Western Health and Social Care Trust

Financial Performance Report

for the six months ended 30 September 2019

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for the five months ended 30 September 2019

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1. Financial Plan 2019/20

The Trust is reporting a year-end deficit of £22.0m less the approved control total of £15m, which leaves a £7m gap in year. The table 1 – below shows the most recent forecast deficit for 2019-20.

This position is assuming that any further pressures are managed by the Trust in year. However, the most significant risk is the need for resilience during the winter period, and this could be up to £2m.

Directorates are currently reviewing their savings options to try to identify any that could be brought forward to cover the costs of resilience.

Table 1 below shows the revised forecast deficit for 2019/20.

Table 1 – Forecast Deficit 2019/20

	£m
Opening Deficit 1 April 2019	39.0
Less Income received July 2019	(9.0)
Add new 2019/20 savings requirement	11.3
Revised Opening Deficit 2019/20	**41.3**
Savings Plan 2019/20 – MORE	(1.0)
Savings Plan 2019/20 – Trust Recovery Plan	(6.7)
Review of expenditure / grip and control	(3.9)
Less Pressures funding (share of £46m regionally)	(5.3)
Less Pressures funding (share of £10m regionally)	(1.9)
RRL Slippage	(0.5)
Forecast Deficit 2019/20	**22.0**
Approved Control Total	(15.0)
Off Plan Position October 2019-20	**7.0**

Financial Position as at 30 September 2019

The Trust is reporting a deficit of £13.4m as at 30 September 2019, with a year-end forecast of £7m. (in addition to the agreed Control Total).

This shows that the Trust is achieving, or its forecast to achieve £7.7m savings through a combination of tactical plans and pharmacy efficiency (MORE) savings.

Whilst this figure needs to increase in the coming months, it reflects the work done since February/March 2019.

Table 2 below summarises the financial performance by Directorate.

Table 2 - Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	Variance		August Restated Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	95,627	106,164	10,537	11.0%	8,913	11.2%
Adult Mental Health & Disability	48,882	48,243	(639)	(1.3%)	(555)	(1.4%)
Primary Care & Older People	88,983	90,839	1,856	2.1%	1,546	2.1%
Women & Childrens	48,838	51,844	3,006	6.2%	2,550	6.3%
Medical	1,995	1,933	(62)	(3.1%)	(45)	(2.7%)
Performance & Service Improvement	21,562	20,968	(594)	(2.8%)	(550)	(3.1%)
Finance & Contracting	4,465	4,371	(94)	(2.1%)	(101)	(2.7%)
Human Resources	2,091	1,989	(102)	(4.9%)	(104)	(6.0%)
Corporate	1,583	1,583	0	0.0%	(4)	(0.3%)
Trust Wide Corporate Services	317	341	24	7.6%	11	4.2%
Corporate Pay & Non-Pay	36,745	36,104	(641)	(1.7%)	(578)	(1.9%)
Income / Savings Target 2019-20	(60)	0	60	100.0%	280	100.0%
Reported Deficit	**351,028**	**364,379**	**13,351**	**3.8%**	**11,363**	**3.9%**

Appendices 1-3 provide further detail in relation to pay and non-pay variances across Directorates.

The Acute Directorate is reporting a deficit of £10.5m which is £2.7m above the planned deficit. This is primarily due to increased flexible staffing, both in medical and nursing at a premium cost. They are also experiencing non-pay pressures in Laboratory chemical, consumables, and patient appliances. This off plan position is offset by an under-spend in AMHD, PSI and the support directorates.

Run Rate of Expenditure

The average run rate of expenditure for the 6 months ending 30 September 2019, for both pay and non-pay, is reporting £1.904m per day compared to the baseline March 2019 £1.922m per day, which is restated, for comparative purposes to reflect inflation and service developments, excluding the transformation, drugs and elective care spend. It is extremely difficult and risky for the Trust to forecast the run-rate reductions to year-end. This is because the majority of the savings are in non-pay, which will be affected by the normal increase in activity during the winter period.

The run rate reductions include the tactical plan savings, therefore cannot be double counted. There is clear evidence, however, of net savings of over £1m, towards our financial position in addition to our tactical plans. Should this continue into the second half of the year, it will help towards our Recovery Plan.

Other Pay Costs

Table 3 below summarises the other pay costs by Directorate.

Table 3 – Agency/Bank/Overtime Costs by Directorate

Directorate	Cum September 2019				Increase / (Decrease) over August 2019 %	Increase / (Decrease) over avg 2018/19 %
	Agency £'000	Bank £'000	Overtime £'000	Total £'000		
Acute Services	12,227	1,004	671	13,903	(10%)	16%
Adult Mental Health & Disability	1,491	1,625	67	3,183	9%	3%
Primary Care & Older People	3,546	1,241	158	4,945	5%	6%
Women & Childrens	2,257	935	254	3,446	(8%)	(13%)
Performance & Service Improvement	852	520	122	1,493	15%	10%
Other Directorates	224	26	16	266	(19%)	32%
Total	**20,596**	**5,351**	**1,289**	**27,236**	**(3%)**	**8%**

Other Pay Cost Key Highlights:

- Agency expenditure of £20.6m, which includes £11.5m (56%) on medical agency staff and £4.5m (22%) on nursing agency staffing.
- The average expenditure for the first 6 months of 2019/20 has increased by 8% compared to the same period last year. However, the Trust has reduced expenditure in September compared to August by 3%.

- The Trust has a number of plans developed to reduce expenditure on flexible agency staffing as part of the Trust's Recovery Plans.

2. Savings Plan – Monitoring

Recovery Plan – Tactical savings plan

The Trust has developed in year tactical savings of £6.7m. The monitoring of the savings are outlined in the table below:

Table 4 – Tactical Savings Plan Monitoring

		Actual Position 30 September 2019				
Directorate	**Planned FYE**	**Plan**	**Actual**	**(Surplus)/ Shortfall**	**Cum % Achieved**	**% Achieved of total target**
	£000	**£000**	**£000**	**£000**		
Acute	2,192	851	531	320	62%	24%
Medical	250	125	185	(60)	148%	74%
Adult Mental Health	216	49	39	10	80%	18%
PCOP	848	131	333	(202)	254%	39%
W&C	1,319	452	369	83	82%	28%
PSI	1,853	1,003	992	11	99%	54%
Total	**6,678**	**2,611**	**2,449**	**163**	**94%**	**37%**

The financial monitoring of the tactical savings plans is reporting savings of £2.4m (94%) against the plan of £2.6m therefore reporting an off plan position of £163k (6%). The current forecast deficit is assuming the £6.7m tactical savings plans to be achieved. This will require close management and monitoring over the remainder of the year and further contingency plans to develop in year to close out any off plan positions in-year.

Vacancy Control Target

The Trust has made an assumption that it will deliver in full against the vacancy control target of £9.3m, using one off opportunities in line with previous years and there is no risk to this assumption.

3. Transformation (C&S) including Elective Care

The confirmed funding for transformation projects for 2019-20 is £16m. The actual expenditure on the projects as at 30 September 2019 is £5.5m (34%) on the projects to date. Allocation letters have been received and we anticipate recruitment will proceed at pace, in particular with the appointment of staff to the Primary Care MDT project.

4. Capital Resource Limit

The Trust has received a capital allocation of **£31.11m** from the DoH for 2019/20 and the planned expenditure is as follows, and there are no risks being highlighted in relation to meeting the Capital Resource Limit in year.

Table 5 – Capital Plan

Capital Projects	£,m
Altnagelvin 5.1 – Tower Block Development	11.56
Regional Car Parking Policy	0.33
Specialist Services	0.10
Task & Finish	0.70
ICT	1.50
General Capital	14.25
Invest to Save	0.50
Transformation Capital	2.17
Total CRL	**31.11**

5. Prompt Payment Target

90% of undisputed invoices were paid within 30 working days of receipt against a target of **95%**.

6. Key Messages

- Progress continues to be made towards stabilisation of the finances, and savings plans have been identified and are achieving savings in-year. This progress needs to be both maintained and developed in the coming months to deliver towards our Recovery Plan requirements.

- The Trust has been given a target of achieving £15m of savings in 2019/20 – we are making progress towards this. It is important that we identify further opportunities, particularly recurrent savings to contribute towards this. Work has started, and we will attempt to put expected savings against this in the second half of the year.

Neil Guckian
Director of Finance, ICT & Contracting