

FINANCIAL PERFORMANCE BRIEFING NOTE

Meeting Details:	Trust Board – Thurs 3 March 2022
Director:	Eimear McCauley, Director of Finance (Acting)
Topic:	Financial Performance Report Month 10 / 31 January 2022
Key Points:	<p>At month 10, the Trust is reporting a deficit of £10.8m.</p> <p>Included in this deficit is £0.8m which relates to unfunded Transformation projects.</p> <p>The projected deficit for the year is £12m following further funding from HSCB for pressures and other opportunities.</p> <p>The Trust is projecting a core deficit of £12m subject to end of year financial accounting adjustments, which is in line with the approved control total of £12m.</p>
Action/Issues:	The Trust paid 91.07% of its undisputed invoices with suppliers within 30 days, at 31 January 2022.
Conclusion:	Note current financial position.

Financial Performance Report

for the 10 months ended

31 January 2022

Statutory financial performance targets

Red Amber Green
(RAG)
STATUS

1. Manage within allocated Revenue Resource Limit (RRL) / Operate within Control Total

The Trust has a Control Total of £12m and is projecting to deliver against this control total at 31 March 2022 subject to end of year financial accounting adjustments.

2. Manage within allocated Capital Resource Limit (CRL)

The Trust has received a total capital allocation (Capital Resource Limit) of £34.9m from the Department of Health.

Capital expenditure to the end of December 2021 is £16.2m.

Other financial performance targets	RAG STATUS
<p>3. Achieve in year savings targets for 2021/22</p>	<p style="background-color: green; color: white; text-align: center;">On Target</p>
<p>The Trust has been issued with a Pharmacy savings target of £1m and is planning to deliver £0.5m savings in year. The Trust has other savings opportunities including Covid downturn estimated at £7.0m and recovery plan savings of £2.8m in-year to support the Trust Financial plan.</p> <p>The Trust is on target to achieve £4m of recurrent cash savings associated with its Recovery Plan.</p>	
<p>4. Minimise expenditure on agency and locum staff</p>	<p style="background-color: orange; color: white; text-align: center;">Off Target</p>
<p>The Trust has spent £41.6m to 31 January 2022 on agency and locum staff. The average expenditure on agency and locum staff for 2021/22 has increased by 12.7% on the average spend last year. The average expenditure for flexible staffing for 2021/22 has increased by 14.6% on the average spend last year.</p> <p>The graph (Table 9) shows all of our flexible staffing costs.</p>	

5. Manage ring fenced funding within allocations

The Trust has overspent against its ringfenced allocations for Transformation. The Trust has managed this overspend within its overall financial plan.

6. Achieve breakeven position

The Trusts expects to report a year end deficit of £12m in 2021/22 in line with its control total subject to end of year financial accounting adjustments.

7. Prompt payment target – 95% of suppliers within 30 days

The Trust paid 91.07% of its undisputed invoices with suppliers within 30 days at 31 January 2022. In January 2022, 83.3% of undisputed invoices with suppliers were paid within 30 days.

1. Financial Deficit

The Trust financial plan indicates a Trust opening deficit of £35.5m.

Table 1. Opening Deficit

	£'m
Recovery Plan deficit – February 2019	39.0
Add 2019/20 Income reduction	11.3
Opening Deficit 2019/20	50.3
Less savings / Income Achievement 2019/20	(21.0)
Opening Deficit 2020/21	29.3
Add income reduction 2020/21	10.7
Revised Opening Deficit 2020/21	40.0
Less Savings Achieved	(4.5)
Opening Deficit 2021/22	35.5

The opening deficit of £35.5m is primarily the residual element of the Recovery Plan at 1 April 2021 of £15.7m plus the 2019/20 and 2020/21 savings plans not yet achieved recurrently.

The 2019/20 and 2020/21 savings plans were delivered non recurrently in 2020/21.

This is outlined in Table 2.

Table 2. Opening Deficit Analysis

	£'m
Opening Recurring Deficit	19.0
Less Recovery Plan Savings 2020/21	(3.1)
Less Other Income	(0.4)
Add Income Reduction 2019/20 (net of savings)	10.2
Add Income Reduction 2020/21 (net of savings)	9.8
Opening Deficit 2021/22	35.5

It should be noted, that over the last four years our Savings Requirements/Income Reductions have been £12.2m higher than other comparable Trusts. This is to address a perceived over funding (by capitation).

If the above had not occurred, our opening deficit would have been much more comparable to other Trusts.

Over the last four years we have lost £50m in income through savings requirements – this is a key element of our deficit now. In addition to the increased savings, the population growth in Western Trust is less than other areas, particularly in the older population and this reduces our demographic allocations compared to other Trusts.

Table 3. Projected Deficit 2021/22

	Original 2021/22 Plan £'m	Revised 2021/22 Plan Dec 21 £'m	Revised 2021/22 Plan Jan 22 £'m
Opening Deficit 2020/21	40.0	40.0	40.0
Less Savings Achieved	(4.5)	(4.5)	(4.5)
Opening Deficit 2021/22	35.5	35.5	35.5
Income – Opening Deficit / Inescapable Pressures	0.0	(7.5)	(8.2)
Pressures 2021/22	14.0	4.5	3.8
Transformation	1.6	1.1	1.1
No More Silos	3.0	0.0	0.0
Savings / Other Opportunities (net of 2021/22 savings target)	(5.1)	(12.6)	(13.7)
MYR opportunities		(6.5)	(6.5)
Projected Deficit 2021/22 Excluding Covid	49.0	14.5	12.0
Covid	13.9	0.0	0.0
Projected Deficit 2021/22 Including Covid	62.9	14.5	12.0

The Trust has a Control Total of £12m for 2021/22.

The Trust submitted its financial plan for 2021/22 to the DoH/HSCB on 3 June 2021, which projected a deficit of £62.9m (core deficit of £49m / Covid deficit of £13.9m).

Since the last report the Trust has been advised of further funding of £0.7m against the opening deficit and £0.7m for pressures and the Trust has identified further opportunities of £1.1m. The Trusts projected year end deficit is therefore £12m and this is subject to end of year financial accounting, including stock and other balance sheet adjustments.

2. Financial Plan 2021/22

The Trust is reporting a projected deficit of £12m for 2021/22.

Table 4. Projected Deficit 2021/22

	2021/22 Plan £'m	Position at 31 Jan 2022 £'m
Opening Deficit 2021/22	35.5	30.3
Income – Opening Deficit / Inescapable Pressures	(8.2)	(6.8)
Pressures 2021/22	3.8	2.0
Transformation	1.1	0.8
No More Silos	0.0	0.0
Savings / Other Opportunities (net of 2021/22 savings target)	(20.2)	(15.5)
Projected Deficit 2021/22 Excluding Covid	12.0	10.8
Covid	0.0	0.0
Projected Deficit 2021/22 Including Covid	12.0	10.8

Covid

The Trust has been advised by the HSCB to assume that Covid will be fully funded in 2021/22. The Trust is projecting expenditure for Covid of £61m. The Trust has presented a detailed account of projected costs and expenditure to HSCB.

3. Financial Performance at 31 January 2022

At the end of January 2022, the Trust is reporting a deficit of £10.8m (1.5%)

Table 5. Summary Financial Performance by Directorate

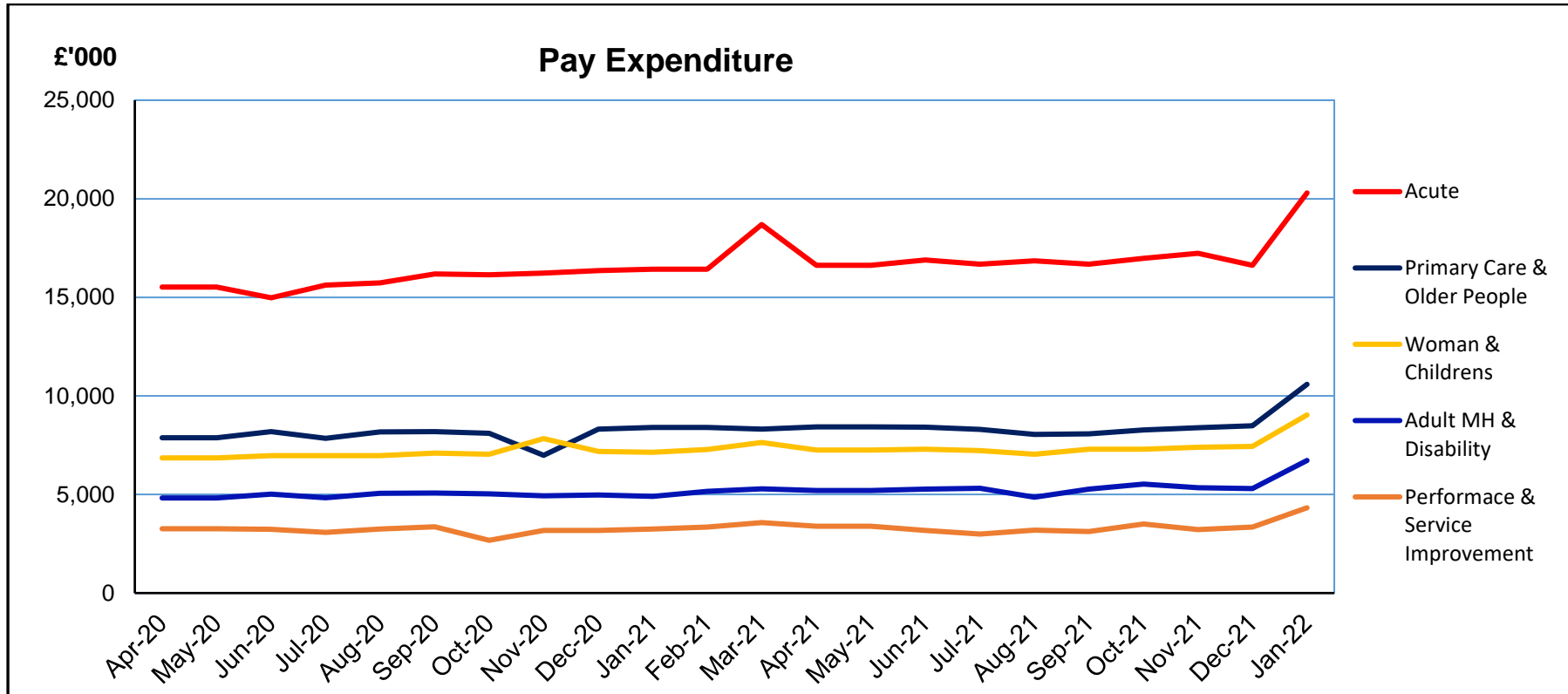
Directorate	Budget	Expenditure	January Variance		December Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	188,443	210,285	21,842	11.6%	19,703	11.9%
Adult Mental Health & Disability	94,439	97,911	3,472	3.7%	3,022	3.6%
Primary Care & Older People	159,465	165,960	6,495	4.1%	6,009	4.2%
Women & Children's	91,160	94,877	3,717	4.1%	3,445	4.3%
Medical	3,897	3,838	(59)	(1.5%)	(29)	(0.9%)
Performance & Service Improvement	40,552	39,050	(1,502)	(3.7%)	(1,249)	(3.5%)
Finance & Contracting	8,294	8,021	(273)	(3.3%)	(248)	(3.4%)
Human Resources	3,915	3,589	(326)	(8.3%)	(288)	(8.4%)
Chief Executive Office	2,199	2,138	(61)	(2.8%)	(70)	(3.5%)
Trust Wide Corporate Services eg. E-Rostering, Bank Nursing Office & Staff Side	583	615	32	5.5%	31	6.1%
Corporate Pay & Non-Pay eg. Energy, Rates, Pharmacy etc	66,488	66,793	305	0.5%	330	0.6%
Covid19	46,560	46,567	7	0.0%	0	0.0%
Corporate Solutions	23,241	0	(23,241)	(100.0%)	(20,399)	(100.0%)
Savings Target 2021/22	(359)	0	359	100.0%	343	100.0%
Reported Deficit	728,877	739,644	10,767	1.5%	10,600	1.6%

The Acute Directorate remains the highest overspending Directorate at £21.8m (11.6%). This is due to prior year undelivered savings of £7.9m and pressures of £13.7m within nursing and medical pay budgets. Usage of expensive flexible staffing to support service delivery is a consistent solution in the delivery of hospital services.

Pay Expenditure

The graph below shows the trends in pay expenditure (excluding Covid-19 since June 2020) across the Trust. The five directorates reported account for 96% of the Trusts total pay, with Acute Services and Primary Care and Older People accounting for 58% of the monthly payroll. In January 2022, the Agenda for Change pay uplift has been paid, backdated to 1 April 2021.

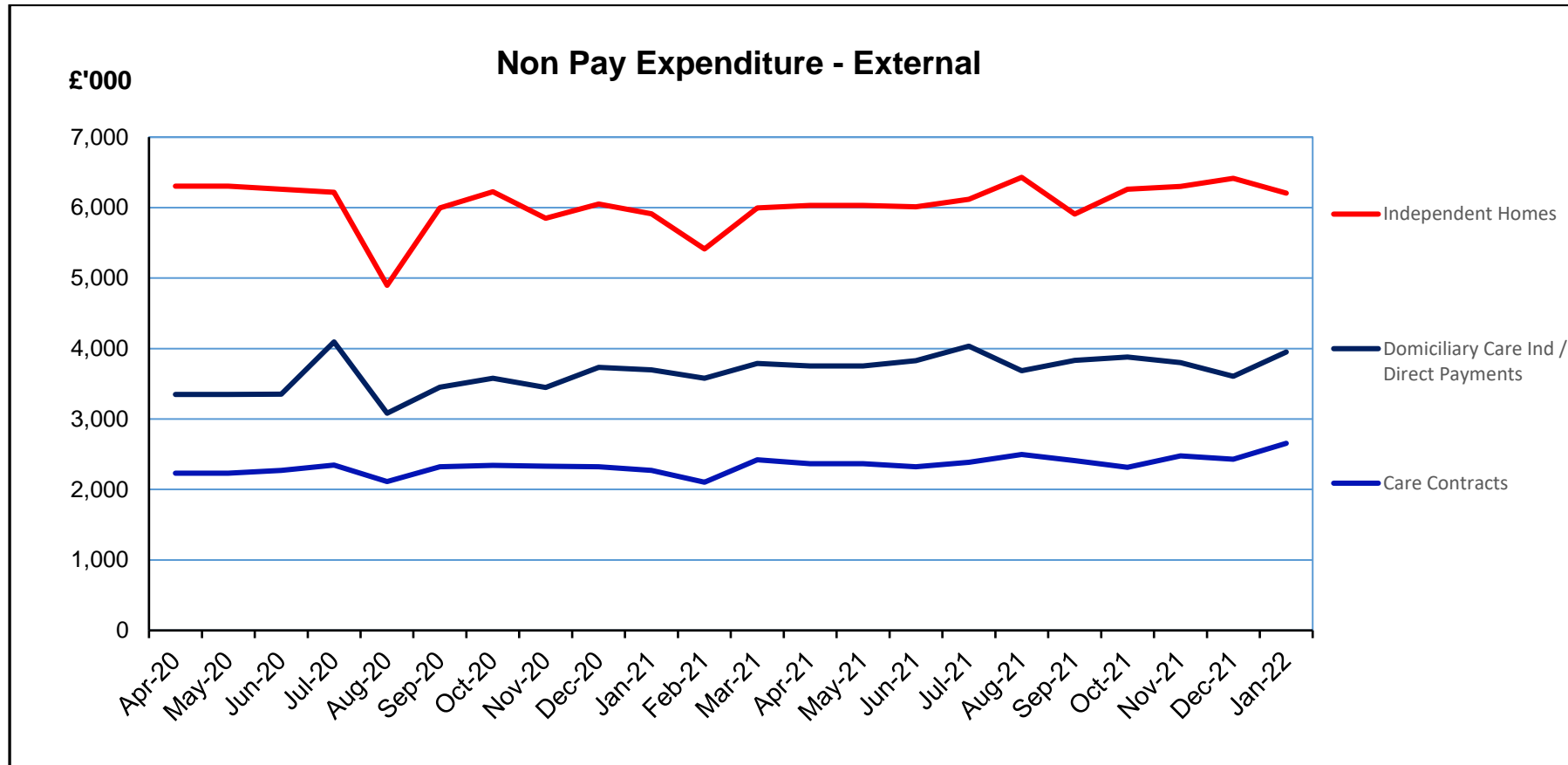
Table 6. Pay Expenditure



Non Pay Expenditure – External

The graph below shows the trends on external non pay expenditure (excluding Covid-19 since August 2020) across the Trust. Independent Homes, Domiciliary Care/ Direct Payments and Care Contracts account for 47% of the monthly non pay expenditure.

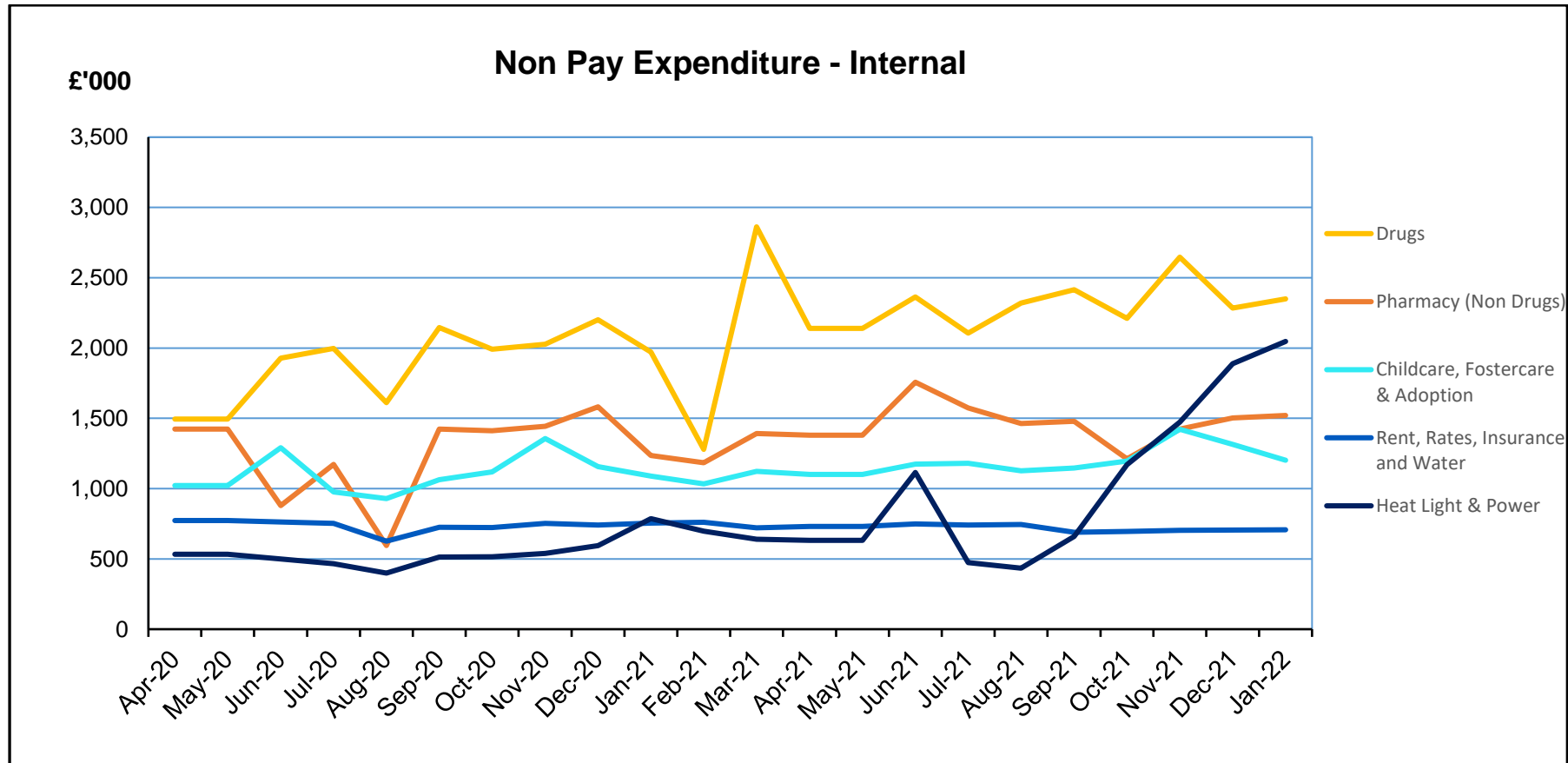
Table 7. Non Pay Expenditure – External



Non Pay Expenditure - Internal

The graph below shows the trends on internal non pay expenditure (excluding Covid-19 since August 2020) across the Trust. The five areas shown below account for 29% of the Trusts non pay expenditure.

Table 8. Non Pay Expenditure - Internal

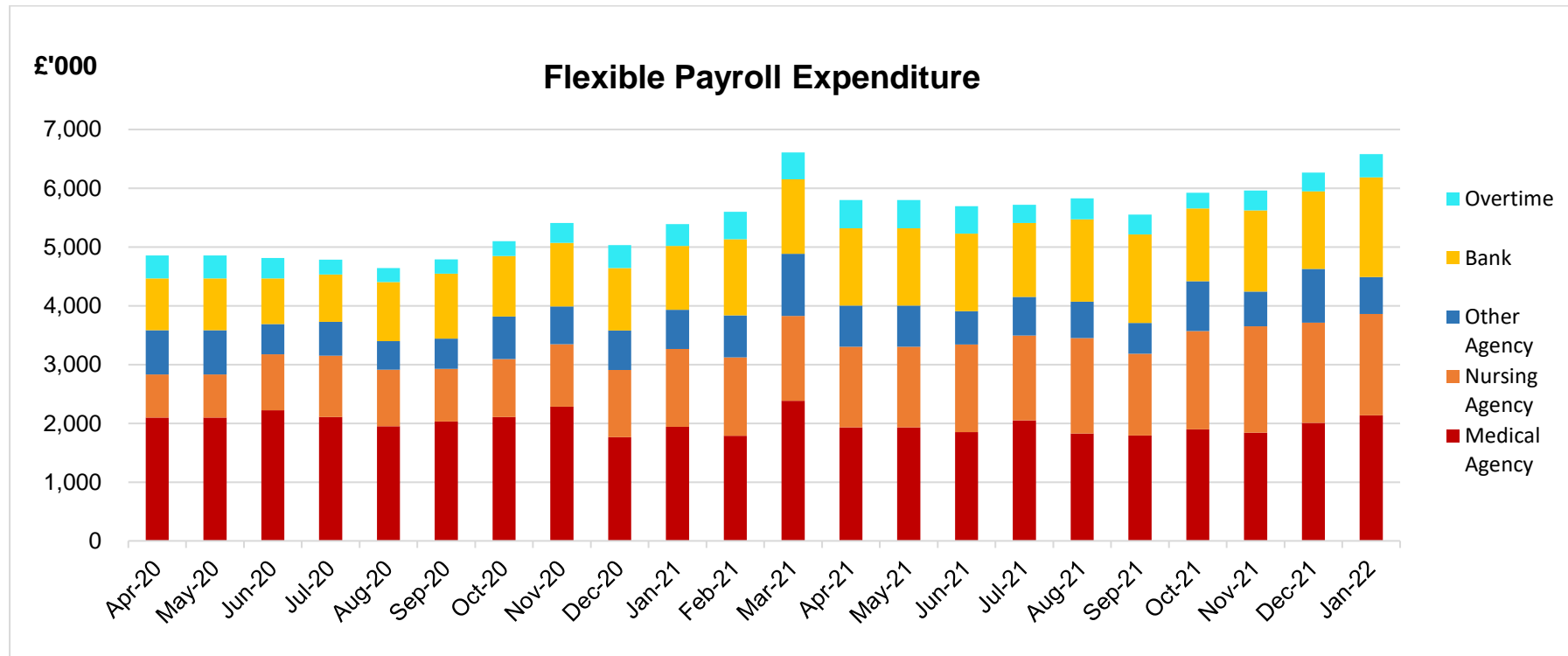


Energy remains the highest growth cost pressure area but increased costs have been fully funded in 2021/22. The Trust has an Energy Committee in place which provides oversight and performance management in this area.

Flexible Staffing Expenditure

The graph below shows the trends in flexible payroll expenditure on agency and bank staff and overtime across the Trust since April 2020. The total expenditure in 2021/22 to the end of January was £59.1m with expenditure on Acute Services being £25.3m (42.7%).

Table 9. Total Flexible Payroll Expenditure



Total Agency expenditure to date is £41.6m, which includes £19.2m (46%) on medical agency staff and £15.6m (37%) on nursing agency staffing and £6.1m (16%) on other staffing. Medical agency costs have decreased by £1.2m (6%) and nursing agency costs have increased by £5.1m (49%) compared to 2020/21. The Trust has undertaken a number of initiatives and

workstreams to stabilise the workforce and reduce the dependence on agency staffing. These workstreams will continue into 2022/23 as part of the work of Delivering Value Management Board (DVMB).

Expenditure on Bank staff over the same period is £13.7m. The average expenditure for 2021/22 has increased by 14.6% on the average spend during 2020/21.

4. Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £34.9m from the Department of Health. The table below shows the expenditure to 31st December 2021 and planned year end position to 31st March 2022. Expenditure is profiled towards the last few months of the financial year which is reflective of procurement timelines as well as the timing of allocations received from DOH.

Table 10. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 31 December 2021 £'000	Forecast Expenditure at 31 March 2022 £'000
Altnagelvin 5.1 - Tower Block Development	1,486	678	1,486
GP Improvement Scheme Trust Owned	4	4	4
Cityside HCC	654	269	654
Lisnaskea	225	0	225
ICT	7,446	5,378	7,446
General Capital	18,325	6,708	18,325
Covid ICT	183	100	183

No More Silos	150	150	150
Covid General Capital	1,013	610	1,013
Backlog Maintenance	3,375	1,410	3,375
Invest to Save	313	165	313
MH Task and Finish	407	265	407
Imaging Diagnostics	820	200	820
Discharge from Iveagh	490	266	490
Troubles Permanent Disablement Payment Scheme	10	0	10
Total	34,901	16,203	34,901

5. Run-Rates

Run rates of expenditure are being monitored for each Directorate in 2021/22. These are compared to projected expenditure as part of the Trust Financial Plan. The run-rates represent average spend adjusted for service developments and Covid costs. The Trust is currently operating above the run-rates assigned for the first nine months due to increased pay expenditure in the Acute, PCOP and AMHD Directorates and increased spend on energy and direct payments.

6. Savings Plan 2021/22

The Trust has been issued with a Pharmacy savings target of £1m and plans have been developed amounting to £0.5m. Covid downturn in activity have yielded savings estimated at £7m. In addition there are recovery plan savings of £2.8m in-year to support the Trust Financial plan.

7. Transformation Funding

Allocations confirmed to the Trust for Transformation are not sufficient to cover forecast expenditure. The Trust had asked HSCB to confirm their commissioner intent for projects with no or insufficient funding for 2022/23. HSCB confirmed on 3 February that there is no additional funding available on a recurrent basis to support these projects and that the planning assumption must therefore be that the amount confirmed on an assumed recurrent basis is the full extent of recurrent funding which will be available. A paper which clarifies the projects

impacted, workforce consequences and the financial assessment of forecast costs for 2022/23 has been provided to CMT for decision-making.

The Trust is reporting expenditure of £7.9m, an overspend of £0.8m as at 31 January 2022. The forecast overspend is projected to be £1.1m.

8. Elective Care funding

The Trust has been allocated £13.5m for the delivery of elective care across a range of specialties for in-house and independent sector activity. It was previously reported that slippage from the elective care plan was forecast as £2.4m. Further updates in February indicate further under-delivery against planned activity resulting in an increased slippage forecast of £3.3m, mainly in relation to Independent Sector activity. The Trust is actively engaging with the Independent Sector for additional activity which could have the potential to absorb £1.5m of this slippage.

Reported expenditure as at 31 January 2021 is £6.7m.

9. Prompt Payment Target

91.07% of undisputed invoices were paid within 30 working days of receipt against a target of 95%. In January 2022, 83.3% of undisputed invoices were paid within 30 working days. Covid related absence in the Nurse Bank Office as well as in Estates has contributed to this issue.

10. Key Messages

- The Trust is reporting a deficit of £10.8m at end of January 2022.
- The Trust is forecasting a year end deficit of £12m in 2021/22 in line with its control total, subject to end of year financial accounting adjustments.
- The Acute Directorate must ensure effective oversight arrangements are in place for the monitoring of activity in the Elective Care Plan for the remainder of this financial year to ensure further slippage against the plan is minimised.
- HSCB has confirmed there is no further funding for Transformation projects for 2022/23 over and above the amounts confirmed on an assumed recurrent basis. The Trust is actively considering options for these projects.
- Directorates are demonstrating they are focusing on grip and control in their pay and non pay run rates. As they work through their rebuild plans, they will have to focus on bringing spend back to funded baselines taking account of expected post covid factors that will be outside Trust control e.g. revised IPC policy.
- In relation to the Trust recovery plan, the Trust is expected to have fully delivered £4m cash savings as a contribution towards the Trust underlying deficit.

Eimear McCauley
Director of Finance, ICT & Contracting (Acting)