

Financial Performance Report




*For the 6 months ended
30 September 2023*

Executive Summary

Formal communication from SPPG to the Trust in the period include as follows:

Letter dated 18 October 2023 confirming deficit support funding

The Trust received a letter from the Director of Finance, SPPG dated 18 October which outlined that the Departmental mid-year financial review had yielded a number of financial gains particularly in relation to a reduction in projected energy costs and VPAS pharmaceutical receipts which whilst non recurrent in nature could assist with managing the Trust deficit. The Trust share of these opportunities is £9.8m. The Trust has been advised these opportunities are not likely to be repeatable next year.

Statutory Financial performance targets	RAG STATUS
1. Manage within allocated Revenue Resource Limit (RRL) / Operate within Control Total	
<p>The Trust continues to liaise with SPPG in relation to the Trust financial plan. The Trust has reduced the projected deficit from £22m to £12.2m following confirmation of deficit support funding from SPPG.</p>	
2. Manage within allocated Capital Resource Limit (CRL)	
<p>The Trust has received a total capital allocation (Capital Resource Limit) of £29.15m. Capital expenditure to the end of August 2023 is £6.9m.</p>	
3. Prompt payment target – 95% of suppliers within 30 days	
<p>The Trust has delivered 94.9% payment of its undisputed invoices with suppliers within 30 days for the period ended 30 September 2023 against its target of 95%.</p>	

Financial plan and performance 30 September 2023

The Trust is reporting a deficit of £6.9m at 30 September 2023 against a forecast deficit of £12.2m for 2023/24 as summarised in Table 1 below.

Table 1. Projected Deficit 2023/24 and performance

	2023/24 Projected Deficit at Oct 23 £'m	Position at 30 Sept 2023 £'m
Opening Deficit 2023/24	3.3	2.8
Pressures 2023/24 (net of funding & other opportunities)	8.1	3.9
Covid pressures	4.5	2.0
SPPG Deficit funding	(9.8)	(4.9)
Projected Deficit 2023/24 excl. Savings Target	6.1	3.8
Savings target 2023/24	25.2	11.6
Savings planned/ achieved 2023/24	(19.1)	(8.5)
Deficit	12.2	6.9

The Trust mid-year assessment of the financial position in September had reduced the projected deficit from £25.9m to £22m. This took account of all funding allocations from SPPG as well as a robust review of expenditure trajectories and other solutions which could contribute towards the financial position.

SPPG has now confirmed additional funding to support the Trust deficit which has reduced the forecast position to £12.2m.

The deficit position is dependent on delivery of the following planning assumptions:

- Planned savings of £19.1m will be delivered in full;
- Expenditure will remain in line with forecast trajectories with no further increases above funded levels provided by SPPG;
- Directors will continue to focus on actions previously agreed in relation to COVID expenditure.

For the period ended 30 September 2023 the Trust is reporting an overspend against its budgets of £6.9m. Some savings initiatives that have a lead time and are profiled for delivery later in the year will not have impacted on the year to date reported position yet.

The Trust has a plan in place totalling £9.3m for the delivery of elective care across a range of specialties for in house and independent sector activity. The Trust is reporting expenditure of £6.1m at 30 September 2023.

Table 2 below summarises the financial performance by Directorate. Directorates are reporting an over-spend of 2.9% for the period when adjusted for opportunities against Directorate pressures. This is a reduction from the prior month variance of 3.4%. Directors are required to have robust financial controls in place to ensure no additional financial commitments are made without corresponding funding

allocations and to formulate a recovery strategy for addressing any increases.

The bottom-line position for the Trust is an over-spend of 1.4% against budget.

The main drivers for the increase in Directorates over-spends are:

(1) Pay Pressures

Medical: The Trust is experiencing an increase in medical agency, particularly in unscheduled care/ medical specialties. The projected increase net of payroll vacancies is £2.2m in 2023/24. Table 4 below provides comparative data to 2022/23.

Nursing: Whilst there are reductions in nursing agency specifically relating to the implementation of the agency framework (Table 5 & 6), there are increases in other flexible staffing and payroll costs particularly in unscheduled care/ medical specialties, surgical services and mental health crisis and inpatient facilities.

(2) Non Pay Pressures

PFI inflation: The Trust is an outlier regarding inflation above funded levels on PFI contracts. The Trust would maintain this pressure should be funded recurrently and separately from other inflationary pressures.

Other non pay pressures: The Trust is also experiencing elevated rates of inflation for catering services and building & engineering supplies and increased expenditure in independent homes (Table 6) due to high demand for independent sector nursing and dementia bed provision. Increases in energy are fully funded by SPPG.

(3) COVID transition pressures

The mid-year assessment has revised the in-year unfunded pressure from £4.1m to £4.5m. This is due to outbreak volumes and IPC requirements in community facilities. The Trust is committed to the principle of withdrawal from existing arrangements during this transition period.

Monthly Directorate Finance Focus meetings have prioritised discussions in relation to these areas.

Month 6 performance is reporting growth in run rates against 2022/23 figures, which is attributable in part to the full-year effect of the growth trajectory experienced in 2022/23 as well as new growth year to date.

Table 2. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	September Variance		August Variance		Variance 2022/23 Restated
	£'000	£'000	£'000	%	£'000	%	%
Diagnostics, Cancer & Medical Specialities	92,565	106,432	13,867	15.0%	11,161	14.4%	10.2%
Surgery, Paediatrics & Women's Services	63,349	67,866	4,517	7.1%	3,877	7.4%	4.8%
Adult Mental Health & Disability	67,202	68,328	1,126	1.7%	750	1.3%	(0.3%)
Community & Older People's Services	90,531	92,580	2,049	2.3%	1,737	2.3%	1.7%
Nursing, Midwifery & AHPs	17,973	17,070	(903)	(5.0%)	(661)	(4.4%)	(4.4%)
Women & Children's	41,547	41,735	188	0.5%	183	0.5%	1.5%
Medical	2,177	2,140	(37)	(1.7%)	(45)	(2.4%)	(3.4%)
Performance & Service Improvement	31,677	30,141	(1,536)	(4.8%)	(1,240)	(4.7%)	(7.2%)
Finance & Contracting	2,774	2,657	(117)	(4.2%)	(91)	(3.9%)	(6.1%)
Human Resources	3,071	3,070	(1)	(0.0%)	(13)	(0.5%)	(5.3%)
Chief Executive Office	992	1,036	44	4.4%	30	3.6%	1.2%
Trust Wide Corporate Services e.g. E-Roster, Bank Office & Staff Side	427	415	(12)	(2.8%)	(9)	(2.5%)	1.3%
Corporate Pay & Non-Pay e.g. Energy, Rates, Pharmacy etc.	40,843	45,696	4,853	11.9%	4,182	12.3%	4.0%
Opportunities against Directorate Pressures	10,210	0	(10,210)	(100.0%)	(6,567)	(100.0%)	
Directorate sub-total	465,338	479,166	13,828	2.9%	13,296	3.4%	2.9%
COVID	2,241	2,542	301	13.4%	270	14.4%	0.0%
Savings Target 2023/24 (£25.2m)	(11,620)	0	11,620	(100.0%)	9,045	(100.0%)	(100.0%)
Savings Achieved 2023/24	8,585	0	(8,585)	100.0%	(6,516)	100.0%	100.0%
Other opportunities – Mid-Year Review	10,318	0	(10,318)	(100.0%)	(1,355)	(100.0%)	(0.0%)
Reported Deficit	474,862	481,708	6,846	1.4%	14,741	3.8%	0.0%

Flexible Staffing Expenditure

A significant factor for the Trust in recent years has been a reliance on flexible staffing with a significant proportion of expenditure with agencies including off-contract. Total expenditure in 2023/24 to date is £42.6m. Total spend in these areas by Directorate is summarised below.

Table 3. Total Flexible Payroll Expenditure

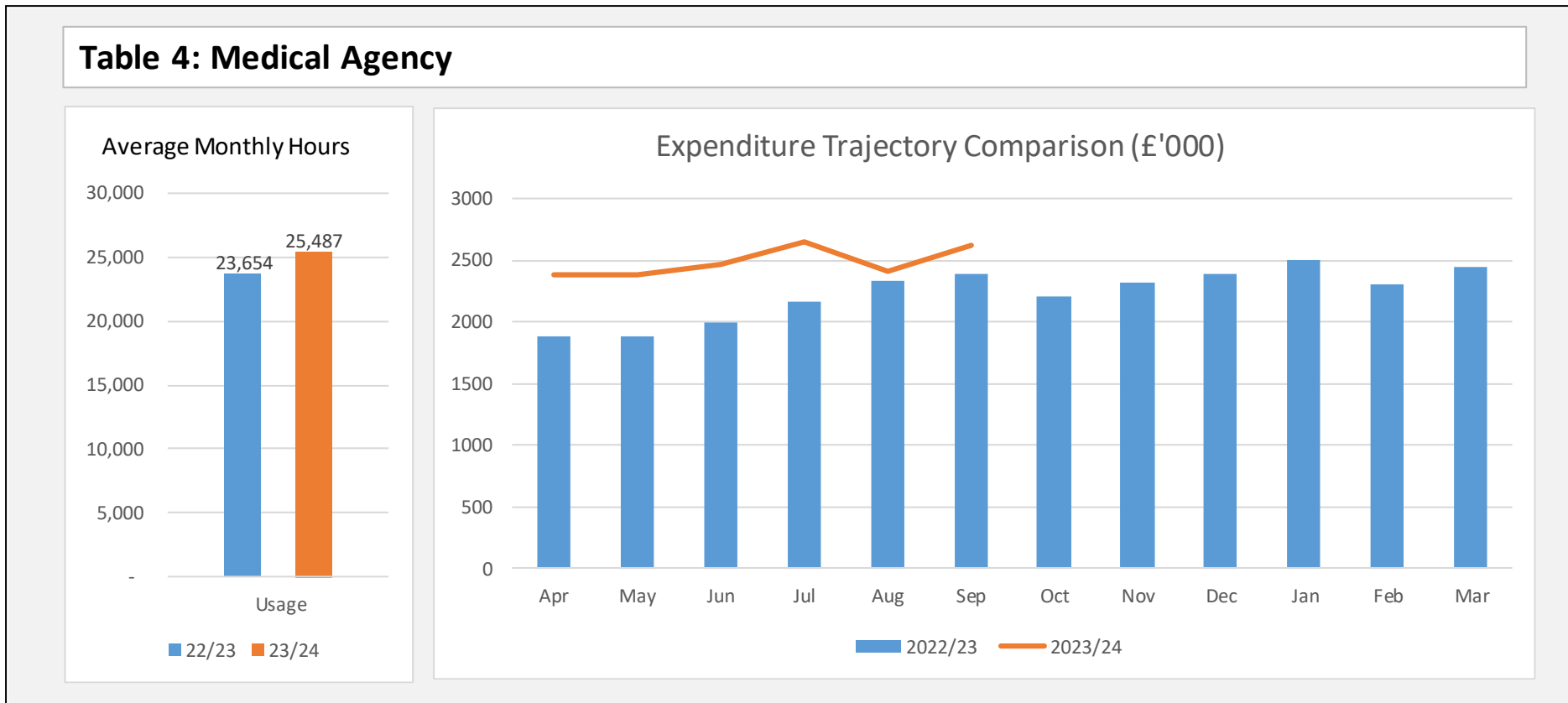
Directorate	Cum to September 2023					Cum to August 2023
	Overtime £'000	Agency £'000	Bank £'000	Total £'000	% Growth from the Prior Period	Total £'000
Diagnostics, Cancer & Medical Specialites	655	16,285	1,490	18,430	1.7%	15,144
Surgery, Paediatrics & Women's Services	265	6,949	818	8,032	(1.5%)	6,780
Adult Mental Health & Disability Services	173	2,993	2,696	5,862	(2.1%)	4,971
Women & Childrens Services	476	737	1,593	2,806	(1.1%)	2,360
Nursing, Midwifery & AHP's	46	139	109	294	(7.5%)	262
Community & Older Peoples Services	368	1,921	1,361	3,650	1.5%	3,004
Finance, Contracts & Capital Development	2	32	-	33	4.0%	27
Human Resources	3	13	98	114	(0.6%)	95
Medical	3	1	0	4	41.9%	2
Chief Executive Office	7	24	2	33	1.1%	28
Performance & Service Improvement	106	1,207	1,853	3,166	2.3%	2,588
COVID19 - commissioned	16	47	87	151	(16.3%)	145
	2,121	30,347	10,108	42,577	0.3%	35,405

Total agency expenditure is £30.3m, which includes £14.9m (49%) on medical agency staff, £11.1m (37%) on nursing agency staffing and £4.3m (14%) on other staffing. Expenditure on bank staff over the same period is £10.1m. The average expenditure on flexible staffing for 2023/24 has increased by 0.5% on the average spend during 2022/23.

The tables below provide further detail on medical agency and nursing expenditure.

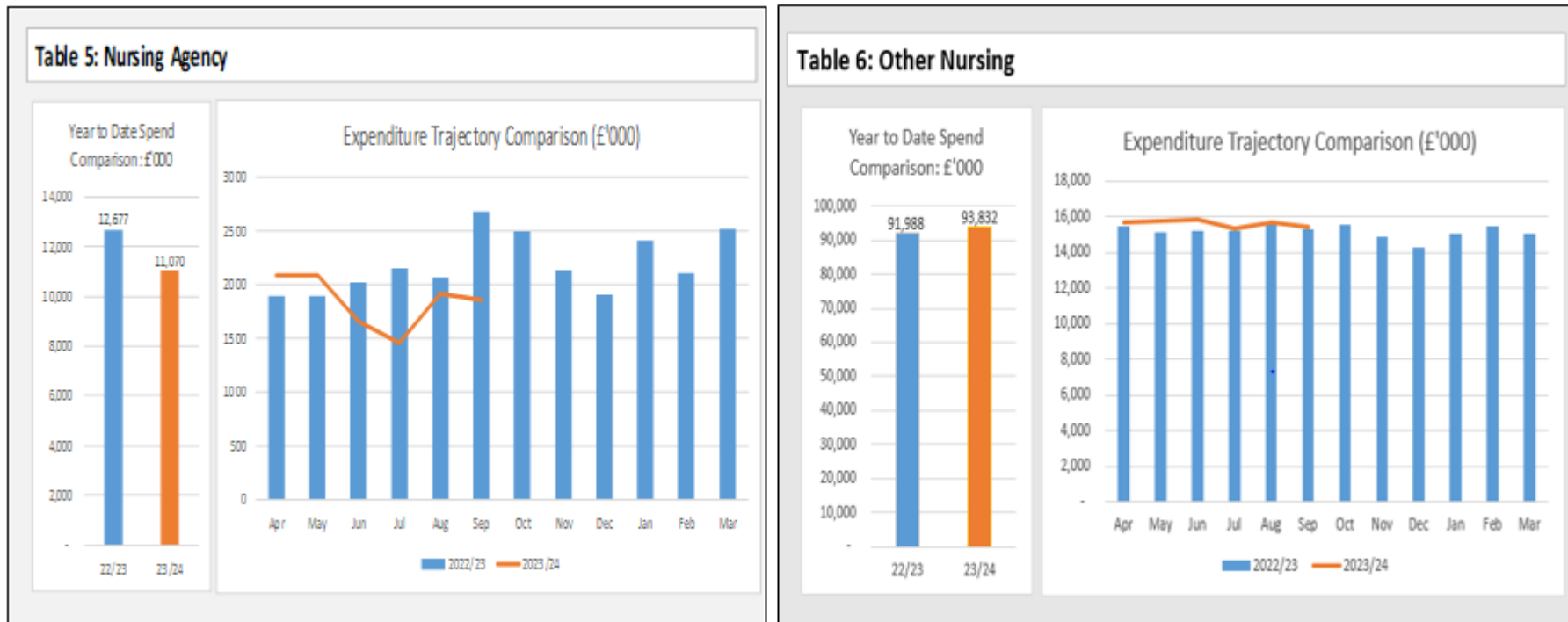
Medical Agency

The graph below illustrates the increase in medical agency both in terms of usage, where average monthly hours have increased by 7.75%, and expenditure which has increased by 17.7% when compared to the same period in 2022/23. There has been a notable increase in the cost of filling middle grade vacancies of 4% year to date and the Top15 across each of the three medical tiers are costing an additional 13%, a further indication of scarcity of supply for the specialisms required.



Nursing

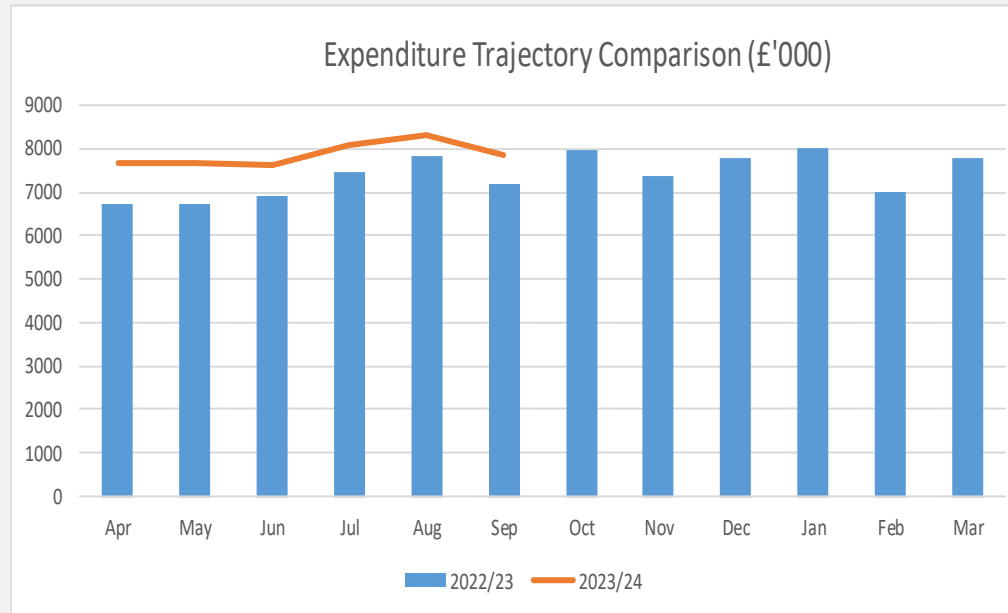
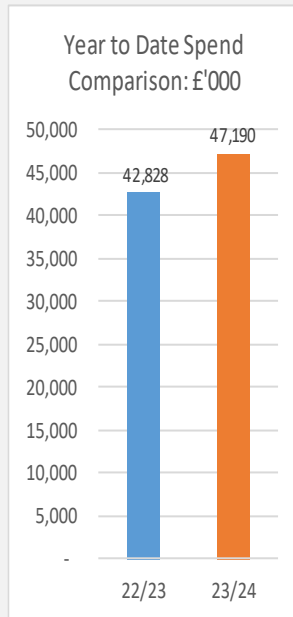
The graphs below illustrate that whilst there has been a decrease in nursing agency expenditure of 12.7% when compared to the same period in 2022/23 mainly as a direct result of the cessation of off-contract nurse agency, the Trust has seen an increase in other nursing expenditure. Other nursing expenditure to date has increased by 1.97% when compared to the same period in 2022/23 particularly within acute hospital services and mental health inpatient and crisis.



Independent Homes - External

One of the most significant areas of overspend in non pay is independent homes. The Trust has seen a considerable increase in independent homes expenditure in 2023/24 which is illustrated in the table below. Expenditure to date has increased by 10.2% compared to the same period in 2022/23 adjusted for inflation. The Trust has participated in a regional review of Independent Sector provision and price, recognising that the existing bed stock and tariff is not currently aligned with demand and price being paid.

Table 7: Independent Homes



Savings Targets 2023/24

The Trust has a confirmed savings target of £25.1m as a recurrent retraction from the Trust baseline budget. The Trust has developed a plan for £19.1m which includes proposals that have a low or medium risk service impact and in year financial accounting opportunities. The planning gap of £6.1m is included in the Trust forecast deficit position. The Trust is reporting savings of £8.6m (45% of planned savings) at September 23 with £4.8m delivered by Directorates and £3.8m from financial accounting opportunities. Achievement of savings will continue to be monitored closely and will be reported monthly to the Trust Delivering Value Management Board.

Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £29.15m per the letter dated 16th October from the Department of Health, the table below shows the expenditure to 31st August 2023 and planned year end position to 31st March 2024 as follows:-

Table 8. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 31 August 2023 £'000	Forecast Expenditure at 31 March 2024 £'000
Altnagelvin 5.1 - Tower Block Development	3,933	1,890	3,933
Research & Development	320	0	320
Cityside HCC	1,629	466	1,629
Lisnaskea	1,030	264	1,030
NDNA Altnagelvin Interim Training Facilities	350	0	350
ICT – General Capital	300	88	300
ICT – TEP Implementation	224	93	224
ICT – Digital Identity Service	23	16	23
ICT – BloodPat	15	5	15
ICT – Viewpoint	194	0	194
General Capital	12,601	3,486	12,601
Car Parking – Hospital Parking Charges Act	733	0	733
Backlog Maintenance	4,921	570	4,921
GP Improvement Scheme – Trust Owned – Omagh PCC	150	40	150
Invest to Save	1,963	0	1,963
MH Task and Finish	720	0	720
Elective Care Equipment & Minor Works	45	0	45
Total	29,151	6,918	29,151

Key Messages

- The Trust is reporting a financial deficit of £6.9m at 30 September 2023. Deficit funding confirmed by SPPG is reflected in the reported position.
- We reported a Directorate sub-total level actual deficit of 3.4% for the period ended 31 August 2023, the comparative for the current period is 2.9%.
- The Trust is projecting a financial deficit of £12.2m for the year. This is following completion of the mid-year review assessment and confirmation of deficit funding of £9.8m by SPPG. Directors have been briefed on the key planning assumptions which contribute towards the end of year forecast which has no provision for any increases above forecast trajectories including any winter planning requirements. Focus will continue on monitoring expenditure within planned levels and delivery against savings targets.
- 94.9% of undisputed invoices were paid within 30 working days of receipt against a target of 95%.

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