional actions to achieve some elements of this plan. Due particularly to our location a regional approach to the rates we pay staff is vital to achieving any sustainable reductions.

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

A detailed breakdown of progress against savings is provided on page 8-9. The growth in reliance in non-recurrent measures is concerning as it moves us further away from a recurrent break-even position.

### 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.

The Trust's internal Agency Reduction Oversight Group meets fortnightly and reviews all the various strands of work on reducing both the requirements for agency and medical locums (the demand), and the rates which we pay (standardisation of frameworks).

There is little expectation of any significant further in-year cash savings from any of these projects. As part of the planning for 2024/25 we are seeking to refresh and refocus the various strands of delivering value work both locally and regionally.



## Other financial performance targets

## RAG status

### 3. Achieve Recurrent Breakeven Position

The likely financial outlook for 2024/25 is becoming clearer with the return of the NI Executive. The Minister for Health has announced a budget deficit for his Department for 2024/25 of around £1BN. This includes the roll forward deficits of Trusts, as well as new pressures from the recurrent elements of 2023/24 and 2024/25 pay awards.

Preliminary advice would suggest that a budget is not likely to be finalised until June 2024, and we would therefore anticipate some indicative funding allocations to be made to us prior to this, to allow a degree of financial planning.

The Trust was requested and has submitted some outline financial scenarios to the Department of Health for the 2024/25 year. The Trust has also done some initial work around our opening recurrent deficit position, and this is with the Department of Health for consideration.

Given the scale of the current estimated budget shortfall, it is clear that there will be significant pressure on Trust budgets in 2024/25.

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

Paid 94.2% of our suppliers within 30 days. Just under target for the 2<sup>nd</sup> consecutive month

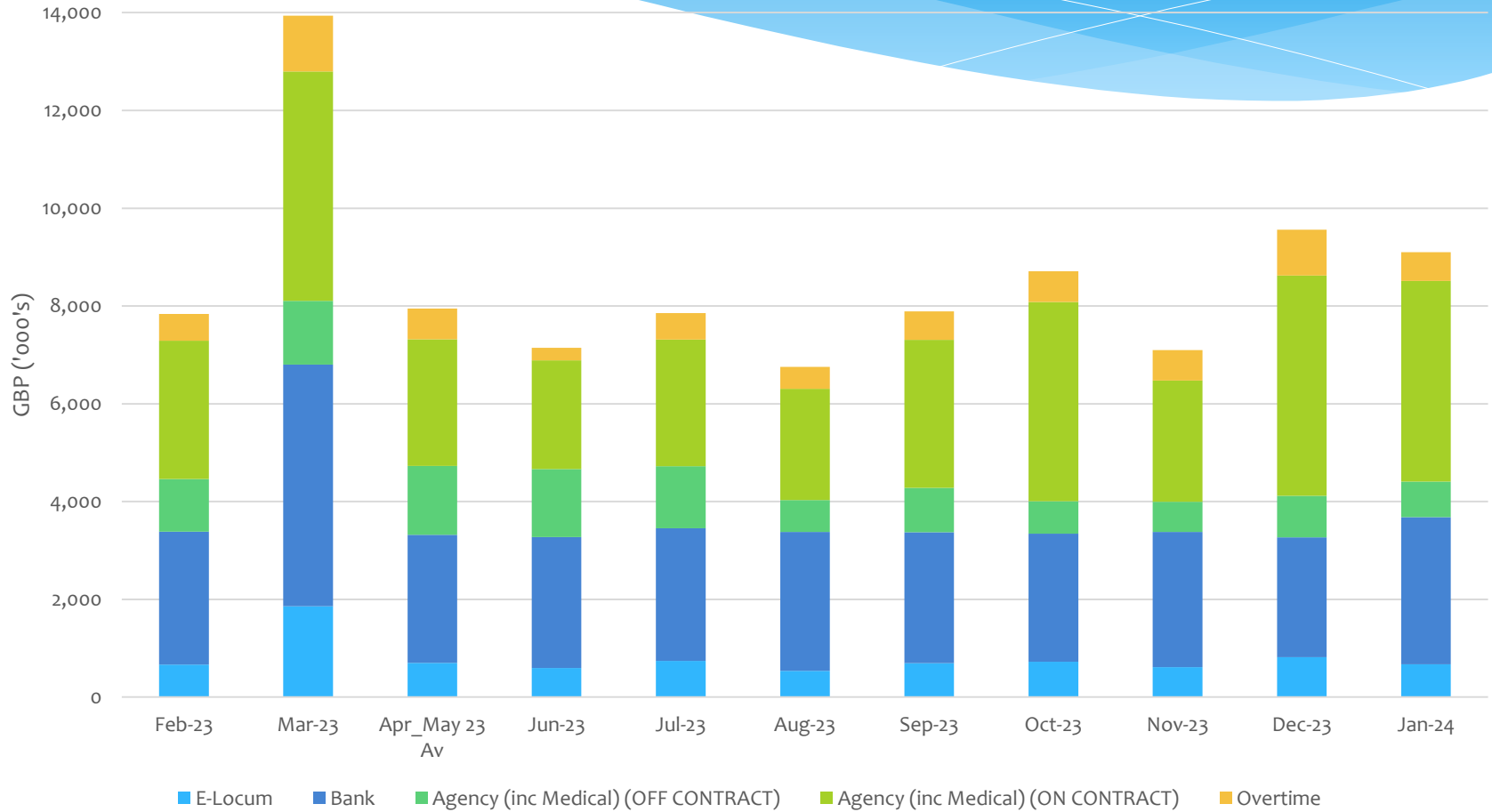
Summary of progress on savings	TARGET £k	ACH'D £K	RAG STATUS
Slippage / technical adjustments	8,000	8,000	Green
Hold on discretionary spend	824	398	Yellow
Hold on minor capital works / F&Fs	800	667	Green
Procurement	447	30	Yellow
Income – Energy/Scopes	740	647	Green
Reductions in drug wastage through increased use of PODs	456	-	Yellow
MORE Savings	456	100	Yellow
Reduction in training (use of charitable funds where possible)	230	-	Yellow
Taxis/Transport/Other	301	407	Green
Stop use of off-contract agency	1,692	1,103	Yellow
Stop use of any critical shift / COVID rate	2,135	1,380	Yellow
Remove all social work agency (move to use of bank only)	812	1,180	Green
Standardised locum rate across all Trusts for all medical grades	39	0	Yellow





Detail of measure	TARGET £k	ACH'D £K	RAG STATUS
Reduction in cost of non emergency ambulance provision	29	25	
Other non recurrent savings	5,776	5,776	
<b>TOTAL</b>	<b>22,737</b>	<b>19,713</b>	<b>87%</b>

## 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.
- Allocation to achieve break-even will be received as advised.