



Western Health  
and Social Care Trust

**Financial Performance  
Report  
for the month ended  
31 July 2018**

**Presented to Trust Board on  
6 September 2018**

# **Western Health and Social Care Trust**

## **Financial Performance Report for the month ended 31 July 2018**

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## 1. Financial Plan 2018/19

Earlier in the year the Trust reported a deficit of £58.8m to DoH/HSCB for 2018/19 that was included in the regional financial plan. On 29 June 2018 the HSCB issued the Trust with an allocation for 2018/19 which addressed a significant amount of this deficit and a revised deficit of £18.8m was reported in the month three financial reporting against an approved Control Total of £11.4m. The DOH successfully bid for funding in June Monitoring to alleviate the £11.4m Control Total which revised the opening deficit to £7.4m.

Since the last report to Trust Board, the HSCB requested an update on the financial position for 2018/19 which was submitted on 15 August 2018. This update revised the forecast deficit to include the shortfall predicted in-year in delivering the savings targets and a number of new costs pressures as per Table 1 below:

**Table 1 – Revised Forecast Deficit**

	<b>£000</b>
Opening gap not funded	600
Cost Pressures FYE 2017/18 & 2018/19	13,400
Savings Plan gap 2018/19	9,400
<b>Forecast Deficit</b>	<b>23,400</b>

The DOH has reminded all Trusts on 23 August 2018 of their obligations to present a balanced financial plan within their Trust Delivery Plan to Trust Boards, which includes actions on how emerging pressures and shortfall on savings targets are going to be addressed.

As reported last month the Trust has been issued with a significant savings target of £13.9m as outlined at Table 2 below:

**Table 2 – Savings Targets 2018/19**

	<b>Target £000</b>
General	11,719
Pharmacy (MORE)	1,863
Community & Voluntary Sector	297
<b>Total Savings Target</b>	<b>13,879</b>

The Trust is reporting a shortfall in year of £9.4m against this target which was included in the revised forecast deficit to the DOH on 15 August 2018 of £23.4m. This assumes the development of low impact measures of £2.3m and opportunities for in-year slippage on the indicative allocations of £1.2m and the delivery of £0.7m pharmacy savings in-year.

The emerging cost pressures £13.4m that have been included in the forecast are as follows:

- Looked After Children £3m (based on 60 children);
- Medical Agency Staffing £3.3m;

- Nursing Agency Premium £1m;
- Medical & Surgical Consumables £1.5m;
- European general Data Protection Regulations £84k;
- Energy £200k;
- Auto Enrolment £3.3m;
- Supporting People £70k;
- International Nurse Recruitment £662k;
- Winter Resilience 2017/18 £325k;
- Pay Award – pending regional negotiations.

At this stage the Trust has no planned solution or agreed actions on how to address the above emerging cost pressures in year.

## **2. Financial Position by Directorate**

The Trust is reporting a deficit of **£9.7m** as at 31 July 2018 as follows:

- Internal Residual Deficit (savings target) **£1.5m** (31% under- delivery);
- Emerging Cost Pressures - **£4.3m** of which **£1.6m** are internal cost pressures;
- Savings Target 2018/19 **£3.9m** (**£9.4m** CYE)

The Trust is reporting an off-plan position currently not reported external to the HSCB / DOH of **£3.1m** for the four months ended 31 July 2018 which is made up of an internal residual deficit of £1.5m and additional cost pressures of £1.6m. The Trust has always managed the internal residual deficit and cost pressures from in year non recurrent solutions and this has been agreed as part of the regional financial plan. The Trust would in prior years have a plan in place to address this shortfall at this stage in the financial year, however the opportunities for in-year slippage have fallen as new investment has reduced significantly which makes the development of a plan more challenging. Urgent action needs to be taken by all Directorates to address the growing gap in the financial plan and inform the financial planning assumptions to be included in the TDP. This issue has the potential to impact in-year up to £10m.

**Table 3 - Summary Budget Position – Off-Plan**

Directorate	Off-Plan July 2018		Off-Plan Restated June 2018	
	£'000	%	£'000	%
Women & Childrens	1,211	3%	870	3%
Primary Care & Older People	1,036	2%	1,112	3%
Acute Services	756	1%	701	1%
Adult Mental Health & Disability	53	0%	41	0%
Support Directorates & Corporate Non Pay	46	0%	37	0%
<b>Total</b>	<b>3,102</b>	<b>2%</b>	<b>2,761</b>	<b>2%</b>

## Main Reasons for Off-Plan Position:-

### Women & Children's Services

- Internal Savings Targets under-delivery of £323k (31%)
- Cost Pressures £888k (Mainly: PD Dom Care & Independent Homes £450k, Childrens Disability Dom Care £67k, Transformational Projects £154k)

### Primary Care & Older People Services

- Internal Savings Targets under-delivery of £888k (62%)
- Cost Pressures £148k (Mainly: Community Equipment £61k, under delivery of QiCR savings £87k)

### Acute Services

- Internal Savings Targets under-delivery of £336k (17%)
- Cost Pressures £420k – (Mainly: Other Pay £202k, Under delivery of QiCR savings £94k)

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

### Other Pay Costs

**Table 4 – Agency/Bank/Overtime Costs by Directorate**

Directorate	Cum July 2018				Increase / (Decrease) over June 2018 %	Increase / (Decrease) over avg 2017/18 %
	Agency £'000	Bank £'000	Overtime £'000	Total £'000		
Acute Services	6,574	653	479	7,706	4.4%	21.3%
Adult Mental Health & Disability	907	840	27	1,774	4.4%	20.2%
Primary Care & Older People	1,854	748	96	2,698	8.4%	28.8%
Women & Childrens	1,319	730	224	2,273	16.6%	18.5%
Performance & Service Improvement	407	330	86	823	(10.0%)	(25.2%)
Other Directorates	90	11	3	104	(10.0%)	30.5%
<b>Total</b>	<b>11,151</b>	<b>3,312</b>	<b>915</b>	<b>15,378</b>	<b>5.9%</b>	<b>18.1%</b>

- Expenditure has increased by 18% compared to last year;
- Agency expenditure of £11.2m which includes £6.6m (59%) on medical agency staff. If this trend continues it will forecast circa £20m spend on medical agency which is £3m above the prior year;
- Off contract agency nursing provider – expenditure £541k forecast trend for the year circa £1.6m;

### **3. Savings Plan 2018/19 – Monitoring**

#### External General Savings plan - £11.7m

Directorates are restricted at present to the development of low impact initiatives and plans that will not require public consultation and this approach is putting a significant constraint on the projects that can come forward for CMT consideration that will generate recurrent cash savings.

A significant number of the plans developed to date are reform and modernisation. The reform and modernisation work, together with initiatives undertaken under the Trust's quality improvement programme, are not realising cash savings, rather, the Trust is benefiting from the work in terms of cost avoidance and productivity gains. The plans developed to date are not sufficiently mature to inform a robust financial assessment as a significant number are at the early stages of development and will require focused detailed work with the service to fully understand the service changes, the expected outcomes and any associated financial savings.

There needs to be a renewed focus and prioritisation on the development of realistic plans that will generate in-year cash savings in all Directorates and integration with other plans being developed within the Trust including quality, transformation, winter resilience and core business.

The forecast in year shortfall against the general savings target is £8.2m assuming the development of low impact savings of £2.3m and opportunities for in-year slippage on the indicative allocations of £1.2m.

**The Trust is reporting £0.3m in year slippage on allocations against this target as at 31 July 2018.**

#### External Community & Voluntary Sector Savings Plan - £0.3m

The Trust has already completed an efficiency programme in this area and therefore would believe that this target is not achievable against this sector of our business. The forecast gap in the target is £0.3m.

**The Trust is not reporting any savings against this target as at 31 July 2018.**

#### External Pharmacy Savings Plan - £1.9m

The Trust believes it can achieve its FYE target from 2019/20 and current expectations are that we would not be able to deliver the target of £1.863m in-year. The Trust is forecasting savings of £678k and has been allocated in year non recurrent support to address the in-year and carried forward shortfall.

**The Trust was reporting a shortfall in year against this target in the month 4 financial monitoring returns to HSCB. But in recent days HSCB have since confirmed in year support to address this shortfall. There is no savings against this target as at 31 July 2018 as the switching plan is profiled for later in the year.**

## QICR Plan

The Trust approved a three year QICR plan in 2017/18. The target for 2018/19 is £2.5m. The final split of this target by Directorate is being presented at CMT FMG on 30<sup>th</sup> August.

## **The Trust has made savings of £0.3m as at 31 July 2018.**

## Residual Deficit - Internal Savings Target - £16.4m

The Trust has an underlying residual deficit from under delivery of cash releasing targets £7.1m in previous years and the setting up of negative vacancy control budgets £9.3m as part of the recommendations from SRaFA. This has been managed for many years by the development of an in-year contingency plan as Directorates have found it difficult to develop recurrent low impact solutions. The type of measures used in prior years to address the residual deficit was vacancy controls, slippage of investment monies and one off technical accounting opportunities. These opportunities have reduced significantly and early indications on the monitoring of the plans are identifying a risk in terms of delivery of the target.

**The Trust is reporting an off-plan deficit position of £1.5m and if this continues, it is projected to be off-plan by £4.6m for the financial year. Forecast delivery of vacancy control target subject to clarification in relation to the auto enrolment cost pressure.**

CMT need to review this position urgently and take a view as to what action is needed to support a resolution in-year in advance of the submission of the TDP.

## **4. Elective Care**

The Trust has submitted a plan to the HSCB totalling £4m. HSCB has confirmed indicative funding of £2.9m to allow the Trust to proceed with red flag / urgent patients, diagnostics and AHPs. £460k (16%) has been spent to date. The Trust has not been approved to proceed with longest waiters and echoes.

## **5. Capital Resource Limit**

The Trust has received a capital allocation of **£28m** from the DoH for 2018/19 and the planned expenditure has been approved by CMT. The planned spend on the Altnagelvin Tower Block is **52%** of this allocation.

## **6. Prompt Payment Target**

**92%** of undisputed invoices were paid within 30 working days of receipt against a target of **95%**.

## **7. Key Messages**

- Internal residual deficit is off plan by **£1.5m** (31% under delivery)
- Emerging Cost Pressures - **£4.3m** of which £1.6m relates to internal cost pressures
- Savings Target 2018/19 in year shortfall **£3.9m**

- The Trust is forecasting a revised deficit of **£23.4m** to be included within the Trust Delivery Plan which was shared with HSCB and DOH on August.

**Lesley Mitchell**  
**Director of Finance**



# **APPENDICES**



**Pay Budgetary Performance  
Summary By Professional Heading  
For 4 Months Ending 31st July 2018**

Directorate / Division	July 2018				June 2018 Variance restated	
	Budget £'000	Expenditure £'000	Variance £'000	%	Variance £'000	%
<b>Acute Services</b>						
Medical	18,511	19,394	883	4.77%	425	3.03%
Nursing	19,465	20,905	1,440	7.40%	955	6.45%
Social Services	0	12	12	100.00%	10	100.00%
Allied Health Professions	191	245	54	28.27%	41	28.67%
Psychology	130	102	(28)	(21.54%)	(22)	(22.45%)
Specialist Professions	4,874	5,097	223	4.58%	167	4.57%
Medical Technical Officers	1,119	947	(172)	(15.37%)	(125)	(14.90%)
Pharmacy	2,203	2,187	(16)	(0.73%)	(17)	(1.03%)
Dental	30	4	(26)	(86.67%)	(19)	(86.36%)
Administration	4,011	4,228	217	5.41%	152	5.04%
Estates	41	0	(41)	(100.00%)	(31)	(100.00%)
Support Services	185	346	161	87.03%	124	89.21%
Recurrent Balance/Vacancy Controls	(336)	0	336	100.00%	252	100.00%
Internal Planning Corporate Solutions	955	0	(955)	(100.00%)	(567)	(100.00%)
Undelivered Savings Plan 17/18	(61)	0	61	100.00%	46	(100.00%)
<b>Total Acute Services</b>	<b>51,318</b>	<b>53,467</b>	<b>2,149</b>	<b>4.19%</b>	<b>1,391</b>	<b>3.59%</b>
<b>Adult Mental Health &amp; Disability</b>						
Medical	1,732	1,701	(31)	(1.79%)	(19)	(1.47%)
Nursing	6,897	6,792	(105)	(1.52%)	(127)	(2.42%)
Social Services	4,583	4,654	71	1.55%	143	4.25%
Allied Health Professions	194	139	(55)	(28.35%)	(35)	(25.18%)
Psychology	462	435	(27)	(5.84%)	(19)	(5.48%)
Administration	843	814	(29)	(3.44%)	(5)	(0.80%)
Support Services	80	62	(18)	(22.50%)	(14)	(22.95%)
General	13	7	(6)	(46.15%)	(5)	(50.00%)
<b>Total Adult Mental Health &amp; Disability</b>	<b>14,804</b>	<b>14,604</b>	<b>(200)</b>	<b>-1.35%</b>	<b>(81)</b>	<b>(0.73%)</b>
<b>Primary Care &amp; Older People</b>						
Medical	1,449	1,447	(2)	(0.14%)	0	0.00%
Nursing	10,080	10,409	329	3.26%	249	3.28%
Social Services	5,996	6,199	203	3.39%	249	5.55%
Allied Health Professions	6,374	6,383	9	0.14%	88	1.87%
Psychology	96	95	(1)	(1.04%)	0	0.00%
General/Specialist Professions	62	64	2	3.23%	1	2.13%
Medical Technical Officers	71	64	(7)	(9.86%)	3	5.66%
Administration	2,076	2,149	73	3.52%	57	3.66%
Support Services	0	2	2	100.00%	0	100.00%
Recurrent Balance/Vacancy Controls	(888)	0	888	100.00%	666	100.00%
Internal Planning Corporate Solutions	563	0	(563)	(100.00%)	(381)	(100.00%)
<b>Total Primary Care &amp; Older People</b>	<b>25,879</b>	<b>26,812</b>	<b>933</b>	<b>3.61%</b>	<b>932</b>	<b>4.84%</b>
<b>Women &amp; Childrens</b>						
Medical	3,815	3,805	(10)	(0.26%)	(32)	(1.13%)
Nursing	8,818	8,881	63	0.71%	35	0.52%
Social Services	9,723	10,179	456	4.69%	397	5.44%
Allied Health Professions	266	248	(18)	(6.77%)	(15)	(7.43%)
Psychology	443	448	5	1.13%	1	0.30%
Medical Technical Officers	252	238	(14)	(5.56%)	(8)	(4.30%)
Dental	264	240	(24)	(9.09%)	(14)	(7.07%)
Administration	1,821	1,774	(47)	(2.58%)	(33)	(2.41%)
Support Services	98	151	53	54.08%	43	56.58%
Recurrent Balance/Vacancy Controls	(323)	0	323	100.00%	242	100.00%
Internal Planning Corporate Solutions	269	0	(269)	(100.00%)	(172)	(100.00%)
Undelivered Savings Plan 17/18	(153)	0	153	(100.00%)	115	(100.00%)
<b>Total Women &amp; Childrens</b>	<b>25,293</b>	<b>25,964</b>	<b>671</b>	<b>2.65%</b>	<b>559</b>	<b>2.95%</b>
<b>Medical</b>						
Nursing	329	311	(18)	(5.47%)	(4)	(1.72%)
Allied Health Professions	13	14	1	7.69%	1	10.00%
Medical	137	140	3	2.19%	0	0.00%
Administration	641	673	32	4.99%	17	3.58%
Undelivered Savings Plan 17/18	(10)	0	10	100.00%	0	100.00%
<b>Total Medical</b>	<b>1,110</b>	<b>1,138</b>	<b>28</b>	<b>2.52%</b>	<b>14</b>	<b>1.70%</b>

<b>Performance Management &amp; Service Improvement</b>						
Nursing	48	44	(4)	(8.33%)	(3)	(8.57%)
Allied Health Professions	49	40	(9)	(18.37%)	(7)	(18.42%)
Medical Technical Officers	164	159	(5)	(3.05%)	(4)	(3.25%)
Administration	2,899	2,872	(27)	(0.93%)	(18)	(0.82%)
Estates	1,690	1,676	(14)	(0.83%)	(8)	(0.63%)
Support Services	6,758	6,755	(3)	(0.04%)	(12)	(0.24%)
<b>Total Performance Management &amp; Service Improvement</b>	<b>11,608</b>	<b>11,546</b>	<b>(62)</b>	<b>(0.53%)</b>	<b>(52)</b>	<b>(0.59%)</b>
<b>Finance</b>						
Adminstration	1,131	1,149	18	1.59%	13	1.53%
<b>Total Finance</b>	<b>1,131</b>	<b>1,149</b>	<b>18</b>	<b>1.59%</b>	<b>15</b>	<b>1.77%</b>
<b>Human Resources</b>						
Medical	80	87	7	8.75%	5	8.33%
Nursing	137	126	(11)	(8.03%)	(13)	(11.93%)
Social Services	4	14	10	250.00%	10	100.00%
Allied Health Professions	13	12	(1)	(7.69%)	(1)	(8.33%)
Administration	954	951	(3)	(0.31%)	5	0.70%
<b>Total Human Resources</b>	<b>1,188</b>	<b>1,190</b>	<b>2</b>	<b>0.17%</b>	<b>6</b>	<b>0.67%</b>
<b>Corporate / Trustwide</b>						
Medical	82	123	41	50.00%	5	8.20%
Nursing	50	109	59	118.00%	43	122.86%
Administration	785	721	(64)	(8.15%)	(53)	(9.00%)
Support Services	0	7	7	100.00%	5	100.00%
Employers Superannuation	167	167	0	0.00%	0	0.00%
Apprenticeship Levy	497	497	0	0.00%	0	0.00%
<b>Total Corporate / Trustwide</b>	<b>1,581</b>	<b>1,624</b>	<b>43</b>	<b>2.72%</b>	<b>0</b>	<b>0.00%</b>
<b>Control total/ Savings Target</b>						
Savings Target 2018/19	(3,897)	0	3,897	100.00%	2,923	(100.00%)
<b>Total Control total/ Savings Target</b>	<b>(3,897)</b>	<b>0</b>	<b>3,897</b>	<b>(100.00%)</b>	<b>2,923</b>	<b>(100.00%)</b>
<b>Total</b>	<b>130,015</b>	<b>137,494</b>	<b>7,479</b>	<b>5.75%</b>	<b>5,707</b>	<b>5.85%</b>

Cumulative all Directorates	July 2018				June 2018 Variance restated	
	Budget £'000	Expenditure £'000	Variance £'000	%	Variance £'000	%
Medical	25,806	26,697	891	3.45%	384	1.98%
Nursing	45,824	47,577	1,753	3.83%	1,137	3.27%
Social Services	20,306	21,058	752	3.70%	809	5.34%
Allied Health Professions	7,100	7,081	(19)	(0.27%)	72	1.37%
Psychology	1,131	1,080	(51)	(4.51%)	(40)	(4.69%)
Specialist Professions	4,936	5,161	225	4.56%	168	4.54%
Medical Technical Officers	1,606	1,408	(198)	(12.33%)	(134)	(11.16%)
Pharmacy	2,203	2,187	(16)	(0.73%)	(17)	(1.03%)
Dental	294	244	(50)	(17.01%)	(33)	(15.00%)
Administration	15,161	15,331	170	1.12%	135	1.19%
Estates	1,731	1,676	(55)	(3.18%)	(39)	(2.97%)
Support Services	7,121	7,323	202	2.84%	146	2.71%
General	13	7	(6)	(46.15%)	(5)	(50.00%)
Employers Superannuation	167	167	0	0.00%	0	0.00%
Apprenticeship Levy	497	497	0	0.00%	0	0.00%
Recurrent Balance/Vacancy Controls	(1,547)	0	1,547	100.00%	1,160	(100.00%)
Internal Planning Corporate Solutions	1,787	0	(1,787)	(100.00%)	(1,120)	(100.00%)
Undelivered Savings Plan 17/18	(224)	0	224	100.00%	161	(100.00%)
Savings Target 2018/19	(3,897)	0	3,897	100.00%	2,923	(100.00%)
<b>Total Cumulative</b>	<b>130,015</b>	<b>137,494</b>	<b>7,479</b>	<b>5.75%</b>	<b>5,707</b>	<b>5.85%</b>

**Non Pay Budgetary Performance**  
**Cumulative for the 4 months ended 31st July 2018**

BUDGET HEADING	JULY 2018				JUNE 2018	
	BUDGET £'000	EXPENDITURE £'000	VARIANCE £'000 %		VARIANCE £'000 %	
OTHER TREATMENT DEPTS	28	28	0	0.0	7	35.0
XRAY	561	510	(51)	(9.1)	(40)	(9.4)
PHARMACY	5,400	5,865	465	8.6	356	8.7
LABS	1,925	2,189	264	13.7	177	12.4
CATERING	971	911	(60)	(6.2)	(33)	(4.5)
PATIENTS CLOTHING	273	331	58	21.2	37	18.1
STAFF UNIFORMS	146	111	(35)	(24.0)	(32)	(29.9)
HEAT, LIGHT & POWER	2,291	2,354	63	2.7	65	3.8
BUILDING & ENGINEERING	904	1,052	148	16.4	112	17.8
PHARMACY - MAINTENANCE & REPAIRS	726	662	(64)	(8.8)	(32)	(5.9)
BEDDING & LINEN	141	137	(4)	(2.8)	(4)	(3.8)
RENT, RATES, INSURANCE & WATER	2,558	2,565	7	0.3	48	2.6
GENERAL SERVICES	1,073	1,221	148	13.8	50	6.8
ADMIN & LEGAL	417	329	(88)	(21.1)	(59)	(19.0)
TRANSPORT	414	362	(52)	(12.6)	(39)	(12.6)
POSTAGES & TELEPHONES	430	447	17	4.0	13	4.0
TRAVEL & COURSES	2,834	2,622	(212)	(7.5)	(129)	(6.2)
HOTEL SERVICES	481	473	(8)	(1.7)	(7)	(1.9)
CHILDCARE SERVICES	1,270	1,619	349	27.5	237	24.4
SOCIAL SERVICES	442	424	(18)	(4.1)	4	1.2
DISABILITY SERVICES	1,342	1,555	213	15.9	234	24.1
FOSTERCARE & ADOPTION	2,900	3,158	258	8.9	129	6.0
DOMICILARY CARE	10,912	11,800	888	8.1	645	8.0
ACCESS TARGETS - INDEPENDENT SECTOR	29	29	0	0.0	0	0.0
INFORMATION TECHNOLOGY	380	435	55	14.5	37	14.2
HIRE OF VEHICLES/TAXIS	261	291	30	11.5	23	11.6
TRUST AGENCY AGREEMENTS	2,053	2,001	(52)	(2.5)	2	0.1
CONTROLLED EQUIPMENT	168	168	0	0.0	0	0.0
CARE CONTRACTS & GRANT AID	7,491	7,433	(58)	(0.8)	(141)	(2.5)
INDEPENDENT HOMES	21,056	21,034	(22)	(0.1)	(32)	(0.2)
PFI	6,867	6,872	5	0.1	1	0.0
STAFF ADVERTISING	20	20	0	0.0	(1)	(7.1)
DRUGS	6,227	6,227	0	0.0	0	0.0
<b>TOTAL</b>	<b>82,991</b>	<b>85,235</b>	<b>2,244</b>	<b>2.7</b>	<b>1,628</b>	<b>2.7</b>