



Western Health  
and Social Care Trust

# **Financial Performance Report**

**for the nine months ended  
31 December 2020**

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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 continually reviewed its financial projections and is currently projecting a deficit of £16m. 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. The Trust is expecting a Control Total of £15m.

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
<b>Opening Deficit 2019/20</b>	<b>50.3</b>
Less savings / Income Achievement 2019/20	(21.0)
<b>Opening Deficit 2020/21</b>	<b>29.3</b>
Add income reduction 2020/21	10.7
<b>Opening Deficit 2020/21</b>	<b>40.0</b>

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 Projection Dec 20 £'m	Position At Dec 2020 £'m
Opening Deficit 1 April 2020	29.3	29.3	22.5
Savings Target 2020/21	10.7	10.7	8.0
<b>Opening Position</b>	<b>40.0</b>	<b>40.0</b>	<b>30.5</b>
COVID Downturn Savings	(5.0)	(8.9)	(7.3)
Other Savings	(2.0)	(1.9)	(1.2)
Other Opportunities / RRL Slippage	0.0	(10.2)	(7.9)
HSCB Deficit Support	0.0	(3.0)	(2.3)
Transformation Pressure	0.3	0.0	0.0
<b>Projected Deficit (non Covid)</b>	<b>33.3</b>	<b>16.0</b>	<b>11.8</b>

At month 6, the forecast deficit was £23.1m, since then there have been a number of adjustments. We have continually reviewed our position and this enabled us to identify some costs that should have been coded to Covid19. This along with increased savings, income slippage, other opportunities and deficit support funding has resulted in a revised forecast deficit of £16m. This does not include any impact of Covid19 as the Trust is assuming that it will be fully funded for this pressure.

At month 9, our non Covid deficit is £11.8m.

It is difficult to predict/project this year due to uncertainty around reset/surge but we are on track for our expected results. One of the difficulties in projections is identifying how long will the Covid/Downturn savings occur for, and at what level. The current estimate is £9m. 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 forecasting a deficit of £16m and our Control Total was set at £19m from early in the year. We have been informed that our Control Total may be reduced from £19m to £15m, through allocation of an additional £4m income. This would change our figures above to show a deficit of £12m against a Control Total of £15m.

### Transformation

The Trust had a pressure in relation to Transformation Projects because the decision was not made on what projects to fund until June. However, the Trust has been funded non-recurrently for these projects by the HSCB.

## **Covid Costs**

Our Covid costs after 9 months are £49.3m. 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 funded accordingly.

Our current projections for full year Covid costs are in the region of £60m. We are informed that DoH have adequate funding to cover this level of cost. PPE costs would represent approx. £26m of this total, and will be funded separately.

## **Overall position**

Our underlying position at 31 December 2020 is a deficit of £11.8m. The Covid cost deficit is £27.1m after taking into account funding received to date. This gives the Trust a deficit after 9 months, of £38.9m.

Key actions that need to be taken are as follows:

- Work with DoH to ensure release for all Covid funding – this work is progressing well to late.
- Continue to lobby DoH in relation to the 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.

We will carry out an overall review of our recurrent financial position by 31 March 2021. This will inform our roll-forward position and our Recovery Plan oversight for 2021/22.

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 December 2020

The Trust is reporting a deficit of £38.9m (6.7%) in the current period of which £27.1m relates to Covid19. The Trust is awaiting clarification on funding for this.

**Table 3 - Summary Financial Performance by Directorate**

Directorate	Budget	Expenditure	Variance		November Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	153,629	168,979	15,350	10.0	13,310	9.8
Adult Mental Health & Disability	79,580	80,949	1,369	1.7	1,034	1.5
Primary Care & Older People	137,979	141,789	3,810	2.8	3,298	2.7
Women & Childrens	77,180	80,881	3,701	4.8	3,277	4.8
Medical	3,457	3,131	(326)	(9.4)	(296)	(9.8)
Performance & Service Improvement	34,008	32,853	(1,155)	(3.4)	(1,155)	(3.8)
Finance & Contracting	7,008	6,815	(193)	(2.8)	(181)	(2.9)
Human Resources	3,433	3,184	(249)	(7.3)	(225)	(7.4)
Corporate	2,386	2,349	(37)	(1.6)	(40)	(1.8)
Trust Wide Corporate Services	509	550	41	8.1	33	7.3
Corporate Pay & Non-Pay	51,959	52,160	201	0.4	47	0.1
Covid19	18,859	45,951	27,092	100.0	41,454	100.0
Corporate Solutions	18,197		(18,197)	(100.0)	(15,069)	(100.0)
Savings Target 2020/21	(7,461)		7,461	100.0	6,667	100.0
<b>Reported Deficit</b>	<b>580,723</b>	<b>619,591</b>	<b>38,868</b>	<b>6.7%</b>	<b>52,154</b>	<b>10.5%</b>

The financial position in December has improved mainly due to the allocation of some funding for Covid19. This is the Trust's most significant financial pressure. The Trust has already been allocated funding to date of £38.3m 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 £15.4m (10.0%). This is due to prior year undelivered savings of £4.9m and pressures of £10.5m 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 December 2020				Increase / (Decrease) over Nov 2020 %	Increase / (Decrease) over avg 2019/20 %
	Agency	Bank	Overtime	Total		
	£'000	£'000	£'000	£'000		
Acute Services	17,540	1,315	1,150	20,004	19%	(8%)
Adult Mental Health & Disability	1,796	2,306	378	4,480	(11%)	(10%)
Primary Care & Older People	4,642	2,066	382	7,091	32%	(6%)
Women & Childrens	2,492	1,290	305	4,087	(13%)	(21%)
Performance & Service Improvement	313	1,056	354	1,723	4%	(21%)
Other Directorates	137	45	129	311	40%	(58%)
Covid19	5,892	554	146	6,592	(56%)	100%
<b>Total</b>	<b>32,813</b>	<b>8631</b>	<b>2,844</b>	<b>44,287</b>	<b>3%</b>	<b>4%</b>

### Other Pay Cost Key Highlights:

- Agency expenditure of £32.8m, which includes £18.3m (56%) on medical agency staff and £8.5m (26%) on nursing agency staffing.
- The average expenditure for 2020/21 has increased by 4% 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 nine 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 (NDNA) Funding**

The Trust has been allocated funding from the HSCB for a number of transformation projects and is awaiting further funding for a small number of other projects. The Trust is reporting expenditure of £6.2m as at 31 December.

## 6. Capital Resource Limit

The Trust has received a capital allocation of **£32.8m** from the DOH for 2020/21 and the planned expenditure is as follows:-

**Table 5 – Capital Plan**

<b>Capital Projects</b>	<b>£'m</b>
Altnagelvin 5.1 – Tower Block Development	5.35
Task & Finish	0.33
Covid19 – Altnagelvin ED	1.50
Covid19 – PPE Storage & Distribution	0.14
ICT	3.41
ICT Covid19	4.10
General Capital	9.87
Covid19 General Capital	5.26
Covid19 CCaNNI Equipment	1.54
Backlog Maintenance	3.06
Invest to Save	0.19
Transformation	0.05
Disposals – Land & Buildings	(2.00)
<b>Total</b>	<b>32.80</b>

## 7. Prompt Payment Target

95.02% 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 £16m. 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 key risk for the Trust is Covid19 and funding, although income has begun to arrive for this.
- We await formal confirmation of Control Total for 2020/21, although it has been indicated at £19m from early in the year. This is likely to reduce to £15m, with our reported projected deficit reducing to £12m.

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