



Western Health
and Social Care Trust

Financial Performance Report

**for the seven months ended
31 October 2020**

Western Health and Social Care Trust

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1. Background to Western Trust Deficit

The Trust submitted its financial plan for 2020/21 to the HSCB on 3 July 2020, which projected a deficit of £34.5m. Following confirmation of further funding in September, the Trust revised its projected deficit to £33.3m.

The Trust has revised its projected deficit from the mid year assessment of £23.1m to £19m following confirmation of deficit support funding from HSCB of £3m and further opportunities. This is outlined in table 2 below. This does not include any impact of Covid19 as the Trust is assuming it will be fully funded for this pressure.

In February 2019, we identified a deficit of £39m. In April 2019, we received an income reduction of £11.3m creating a deficit of £50.3m at 1 April 2019.

During 2019/20, we managed to reduce our deficit by £21m, by a combination of income and savings. Thus, our opening position at 1 April 2020 was a deficit of £29.3m.

Again in 2020/21 we have a further savings requirement/Income reduction of £10.7m, giving a deficit of £40m at 1 April 2020. This is all shown in Table 1 below:

Table 1

	£'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
Opening Deficit 2020/21	40.0

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 £17m, which is 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.

2. Financial Plan 2020/21

Table 2 – Projected Deficit 2020/21

	2020/21 Plan £'m	2020/21 Revised Oct 20 £'m	Position At Sept 2020 £'m
Opening Deficit 1 April 2020	29.3	25.2	16.6
Savings Target 2020/21	10.7	10.7	6.2
Opening Position	40.0	35.9	22.8
COVID Downturn Savings	(5.0)	(6.8)	(6.6)
Other Savings	(2.0)	(1.9)	(1.0)
Other Opportunities / RRL Slippage	0.0	(5.2)	(0.5)
HSCB Deficit Support	0.0	(3.0)	0.0
Transformation Pressure	0.3	0.0	0.0
Projected Deficit (non Covid)	33.3	19.0	14.7

At month 6, the forecast deficit was £23.1m, since then there have been a number of adjustments. Firstly, DoH have confirmed our stock adjustment should be applied to Covid19 expenditure (impact of £3m increase in deficit). At month 7 we carried out a further review of our position and this enabled us to identify some costs that should have been coded to Covid19. This along with some other adjustments, reduced our deficit by £3m bringing us back to £23.1m. A review of income slippage has generated a further £1m. All of these changes result in a deficit of £22.1m. HSCB has provided £3.1m of funding to bring us down to £19m.

The Trust has revised its projected deficit from £33.3m to £19.0m. This takes account of HSCB deficit support, increased savings and other opportunities. This does not include any impact of Covid19 as the Trust is assuming that it will be fully funded for this pressure.

After 7 months, we would expect our deficit to be approximately 7/12 of the annual position i.e. £11m. At month 7, our non Covid deficit is £14.7m

Whilst this looks higher than our expected position, the HSCB deficit support/ other opportunities / RRL slippage will materialise over the coming months. It is difficult to predict/project this year due to uncertainty around reset/surge but we are on track for our expected results.

The first difficulty in projections is identifying how long will the Covid/Downturn savings occur for, and at what level. The current estimate is £6.8m. There remains a question on whether these savings are applied to Covid costs or our opening position. We have applied towards our 2020/21 savings requirement, on the assumption the full costs of Covid are covered.

Based on our current projections, the Trust is now at its funded Control Total. We will continue to lobby to reduce this in the coming months.

Transformation

The Trust has a pressure in relation to Transformation Projects because the decision was not made on what projects to fund until June. However, the Trust is assuming these projects will be funded non-recurrently within the overall funding available.

Covid Costs

Our Covid costs after 7 months are £37.5m. We have presented a full account of our costs in detail on a monthly basis. The main elements of the costs are additional staffing/pay costs, PPE, support for the Independent Sector, Loss of Income and a range of other costs.

All Trusts are actively working with DoH and HSCB to achieve greater clarity on funding approaches. The main approach to date is that PPE is separately funded from a specific allocation, with all other costs to be covered by a generic allocation from Dept of Finance.

We are informed by DoH that there is sufficient funding currently in place to cover the Trust's current Covid19 cost projections. We will work with DoH colleagues to ensure all business cases are reconciled to actual spend, and funding accordingly.

Overall position

Our underlying position at 31 October 2020 is a deficit of £14.7m. The Covid cost deficit is £37.5m. This gives the Trust a deficit after 7 months, of £52.3m.

Key actions that need to be taken are as follows:

- Work with DoH to ensure release for all Covid funding – this requires a major piece of work to reconcile Business Cases to available funding and projected spend.
- Continue to lobby DoH to reduce our Control Total.

The implementation of savings plans for the second year of the Trust's recovery plan has been delayed in 2020/21 due to COVID19. The Trust has identified other opportunities associated with the COVID downturn in activity to address the gap.

The Trust is also awaiting final confirmation of funding for Transformation projects and this is expected over the next few weeks.

3. Financial Position as at 31 October 2020

The Trust is reporting a deficit of £52.3m (12.3%) in the current period of which £37.5m relates to Covid19. The Trust is awaiting clarification on funding for this.

Table 3 - Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	Variance		September Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	118,046	129,572	11,526	9.8	9,631	9.6%
Adult Mental Health & Disability	61,839	62,574	735	1.2	264	0.5%
Primary Care & Older People	108,014	110,997	2,983	2.8	2,550	2.8%
Women & Childrens	58,842	61,692	2,850	4.8	2,639	5.3%
Medical	2,648	2,374	(274)	(10.3)	(244)	(10.7%)
Performance & Service Improvement	26,502	25,364	(1,138)	(4.3)	(592)	(2.6%)
Finance & Contracting	5,391	5,215	(176)	(3.3)	(166)	(3.6%)
Human Resources	2,642	2,450	(192)	(7.3)	(165)	(7.3%)
Corporate	1,471	1,489	18	1.2	14	1.1%
Trust Wide Corporate Services	398	394	(4)	(1.0)	(8)	(2.3%)
Corporate Pay & Non-Pay	39,606	39,829	223	0.6	183	0.5%
Covid19	(1,500)	36,027	37,527	100.0	31,365	100.0%
Corporate Solutions	7,098	0	(7,098)	(100.0)	(5,778)	(100.0%)
Savings Target 2020/21	(5,295)	0	5,295	100.0	4,581	100.0%
Reported Deficit	425,702	447,977	52,275	12.3%	44,275	12.2%

The Trust's most significant financial pressure is Covid19. The Trust has already been allocated funding to date of £1.3m and is awaiting clarification from the HSCB on the funding available for the remaining pressure. The Trust is assuming that it will be fully funded for this pressure in 2020/21.

The Acute Directorate is reporting in this period a deficit of £11.5m (9.8%). This is due to prior year undelivered savings of £3.3m and pressures of £6.3m within medical and nursing pay budgets. Usage of expensive flexible staffing to support service delivery is a consistent solution in the delivery of hospital services.

Other Pay Costs

Table 4 – Agency/Bank/Overtime Costs by Directorate

Directorate	Cum October 2020				Increase / (Decrease) over Sept 2020 %	Increase / (Decrease) over avg 2019/20 %
	Agency	Bank	Overtime	Total		
	£'000	£'000	£'000	£'000		
Acute Services	13,127	994	802	14,923	10%	(12%)
Adult Mental Health & Disability	1,515	1,714	290	3,519	5%	(9%)
Primary Care & Older People	3,414	1,584	305	5,303	6%	(10%)
Women & Childrens	2,032	998	225	3,255	8%	(19%)
Performance & Service Improvement	145	820	279	1,244	(170%)	(27%)
Other Directorates	97	32	100	229	(26%)	(60%)
Covid19	4,912	344	116	5,373	(57%)	100%
Total	25,243	6,486	2,117	33,846	6%	3%

Other Pay Cost Key Highlights:

- Agency expenditure of £25.2m, which includes £14.6m (58%) on medical agency staff and £6.3m (25%) on nursing agency staffing.
- The average expenditure for 2020/21 has increased by 3% on the average spend last year and this is primarily due to Covid19.

Run-Rates

We have developed run-rates for each Directorate in 2020/21. These are based on the expected financial position of each Directorate, within the Financial Plan, submitted in July.

The run-rates represent average spend, adjusted for pay-awards, service developments and Covid costs.

The Trust is currently operating within the run-rates assigned for the first seven months, and this will continue to be monitored each month.

4. Savings Plan 2020/21

The Trust has been issued with a general savings target of £9.7m and a Pharmacy Prescribing savings target of £1m. This is in addition to the savings proposals included in the Trust's recovery plan for 2020/21.

The implementation of savings plans for the second year of the Trust's recovery plan has been delayed in 2020/21 due to COVID19 and the Trust has identified other opportunities associated with the COVID downturn in activity to address the gap.

5. Transformation (C&S) Funding

The Trust has received confirmation of funding from the HSCB for a number of transformation projects and is awaiting further clarification on a number of other projects. The Trust is reporting expenditure of £4.9m as at 31 October. Based on the funding information received to date, the Trust is reporting an overspend of £264k. The Trust is assuming that this will be funded non-recurrently within the overall funding available. Work is ongoing with the HSCB in relation to this.

6. Capital Resource Limit

The Trust has received a capital allocation of **£22.39m** from the DOH for 2020/21 and the planned expenditure is as follows:-

Table 5 – Capital Plan

Capital Projects	£'m
Altnagelvin 5.1 – Tower Block Development	5.85
Task & Finish	0.33
Covid19 – Altnagelvin ED	1.50
Covid19 – PPE Storage & Distribution	0.14
ICT	1.78
ICT Covid19	0.61
General Capital	8.68
Covid19 General Capital	0.25
Backlog Maintenance	3.06
Invest to Save	0.19
Total	22.39

7. Prompt Payment Target

94.4% of undisputed invoices were paid within 30 working days of receipt against a target of 95%.

8. Key Messages

- The Trust is projecting a year-end deficit of £19m. This does not include any impact of Covid19 as the Trust is assuming that it will be fully funded for this pressure.
- The implementation of savings plans for the second year of the Trust's recovery plan has been delayed in 2020/21 due to COVID19 and the Trust has identified other opportunities associated with the COVID downturn in activity to address the gap.
- Directorates should continue to focus on grip & control in the run rates of expenditure in 2020/21.
- The risks for the Trust are Covid19 and Transformation projects for which we await confirmation of the funding.
- We await formal confirmation of Control Total for 2020/21, although it has been funded and verbally confirmed at £19m – thus we are currently projecting a position within our Control Total.

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