

Financial Performance Report

**for the 8 months ended
30 November 2022**

Updated Financial Context 2022/23

The Secretary of State in his statement of 24 November 2022 acknowledged that in the absence of an Executive budget for 2022/23, Departments have not had clear totals against which to manage their finances and that Ministers have left Northern Ireland finances with a deficit of £660m and that public finances need to be brought under control. He has therefore taken the decision to set the Northern Ireland Budget.

Specifically for Health, the budget provides £7.28bn in funding, an increase of £786m compared to 2021/22 excluding the one-off Covid-19 funding. For capital, the Budget provides sufficient funding to meet departmental capital commitments that can progress in the absence of an Executive. The statement also noted that in the absence of an Executive the Governments priorities will be to deliver a fair outcome for Northern Ireland but to put the finances on a sustainable long-term footing. This will include the consideration of wide-ranging options for revenue-raising and review of all spending so that the 2023/24 Budget is balanced from the outset of the year.

We understand that for 2022/23, DoH have received an allocation of £415m against its deficit of £450m and to achieve a balanced position Trusts have been levied an additional savings target of £6m which was outlined to the Trust by SPPG in a letter dated 25 November 2022, the Trust share of which is £0.622m. Whilst it is accepted this will be challenging, given the wider financial position the Trust must deliver its share. The savings are expected to reduce the Trust deficit.

SPPG has also confirmed further non recurrent indicative allocations of £3.6m to support the Trust opening deficit to include funding for growth in community service provision and 2% inflation on SWAH PFI. This additional income, together with the additional savings target noted above has resulted in a reduced forecast deficit from £10.3m to £6.0m.

Of the £3.6m in-year funding, £2.2m will be provided recurrently as a contribution towards the £5m recovery plan gap relating to local issues. This indicates significant progress in relation to negotiations with SPPG but discussions remain ongoing in relation to the balance.

Financial performance targets	RAG STATUS
1. Manage within allocated Capital Resource Limit (CRL)	Green
<p>The Trust has received a total capital allocation (Capital Resource Limit) of £36.89m from the Department of Health. Capital expenditure to the end of October 2022 is £11.9m.</p>	
2. Directorates Cost containment target 5.2%	Red
<p>Directorates overspend at 30th November 2022 is 5.8%. This is an increase of 0.6% on the 2021/22 overspend of 5.2%. Reasons for this increase mainly relate to usage of expensive nursing agency. See Table 5 for more detail.</p>	
3. Minimise expenditure on agency and locum staff	Red
<p>The Trust has spent £40.6m to 30th November 2022 on agency and locum staff. The average expenditure on agency and locum staff for 2022/23 has increased by 20.7% on the average spend last year. The average expenditure for flexible staffing has increased by 16.5% on the average spend last year. The graph (Table 9) reports the detail of flexible staffing costs.</p>	
4. Prompt payment target – 95% of suppliers within 30 days	Red
<p>The Trust paid 83.38% of its undisputed invoices with suppliers within 30 days at 30th November 2022. In November 2022, 80.27% of undisputed invoices with suppliers were paid within 30 days. In November 2022, 1.7% of invoices were disputed. 76% were subsequently paid within 30 days.</p>	

1. Financial Deficit

The Trust financial plan indicates a Trust opening deficit of £35.9m.

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
Add income reduction 2021/22	1.0
Less savings/ income achievement 2021/22	(6.5)
Plus increased financial pressures	5.9
Opening Deficit 2022/23	35.9

The opening deficit of £35.9m includes the residual element of the Recovery Plan at 1 April 2022 of £10m plus the 2019/20-2021/22 savings targets for which recurrent savings have not yet delivered. In addition there is an increase in pressures from the prior year of £5.9m which has reduced from £9.2m following confirmation of recurrent MORE savings and a review of pressures.

The residual deficit of £10m is outlined in Table 2.

Table 2. Residual Deficit Analysis

	£'m
Opening Recurring Deficit	19.0
Less Recovery Plan Savings 2020/21	(3.1)
Less Other Income	(0.4)
Less Recovery Plan Income 2021/22	(1.5)
Less Recovery Plan Savings 2021/22	(4.0)
Residual Recovery Plan	10.0

It should be noted, that over the last five years Trust savings requirements / income reductions have been £12.2m higher than other comparable Trusts. This was intended to address a perceived over funding (by capitation). If this had not occurred, the opening deficit would have been much more comparable to other Trusts.

Over the last five years the Trust has lost £50m in income through savings requirements, this is a key contributing factor to the Trust deficit. In addition to the increased savings, the population growth in the Trust has been less than other areas, particularly in the older population and this has reduced demographic allocations by comparison to other Trusts.

Table 3. Projected Deficit 2022/23

	2022/23 Deficit at Oct 22 £'m	2022/23 Deficit at Dec 22 £'m
Opening Deficit 2022/23	35.9	35.9
Non recurrent funding – opening deficit		(2.7)
Forecast New Pressures 2022/23	0.8	0.3
	36.7	33.5
Savings target 2022/23–MORE	1.0	1.0
SPPG Income – Deficit	(18.7)	(18.7)
Savings* / other opportunities	(7.1)	(7.1)
Savings target 2022/2 – agency	(2.4)	(2.4)
Savings target 2022/23-additional		(0.6)
Projected Deficit 2022/23 excl. COVID	9.5	5.7
COVID	0.8	0.3
Total Projected Deficit	10.3	6.0

*SPPG had outlined in its letter dated 13 May 2022 the expectation that the level of savings / opportunities delivered in 2021/22 would be repeated in 2022/23 at £7.1m. The Trust had not accepted this on the basis of a forecast reduction in COVID savings opportunities due to the requirement to rebuild services and had therefore included in earlier versions a forecast for £3.9m. The letter dated 6 October 2022 further

confirms an expectation that the Trust will deliver against this target of £7.1m in full. The Trust is expecting to deliver £3.9m of savings and the gap is being bridged from other opportunities.

The Trust mid-year assessment had forecast a deficit of £10.3m for 2022/23 which took account of all indicative funding allocations confirmed by SPPG as well as a robust review of expenditure trajectories and other solutions which could contribute towards financial balance. Subsequently, SPPG confirmed further indicative allocations to support the Trust opening deficit including funding for growth in community service provision and 2% inflation on SWAH PFI. SPPG has also asked the Trust to deliver further general savings of £0.6m as a contribution to system-wide breakeven. This has reduced the forecast deficit from £10.3m to £6.0m.

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

- The agency savings target of £2.4m will be delivered in full;
- The Trust will deliver recovery plan and general savings of £3.9m in full;
- Expenditure will remain in line with mid-year trajectories;

The Trust assessment of projected costs for COVID for 2022/23 has been revised to £31.4m. SPPG has indicated funding of £31.1m reducing the pressure to £0.3m.

2. Financial performance 30 November 2022

The Trust is reporting a deficit of £7.5m at November 2022.

Table 4. Monitoring of Projected Pressures 2022/23

	2022/23 Projected Pressures £'m	Position at 30 Nov 2022 £'m
Opening Deficit 2022/23 (net of funding)	33.2	22.4
Pressures 2022/23 (net of funding)	0.3	0.8
Savings target MORE 2022/23	1.0	0.7
SPPG Income – deficit	(18.7)	(12.5)
Savings/ other opportunities	(7.1)	(3.9)
Savings target – agency	(2.4)	(0.2)
Savings target – additional	(0.6)	(0.0)
Projected Deficit 2022/23 excl. COVID	5.7	7.3
COVID	0.3	0.2
Total Projected Deficit	6.0	7.5

The Trust is reporting an overspend of £7.5m at 30th November 2022. This includes the application of funding confirmed to date by SPPG against pressures and towards the deficit. In-year pressures and the savings gap are being addressed through

the application of in-year slippage, financial accounting adjustments and other income opportunities.

The Trust has achieved savings of £1.3m across its budgets which is significantly lower than the levels experienced in the prior year and against which SPPG has indicated a target of £7.1m.

The Trust has submitted a full year plan to SPPG for £16.8m for the delivery of elective care across a range of specialties for in house and independent sector activity. The Trust is reporting expenditure of £10.7m as at 30th November 2022.

Financial Performance Highlights

The Acute Directorate has diverged from their prior year overspend position by £4.3m (2.0%). This included an unplanned spike in pay expenditure in October. However, the Directorate has been actively working on measures to reduce pay expenditure which has resulted in a decrease in November. The Directorate must retain this focus on its financial controls to sustain the reduction against in-year expenditure growth.

The Primary Care and Older Peoples Directorate has also diverged from its prior year overspend position by £0.7m (0.2%). This includes an unplanned increase in pay expenditure of £0.2m in November which has a potential impact of £0.9m on in year expenditure. The Directorate must quickly assess its financial controls to ensure there are no further commitments to new expenditure which are not supported by funding allocations and develop a recovery plan to address the November increase.

Cost of living increases have impacted on Corporate non-pay budgets which have also deviated from the prior year overspend position and the inflation >2% allocation confirmed is being used to offset these in-year pressures. We will continue to monitor and alert SPPG on this as required.

Agency Savings Target £2.4m

Directorates have developed plans against the agency savings target of £1.9m (80%). Savings of £232k have been delivered to date with savings mainly profiled for delivery later in the year. It is imperative this target is achieved in full as there are no capacity or flexibility in the financial plan to support under delivery against this target. (Appendix 1).

3. Financial performance 30 November 2022

Directorates are reporting an overspend of 5.8% for the period against the prior month reported budget variance of 5.7%. The bottom-line position for the Trust is an overspend of 1.2% against budget.

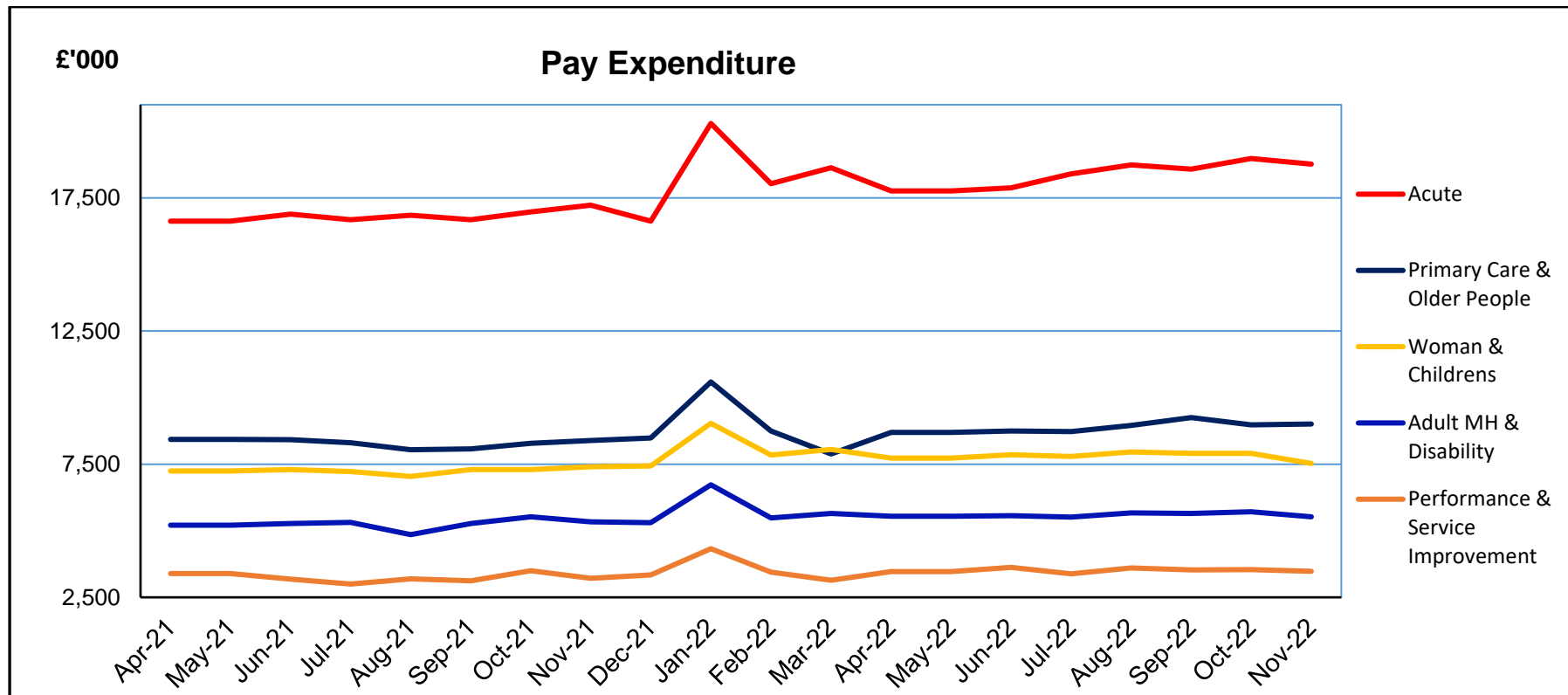
Table 5. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	November Variance		October Variance		Variance 2021/22
	£'000	£'000	£'000	%	£'000	%	%
Acute Services	162,883	184,597	21,714	13.3%	18,756	13.2%	11.3%
Adult Mental Health & Disability	81,570	83,445	1,875	2.3%	2,104	3.0%	3.8%
Primary Care & Older People	138,300	144,261	5,961	4.3%	4,786	4.0%	4.1%
Women & Children's	76,859	79,808	2,949	3.8%	2,787	4.1%	4.3%
Medical	3,090	2,915	(175)	(5.7%)	(176)	(6.5%)	(1.1%)
Performance & Service Improvement	34,568	32,914	(1,654)	(4.8%)	(1,372)	(4.5%)	(3.9%)
Finance & Contracting	7,166	6,795	(371)	(5.2%)	(295)	(4.7%)	(2.5%)
Human Resources	3,529	3,371	(158)	(4.5%)	(163)	(5.3%)	(6.7%)
Chief Executive Office	1,211	1,241	30	2.5%	25	2.3%	(3.8%)
Trust Wide Corporate Services e.g. E-Roster, Bank Office & Staff Side	549	553	4	0.7%	(8)	(1.7%)	3.3%
Corporate Pay & Non-Pay e.g. Energy, Rates, Pharmacy etc.	57,322	59,838	2,516	4.4%	1,863	3.7%	1.3%
Directorate sub-total	567,047	599,738	32,691	5.8%	28,307	5.7%	5.2%
Covid19	20,513	20,709	196	1.0%	175	1.0%	0.0%
Corporate Solutions / income	25,887	0	(25,887)	(100.0%)	(21,149)	(100.0%)	(100.0%)
Savings Target 2022/23	(490)	0	490	(100.0%)	418	(100.0%)	100.0%
Reported Deficit	612,957	620,447	7,490	1.2%	7,751	1.5%	1.4%

Pay Expenditure

The graph below illustrates trends in pay expenditure (excluding Covid-19) across the Trust by Directorate. The five directorates reported account for 96% of the Trust's total pay, with Acute Services and Primary Care and Older People accounting for 61% of the monthly payroll.

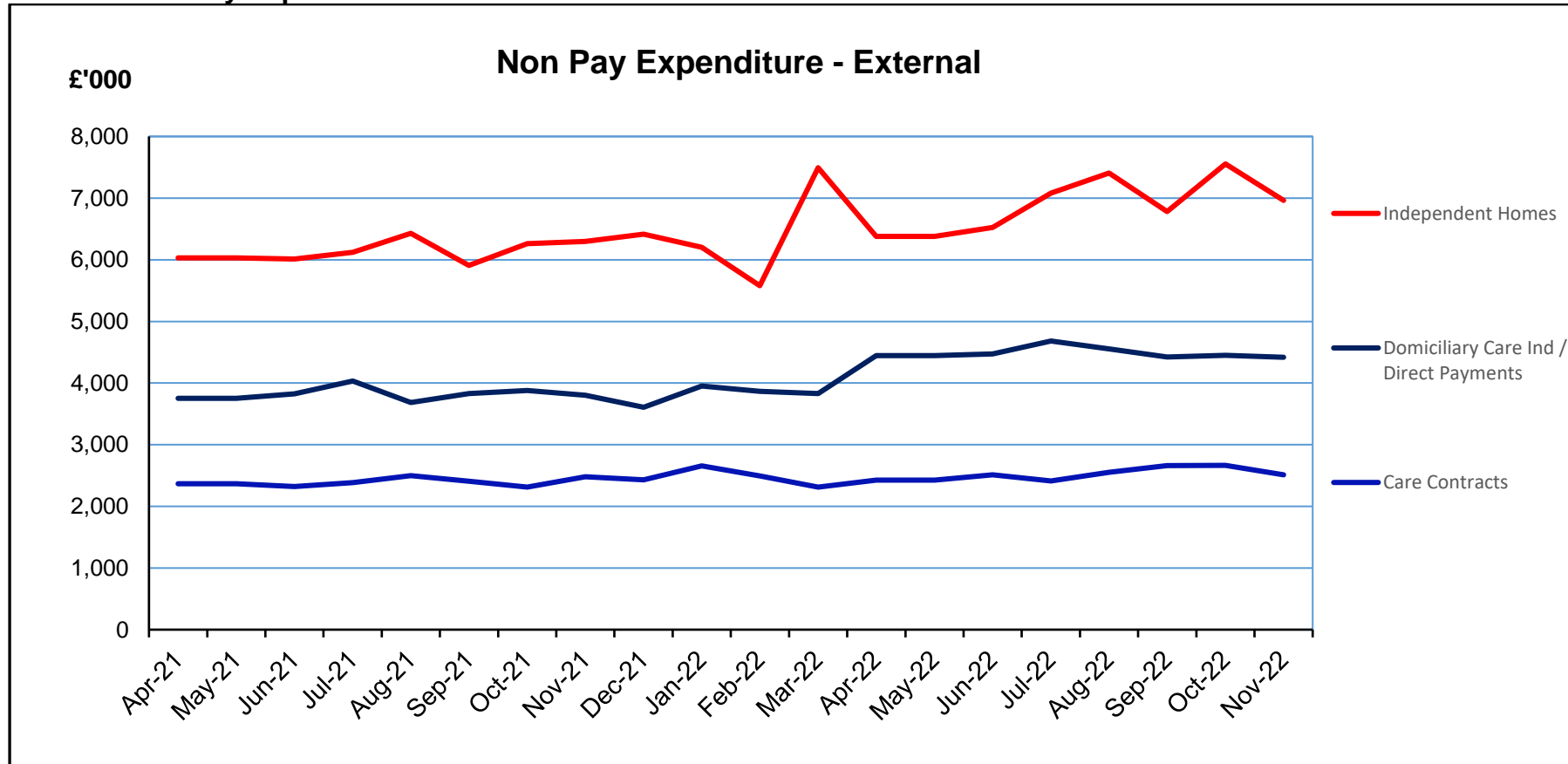
Table 6. Pay Expenditure



Non Pay Expenditure – External

The graph below illustrates trends in expenditure on external non pay expenditure (excluding Covid-19) across the Trust. Independent Homes, Domiciliary Care, Direct Payments and Care Contracts account for 46% of the monthly non-pay expenditure.

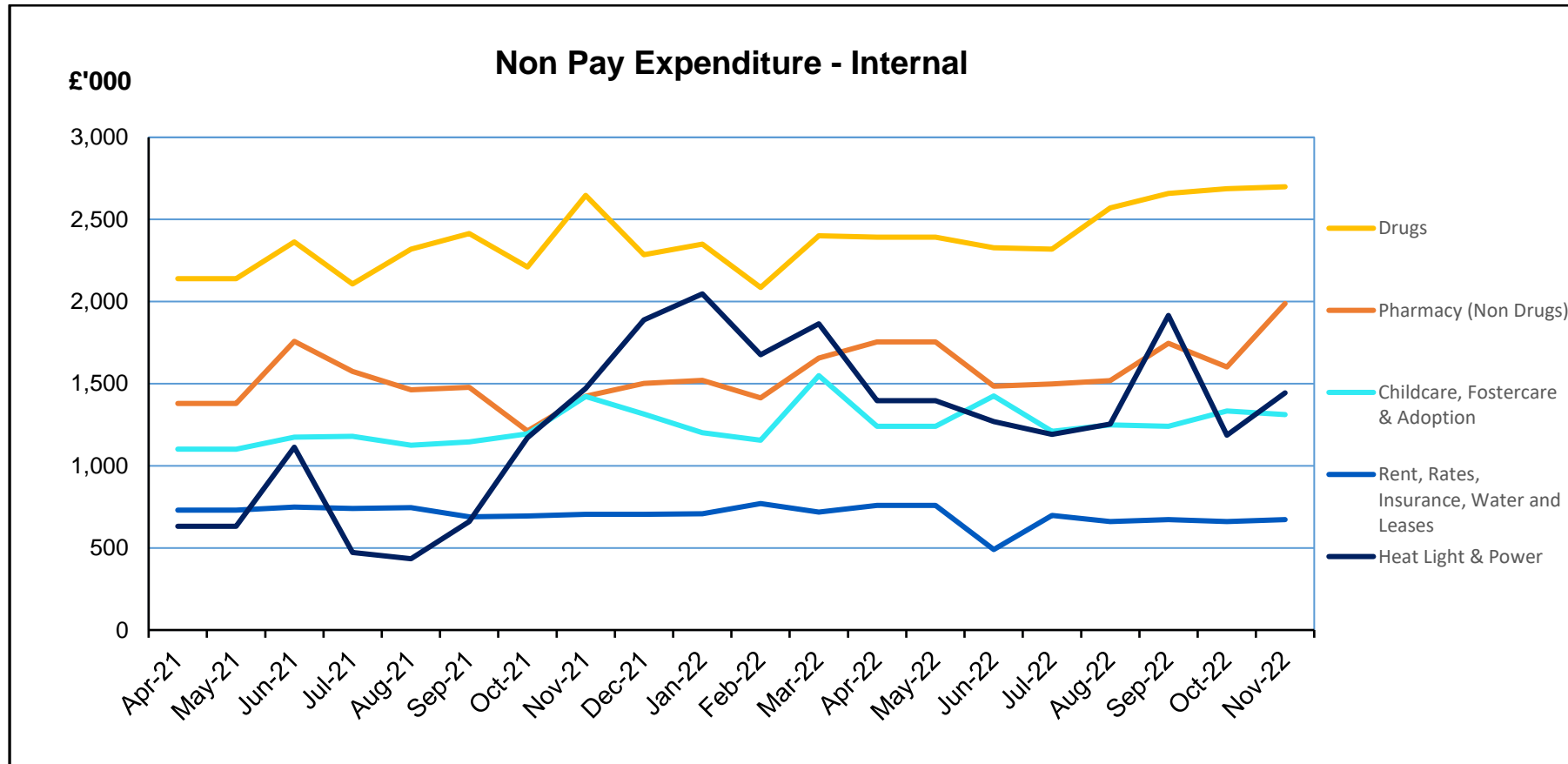
Table 7. Non Pay Expenditure – External



Non Pay Expenditure - Internal

The graph below illustrates trends in expenditure on internal non-pay expenditure (excluding Covid-19) across the Trust. The five areas reported account for 27% of the Trust's non pay expenditure.

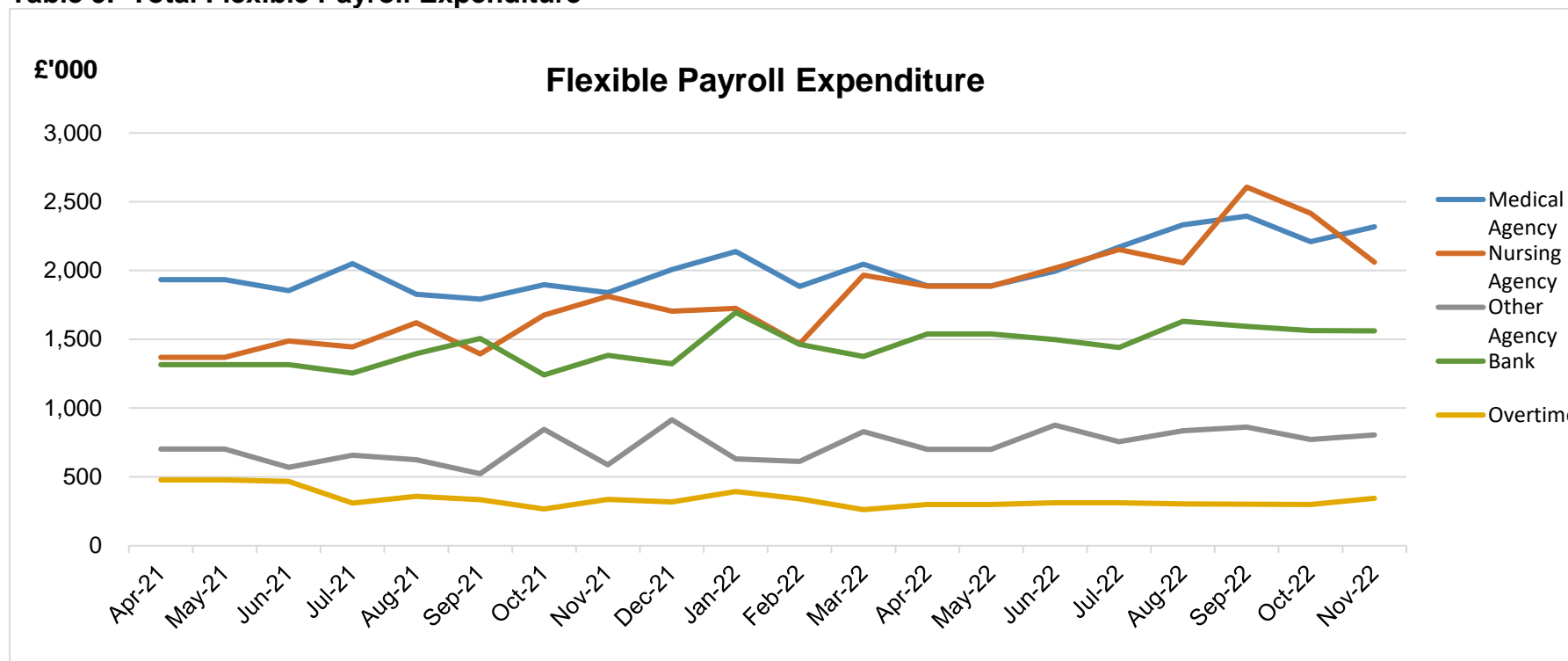
Table 8. Non Pay Expenditure - Internal



Flexible Staffing Expenditure

The graph below illustrates trends in flexible payroll expenditure on agency, bank and overtime usage across the Trust since April 2021. The total expenditure in 2022/23 to the end of November is £55.4m with expenditure on Acute Services being £24.8m (44.8%).

Table 9. Total Flexible Payroll Expenditure



Total agency expenditure to date is £40.6m, which includes £17.2m (42%) on medical agency staff, £17.1m (42%) on nursing agency staffing and £6.3m (16%) on other staffing. Expenditure on bank staff over the same period is £12.4m. The average expenditure on flexible staffing for 2022/23 has increased by 16.5% on the average spend during 2021/22. Medical agency – increase of 11.2%; nursing agency – increase of 34.6%; other agency – increase of 15.4%, bank – increase of 11.8%, overtime – decrease of 14.7%.

4. Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £36.89m from the Department of Health, the table below shows the expenditure to 31st October 2022 and planned year end position to 31st March 2023 as follows:-

Table 10. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 31 October 2022 £'000	Forecast Expenditure at 31 March 2023 £'000
Altnagelvin 5.1 - Tower Block Development	3,365	1,618	3,365
GP Improvement Scheme Trust Owned	524	0	524
Cityside HCC	4,026	731	4,026
Lisnaskea	1,341	367	1,341
ICT	2,432	1,671	2,432
General Capital	13,064	6,950	13,064
Backlog Maintenance	2,750	547	2,750
Invest to Save	1,033	0	1,033
MH Task & Finish	576	0	576
IFRS16 leases	2,458	0	2,458
Imaging Diagnostics	3,555	0	3,555
Decontamination	485	0	485
Elective Care Equipment & Minor Works	1,282	0	1,282
Total	36,891	11,884	36,891

5. Key Messages

- The Trust has revised the projected deficit to £6.0m following confirmation of further funding to support Trust pressures and to take account of the further general savings of £0.6m.
- The Trust is reporting a financial deficit of £7.5m at 30 November 2022. Savings profiled to deliver in the final quarter will reduce this deficit to the projected out-turn.
- Directors have been briefed on the detail of the key planning assumptions which contribute towards the end of year forecast position. Priority focus is on monitoring expenditure within planned levels, actions across key overspending areas and delivery against savings targets.
- The Primary Care and Older Peoples Directorate as a matter of priority must take action to stop the growth in expenditure. The Directorate must review its financial management framework and address the reasons for the growths currently being experienced.
- The Acute Directorate has made a positive impact against its prior month expenditure growth but the focus must remain on financial control measures in order to further reduce pay expenditure.
- Service Directorates have made a significant improvement in the development of plans against the agency savings target of £2.4m. Plans of £1.9m (80%) are now developed with actual savings of £232k having been achieved at 30 November 2022. However, Women & Children's Directorate and Acute Directorate have planning gaps to close amounting to almost £0.5m and so both Directorates must take action to address this as a matter of priority.

Eimear McCauley
Director of Finance, ICT & Contracting

Agency Savings Target 2022/23

Appendix 1

Table 1: Summary of Plans Developed at 30 November 2022

	Acute £'000	AMHD £'000	PCOP £'000	W&C £'000	P&SI £'000	Medical £'000	Finance £'000	HR £'000	Chief Executive Office £'000	TOTAL £'000
Plans developed	628	285	462	260	182	13	34	19	11	1,894
No plans developed	314	10	- 0	149	-	-	0	- 0	-	473
TOTAL	942	295	462	409	182	13	34	19	11	2,367
% Plan developed	66.7%	96.6%	100.0%	63.5%	100.0%	100.0%	100.0%	100.0%	100.0%	80.0%
% No plan developed	33.3%	3.4%	0.0%	36.5%	0.0%	0.0%	0.0%	0.0%	0.0%	20.0%

Table 2: Summary Financial Monitoring of Savings to 30 November 2022

Directorate	Financial Monitoring of Savings to 31 November 22			
	In Year Target £'000	Planned Savings £'000	Actual Savings £'000	(Surplus) / Shortfall £'000
Acute Services	942	18	18	0
Adult Mental Health & Disability	295	57	57	0
Primary Care & Older People Services	462	95	100	5
Women & Childrens Services	409	25	23	(2)
Performance & Service Improvement	182	25	5	(20)
Medical Directorate	13	0	0	0
Finance, Contracting, Cap. Development & ICT	34	7	7	0
Human Resources	19	19	19	0
Chief Executive Office	11	2	4	2
Total	2,367	247	232	(15)
Month 8 Cum % Achieved			93.9%	
% Achieved Of Total Target			9.8%	