

Financial Performance Report

for the 12 months ended

31 March 2022

Statutory financial performance targets

Red Amber Green
(RAG)
STATUS

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

The Trust has an agreed Control Total of £12m and is reporting a deficit of £12.1m at 31 March 2022.

2. Manage within allocated Capital Resource Limit (CRL)

The Trust has received a total capital allocation (Capital Resource Limit) of £36.5m from the Department of Health.

Capital expenditure to the end of March 2022 is £36.5m.

Other financial performance targets	RAG STATUS
<p>3. Achieve in year savings targets for 2021/22</p>	<p>Green</p>
<p>The Trust has delivered £0.7m savings against the Pharmacy target of £1m. The Trust has also identified other savings opportunities including Covid downturn which has achieved £7.0m and recovery plan savings of £2.8m in-year to support the Trust Financial plan.</p> <p>The Trust has achieved £4m of recurrent cash savings associated with its Recovery Plan.</p>	
<p>4. Minimise expenditure on agency and locum staff</p>	<p>Yellow</p>
<p>The Trust has spent £50.4m to 31st March 2022 on agency and locum staff. The average expenditure on agency and locum staff for 2021/22 has increased by 13.8% on the average spend last year. The average expenditure for flexible staffing for 2021/22 has increased by 15.3% on the average spend last year.</p> <p>The graph (Table 9) shows all of our flexible staffing costs.</p>	
<p>5. Manage ring fenced funding within allocations</p>	<p>Green</p>

The Trust overspend against its ring fenced allocations for Transformation has been managed within its overall financial plan.

6. Achieve breakeven position

The Trust is reporting a year end deficit in line with its control total of £12m in 2021/22.

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

The Trust paid 91.28% of its undisputed invoices with suppliers within 30 days at 31 March 2022. In March 2022, 91.16% of undisputed invoices with suppliers were paid within 30 days. Staff absence and a delay in the approval of agency invoices contributed to this issue

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 Dec 21 £'m	Revised 2021/22 Plan Jan 22 £'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	(7.5)	(8.2)
Pressures 2021/22	14.0	4.5	3.8
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)	(13.7)
MYR opportunities	0.0	(6.5)	(6.5)
Projected Deficit 2021/22 Excluding Covid	49.0	14.5	12.0
Covid	13.9	0.0	0.0
Projected Deficit 2021/22 Including Covid	62.9	14.5	12.0

The Trust has a Control Total of £12m for 2021/22. The Trust is reporting a year end deficit of £12.1m and is expecting to report this in the annual accounts.

2. Financial Plan 2021/22

The Trust is reporting a deficit of £12.1m for 2021/22.

Table 4. Projected Deficit 2021/22

	2021/22 Plan £'m	Position at 31 Mar 2022 £'m
Opening Deficit 2021/22	35.5	37.5
Income – Opening Deficit / Inescapable Pressures	(8.2)	(8.2)
Pressures 2021/22	3.8	1.9
Transformation	1.1	1.1
No More Silos	0.0	0.0
Savings / Other Opportunities (net of 2021/22 savings target)	(20.2)	(20.2)
Projected Deficit 2021/22 Excluding Covid	12.0	12.1
Covid	0.0	0.0
Projected Deficit 2021/22 Including Covid	12.0	12.1

Covid

The Trust is reporting Covid costs of £61.3m including loss of income which is fully funded by HSCB.

3. Financial Performance at 31 March 2022

At the end of March 2022, the Trust is reporting a deficit of £12.1m (1.4%)

Table 5. Summary Financial Performance by Directorate

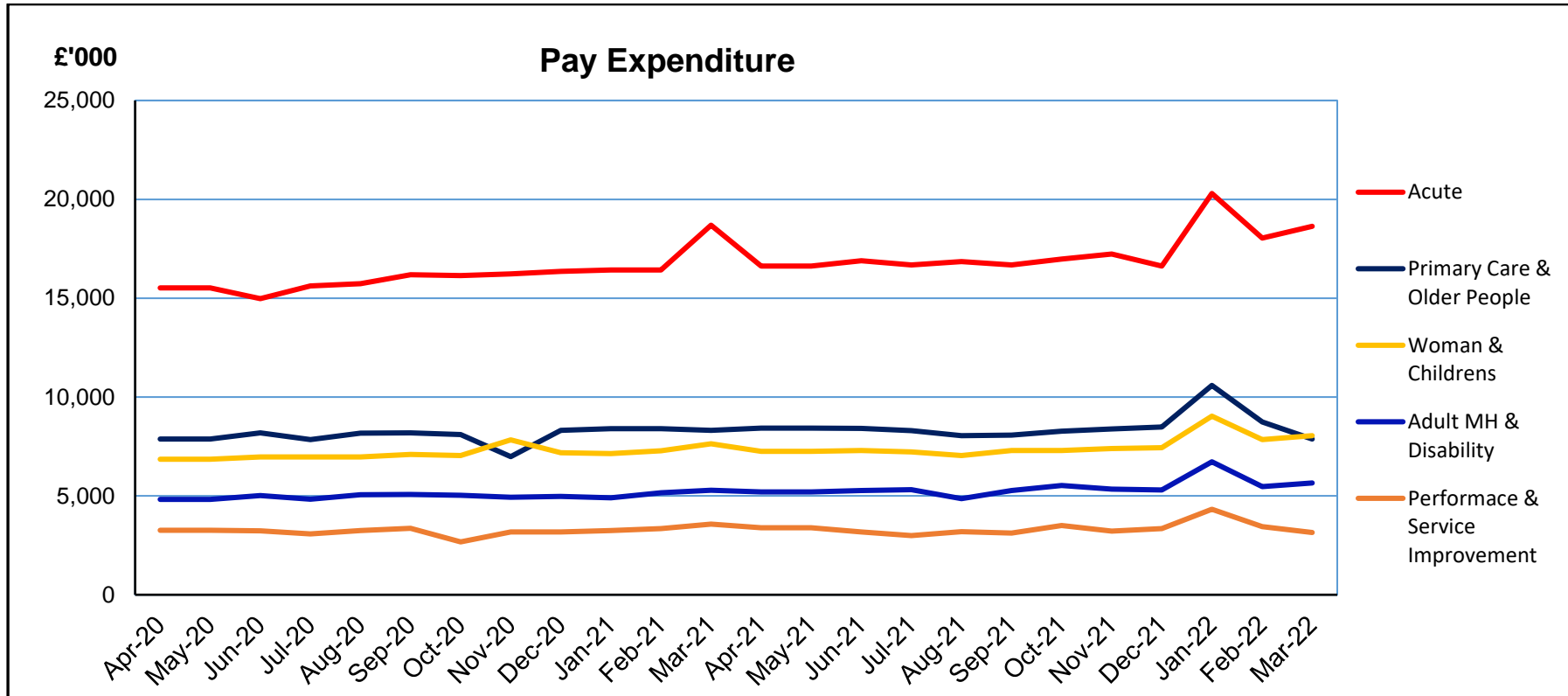
Directorate	Budget	Expenditure	March Variance		February Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	232,198	258,389	26,191	11.3%	24,250	11.6%
Adult Mental Health & Disability	113,491	117,827	4,336	3.8%	3,902	3.8%
Primary Care & Older People	192,359	200,246	7,887	4.1%	7,230	4.1%
Women & Children's	110,920	115,681	4,761	4.3%	4,219	4.2%
Medical	4,624	4,573	(51)	(1.1%)	(44)	(1.0%)
Performance & Service Improvement	48,541	46,633	(1,908)	(3.9%)	(1,622)	(3.6%)
Finance & Contracting	10,429	10,169	(260)	(2.5%)	(302)	(3.3%)
Human Resources	4,781	4,461	(320)	(6.7%)	(340)	(7.9%)
Chief Executive Office	2,638	2,537	(101)	(3.8%)	(78)	(3.2%)
Trust Wide Corporate Services e.g. E-Rostering, Bank Nursing Office & Staff Side	705	728	23	3.3%	29	4.5%
Corporate Pay & Non-Pay e.g. Energy, Rates, Pharmacy etc.	77,037	77,553	516	0.6%	244	0.3%
Covid19	59,848	59,848	0	0.0%	0	0.0%
Corporate Solutions	29,298		(29,298)	(100.0%)	(26,502)	(100.0%)
Savings Target 2021/22	(360)	0	360	100.0%	371	100.0%
Reported Deficit	886,509	898,645	12,136	1.4%	11,357	1.4%

The Acute Directorate remains the highest overspending Directorate at £26.1m (11.3%). This is due to prior year undelivered savings of £9.5m and pressures of £16.6m mainly 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. The Directorate's percentage variance has remained steady in the latter part of this financial year demonstrating grip and control of expenditure.

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 60% of the monthly payroll. There was an increase in January 2022 due to the Agenda for Change pay uplift which was backdated to 1 April 2021 and an increase in March due to the Medical pay uplift which was also backdated to 1 April 2021.

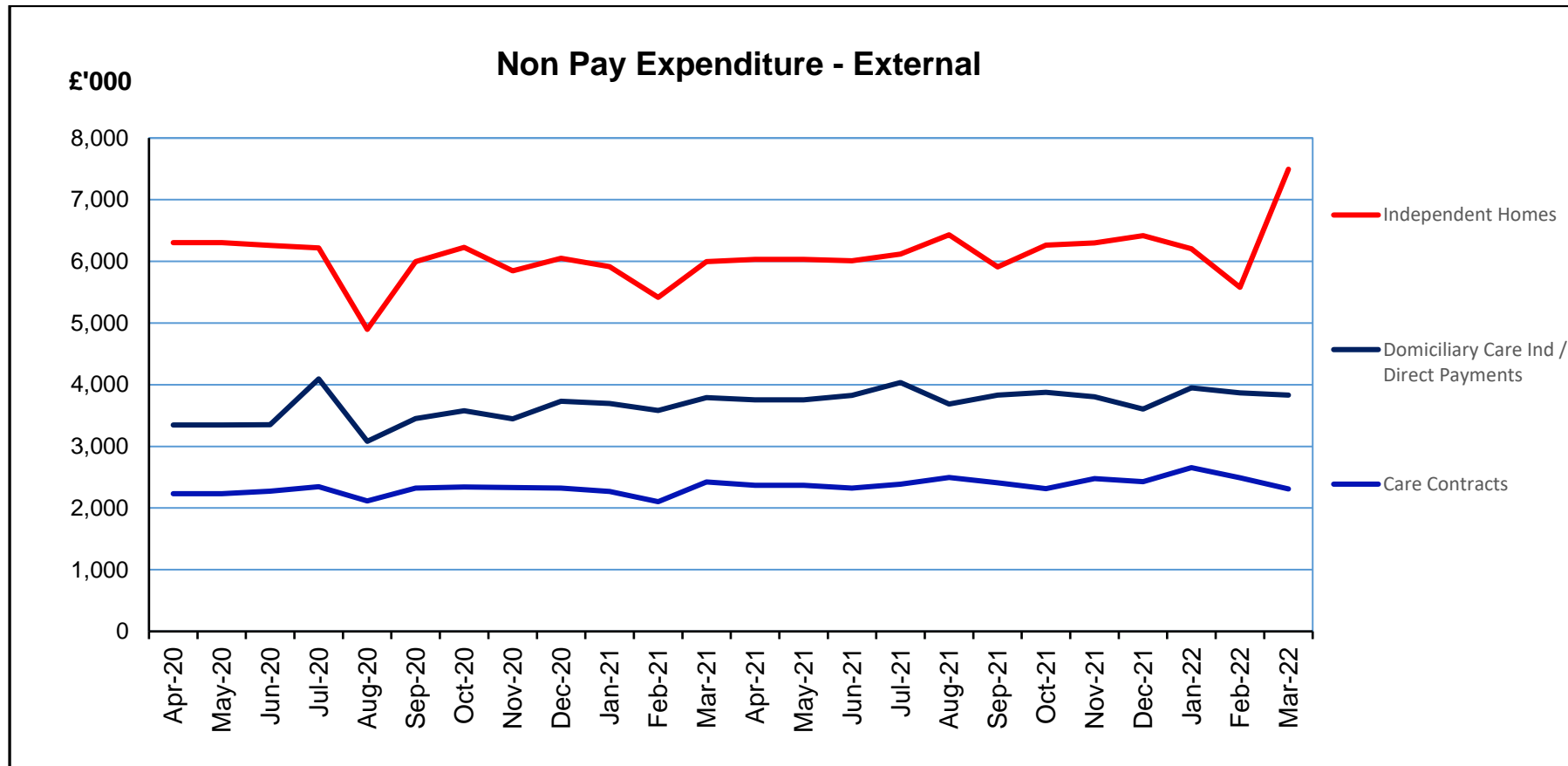
Table 6. Pay Expenditure



Non Pay Expenditure – External

The graph below shows the trends 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 47% of the monthly non pay expenditure. There were payments made to the homes in March relating to increased energy costs and activity increased.

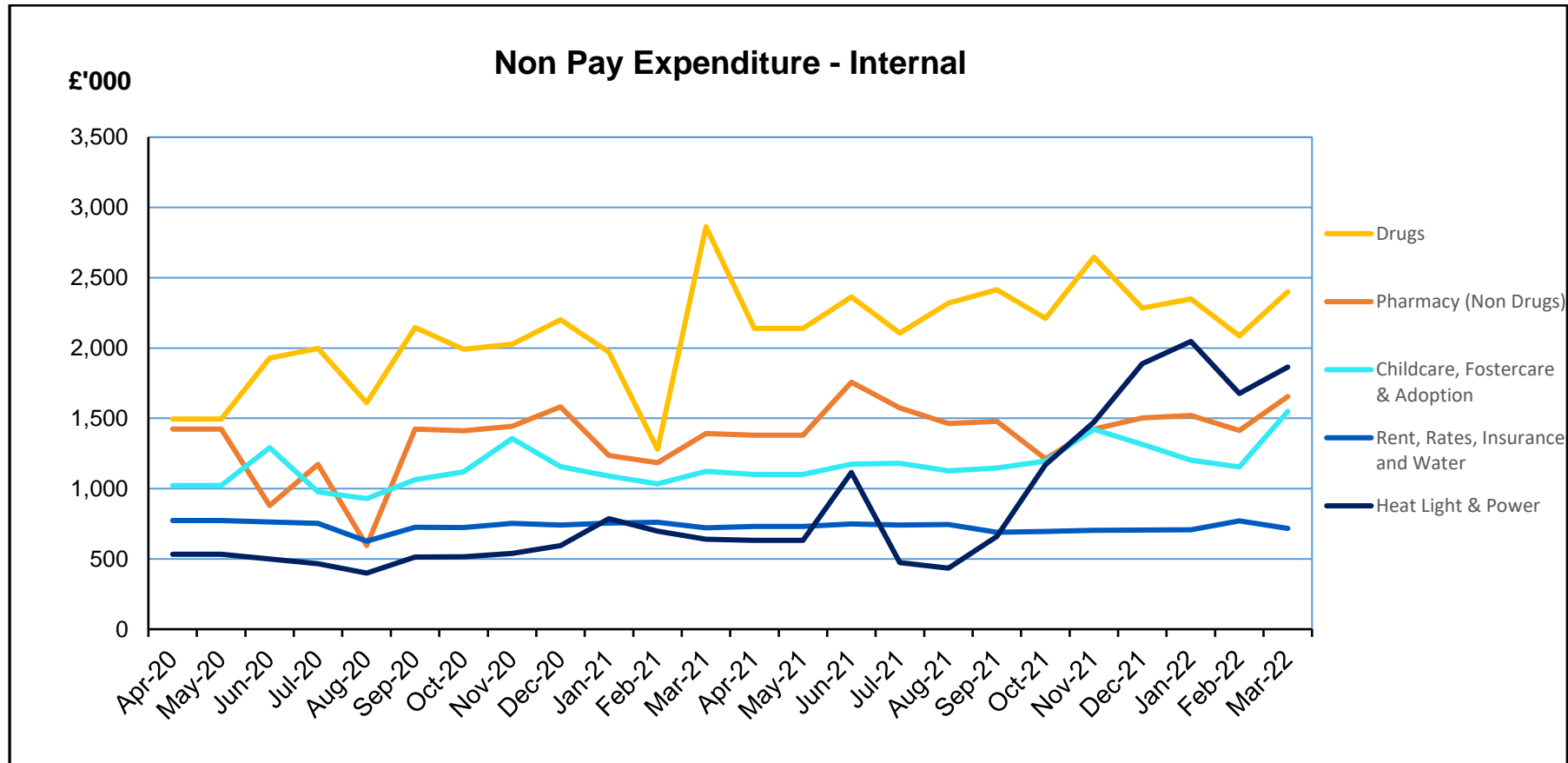
Table 7. Non Pay Expenditure – External



Non Pay Expenditure - Internal

The graph below shows the trends on internal non pay expenditure (excluding Covid-19 since August 2020) across the Trust. The five areas shown below account for 28% of the Trusts non pay expenditure.

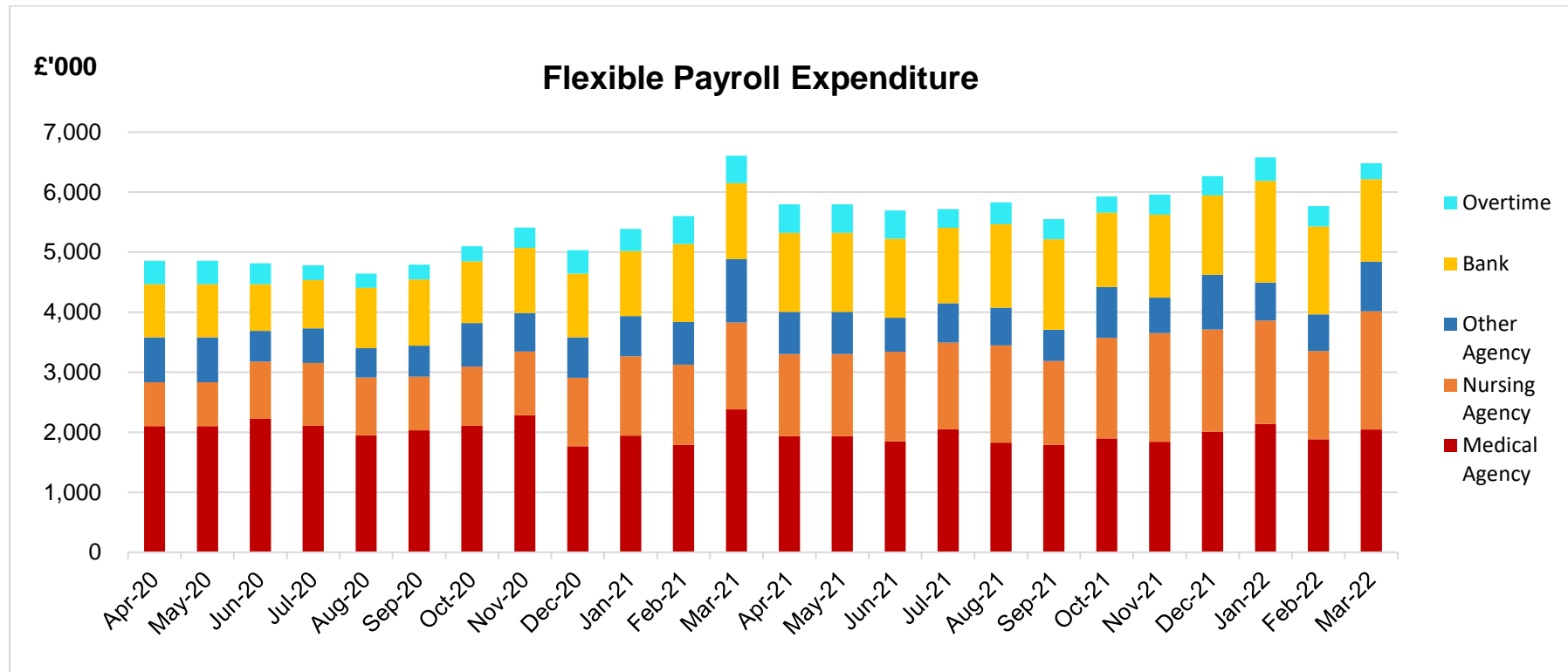
Table 8. Non Pay Expenditure - Internal



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 March was £71.4m with expenditure on Acute Services being £27.3m (38.0%).

Table 9. Total Flexible Payroll Expenditure



Total Agency expenditure to date is £50.4m, which includes £23.2m (46%) on medical agency staff and £19.0m (38%) on nursing agency staffing and £8.2m (16%) on other staffing. Medical agency costs have decreased by £1.3m (5.3%) and nursing agency

costs have increased by £6.5m (51.9%) compared to 2020/21. The Trust has undertaken a number of initiatives and workstreams to stabilise the workforce and reduce the dependence on agency staffing. These workstreams will continue into 2022/23 as part of the work of Delivering Value Management Board (DVMB).

Expenditure on Bank staff over the same period is £16.6m. The average expenditure for 2021/22 has increased by 35.03% on the average spend during 2020/21.

4. Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £36.5m from the Department of Health. The table below provides further detail on expenditure at 31st March 2022.

Table 10. Capital Expenditure

Project	Expenditure at 31 March 2022 £'000
Altnagelvin 5.1 - Tower Block Development	1,578
GP Improvement Scheme Trust Owned	4
Cityside HCC	679
Lisnaskea	264
ICT	8,608
General Capital	18,564
Covid ICT	183
No More Silos	150
Covid General Capital	1,017
Backlog Maintenance	3,469
Invest to Save	313
MH Task and Finish	427
Imaging Diagnostics	820
Discharge from Iveagh	451
Troubles Permanent Disablement Payment Scheme	10
Disposals other assets	-6
Total	36,531

5. Run-Rates

Run rates of expenditure have been monitored for each Directorate in 2021/22.

The Trust is currently operating above the run-rates assigned for 2021/22 due to increased pay expenditure in the Acute, PCOP and AMHD Directorates and increased spend on energy and direct payments.

6. Savings Plan 2021/22

The Trust achieved £0.7m savings against the Pharmacy savings target of £1m (an increase of £0.1m). The Trust has identified other opportunities associated with the Covid downturn in activity which has achieved £7m and recovery plan savings of £2.8m in-year to support the Trust Financial plan.

The Trust has delivered £4m cash savings as a contribution towards the Trust underlying deficit.

7. Transformation Funding

The Trust is reporting an overspend of £1m at 31 March 2022. The overspend has been managed within the overall Trust financial plan.

8. Elective Care funding

The Trust has been allocated £13.9m for the delivery of elective care across a range of specialties for in house and independent sector activity.

Reported expenditure as at 31 March 2022 is £12.6m.

9. Key Messages

- The Trust is reporting a deficit of £12.1m at end of March 2022 in line with its control total of £12m.
- In relation to the Trust recovery plan, the Trust has delivered £4m cash savings as a contribution towards the Trust underlying deficit.
- 91.28% of undisputed invoices were paid within 30 working days of receipt against a target of 95%.
- The Trust has faced significant challenges from a service delivery and financial perspective but has delivered on the control total of £12m in 2021/22.
- Directorates are to be commended for demonstrating grip and control of expenditure in the latter part of the year.

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