

Financial Performance Report

for the 5 months ended
31 August 2021

Statutory financial performance targets

Red Amber Green
(RAG)
STATUS

Manage within allocated Revenue Resource Limit (RRL) / Operate within Control Total

The Trust is liaising with the HSCB in relation to the financial plan and is awaiting confirmation of the RRL for 2021/22. The Control Total has been confirmed at £12m.

Manage within allocated Capital Resource Limit (RRL)

The Trust has received a total capital allocation (Capital Resource Limit) of £30.6m from the Department of Health.

Capital expenditure to the end of July 2021 is £3.5m.

Other financial performance targets	RAG STATUS
1. Achieve in year savings targets for 2021/22	
<p>The Trust has been issued with a Pharmacy savings target of £1m and plans have been developed to date amounting to £0.4m. Work continues in relation to the development of plans to address the gap. The Trust has identified other opportunities associated with the Covid downturn in activity estimated at £4.0m and recovery plan savings of £2.8m in-year to support the Trust Financial plan. The implementation of savings for the Trust recovery plan was delayed in 2020/21 due to the Covid-19 pandemic, however, the work streams are up and running again in 2021/22.</p>	
2. Minimise expenditure on agency and locum staff	
<p>The Trust has spent £20.1m to 31 August 2021 on agency and locum staff. The average expenditure for 2021/22 has increased by 13% on the average spend last year. The graph (Table 10) shows all of our flexible staffing costs.</p>	
3. Manage ring fenced funding within allocations	

Work is ongoing with the HSCB on the indicative allocations for ring fenced revenue programmes in 2021/22.

4. Achieve recurrent breakeven position

The Trust has revised its projected year end deficit to £57m in 2021/22 (£38.2m core deficit & £18.8m covid deficit). The Trust has contributed to regional bids for both the Trust core deficit and the Covid deficit as part of the October monitoring bids and awaits the outcome. The Trust will be completing a mid-year financial assessment of the deficit over the coming weeks which will reflect any further information on income from the HSCB at that stage and will include a review of pressures and potential solutions. Work continues with the HSCB/DoH in relation to this. The control total for 2021/22 has been confirmed at £12m.

5. Prompt payment target – 95% of suppliers within 30 days

The Trust paid 93.9% of its undisputed invoices with suppliers within 30 days at 31 August 2021.

1. Financial Deficit

The Trust financial plan indicates a Trust opening deficit of £35.5m.

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
Opening Deficit 2020/21	40.0
Less Savings Achieved	(4.5)
Opening Deficit 2021/22	35.5

The opening deficit of £35.5m is primarily the residual element of the Recovery Plan at 1 April 2021 of £15.7m plus the 2019/20 and 2020/21 savings plans not yet achieved recurrently.

The 2019/20 and 2020/21 savings plans were delivered non recurrently in 2020/21.

This is outlined in Table 2.

Table 2. Opening Deficit Analysis

	£'m
Opening Recurring Deficit	19.0
Less Recovery Plan Savings 2020/21	(3.1)
Less Other Income	(0.4)
Add Income Reduction 2019/20 (net of savings)	10.2
Add Income Reduction 2020/21 (net of savings)	9.8
Opening Deficit 2021/22	35.5

The Trust has been advised that its Control Total is £12m for 2021/22.

The Trust submitted its financial plan for 2021/22 to the DoH/HSCB on 3 June 2021, which projected a deficit of £62.9m (core deficit of £49m / Covid deficit of £13.9m). Following a meeting with HSCB/DoH on 24 June 21, this was revised to £53.3m (core deficit of £44.6m / Covid deficit of £8.7m). Since then, there have been a number of further adjustments for income from HSCB, increased savings and revised pressures resulting in a revised forecast deficit of £57m (core deficit reduced to £38.2m and Covid deficit increased to £18.8m). The Covid deficit reflects the cost of extending Covid response from July to March 22 following the emergence of the Delta variant.

The Trust will be completing a mid-year financial assessment of the deficit over the coming weeks which will reflect any further information on income from the HSCB at that stage and will include a review of pressures and potential solutions. Work

continues with the HSCB/DoH in relation to this. This is outlined in Table 3.

Table 3. Projected Deficit 2021/22

	Original 2021/22 Plan £'m	Revised 2021/22 Plan July 21 £'m	Revised 2021/22 Plan Sept 21 £'m
Opening Deficit 2020/21	40.0	40.0	40.0
Less Savings Achieved	(4.5)	(4.5)	(4.5)
Opening Deficit 2021/22	35.5	35.5	35.5
Pressures 2021/22	14.0	15.1	11.9
Transformation	1.6	1.6	0.4
No More Silos	3.0	0.0	0.0
Savings Target 2021/22 (net of target)	(5.1)	(7.6)	(9.6)
Projected Deficit 2021/22 Excluding Covid	49.0	44.6	38.2
Covid	13.9	8.7	18.8
Projected Deficit 2021/22 Including Covid	62.9	53.3	57.0

The HSCB and DOH are waiting on the outcome of their October monitoring bids for both the core deficit and the Covid deficit.

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 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 2021/22

The Trust is reporting a projected deficit of £57.0m for 2021/22.

Table 4. Projected Deficit 2021/22

	2021/22 Plan	Position at 31 Aug 2021
	£'m	£'m
Opening Deficit 2021/22	35.5	15.5
Pressures 2021/22	11.9	2.5
Transformation	0.4	0.3
No More Silos	0.0	0.0
Savings 2021/22 (net of target)	(9.6)	(3.2)
Projected Deficit 2021/22 Excluding Covid	38.2	15.1
Covid	18.8	3.6
Projected Deficit 2021/22 Including Covid	57.0	18.7

Covid

The Trust is projecting expenditure for Covid of £61.0m. The HSCB have advised of funding of £42.2m leaving a gap of £18.8m. This is outlined in the table below.

Table 5. Covid Projected Deficit 2021/22

	£'m
Workforce for Covid response	15.5
PPE	24.0
Other response/ rebuild including vaccination programme, cleaning, testing & swabbing	21.5
Projected expenditure	61.0
Funding confirmed to date	(42.2)
Projected Deficit at Aug 21	18.8

The Trust has presented a detailed account of projected costs and expenditure to HSCB. The increase in the Covid deficit mainly relates to the cost of extending Covid response from July to March 22. The HSCB has submitted a Covid bid to cover these pressures as part of October monitoring and are waiting on a response to this bid.

The estimate of Covid costs is challenging and will be kept under review for the remainder of the year given the inherent difficulty in projecting the duration of the current surge and taking account of known workforce supply constraints. The Trust will therefore continue to closely monitor and report on Covid expenditure and will work closely with the HSCB to refine our projection and secure funding for this pressure.

3. Financial Performance at 31 August 2021

At the end of August 2021, the Trust is reporting a deficit of £18.7m (5.5%)

Table 6. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	August Variance		July Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	90,522	101,434	10,912	12.1%	8,580	11.8%
Adult Mental Health & Disability	46,170	47,375	1,205	2.6%	1,051	2.8%
Primary Care & Older People	78,061	81,737	3,676	4.7%	3,209	5.1%
Women & Childrens	43,890	45,815	1,925	4.4%	1,681	4.8%
Medical	1,831	1,814	(17)	(0.9%)	(35)	(2.3%)
Performance & Service Improvement	19,411	18,722	(689)	(3.5%)	(465)	(3.0%)
Finance & Contracting	3,980	3,800	(180)	(4.5%)	(118)	(3.7%)
Human Resources	1,889	1,692	(197)	(10.4%)	(168)	(11.0%)
Corporate	1,072	1,096	24	2.2%	53	6.4%
Trust Wide Corporate Services	286	296	10	3.5%	10	4.4%
Corporate Pay & Non-Pay	30,125	31,826	1,701	5.6%	1,453	5.4%
Covid19	17,068	20,667	3,599	21.1%	1,803	13.0%
Corporate Solutions	3,429	0	(3,429)	(100.0%)	(1,845)	(100.0%)
Savings Target 2021/22	(182)	0	182	100.0%	228	100.0%
Reported Deficit	337,552	356,274	18,722	5.5%	15,437	5.7%

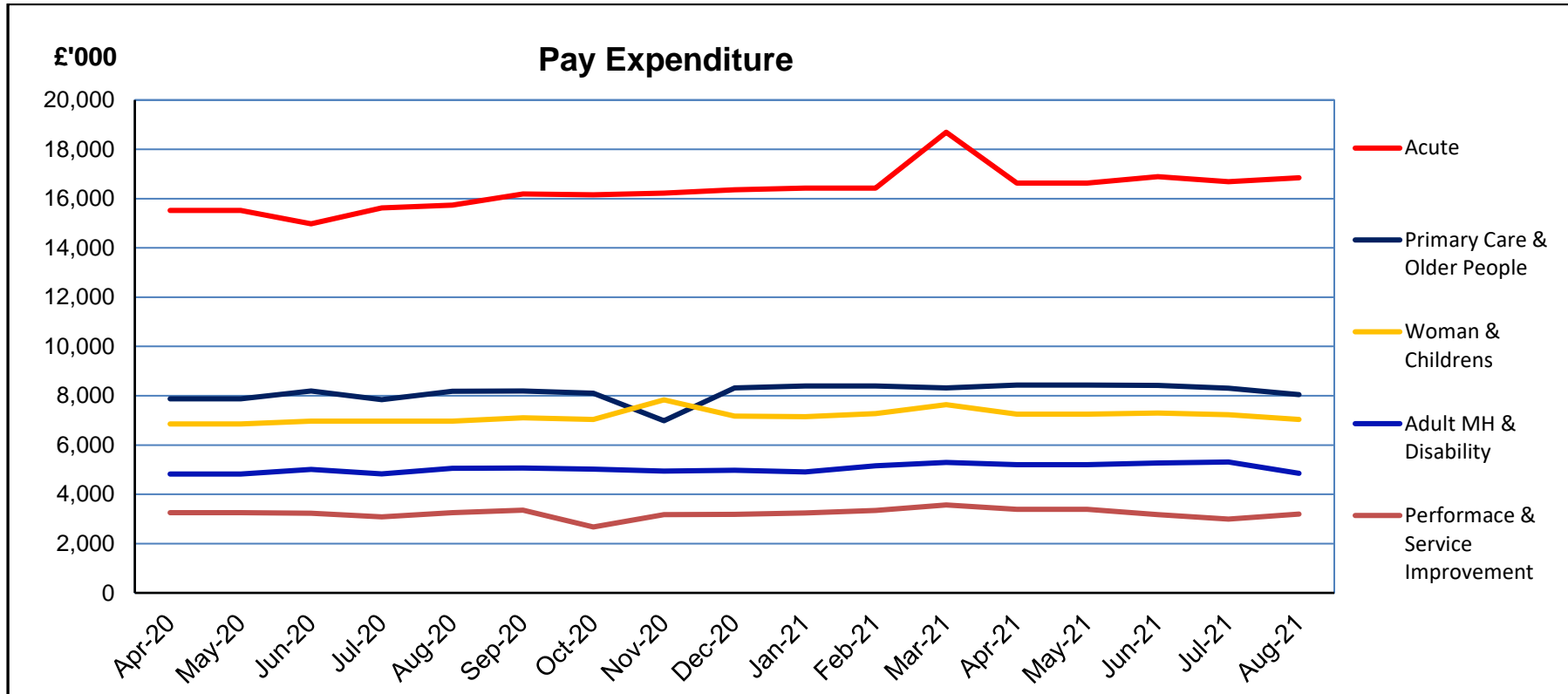
The Trust is working with the HSCB to confirm the funding for Transformation and Covid. The indicative allocations advised to the Trust is not sufficient to cover the expenditure, however, the DoH have advised that in relation to Transformation any underspend in projects can be used to fund unfunded projects / overspends in other projects. An overspend of £3.9m (Transformation £0.3m, Covid £3.6m) for these areas is being reported in the August Financial Performance.

The Acute Directorate is reporting an overspend of £10.9m (12.1%). This is due to prior year undelivered savings of £3.9m and pressures of £7.0m within nursing and medical pay budgets. Usage of expensive flexible staffing to support service delivery is a consistent solution in the delivery of hospital services.

Pay Expenditure

The graph below shows the trends in pay expenditure (excluding Covid-19 since June 2020) across the Trust. The five directorates shown account for 96% of the Trusts total pay with Acute Services and Primary Care and Older People accounting for 59% of the monthly payroll.

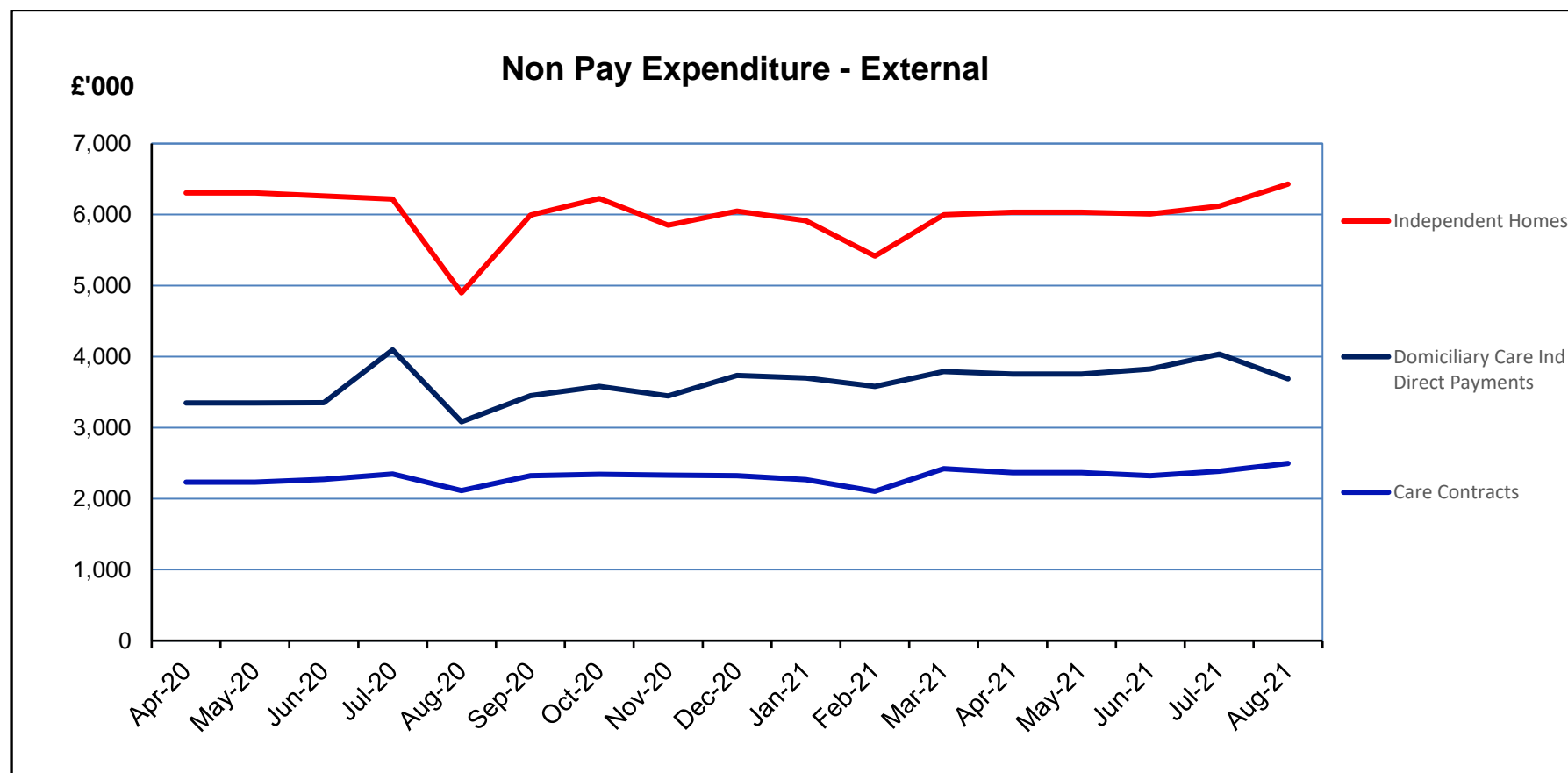
Table 7. Pay Expenditure



Non Pay Expenditure - External

The graph below shows the trends in expenditure on external non pay expenditure (excluding Covid-19 since August 2020) across the Trust. Independent Homes, Domiciliary Care, Direct Payments and Care Contracts account for 51% of the monthly non pay expenditure.

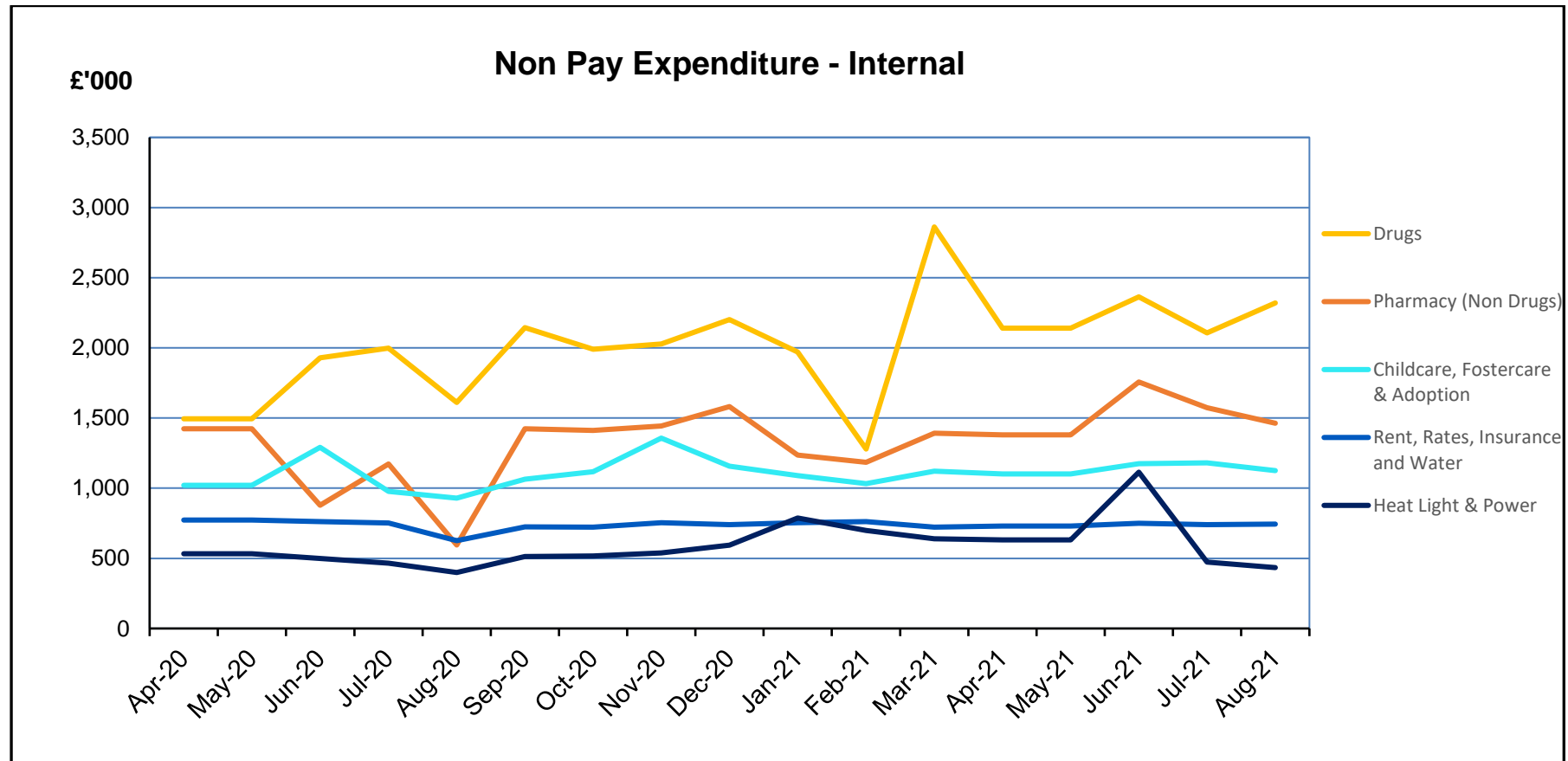
Table 8. Non Pay Expenditure – External



Non Pay Expenditure - Internal

The graph below shows the trends in expenditure on internal non pay expenditure (excluding Covid-19 since August 2020) across the Trust. The five areas shown below account for 25% of the Trusts non pay expenditure.

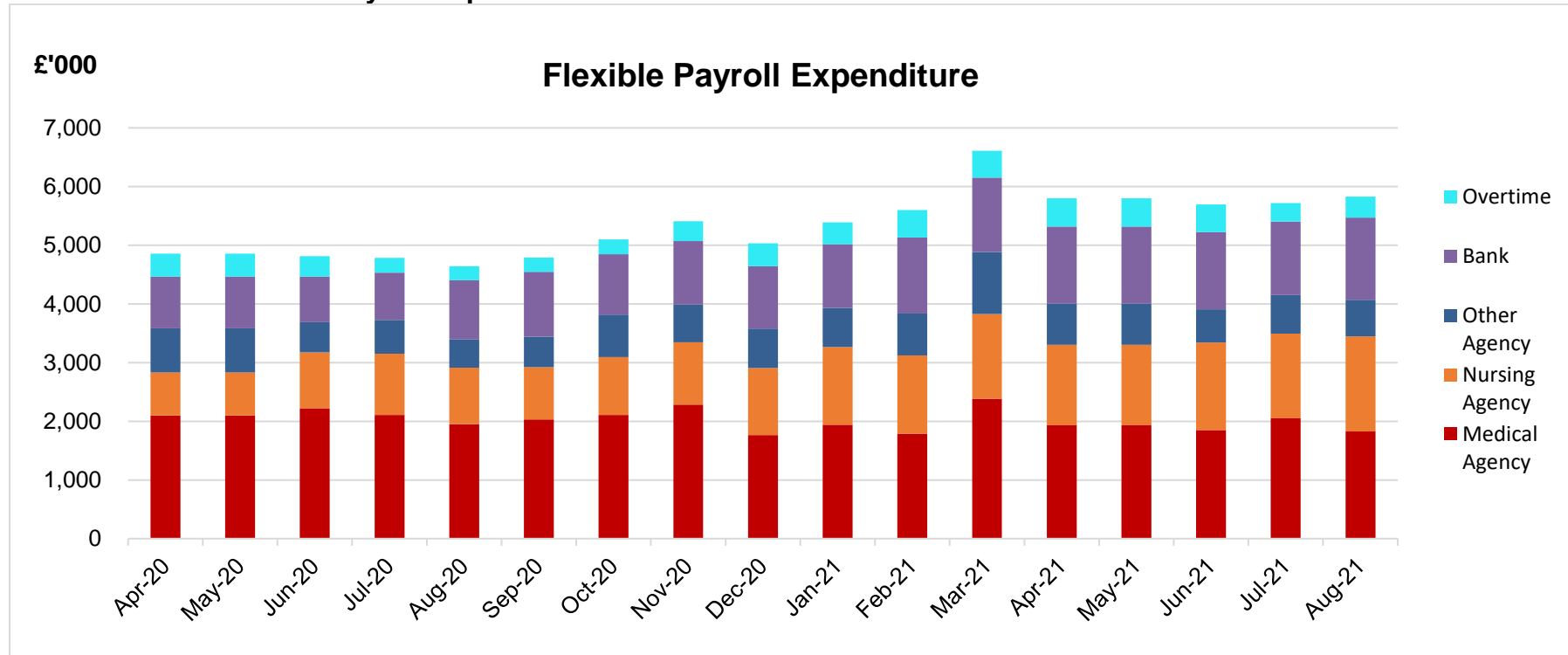
Table 9. Non Pay Expenditure - Internal



Flexible Staffing Expenditure

The graph below shows the trends in flexible payroll expenditure on agency and bank staff and overtime across the Trust since April 2020. The total expenditure in 2021/22 to the end of August was £28.8m with expenditure on Acute Services being £12.3m (42.7%).

Table 10. Total Flexible Payroll Expenditure



Total Agency expenditure to date is £20.1m, which includes £9.6m (48%) on medical agency staff and £7.3m (36%) on nursing agency staffing and £3.2m (16%) on other staffing . Expenditure on Bank staff over the same period is £5.2m.

The average expenditure for 2021/22 has increased by 13% on the average spend during 2020/21.

4. Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £30.6m from the Department of Health, the table below shows the expenditure to 31st July 2021 and planned year end position to 31st March 2022 as follows:-

Table 11. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 31 July 2021 £'000	Forecast Expenditure at 31 March 2022 £'000
Altnagelvin 5.1 - Tower Block Development	2,831	76	2,831
GP Improvement Scheme Trust Owned	4	0	4
Cityside HCC	3,195	53	3,195
ICT	5,867	159	5,867
General Capital	12,311	2,856	12,311
Covid ICT	183	0	183
No More Silos	150	53	150
Covid General Capital	713	128	713
Backlog Maintenance	3,375	192	3,375
Invest to Save	313	0	313
MH Task & Finish	408	0	408
Imaging Diagnostics	750	0	750
Discharge from Iveagh	490	0	490
Total	30,590	3,517	30,590

5. Run-Rates

Run rates of expenditure are being monitored for each Directorate in 2021/22. These are compared to projected expenditure as part of the Trust Financial Plan.

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

The Trust is currently operating above the run-rates assigned for the first five months due to increased pay expenditure in the Acute and PC&OP Directorates and increased spend on energy and direct payments. This will continue to be monitored each month.

6. Savings Plan 2021/22

The Trust has been issued with a Pharmacy savings target of £1m and plans have been developed to date amounting to £0.4m. Work continues in relation to the development of plans to address the gap. The Trust has identified other opportunities associated with the Covid downturn in activity estimated at £4m and recovery plan savings of £2.8m in-year to support the Trust Financial plan. The implementation of savings for the Trust recovery plan was delayed in 2020/21 due to the Covid-19 pandemic, however, the work streams are up and running again in 2021/22.

7. Transformation Funding

The Trust is working with the HSCB to confirm the funding for Transformation projects. The indicative allocations advised to the Trust is not sufficient to cover the expenditure, however, the DoH have advised that in relation to Transformation any underspend in projects can be used to fund unfunded projects / overspends in other projects. The Trust is reporting expenditure of £3.8m and an overspend of £0.3m as at 31 August 2021.

8. Prompt Payment Target

93.9% of undisputed invoices were paid within 30 working days of receipt against a target of 95%.

9. Key Messages

- The Trust is reporting a deficit of £18.7m at end of August 2021, of which £3.6m is Covid and £0.3m is Transformation.
- The Trust is projecting a deficit of £57m (core deficit £38.2m and Covid deficit £18.8m). The Trust has contributed to regional bids for both the Trust core deficit and the Covid deficit as part of the October monitoring bids and awaits the outcome.
- The Trust is working with the HSCB to confirm the funding for Transformation and Covid. The indicative allocations advised to the Trust is not sufficient to cover the expenditure, however, the DoH have advised that in relation to Transformation any underspend in projects can be used to fund unfunded projects / overspends in other projects.
- Directorates, particularly Acute Services and PC&OP should continue to focus on grip & control in their pay run rates and AMHD should continue to focus on grip & control in their non pay run rates.
- The implementation of savings for the Trust recovery plan was delayed in 2020/21 due to the Covid-19 pandemic, however, the work streams are up and running again in 2021/22. CMT and Delivering Value Management Board continue to hold Directorates to account and it is imperative that Directorates deliver on the planned savings to support the overall Trust Financial Plan.
- We have received confirmation of a Control Total for 2021/22 of £12m.

Paul Quigley
Director of Finance, ICT & Contracting (Acting)