

Financial Performance Report

for the 8 months ended

30 November 2021

Statutory financial performance targets

Red Amber Green
(RAG)
STATUS



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

The Trust continues to liaise with the HSCB in relation to the financial plan but the final RRL position for 2021/22 is not yet confirmed. The Control Total has been confirmed at £12m.

2. Manage within allocated Capital Resource Limit (CRL)

The Trust has received a total capital allocation (Capital Resource Limit) of £34.3m from the Department of Health.

Capital expenditure to the end of October 2021 is £9.4m.

Other financial performance targets	RAG STATUS
3. 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 £0.5m. 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 £7.0m and recovery plan savings of £2.8m in-year to support the Trust Financial plan. The Trust is on target to achieve £4m of recurrent savings associated with its Recovery Plan.</p>	
4. Minimise expenditure on agency and locum staff	
<p>The Trust has spent £32.5m to 30 November 2021 on agency and locum staff. The average expenditure on agency and locum staff for 2021/22 has increased by 10% on the average spend last year. The average expenditure for flexible staffing for 2021/22 has increased by 14% on the average spend last year.</p> <p>The graph (Table 9) shows all of our flexible staffing costs.</p>	

5. Manage ring fenced funding within allocations

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

6. Achieve breakeven position

The Trust has revised its projected year end deficit to £14.5m in 2021/22. The control total for 2021/22 has been confirmed at £12m and thus a gap of £2.5m.

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

The Trust paid 92.3% of its undisputed invoices with suppliers within 30 days at 30 November 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
Revised 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

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.

Table 3. Projected Deficit 2021/22

	Original 2021/22 Plan £'m	Revised 2021/22 Plan Nov 21 £'m	Revised 2021/22 Plan Dec 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
Income – Opening Deficit / Inescapable Pressures	0.0	(6.0)	(7.5)
Pressures 2021/22	14.0	4.5	4.5
Transformation	1.6	1.1	1.1
No More Silos	3.0	0.0	0.0
Savings / Other Opportunities (net of 2021/22 savings target)	(5.1)	(12.6)	(12.6)
MYR opportunities		(6.5)	(6.5)
Projected Deficit 2021/22 Excluding Covid	49.0	16.0	14.5
Covid	13.9	0.0	0.0
Projected Deficit 2021/22 Including Covid	62.9	16.0	14.5

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).

Since the previous report, the Trust has been advised of further funding for Other Inescapable Pressures of £1.5m. Prior to this, the Trust had been advised by HSCB of funding for Energy Pressures £6m, Other Inescapables Pressures £5.2m and to assume full funding for Covid. The Trust mid-year financial assessment also reduced the deficit to take account of other in-year opportunities.

The Trust will closely monitor financial performance against the financial plan and will continue to liaise with HSCB to work towards our control total of £12m.

2. Financial Plan 2021/22

The Trust is reporting a projected deficit of £14.5m for 2021/22.

Table 4. Projected Deficit 2021/22

	2021/22 Plan	Position at 30 Nov 2021
	£'m	£'m
Opening Deficit 2021/22	35.5	24.5
Income – Opening Deficit / Inescapable Pressures	(7.5)	(5.0)
Pressures 2021/22	4.5	2.0
Transformation	1.1	0.6
No More Silos	0.0	0.0
Savings / Other Opportunities (net of 2021/22 savings target)	(19.1)	(12.5)
Projected Deficit 2021/22 Excluding Covid	14.5	9.7
Covid	0.0	0.0
Projected Deficit 2021/22 Including Covid	14.5	9.7

Covid

The Trust has been advised by the HSCB to assume that Covid will be fully funded in 2021/22. The Trust is projecting

expenditure for Covid of £62.6m. The Trust has presented a detailed account of projected costs and expenditure to HSCB.

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 liaise with HSCB on the monitoring and reporting of Covid expenditure.

3. Financial Performance at 30 November 2021

At the end of November 2021, the Trust is reporting a deficit of £9.7m (1.7%)

Table 5. Summary Financial Performance by Directorate

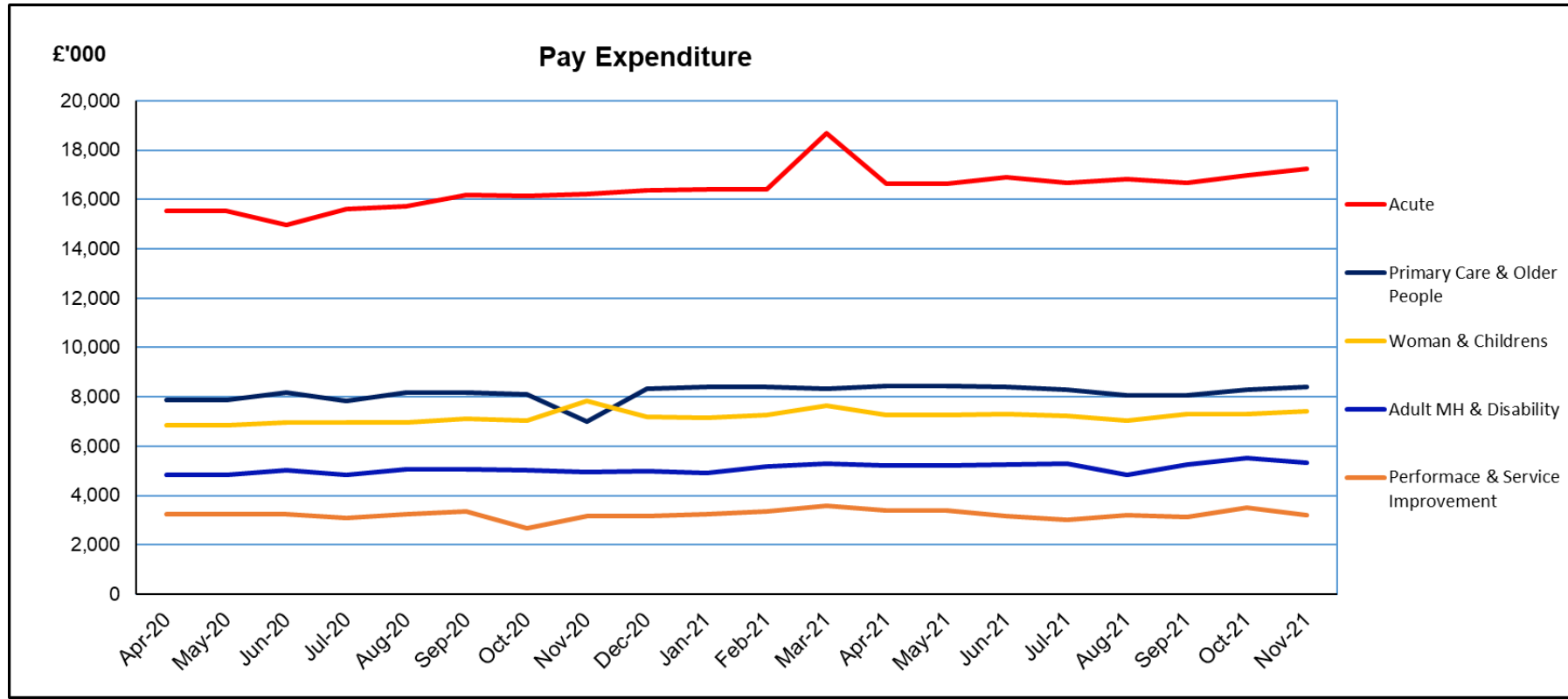
Directorate	Budget	Expenditure	November Variance		October Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	147,270	164,926	17,656	12.0%	15,023	11.7%
Adult Mental Health & Disability	74,020	76,655	2,635	3.6%	2,147	3.3%
Primary Care & Older People	125,593	130,792	5,199	4.1%	4,566	4.2%
Women & Children's	70,597	74,106	3,509	5.0%	2,946	4.8%
Medical	3,017	2,992	(25)	(0.8%)	(24)	(0.9%)
Performance & Service Improvement	31,531	30,137	(1,394)	(4.4%)	(1,353)	(4.9%)
Finance & Contracting	6,387	6,172	(215)	(3.4%)	(190)	(3.5%)
Human Resources	3,031	2,769	(262)	(8.6%)	(240)	(9.0%)
Chief Executive Office	1,762	1,721	(41)	(2.3%)	10	0.7%
Trust Wide Corporate Services eg. E-Rostering, Bank Nursing Office & Staff Side	453	480	27	6.0%	25	6.3%
Corporate Pay & Non-Pay eg. Energy, Rates, Pharmacy etc	50,879	51,514	635	1.2%	686	1.6%
Covid19	33,637	33,637	0	0.0%	0	0.0%
Corporate Solutions	18,414	0	(18,414)	(100.0%)	(11,629)	(100.0%)
Savings Target 2021/22	(369)	0	369	100.0%	292	100.0%
Reported Deficit	566,222	575,900	9,678	1.7%	12,259	2.5%

The Acute Directorate remains the highest overspending Directorate at £17.7m (12.0%). This is due to prior year undelivered savings of £6.3m and pressures of £11.2m 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 reported account for 96% of the Trusts total pay, with Acute Services and Primary Care and Older People accounting for 59% of the monthly payroll.

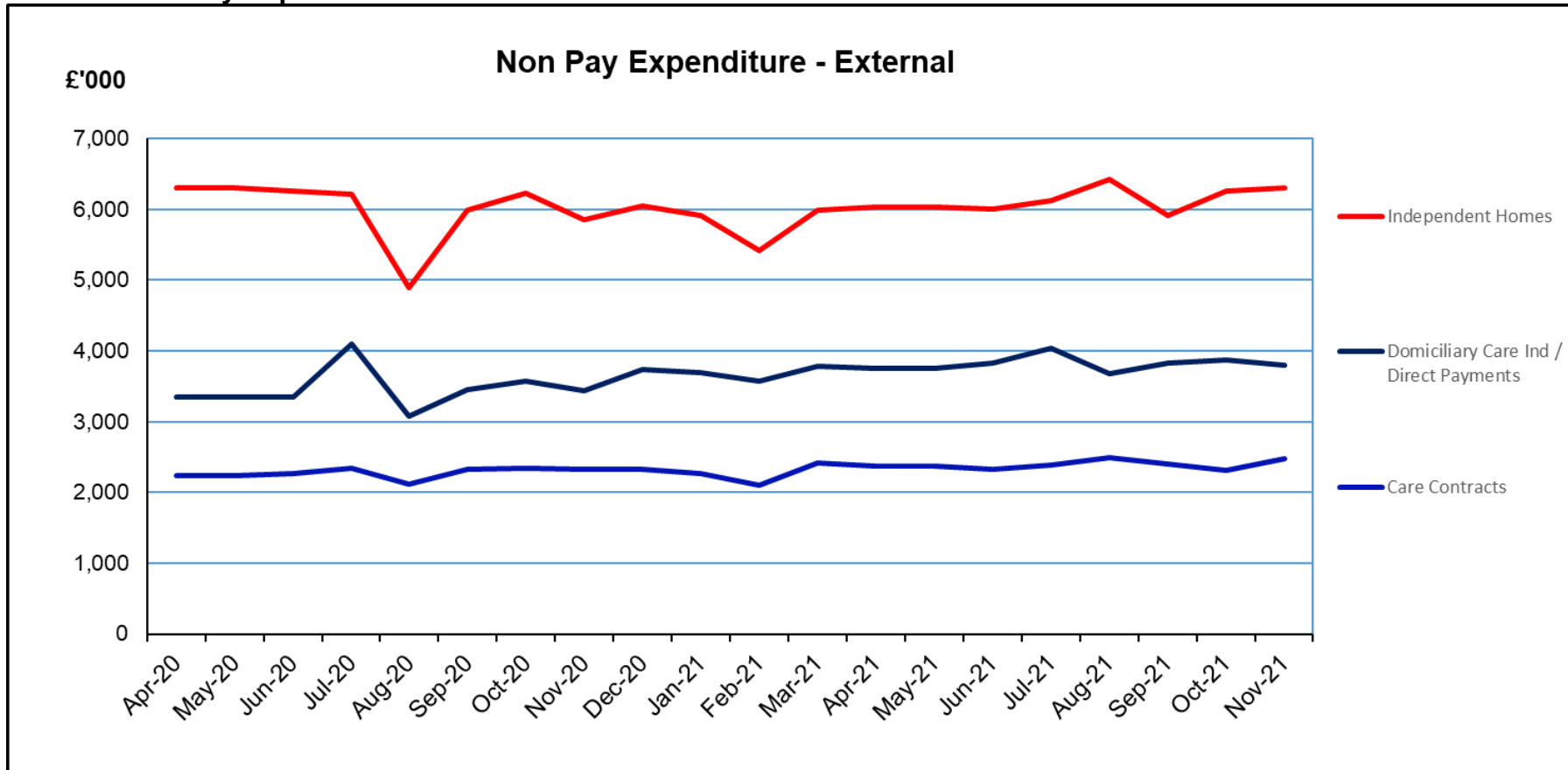
Table 6. Pay Expenditure



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.

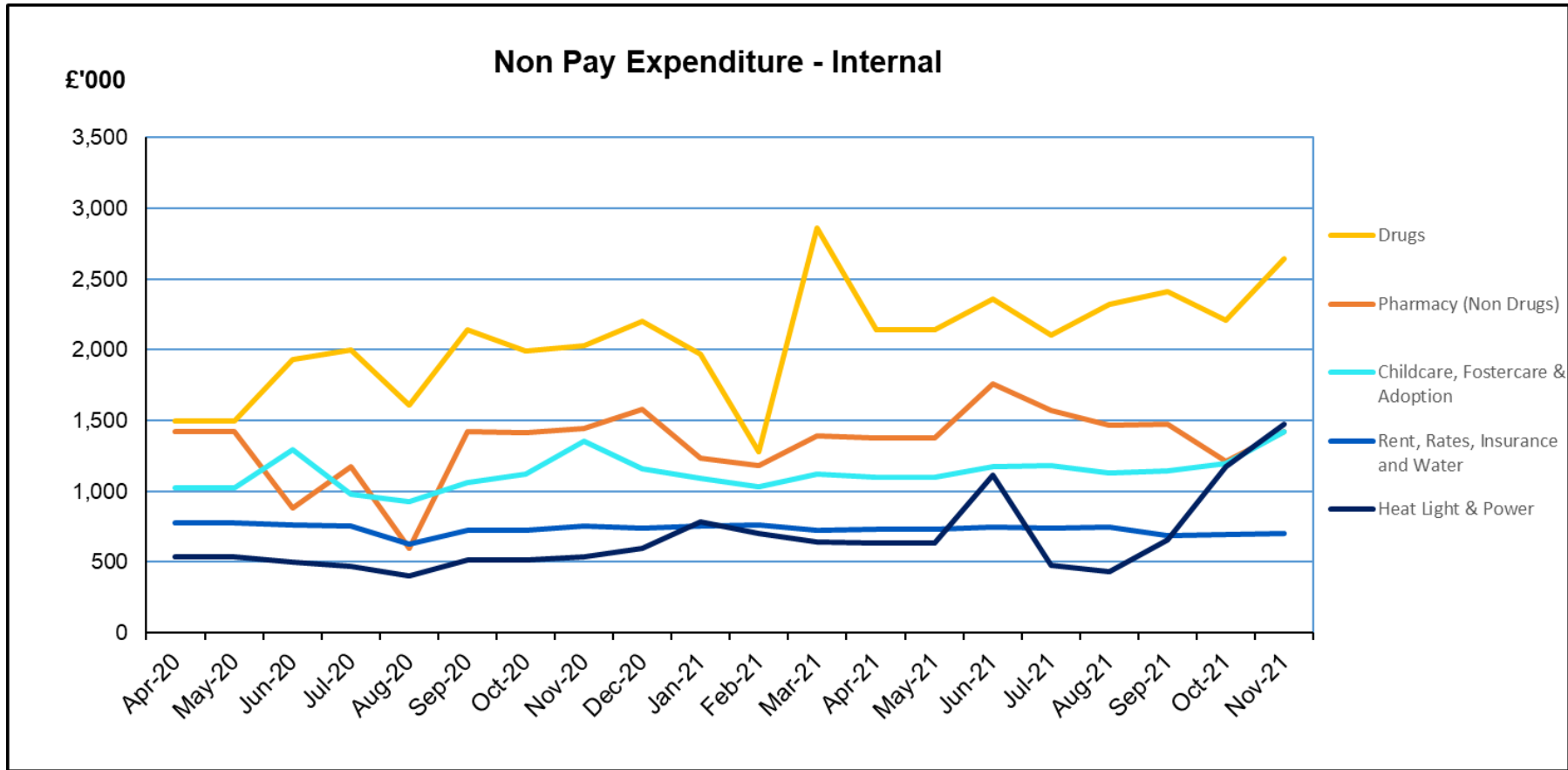
Table 7. Non Pay Expenditure – External



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 27% of the Trusts non pay expenditure.

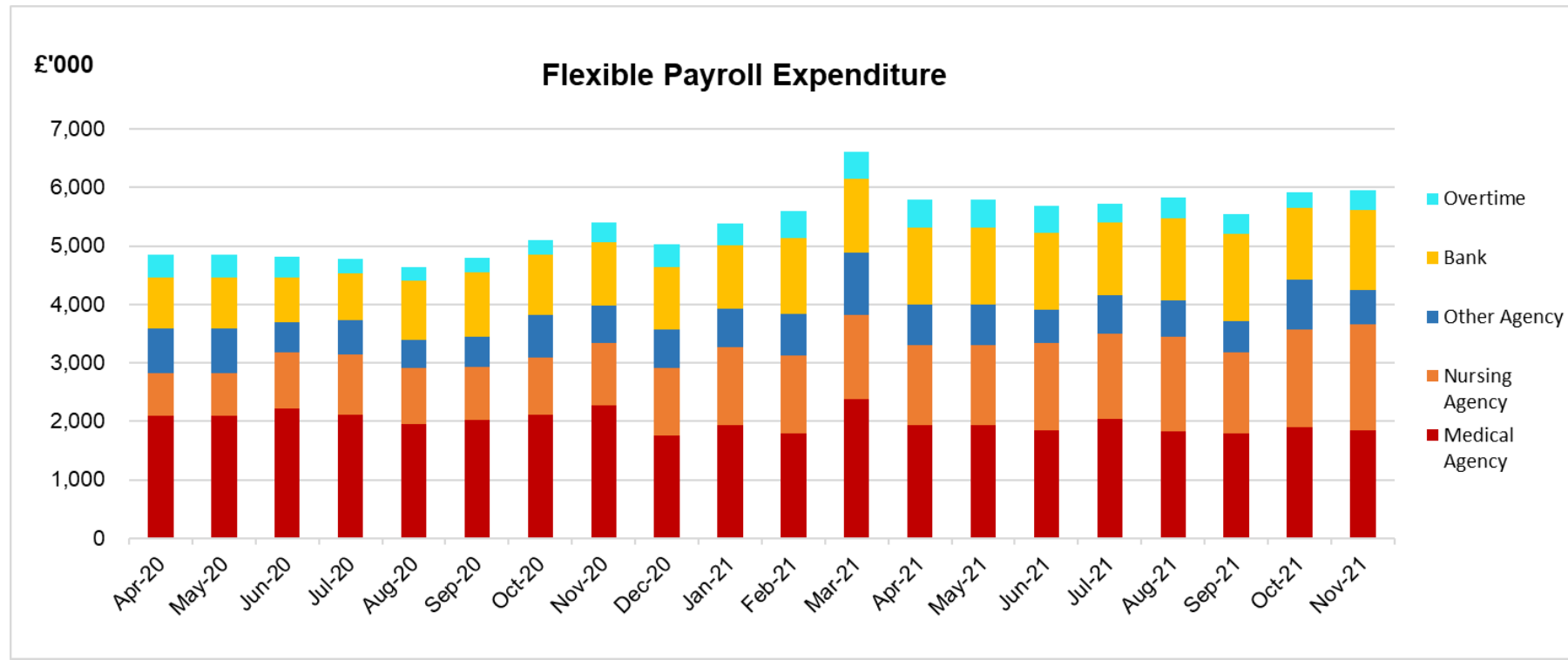
Table 8. Non Pay Expenditure - Internal



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 November was £46.3m with expenditure on Acute Services being £19.7m (42.5%).

Table 9. Total Flexible Payroll Expenditure



Total Agency expenditure to date is £32.5m, which includes £15.1m (47%) on medical agency staff and £12.2m (38%) on nursing agency staffing and £5.2m (16%) on other staffing. Expenditure on Bank staff over the same period is £10.7m. The average expenditure for 2021/22 has increased by 14% on the average spend during 2020/21.

4. Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £34.26m from the Department of Health, the table below shows the expenditure to 31st October 2021 and planned year end position to 31st March 2022 as follows:-

Table 10. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 31 October 2021 £'000	Forecast Expenditure at 31 March 2022 £'000
Altnagelvin 5.1 - Tower Block Development	1,486	361	1,486
GP Improvement Scheme Trust Owned	4	4	4
Cityside HCC	654	133	654
Lisnaskea	225	0	225
ICT	7,353	2,485	7,353
General Capital	17,854	5,020	17,854
Covid ICT	183	60	183
No More Silos	150	150	150
Covid General Capital	1,013	535	1,013
Backlog Maintenance	3,375	556	3,375
Invest to Save	313	0	313

MH Task and Finish	408	97	408
Imaging Diagnostics	750	0	750
Discharge form Iveagh	490	0	490
Total	34,258	9,401	34,258

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 eight months due to increased pay expenditure in the Acute, PCOP and AMHD 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 £0.5m. 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 £7m and recovery plan savings of £2.8m in-year to support the Trust Financial plan.

7. Transformation Funding

Allocations confirmed to the Trust for Transformation are not sufficient to cover forecast expenditure. The Trust has asked the Transformation, Planning & Performance Group (TPPG) to consider reprofiling transformation projects slippage towards strategically important overspending transformation projects (including Our Hearts Our Minds) and their response remains outstanding.

The Trust has asked HSCB to confirm their commissioner intent for projects with no funding for 2022/23 and we await their response. The Trust is reporting expenditure of £6.1m, an overspend of £0.6m as at 30 November 2021 and the forecast overspend is projected to be £1.1m.

8. Elective Care funding

The Trust has been allocated £12.8m for the delivery of elective care across a range of specialties for in house and independent sector activity. The Trust is reporting expenditure of £4.7m as at 30 November 2021.

9. Prompt Payment Target

92.3% of undisputed invoices were paid within 30 working days of receipt against a target of 95%

10. Key Messages

- The Trust is reporting a deficit of £9.7m at end of November 2021.
- The Trust is projecting a core deficit of £14.5m which is £2.5m off the approved control total of £12m. The Trust will closely monitor financial performance against the financial plan and will continue to liaise with HSCB to close this gap.
- Allocations confirmed to the Trust for Transformation projects are not sufficient to cover forecast expenditure and the deficit is included in the projected core deficit. The Trust has asked HSCB to confirm their commissioner intent for projects with no funding for 2022/23 and we await their response.
- 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 its non pay run rates.
- In relation to the Trust recovery plan, CMT and Delivering Value Management Board continue to hold Directorates to account as it is imperative that Directorates deliver on the planned savings to support the overall Trust Financial Plan.

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