

Financial Performance Report

for the 4 months ended

31 July 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 £28.02m from the Department of Health.

Capital expenditure to the end of June 2021 is £2.4m.

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 £2.0m 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 £16.1m to 31 July 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 9) 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 £53.3m in 2021/22 (£44.6m core deficit & £8.7m covid deficit). Discussions are ongoing with the DoH and HSCB in relation to the Financial Plan and regional bids are being submitted for both Trust core deficits and Covid deficits as part of the October monitoring bids. The control total for 2021/22 has been confirmed at £12m.

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

The Trust paid 93.3% of its undisputed invoices with suppliers within 30 days at 31 July 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	18.8
Less Recovery Plan Savings 2020/21	(3.1)
Less Other Income	(0.4)
Add Income Reduction 2019/20 (net of savings)	10.4
Add Income Reduction 2020/21 (net of savings)	9.8
Opening Deficit 2021/22	35.5

	£'m
Opening Recurring Deficit	18.8
Less Recovery Plan Savings 2020/21	(3.1)
Less Other Income	(0.4)
Add Income Reduction 2019/20 (net of savings)	10.4
Add Income Reduction 2020/21 (net of savings)	9.8
Opening Deficit 2021/22	35.5

The Trust submitted its financial plan for 2021/22 to the DoH/HSCB in 3 June 2021, which projected a deficit of £62.9m. Following a meeting with HSCB/ DoH on 24 June 21, this has been revised to £53.3m to take account of additional funding, a review of pressures and increased savings assumptions. Work continues with the HSCB/DoH in relation to this. This is outlined in Table 3.

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

Opening Deficit 2021/22	35.5	
	2021/22 Plan	2021/22 Plan at June 21
	£'m	£'m
Opening Deficit 2020/21	40.0	40.0
Less Savings Achieved	(4.5)	(4.5)
Opening Deficit 2021/22	35.5	35.5
Pressures 2021/22	14.0	15.1
Transformation	1.6	1.6
Covid	13.9	8.7

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).

2. Financial Plan 2021/22

The Trust is reporting a projected deficit of £53.3m for 2021/22.

Table 4. Projected Deficit 2021/22

	2021/22 Plan	2021/22 Plan at June 21	Position at 30 June 2021
	£'m	£'m	£'m
Opening Deficit 2021/22	35.5	35.5	9.9
Pressures 2021/22	14.0	15.1	1.5
Transformation	1.6	1.6	0.5
Covid	13.9	8.7	1.0
No More Silos	3.0	0.0	0.0
Savings 2021/22 (net of target)	(5.1)	(7.6)	(1.3)
Projected Deficit 2021/22	62.9	53.3	11.6

Response, £5.2m Rebuild). The Trust has presented a full account of the projected costs in detail and expenditure to date. The Trust has been asked to carry out an assessment of the cost of extending Covid response from July 21 given the emergence of the Delta variant. Work is ongoing with the HSCB in relation to the funding of this pressure.

Covid

The Trust is projecting expenditure for Covid of £49.3m (£17.2m Response, £5.2m Rebuild, £24m PPE and £2.9m Vaccination deployment). The indicative allocations have indicated funding of £40.6m leaving a gap of £8.7m (£3.5m

3. Financial Performance at 31 July 2021

At the end of July 2021, the Trust is reporting a deficit of £15.4m (5.7%)

Table 5. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	June Variance		May Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	54,605	61,048	6,443	11.8%	4,433	12.3%
Adult Mental Health & Disability	27,728	28,347	619	2.2%	471	2.6%
Primary Care & Older People	46,586	49,295	2,709	5.8%	1,801	5.8%
Women & Childrens	26,456	27,609	1,153	4.4%	693	3.9%
Medical	1,155	1,130	(25)	(2.2%)	(31)	(4.0%)
Performance & Service Improvement	11,581	11,488	(93)	(0.8%)	(23)	(0.3%)
Finance & Contracting	2,385	2,362	(23)	(1.0%)	(41)	(2.5%)
Human Resources	1,149	1,033	(116)	(10.1%)	(59)	(7.7%)
Corporate	612	667	55	9.0%	50	13.0%
Trust Wide Corporate Services	173	180	7	4.0%	0	0.0%
Corporate Pay & Non-Pay	18,438	19,632	1,194	6.5%	244	2.0%
Covid19	10,891	11,845	954	8.8%	856	13.1%
Corporate Solutions	1,445	0	(1,445)	(100.0%)	(1,039)	(100.0%)
Savings Target 2021/22	(157)	0	157	100.0%	171	100.0%
Reported Deficit	203,047	214,636	11,589	5.7%	7,526	5.6%

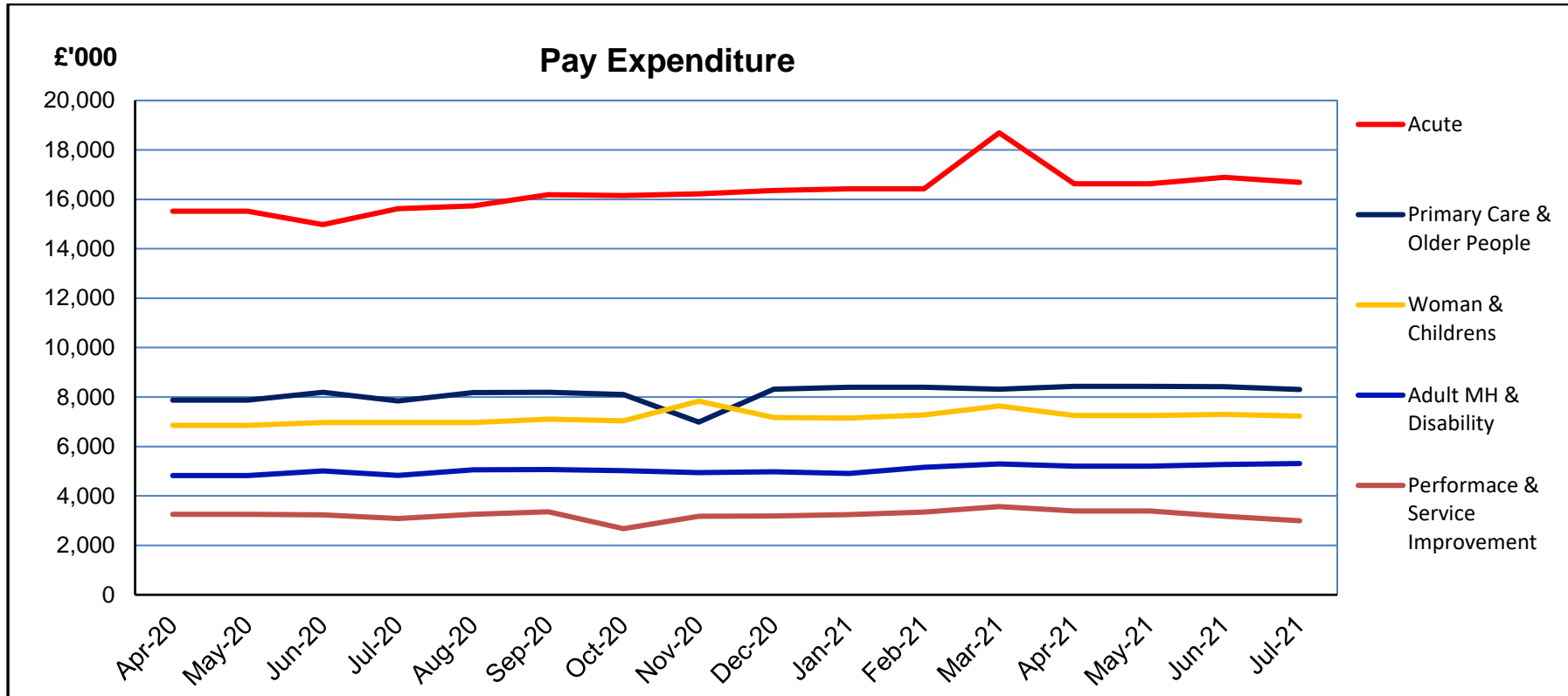
The Trust is working with the HSCB to confirm the funding for Transformation and Covid. The indicative allocations advised to the Trust is not sufficient to cover the expenditure. An overspend of £2.4m (Transformation £0.6m, Covid £1.8m) for these areas is being reported in the July Financial Performance.

The Acute Directorate is reporting an overspend of £8.6m (11.8%). This is due to prior year undelivered savings of £3.2m and pressures of £5.4m 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.

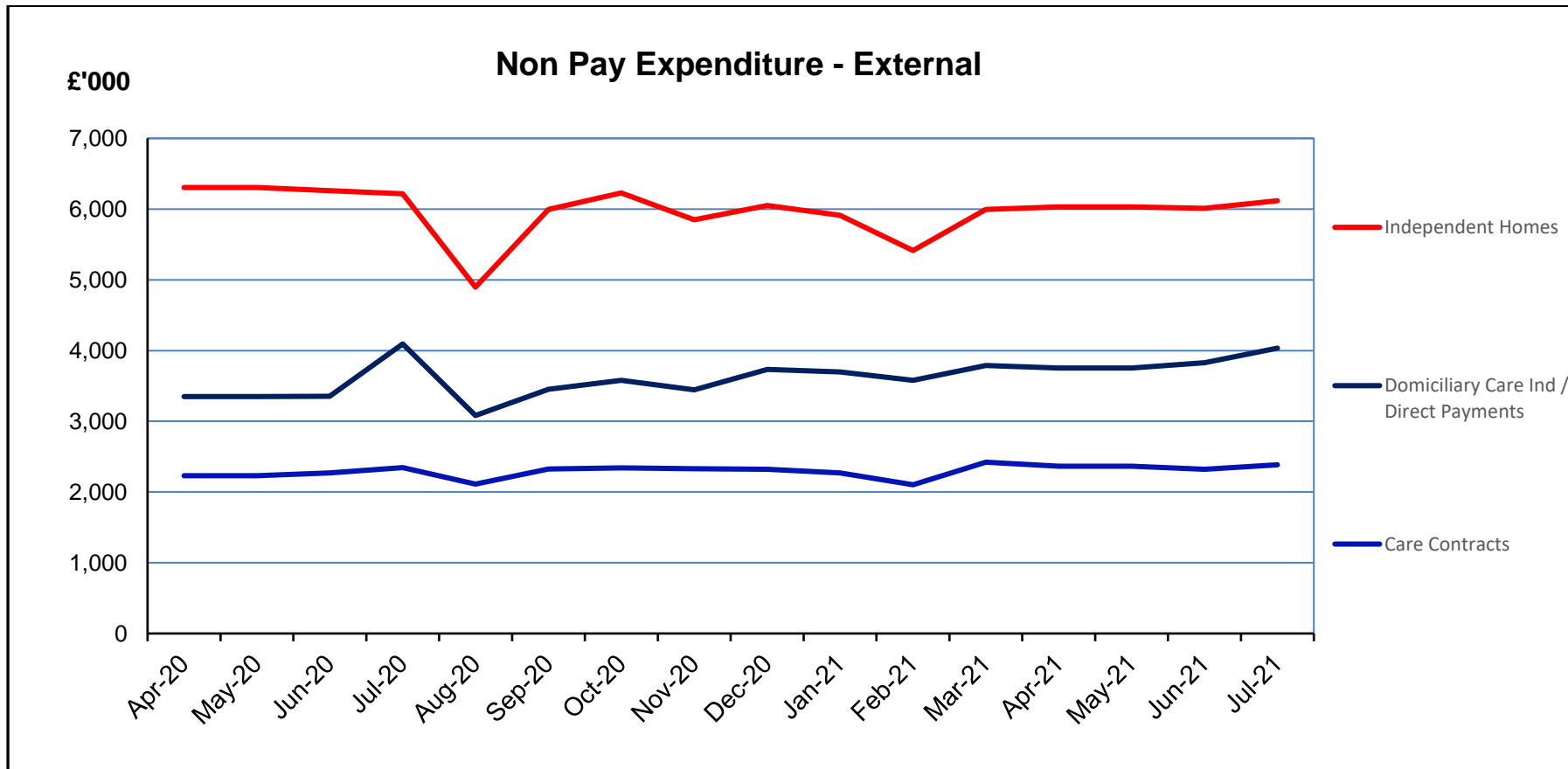
Table 6. Pay Expenditure



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 49% of the monthly non pay expenditure.

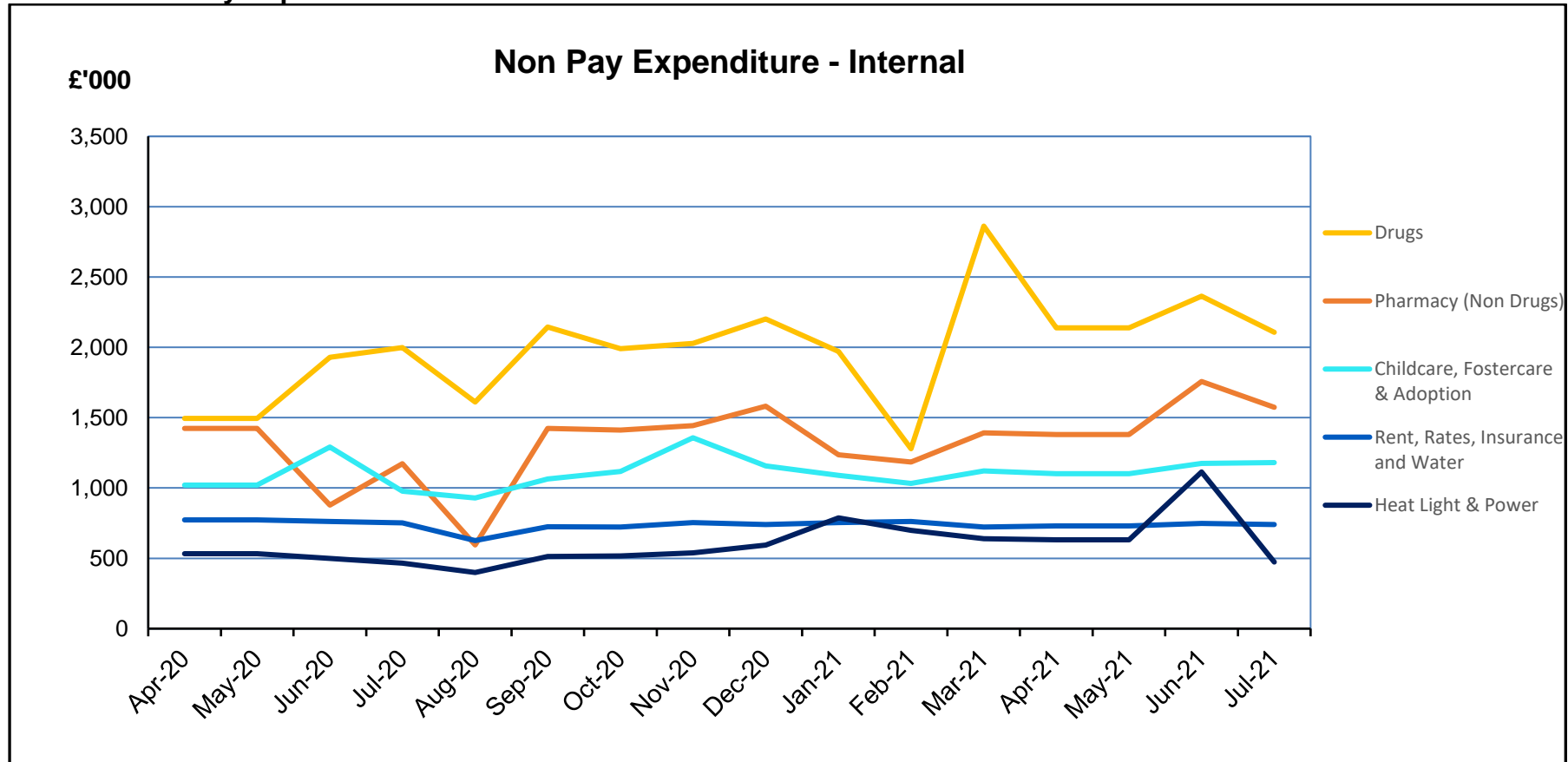
Table 7. Non Pay Expenditure – External



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 25% of the Trusts non pay expenditure.

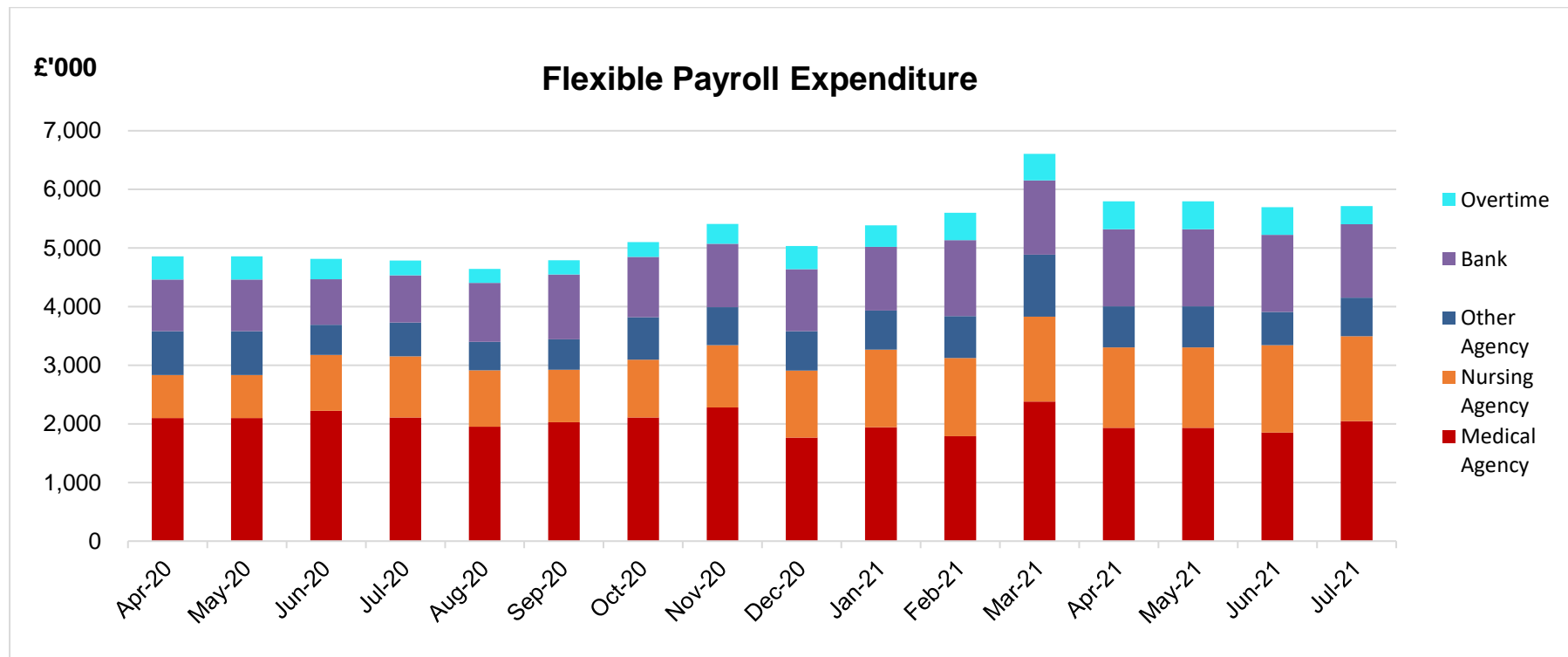
Table 8. Non Pay Expenditure - Internal



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 July was £23.0m with expenditure on Acute Services being £9.8m (42%).

Table 9. Total Flexible Payroll Expenditure



Total Agency expenditure to date is £16.1m, which includes £7.8m (48%) on medical agency staff and £5.7m (35%) on nursing agency staffing and £2.6m (17%) 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 £28.02m from the Department of Health, the table below shows the expenditure to 30th June 2021 and planned year end position to 31st March 2022 as follows:-

Table 10. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 30 June 2021 £'000	Forecast Expenditure at 31 March 2022 £'000
Altnagelvin 5.1 - Tower Block Development	2,831	0	2,831
Cityside HCC	3,195	27	3,195
ICT	5,867	119	5,867
General Capital	11,406	2,280	11,406
Backlog Maintenance	3,375	0	3,375
Invest to Save	190	0	190
MH Task & Finish	408	0	408
Imaging Diagnostics	750	0	750
Total	28,022	2,426	28,022

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 four 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 2020/21

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 £2m 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. The Trust is reporting expenditure of £3.3m and an overspend of £0.6m as at 31 July 2021.

8. Prompt Payment Target

93.3% 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 £15.4m at end of July 2021, of which £2.4m relates to Transformation and Covid. The indicative allocations advised to the Trust are not sufficient to cover the expenditure. Work is ongoing with the HSCB in relation to these areas. The Trust has contributed to regional bids for both the Trust core deficit and the Covid deficit as part of the October monitoring bids.
- 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)