

Finance Report

Month 5 August 2024

Executive Summary

For the period ending August 2024, the Trust is reporting a year to date deficit of £1.5m and continues to hold a forecast deficit of £3.7m for the full year.

At the end of September, the Trust intends to undertake a comprehensive review of savings plans and progress against them, as well as reviewing both emerging new pressures and potential additional slippage.

Collectively this will allow us to establish a realistic picture of the possibility of delivering on both the £26.8m savings on which the current forecast deficit is predicated, as well as whether anything further can be done to address the residual £3.7m of deficit.

The results of this will form part of Month 6 finance report to Trust Board.

Underlying Expenditure Trends

A non consolidated one off payment of £1,505 was paid to each AFC staff member in month 5 and was fully funded by SPPG.

Pressures within both social care and acute care have stabilised somewhat this month, but are at a level that is greater than originally forecast.

In addition we are starting to see some new potential pressures arising in the area of high cost drugs. Full funding for this has historically been provided, but the current estimated levels are beyond the initial funding envelope. We are continuing to work with SPPG to quantify the full extent of this possible pressure.

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 AUGUST 24			FORECAST	SPEND YTD AUG 24
	SALARIES & WAGES	GOODS & SERVICES	TOTAL VARIANCE	FORECAST POSITION 24-25	TOTAL SPEND PER DIRECTORATE
	£'000	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	3,811	2,375	6,186	2,362	65,710
CHILDRENS SERVICES	665	3,873	4,538	8,716	39,935
ENCOMPASS	0	0	0	0	1,058
PRIMARY CARE & OLDER PEOPLE	(487)	13,370	12,884	14,665	127,863
FINANCE & ESTATES	882	5,118	6,000	4,254	23,437
MEDICAL DIRECTOR & RISK	121	589	710	984	1,940
SURGERY, ELECT, MATERNITY	2,029	5,339	7,368	5,845	78,100
PLANNING, IT & PERF MGT	(343)	(101)	(444)	(51)	7,562
TRANSFORMATION/OTH RFENCED	0	0	0	0	3,573
COVID	0	0	0	0	1,607
DIR OF NURSING & USER EXP	(273)	1,536	1,263	582	23,559
UNSCHEM CARE, MED & CANCER	8,030	1,888	9,918	16,140	76,559
NO MORE SILOS	183	84	267	0	3,199
PEOPLE & ORG DEVELOPMENT	242	105	347	764	3,854
CHIEF EXEC & PR	(6)	(1)	(7)	(10)	182
TOTAL	14,854	34,175	49,030	54,251	458,138
PRESSURES/SAVINGS/INC ANTICIPATED				(50,596)	
YEAR END CLOSING POSITION - DEFICIT				3,655	



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 £3.7m assuming full achievement of £26.8m low/medium savings. Progress against these savings is currently at around 29%, with some risks to full achievement still being managed.

SPPG has requested a further £3.7m of savings to bring the Trust to a breakeven position. To date the Trust has not identified plans to achieve this additional target.

A comprehensive review of the status of all savings plans will be carried out as part of Month 6 financial reporting process.

Statutory Financial Performance Targets

RAG status

Manage within allocated Capital Resource Limit (CRL)

Current CRL is £25m & forecast breakeven.

CRL has increased by £1.65m since the last report due to increases in the following:

- GP Improvement Scheme – Crossgar Surgery £0.85m
- Increase in Research & Development Allocation - £0.57m
- IFRS 16 - £0.23M

The Trust has reported the follow spend against CRL funding to 31st August 2024:

				CRL Allocation £'000	Spend: 31st August 2024 £'000
CRL Description					
GP Improvement Scheme - Bangor HC				418	-
GP Improvement Scheme - Crossgar				850	-
GP Improvement Scheme - Struell & Downe				55	-
Research & Development				647	-
ICT - General Allocation				1,211	35
General Capital				10,991	979
Invest to Save - Energy Efficiency				4,568	17
Backlog Maintenance				4,125	18
Car Parking - Hospital Parking Charges Act				1,105	-
Task & Finish				470	-
Imaging Diagnostics				330	-
IFRS 16				236	-
				25,005	1,049

Other Financial Performance Targets

RAG status

1. Achieve in year savings targets

The Trust has identified a number of low/medium savings targets totalling £26.8m (see Page 8).

These plans are across a range of areas predominantly in the area of reducing payroll costs, but also through reducing goods & services spend along with an element of income generation.

Savings achieved year to date is 29% of the planned £26.8m, although risks remain around some of the plans, specifically relating to contracts and some of the corporate targets.

Savings are progressing well in some areas including cessation of agency spend in social work, and reduction in transport costs in childrens services. Progress on savings is monitored through monthly finance focus groups, and summary reports provided to Executive Management Team.

2. Delivering value

The work of the regional delivering value programme board continues to attempt to pull together the various strands of productivity and cash releasing efficiencies that are happening regionally. These include:

- Work on standardisation of rates paid to locum and agency staffing
- Regional pharmacy savings
- Patient level costing benchmarking information
- Regional benchmarking of theatre efficiency / DNA rates
- Procurement savings work

The Trust continues to work actively within each of these groups, as well as exploring local opportunities for efficiency and cash releasing savings. The recent work of the Getting It Right First Time (GIRFT) review of corporate services across the system, has identified a few potential areas for savings including estates and procurement. Regional groups are exploring these further.



Other financial performance targets

RAG status

3. Achieve Recurrent Breakeven Position

As part of a regional piece of work, all Trusts have been requested to submit an initial draft of a 5 year recovery plan, with the aim of achieving break-even by year 3, and recurrent break-even by year 5.

This plan is due for submission by the end of September, and will be predicated on a number of assumptions – some regional and some local. This first phase of this plan is focusing very much on agreeing common assumptions around growth in demand, and arriving at a realistic picture of the system forecast deficit position. Later stages will then consider the potential impact of efficiency, service reform and savings, to address the deficit in the longer term.

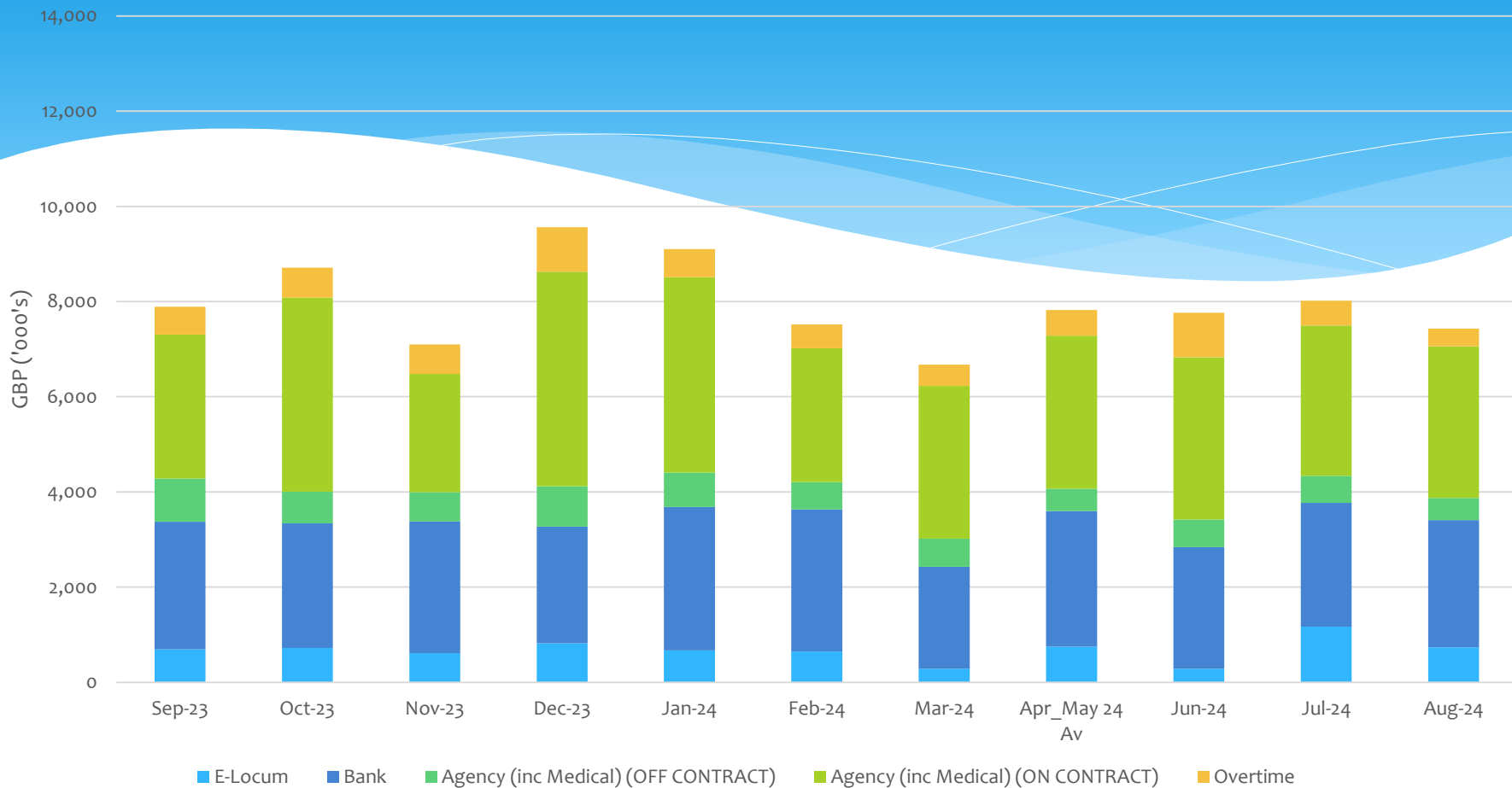
4. Prompt Payment Target - 95% of suppliers within 30 days

The Trust paid 97.7% of our suppliers within 30 days in month 5.

2024/25 Low/Medium Impact Savings Plans – Main Areas

	£m
Staff utilisation reviews including nursing and Allied Health Professionals	2.7
Medical Locums	1.1
Managing goods & services spend	1.8
Minor building works and maintenance	1.4
Enhanced scrutiny of social care contracts	1.8
Review of agency rates	4.3
Income generation and efficiencies	1.85
Slowing implementation of service developments/efficiencies/limited vacancy control	11.85
Target Savings	26.8
Achieved to Date Aug 24	7.8
% Completion Year to Date	29.2%

S&W - Flexible Staffing Costs - Trust 23-24 to 24-25



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.)

Underlying Assumptions

- Funding will be received as per indicative list from SPPG
- Any announced pay awards for 24/25 will be fully funded.
- Full savings of £26.8m Low/Medium will be achieved
- All vaccine programs will be fully funded
- All agreed levels of Waiting List Initiative work will be funded.
- All Encompass funding as agreed per discussions with BSO will be received
- All PHA agreed funding will forthcoming