

Finance Report

Month 7 October 2024



Executive Summary

The Trust is reporting a breakeven position year to date and is also forecasting breakeven for the year ending March 2025.

The improved position has been achieved through technical adjustments and revisions to accounting estimates. All of this is non-recurrent in nature and worsens the Trust's roll forward recurrent position.

Residual risks remain around the Trust's ability to maintain this position in light of ongoing demands exceeding funded levels.

The Trust will attempt to manage these to the best of its ability and a rigorous financial control and monitoring process continues to be in place.

Underlying Expenditure Trends

Salaries & Wages have remained steady in month 7 with small increases in bank and agency spend within unscheduled care.

Reporting on high cost drugs remains difficult due to issues within reporting of stock issues in Encompass. We continue to monitor spend in other ways and work closely with pharmacy and SPPG to resolve these ongoing issues.

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 OCTOBER 24			FORECAST	SPEND YEAR TO DATE OCTOBER 24
	SALARIES & WAGES	GOODS & SERVICES	TOTAL VARIANCE	FORECAST POSITION 24-25	TOTAL SPEND PER DIRECTORATE
	£'000	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	4,853	2,376	7,229	3,985	93,782
CHILDRENS SERVICES	877	4,596	5,473	8,076	55,905
ENCOMPASS	0	0	0	0	1,525
PRIMARY CARE & OLDER PEOPLE	(1,453)	16,497	15,044	16,452	180,108
FINANCE & ESTATES	989	7,350	8,339	4,323	33,734
MEDICAL DIRECTOR & RISK	91	1,205	1,296	567	3,097
SURGERY, ELECTIVE, MATERNITY & PAEDS	27	7,306	7,333	6,703	110,464
PLANNING, IT & PERF MGT	(555)	(21)	(576)	12	10,132
TRANSFORMATION/OTHER RINGFENCED	0	0	0	0	5,069
COVID	0	0	0	0	2,215
DIRECTOR OF NURSING & USER EXPERIENCE	(845)	1,678	833	907	32,809
UNSCHEDULED CARE, MEDICINE & CANCER	11,034	(398)	10,636	18,556	108,240
NO MORE SILOS	196	52	248	0	4,269
PEOPLE & ORG DEVELOPMENT	223	123	346	670	5,326
CHIEF EXEC & PR	(0)	(1)	(1)	4	267
TOTAL	15,437	40,763	56,200	60,255	646,942
COST PRESSURES/SAVINGS/INCOME ANTICIPATED				(60,255)	
YEAR END CLOSING POSITION - DEFICIT				0	



Statutory Financial Performance Targets

RAG status

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

The Trust is currently forecasting a breakeven position for 2024/25 assuming the full achievement of £27.3m of agreed savings plans, albeit with increasing reliance on non-recurrent measures.

To date approximately 42% of these savings have been achieved, but significant risk remains around full achievement.

Statutory Financial Performance Targets

RAG
status

Manage within allocated Capital Resource Limit (CRL)

Current CRL is £25m and forecast is break-even.

An additional allocation was received in month for £0.3m for elective equipment.

No additional capital was secured in the October monitoring round process.

The Trust has submitted a bid for January monitoring round for £1.8m for capital projects that can be accelerated and completed by 31st March 2025.

Other Financial Performance Targets

RAG status

1. Achieve in year savings targets

The Trust has identified a number of low/medium savings targets totalling £27.3m (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 are 42% of the planned £27.3m, although risks remain around some of the plans, specifically relating to contracts and some of the corporate targets.

A review of savings in month 7 identified a further £1.1m of savings as unachievable. Total unachievable is now £4.3m of the original plans. At this point we have been able to hold the Trust position by way of slippage on investment and other technical adjustments, but this leaves no capacity for the position to worsen or further savings to be unmet.

We have reviewed where we could regain some savings in the remaining 5 months of the financial year and Directors have agreed to circa £2.5m of cost reductions mainly within flexible staffing. This will be monitored closely in the remaining months of the year.

2. Delivering value

Regional work continues across a number of areas:

- 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 longer term recovery plans for the HSC will require these regional initiatives to deliver at pace and scale.



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 has been submitted and discussions/feedback are ongoing with SPPG.

The plan as it currently stands is reliant on regional enablers including standardised agency and locum rates. It is also dependent on the Trust's ability to stand down undesignated beds.

The current draft savings estimates for recovery plans would not be sufficient to address underlying deficits and forecast growth combined.

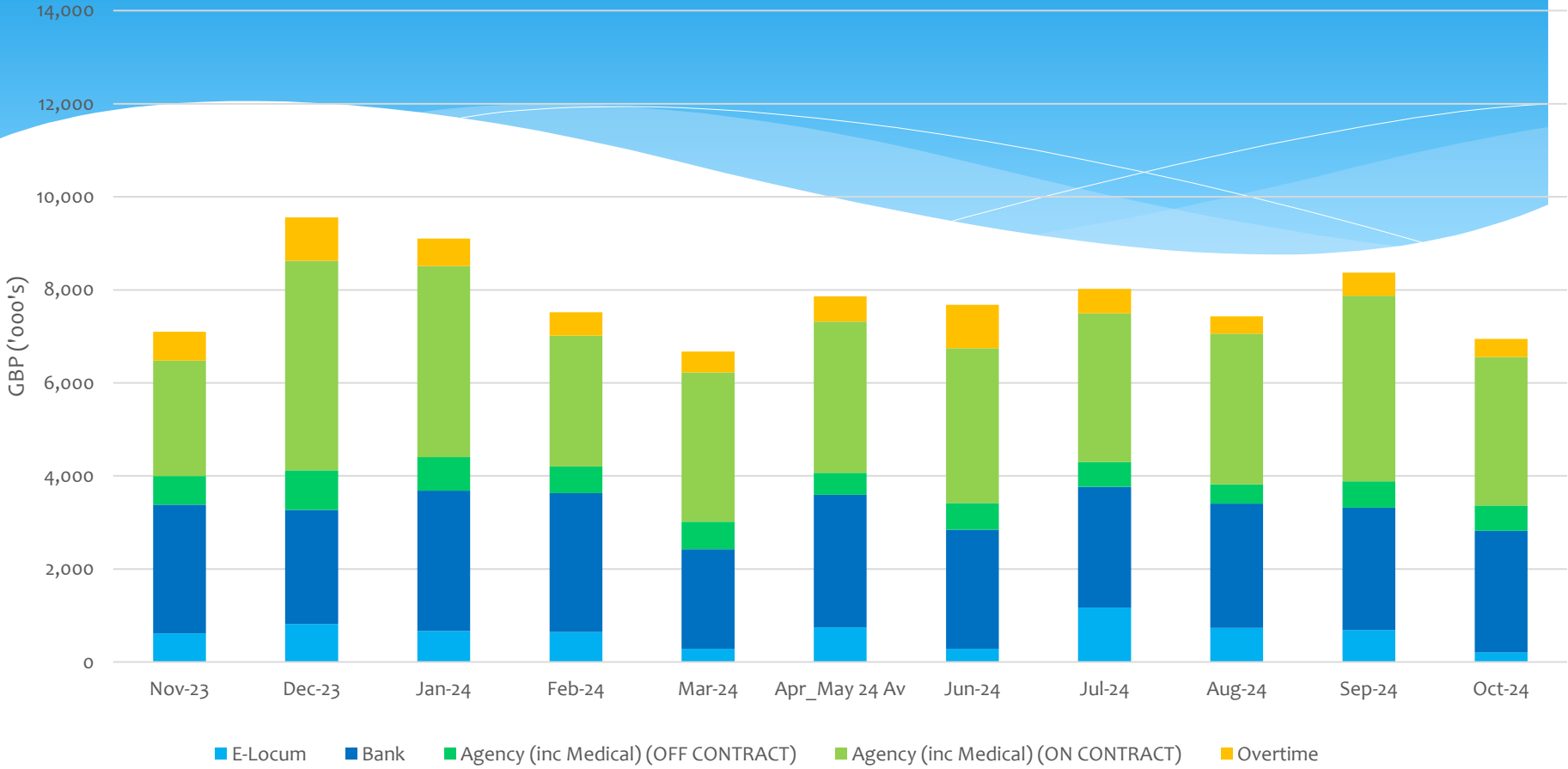
4. Prompt Payment Target - 95% of suppliers within 30 days

The Trust paid 98.6% of our suppliers within 30 days in month 7.

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	2.35
Slowing implementation of service developments/efficiencies/limited vacancy control	11.85
Target Savings	27.3
Achieved to Date Oct 24	11.4
% Completion Year to Date	42%

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.)

Critical friends review

Summary feedback

Earlier in this year two independent consultants were commissioned by SPPG to conduct a review around overall financial monitoring and budgetary control processes within each of the Trusts. The individuals (former CEOs, CFOs in NHS in England), held site visits and interviews with key operational directors and teams as well as members of Trust Board.

A summary report for the region is not yet available but the Trust has received its individual feedback to this exercise. The conclusion of this report is extracted below:

'The Trust has a robust and well established approach to financial governance with all key aspects of the Financial Sustainability toolkit covered with relatively minor areas for improvement and further development. There is a good articulation and understanding of the Trust's financial position with ownership of saving plans demonstrated at directorate level. This could be strengthened by a greater focus on transformation and with some minor developments around budget ownership and management.'

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 £27.3m 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