

Financial Performance Report

*For the 2 months ended
31 May 2024*

Executive Summary

The Trust has submitted its Financial Plan 2024/25, Contingency Plan 2024/25 and Outline Recovery Plan Approach to the Permanent Secretary on 21 May 2024.

The Permanent Secretary has given authority to the Trust to implement its low and medium impact savings plans and arrangements are well advanced.

The Trust forecast deficit for 2024/25 is £35m. The financial performance for the period 31 May 2024 is a deficit of £6m. Figures provide early indications that Service Directorates are challenged to contain expenditure growth against the range of pressures across both acute and community settings, targeted discussion in relation to the areas of concern will take place during monthly Finance Focus meetings. However, there are also signs of areas where strict applications of controls and effective management of decision-making is resulting in cost containment.

Statutory Financial performance targets	Rag Status
1. Manage within allocated Revenue Resource Limit (RRL) / Operate within Control Total	
<p>The Trust continues to liaise with SPPG in relation to the Trust financial plan. The Trust is currently projecting a deficit position of £35m for 2024/25.</p>	
2. Manage within allocated Capital Resource Limit (CRL)	
<p>The Trust has been notified of a total capital allocation (Capital Resource Limit) of £34.45m. Capital expenditure to the end of April 2024 is £0.665m.</p>	
3. Prompt payment target – 95% of suppliers within 30 days	
<p>The Trust has paid 86.9% of its undisputed invoices with suppliers within 30 days at 31 May 2024 against its target of 95%. In the month of May 2024, 93.68% of undisputed invoices with suppliers were paid within 30 days demonstrating a significant improvement from the first month. Achievement of this target has been impacted by delays in the approval of nurse agency invoices in May.</p>	

Financial plan and performance 31 May 2024

The Trust is reporting a deficit of £6m at 31 May 2024. This is against the forecast deficit of £35m for 2024/25 as summarised in Table 1 as follows:

Table 1. Projected Deficit 2024/25 and Performance

	2024/25 Projected Deficit at May 24 £'m	Position at 31 May 2024 £'m
Opening Deficit 2024/25	31.4	5.6
Demography & Demand 2024/25 (net of indicative funding)	1.2	0
Total Financial Pressures	32.6	5.6
Recurrent savings targets	26.4	2.6
Projected Deficit 2024/25	59.0	8.2
Low/medium savings plan 2024/25	(24.0)	(2.2)
Forecast deficit	35.0	6.0

Financial Plan

Taking account of the indicative budget allocation for 2024/25, the Trust forecast deficit for 2024/25 is £59m. This includes £31.4m of an opening deficit for 2024/25, £1.2m of forecast unfunded demography and demand pressures and £26.4m of a recurrent savings target budget reduction.

The Trust has set ambitious contingency savings targets in 2024/25, which we consider to have low and medium impact to services. Projected savings plans totalling £24m have been

developed, with £9.9m assessed as low impact and £14.2m assessed as medium impact. Performance against the savings targets will be programme managed through the Trust Delivering Value Management Board. The scale of these savings plans ambitious and at the highest level ever set by the Trust in a single financial year. They are therefore considered collectively to be high risk against delivery.

While the Trust has forecast demography and demand pressures for 2024/25, some of which have been funded in the indicative allocation letter, the Trust will be very challenged to manage expenditure in line with funding because of the range of service pressures beyond demography and demand factors. High cost medical locum agency, continued reliance on nurse agency and complex and high cost cases present a risk to the forecast deficit position. This risk will be reviewed following monthly financial performance reporting.

Financial Performance at 31 May 2024

The Trust is reporting an over-spend against its budgets of £6m at 31 May 2024. Table 2 below summarises the financial performance by Directorate. Directorates are reporting an over-spend of 4.5% for the period against the restated prior year reported budget variance of 3.3%. The bottom-line position for the Trust is an over-spend of 3.7% against budget.

Elective Care 2024/25

The Trust has been advised of an indicative allocation of £6m for the delivery of elective care across a range of specialties for in house and independent sector activity. The Trust is reporting expenditure of £0.4m at 31 May 2024.

Month 2 financial performance indicates and increased variance against 2023/24 restated figures. This is attributable to the full year effect of growth experienced in 2023/24 as well as new growth year to date. Directors will need to take action to understand and contain these growths.

Table 2. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	May Variance		Restated Variance 2023/24
	£'000	£'000	£'000	%	%
Unscheduled Care, Cancer, Diagnostics & Medicine	32,581	37,325	4,744	14.6%	14.4%
Surgery, Paediatrics & Women's Services	20,496	22,333	1,837	9.0%	8.9%
Adult Mental Health & Disability	23,785	24,537	752	3.2%	2.2%
Community & Older People's Services	32,470	33,410	940	2.9%	3.0%
Nursing, Midwifery & AHPs	6,164	5,898	(266)	(4.3%)	(6.9%)
Children & Families	14,068	14,276	208	1.5%	0.4%
Medical	772	757	(15)	(1.9%)	(2.7%)
Planning, Performance & Corporate Services	11,145	10,550	(595)	(5.3%)	(7.2%)
Finance, Contracts & Capital Development	959	888	(71)	(7.4%)	(4.8%)
Human Resources	1,140	1,103	(37)	(3.2%)	(2.7%)
Chief Executive Office	333	362	29	8.7%	8.8%
Trust Wide Corporate Services	15,328	16,751	1,423	9.3%	6.6%
Opportunities against Directorate Pressures	1,667	0	(1,667)	(100.0%)	(100.0%)
Directorate sub-total	160,908	168,190	7,282	4.5%	3.3%
COVID	679	680	1	0.1%	18.7%
Savings Targets 2024/25	(2,608)	0	2608	(100.0%)	(100.0%)
Low / medium Savings Achieved 2024/25	2,206	0	(2,206)	100.0%	100.0%
Other opportunities	1,671	0	(1,671)	(100.0%)	(44.1%)
Reported Deficit	162,856	168,870	6,014	3.7%	0.0%

Flexible Staffing Expenditure

Total expenditure in 2024/25 to date is £14.3m and is summarised by Directorate below.

Table 3. Total Flexible Payroll Expenditure

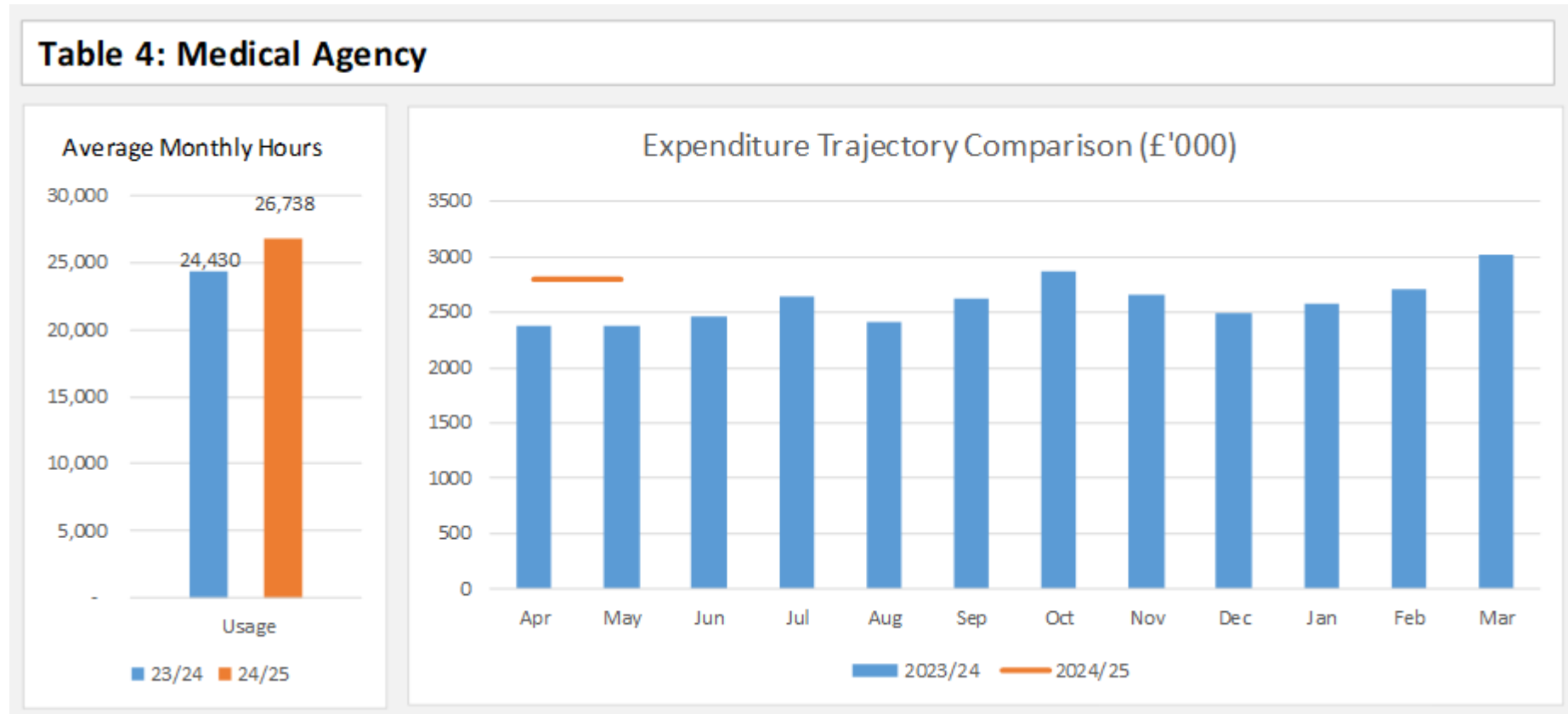
Directorate	Cum to May 2024			
	Overtime £'000	Agency £'000	Bank £'000	Total £'000
Diagnositics, Cancer & Medical Specialites	239	5,356	589	6,184
Surgery, Paediatrics & Women's Services	142	2,181	250	2,573
Adult Mental Health & Disability Services	104	1,347	926	2,376
Children & Families Directorate	108	131	517	756
Nursing, Midwifery & AHP's	19	106	27	152
Community & Older Peoples Services	149	820	504	1,473
Finance, Contracts & Capital Development	-	14	3	17
Human Resources	4	-	35	39
Medical Directorate	-	-	-	-
Chief Executive Office	-	-	-	-
Planning, Performance & Corporate Services	58	22	623	702
COVID19 - commissioned	2	-	24	25
	824	9,976	3,497	14,297

Total agency expenditure is £9.98m, which includes £5.6m (56%) of medical agency staff, £3.6m (37%) of nursing agency staff and £0.7m (7%) across other professional groups. Expenditure on bank staff over the same period is £3.5m. The average expenditure on flexible staffing for 2024/25 has increased by 0.1% on the average spend during 2023/24.

The tables below provide further detail on medical agency and nursing expenditure.

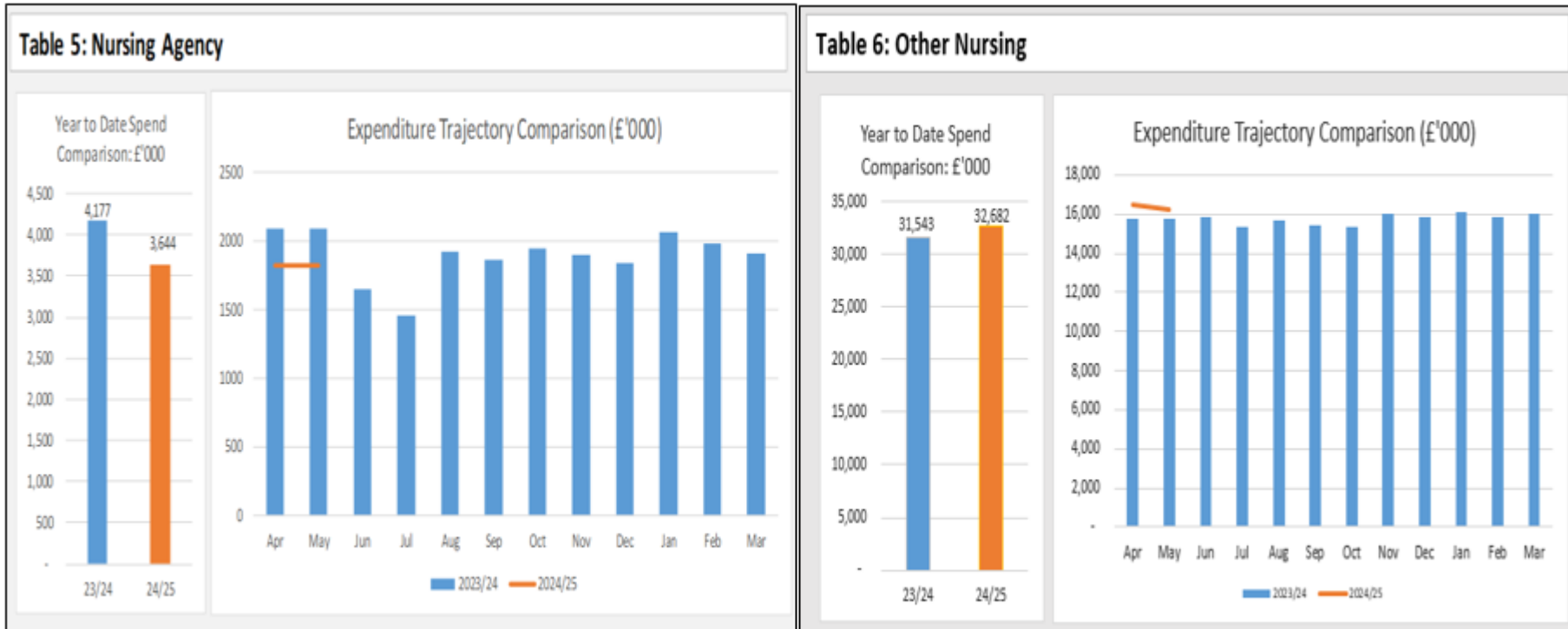
Medical Agency

Table 4 illustrates an increase in medical agency cost in terms of both usage, where average monthly hours have increased by 9.5%, and expenditure, which has increased by 17.3% when compared to the same period in 2023/24.



Nursing

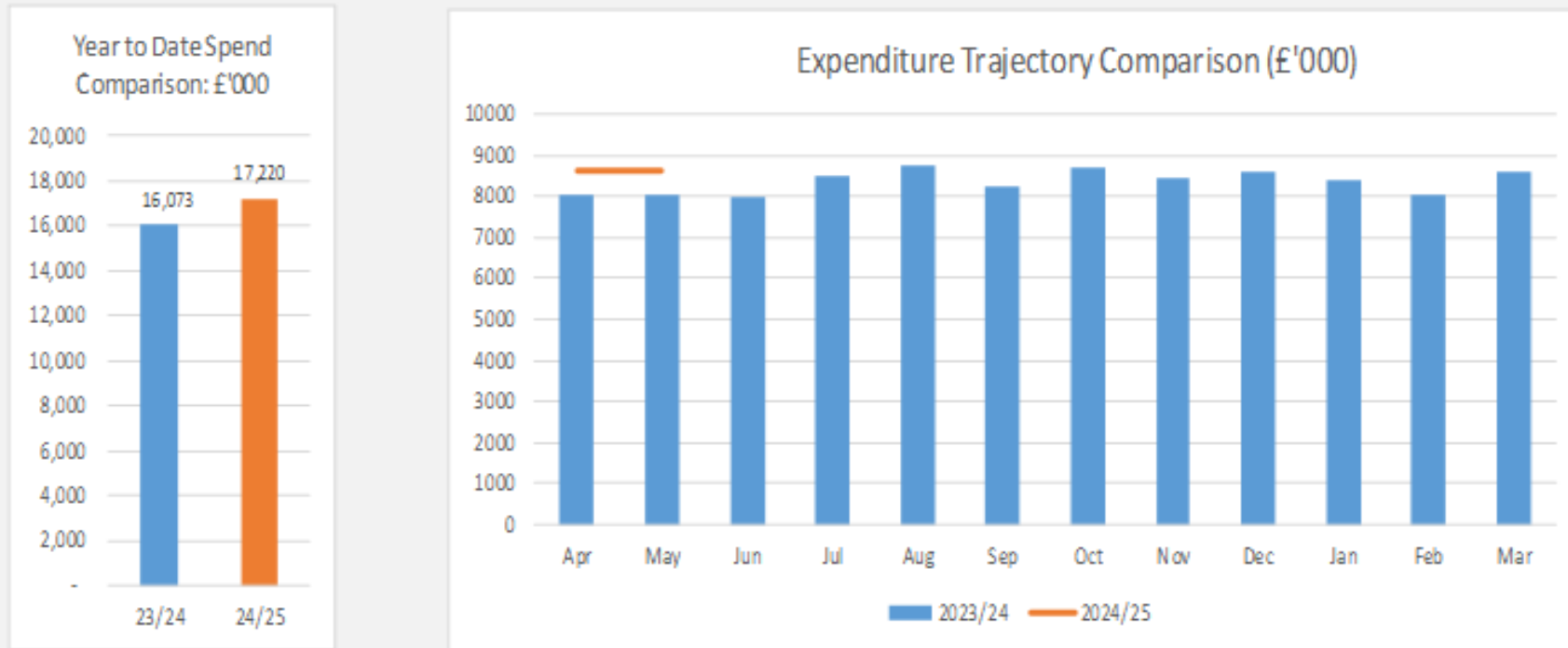
The graphs below illustrate that whilst there has been a decrease in nursing agency expenditure of 12.7% when compared to the same period in 2023/24, mainly as a direct result of the cessation of off-contract nurse agency, the Trust has experienced an increase in other nursing expenditure of 3.6% when compared to the same period in 2023/24.



Independent Section Residential & Nursing Homes

One of the most significant areas of overspend in non-pay is independent homes. Expenditure to date has increased by 7.14% compared to the same period in 2023/24, adjusted for inflation.

Table 7: Independent Homes



Contingency Savings Targets

The Trust has received a recurrent retraction of £26.4m from the Trust baseline budget associated with a savings target. The Trust has been ambitious in identifying £24m of savings plans, which are assessed as low and medium against impact to services. The planning gap of £2.4m is part of the Trust forecast deficit position. While the scale of individual impacts of savings proposals are assessed as low or medium, the scale of this across the Trust represents a much higher risk. The management of the risk of these plans will be undertaken through individual SRO led projects and performance is being monitored and reported to the Trust Delivering Value Management Board.

Table 8: Savings Target Monitoring 31 May 2024

Directorate	In Year Target £'m	Saving at 31 May 2024			
		Planned Savings £'m	Actual Savings £'m	(Surplus) / Shortfall £'m	% of Total Target Achieved
Community care service reduction	2.2	0.2	0.2	-	8%
High cost cases reduction	1.0	-	-	-	0%
PSI various programmes (estates etc.)	1.2	0.1	0.1	-	11%
Corporate opportunities: Workforce Controls	4.4	0.6	0.6	-	14%
Removal of expensive medical locums	3.0	-	-	-	0%
Nurse agency staffing reductions	3.0	-	-	-	0%
Embedding current nursing agency prices reset, removal of off contract and implementing further contractual opportunities	3.2	0.5	0.5	-	17%
Other including agency inflation control	3.7	0.6	0.6	-	15%
Acute goods & services deep dive, including specialist and non specialist drugs regime change and medical & surgical consumables	2.4	0.2	0.2	-	8%
Total	24.0	2.2	2.2	-	9%

Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £34.45m per the latest letter dated 14th June 2024 from the Department of Health. The table below shows expenditure to 30th April 2024 and planned year end position to 31st March 2025 as follows:-

Table 8. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 30th April 2024 £'000
Altnagelvin 5.1 - Tower Block Development	4,487	16
Cityside H&CC	1,249	
NDNA Altnagelvin Interim Training Facilities	150	29
ICT - General Capital	300	
Encompass	10,346	
MSEA Microsoft Licences	63	
General Capital	10,096	620
Car Parking - Hospital Parking Charges Act	734	
Backlog Maintenance	5,875	
MH Task and Finish	475	
Imaging Diagnostics	675	
Total	34,450	665

Key Messages

- The Trust is reporting a financial deficit of £6m at 31 May 2024.
- The Trust is projecting a financial deficit of £35m for 2024/25.
- Directors have committed to deliver against the following key performance indicators in 2024/25:
 - Management of expenditure run rates;
 - Achievement of contingency savings targets in full.

Therefore Directorates which have demonstrated a concerning expenditure growth trajectory at the early part of the year will be required to target specific actions in order to address any threat to financial forecasts in the Trust financial plan.

Performance against these KPIs will be discussed at Directorate Finance Focus meetings monthly, with escalations to Trust Delivering Value Board.

- 86.9% of undisputed invoices were paid within 30 working days of receipt against the target of 95%, largely in relation to absence in the small Trust nurse bank agency office.

Eimear McCauley
Executive Director of Finance, Contracts & Capital Development