

Financial Performance Report

for the 10 months ended

31 January 2023

Updated Financial Context

The DoH had recently levied an additional savings target of £6m which SPPG outlined in a letter to the Trust dated 25 November 2022, the Trust share of which was £0.622m. This was factored into the Trust deficit position from November 2022. SPPG has now advised of a change in the accounting treatment of this target which has resulted in an approved and agreed increase in the Trust deficit to £6.6m.

Financial Planning 2023/24

In the context of a severely reduced budget and the resultant funding constraints in 2023/24, SPPG had written to the Trust to set out a new process to consider pressures which the Trust has assessed as being absolutely unavoidable and which create a significant and material cost pressure.

It is expected the Trust will receive formal feedback on these submissions following a joint review by DoH and SPPG which will clarify our opening funded position.

Financial performance targets	RAG STATUS
<p>1. Manage within allocated Capital Resource Limit (CRL)</p> <p>The Trust has received a total capital allocation (Capital Resource Limit) of £36.01m from the Department of Health. Capital expenditure to the end of December 2022 is £15.9m.</p>	<p>Green</p>
<p>2. Directorates Cost containment target 5.2%</p> <p>Directorates overspend at 31st January 2023 is 5.7%. This is an increase of 0.5% on the 2021/22 overspend of 5.2%. Reasons for this increase mainly relate to usage of expensive nursing and medical agency and independent homes. See Table 5 for more detail.</p>	<p>Red</p>
<p>3. Minimise expenditure on agency and locum staff</p> <p>The Trust has spent £51.2m to 31st January 2023 on agency and locum staff. The average expenditure on agency and locum staff for 2022/23 has increased by 21.9% on the average spend last year. The average expenditure for flexible staffing has increased by 16% on the average spend last year. The graph (Table 9) reports the detail of flexible staffing costs.</p>	<p>Red</p>
<p>4. Prompt payment target – 95% of suppliers within 30 days</p> <p>The Trust paid 83.88% of its undisputed invoices with suppliers within 30 days at 31 January 2023. In January 2023, 87.24% of undisputed invoices with suppliers were paid within 30 days.</p>	<p>Red</p>

1. Financial Deficit

The Trust financial plan indicates a Trust opening deficit of £35.9m.

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
Add income reduction 2021/22	1.0
Less savings/ income achievement 2021/22	(6.5)
Plus increased financial pressures	5.9
Opening Deficit 2022/23	35.9

The opening deficit of £35.9m includes the residual element of the Recovery Plan at 1 April 2022 of £10m plus the 2019/20-2021/22 savings targets for which recurrent savings have not yet delivered. In addition there is an increase in pressures from the prior year of £5.9m which has reduced from £9.2m following confirmation of recurrent MORE savings and a review of pressures.

The residual deficit of £10m is outlined in Table 2.

Table 2. Residual Deficit Analysis

	£'m
Opening Recurring Deficit	19.0
Less Recovery Plan Savings 2020/21	(3.1)
Less Other Income	(0.4)
Less Recovery Plan Income 2021/22	(1.5)
Less Recovery Plan Savings 2021/22	(4.0)
Residual Recovery Plan	10.0

It should be noted, that over the last five years Trust savings requirements / income reductions have been £12.2m higher than other comparable Trusts. This was intended to address a perceived over funding (by capitation). If this had not occurred, the opening deficit would have been much more comparable to other Trusts.

Over the last five years the Trust has lost £50m in income through savings requirements, this is a key contributing factor to the Trust deficit. In addition to the increased savings, the population growth in the Trust has been less than other areas, particularly in the older population and this has reduced demographic allocations by comparison to other Trusts.

Table 3. Projected Deficit 2022/23

	2022/23 Deficit at Dec 22 £'m	2022/23 Deficit at Jan 23 £'m
Opening Deficit 2022/23	35.9	35.9
Non recurrent funding – opening deficit	(2.7)	(2.7)
Forecast New Pressures 2022/23	0.3	0.3
	33.5	33.5
Savings target 2022/23–MORE	1.0	1.0
SPPG Income – Deficit	(18.7)	(18.7)
Savings* / other opportunities	(7.1)	(7.1)
Savings target 2022/2 – agency	(2.4)	(2.4)
Savings 2022/23 - additional	(0.6)	(0.6)
Savings target 2022/23 - additional		0.6
Projected Deficit 2022/23 excl. COVID	5.7	6.3
COVID	0.3	0.3
Total Projected Deficit	6.0	6.6

*SPPG had outlined in its letter dated 13 May 2022 the expectation that the level of savings / opportunities delivered in 2021/22 would be repeated in 2022/23 at £7.1m. The Trust had not accepted this on the basis of a forecast reduction in COVID savings opportunities due to the requirement to rebuild services and had therefore included in earlier versions a forecast for £3.9m. The letter dated 6 October 2022 further confirms an expectation that the Trust will deliver against this

target of £7.1m in full. The Trust is expecting to deliver £3.9m of savings and the gap is being bridged from other opportunities.

The Trust mid-year assessment had forecast a deficit of £10.3m for 2022/23 which took account of all indicative funding allocations confirmed by SPPG as well as a robust review of expenditure trajectories and other solutions which could contribute towards financial balance. Subsequently, SPPG confirmed further indicative allocations to support the Trust opening deficit including funding for growth in community service provision and 2% inflation on SWAH PFI. SPPG also asked the Trust to deliver further general savings of £0.6m as a contribution to system-wide breakeven. This reduced the forecast deficit from £10.3m to £6.0m. Subsequently SPPG advised of a change in the accounting treatment of this target which has resulted in an approved increase in the Trust deficit to £6.6m

The deficit position is dependent on delivery of the following planning assumptions:

- The agency savings target of £2.4m will be delivered in full;
- The Trust will deliver recovery plan and general savings of £3.9m in full;
- Expenditure will remain in line with projected trajectories;

The Trust assessment of projected costs for COVID for 2022/23 has been revised to £31.4m. SPPG has indicated funding of £31.1m reducing the pressure to £0.3m.

2. Financial performance 31 January 2022

The Trust is reporting a deficit of £7.0m at January 2023.

Table 4. Monitoring of Projected Pressures 2022/23

	2022/23 Projected Pressures	Position at 31 Jan 2023
	£'m	£'m
Opening Deficit 2022/23 (net of funding)	33.2	26.6
Pressures 2022/23 (net of funding)	0.3	1.7
Savings target MORE 2022/23	1.0	0.9
SPPG Income – deficit	(18.7)	(15.6)
Savings/ other opportunities	(7.1)	(5.9)
Savings target – agency	(2.4)	(0.9)
Savings– additional	(0.6)	(0.5)
Savings target – additional	0.6	0.5
Projected Deficit 2022/23 excl. COVID	6.3	6.8
COVID	0.3	0.2
Total Projected Deficit	6.6	7.0

The Trust is reporting an overspend of £7.0m at 31st January 2023. This includes the application of funding confirmed to date by SPPG against pressures and towards the deficit. In-year pressures and the savings gap are being addressed through the application of in-year slippage, financial accounting adjustments and other income opportunities.

The Trust has achieved savings of £1.7m across its budgets which is significantly lower than the levels experienced in the prior year and against which SPPG has indicated a target of £7.1m.

The Trust has submitted a full year plan to SPPG for £17.1m for the delivery of elective care across a range of specialties for in house and independent sector activity. The Trust is reporting expenditure of £12.9m as at 31st January 2022.

Financial Performance Highlights

The Acute Directorate has diverged from their prior year overspend position by £5.3m (2.1%). This included an unplanned spike in pay expenditure in October and a further increase of £0.25m in January. It is imperative the Directorate refocuses on the active management of pay expenditure to ensure there are no further unplanned increases.

The Primary Care and Older Peoples Directorate has also diverged from its prior year overspend position by £1.1m (0.3%). This included an unplanned increase in pay expenditure of £0.2m in November and an increase in disability budgets of £0.3m in January. The Directorate has been actively working on reducing pay expenditure and must now focus on the financial controls for disability budgets to curb any further in-year expenditure growth.

Cost of living and medical and surgical increases have impacted on Corporate non-pay budgets which have also deviated from the prior year overspend position. The inflation

>2% allocation confirmed is being used to offset these in-year pressures.

Agency Savings Target £2.4m

Directorates have developed plans against the agency savings target of £2.4m (96%). Savings of £886k have been delivered to date It is imperative this target is achieved in full as there are no capacity or flexibility in the financial plan to support under delivery against this target. (Appendix 1).

3. Financial performance 31 January 2023

Directorates are reporting an overspend of 5.7% for the period against the prior month reported budget variance of 5.6%. The bottom-line position for the Trust is an overspend of 0.9% against budget.

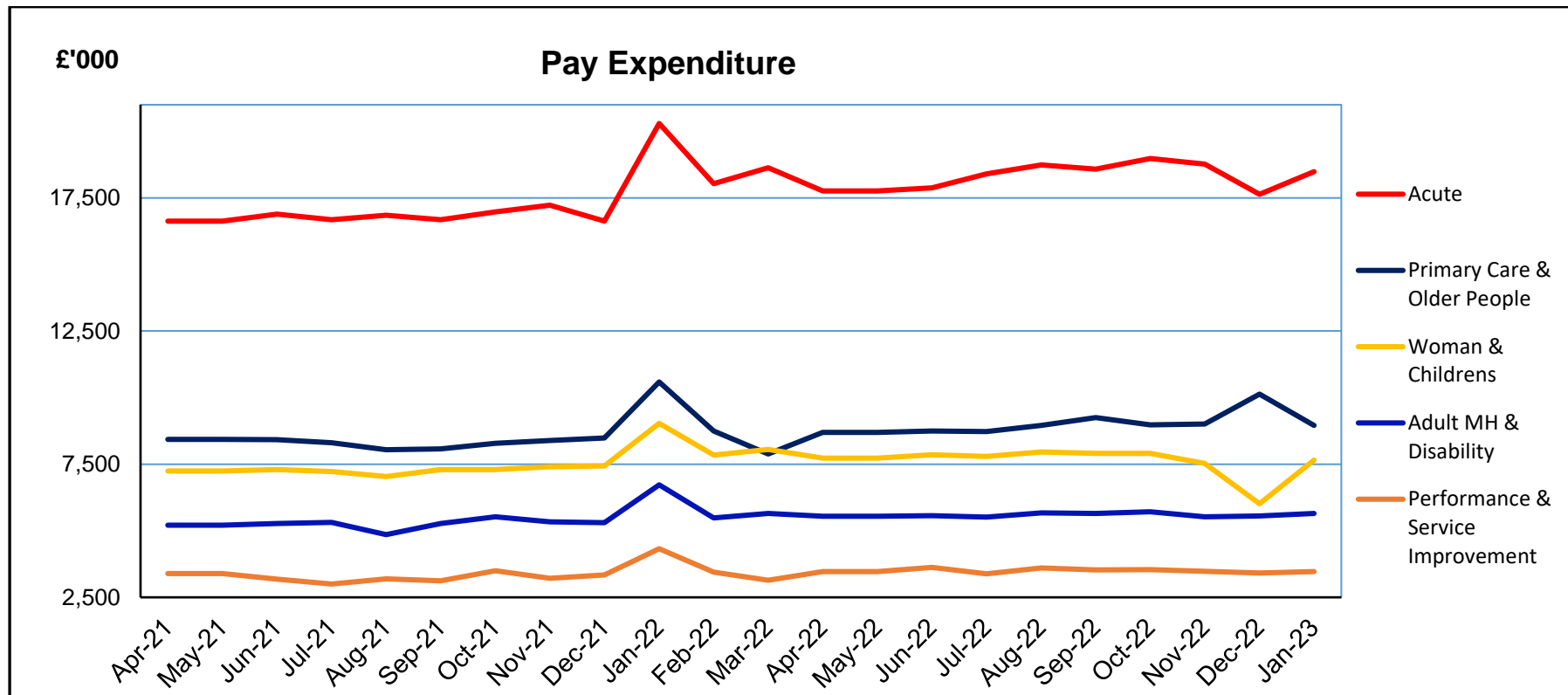
Table 5. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	January Variance		December Variance		Variance 2021/22
	£'000	£'000	£'000	%	£'000	%	%
Acute Services	203,010	230,126	27,116	13.4%	24,178	13.2%	11.3%
Adult Mental Health & Disability	102,966	105,090	2,124	2.1%	1,796	1.9%	3.8%
Primary Care & Older People	175,816	183,504	7,688	4.4%	6,566	4.2%	4.1%
Women & Children's	94,678	98,130	3,452	3.6%	3,062	3.6%	4.3%
Medical	3,787	3,598	(189)	(5.0%)	(175)	(5.1%)	(1.1%)
Performance & Service Improvement	43,307	40,896	(2,411)	(5.6%)	(2,005)	(5.2%)	(3.9%)
Finance & Contracting	8,892	8,421	(471)	(5.3%)	(417)	(5.2%)	(2.5%)
Human Resources	4,492	4,289	(203)	(4.5%)	(183)	(4.6%)	(6.7%)
Chief Executive Office	1,510	1,547	37	2.5%	18	1.3%	(3.8%)
Trust Wide Corporate Services e.g. E-Roster, Bank Office & Staff Side	686	701	15	2.2%	14	2.3%	3.3%
Corporate Pay & Non-Pay e.g. Energy, Rates, Pharmacy etc.	72,475	75,621	3,146	4.3%	2,633	4.1%	1.3%
Directorate sub-total	711,619	751,923	40,304	5.7%	35,487	5.5%	5.2%
Covid19	24,261	24,506	245	1.0%	223	1.0%	0.0%
Corporate Solutions / income	34,512	0	(34,512)	(100.0%)	(29,312)	(100.0%)	(100.0%)
Savings Target 2022/23	(955)	0	955	(100.0%)	388	(100.0%)	100.0%
Reported Deficit	769,437	776,429	6,992	0.9%	6,786	1.0%	1.4%

Pay Expenditure

The graph below illustrates trends in pay expenditure (excluding Covid-19) across the Trust by Directorate. The five directorates reported account for 96% of the Trust's total pay, with Acute Services and Primary Care and Older People accounting for 60% of the monthly payroll.

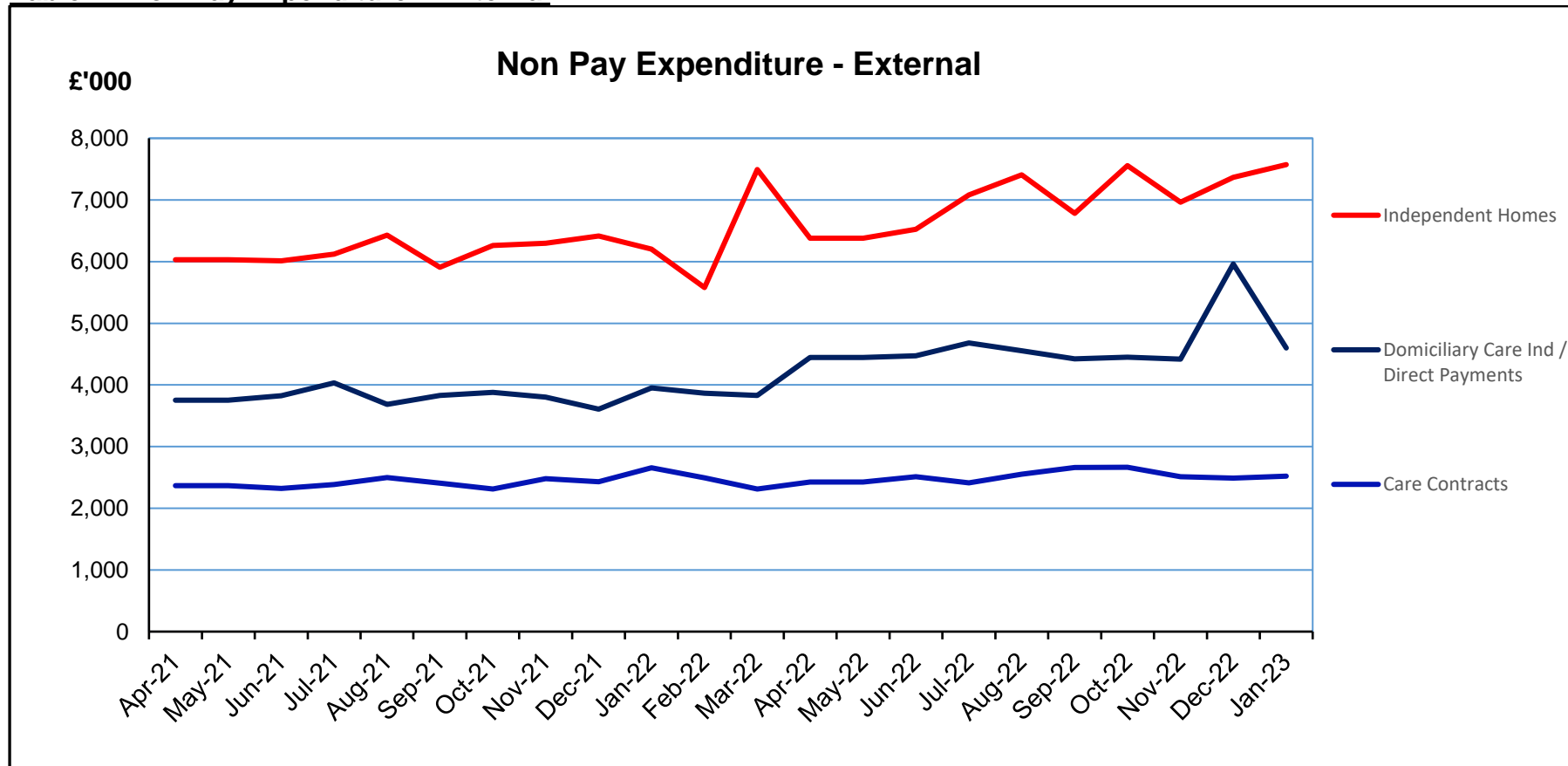
Table 6. Pay Expenditure



Non Pay Expenditure – External

The graph below illustrates trends in expenditure on external non pay expenditure (excluding Covid-19) across the Trust. Independent Homes, Domiciliary Care, Direct Payments and Care Contracts account for 48% of the monthly non-pay expenditure.

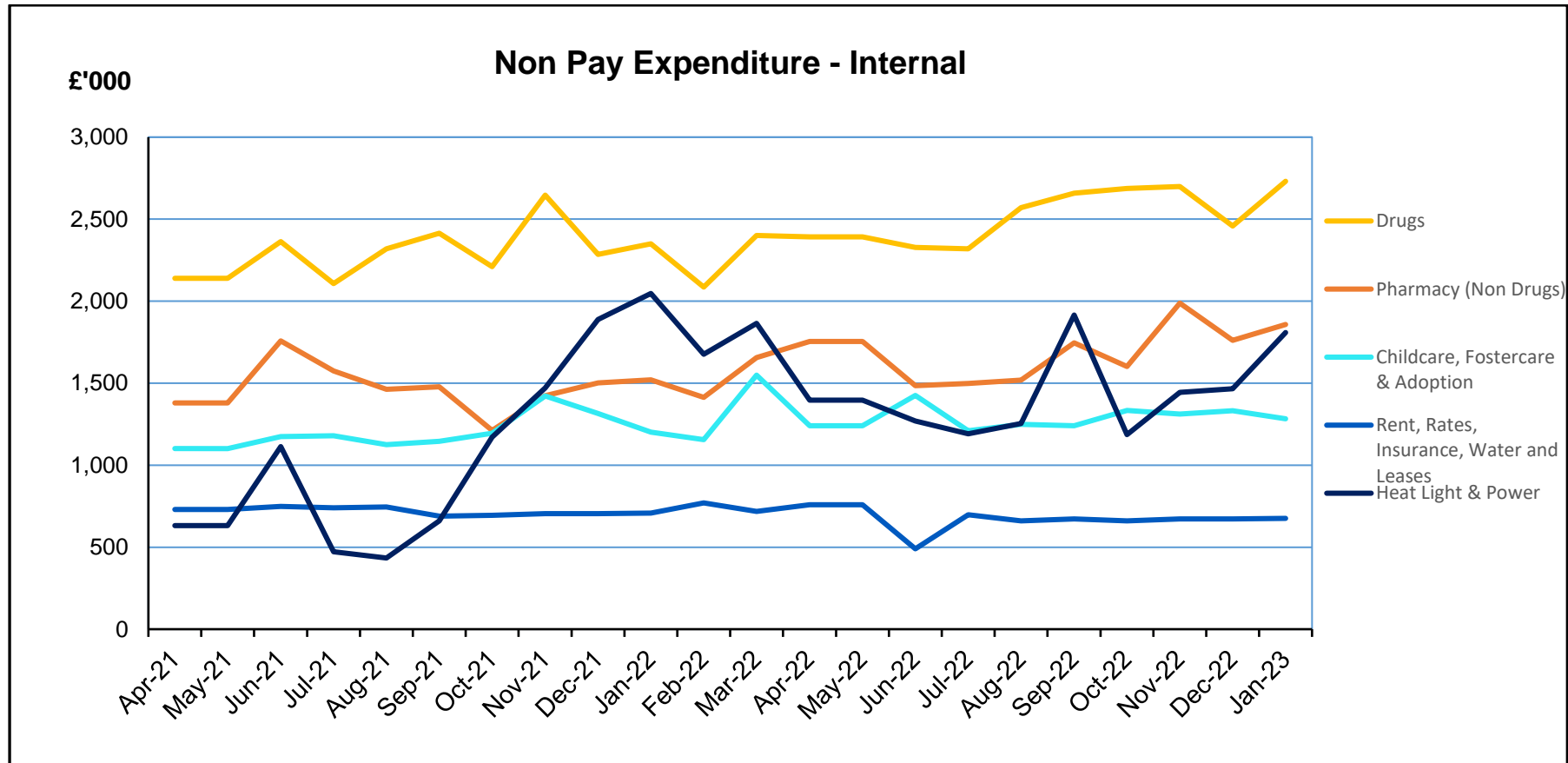
Table 7. Non Pay Expenditure – External



Non Pay Expenditure - Internal

The graph below illustrates trends in expenditure on internal non-pay expenditure (excluding Covid-19) across the Trust. The five areas reported account for 27% of the Trust's non pay expenditure.

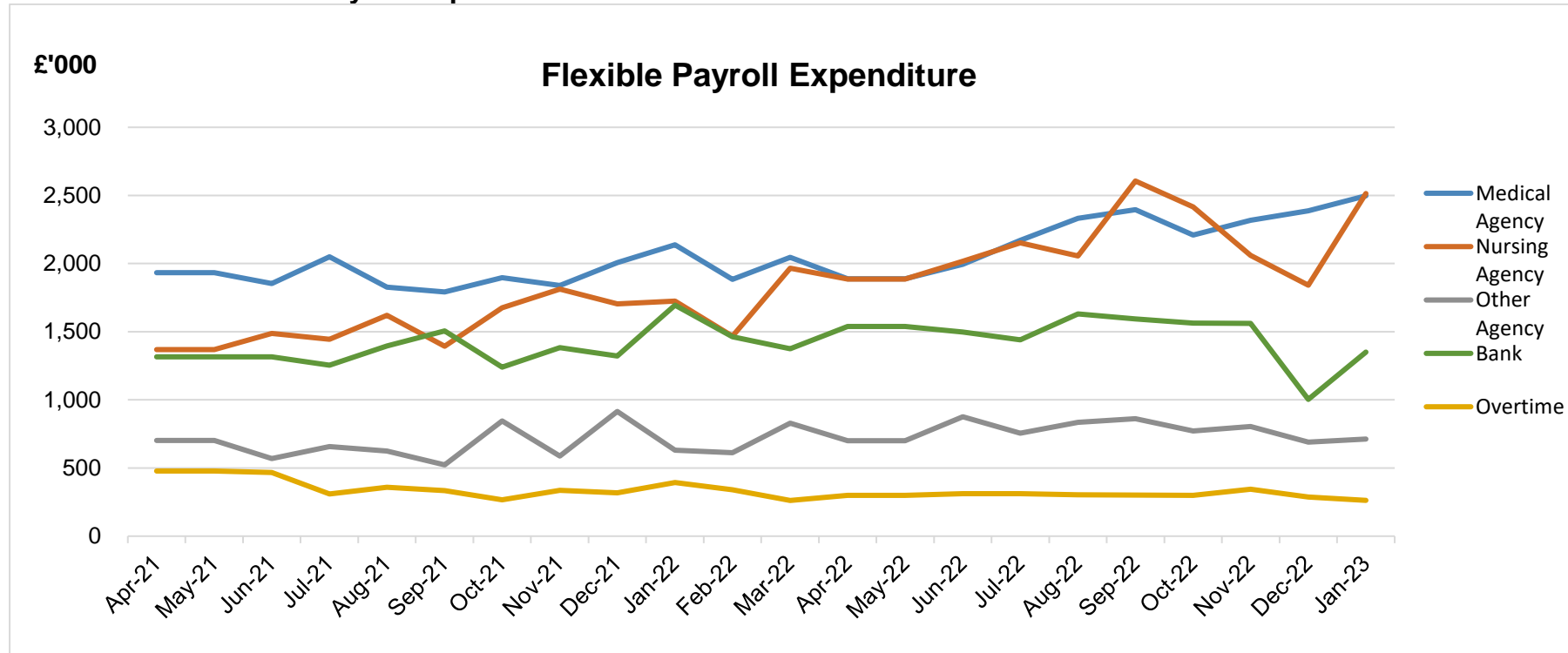
Table 8. Non Pay Expenditure - Internal



Flexible Staffing Expenditure

The graph below illustrates trends in flexible payroll expenditure on agency, bank and overtime usage across the Trust since April 2021. The total expenditure in 2022/23 to the end of January is £69.0m with expenditure on Acute Services being £31.2m (45.2%).

Table 9. Total Flexible Payroll Expenditure



Total agency expenditure to date is £51.2m, which includes £22.1m (43%) on medical agency staff, £21.4m (42%) on nursing agency staffing and £7.7m (15%) on other staffing. Expenditure on bank staff over the same period is £14.7m. The average expenditure on flexible staffing for 2022/23 has increased by 16.0% on the average spend during 2021/22. Medical agency – increase of 14.2%; nursing agency – increase of 35.2%; other agency – increase of 12.8%, bank – increase of 6.5%, overtime – decrease of 16.6%.

4. Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £36.01m from the Department of Health, the table below shows the expenditure to 31st December 2022 and planned year end position to 31st March 2023 as follows:-

Table 10. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 31 December 2022 £'000	Forecast Expenditure at 31 March 2023 £'000
Altnagelvin 5.1 - Tower Block Development	3,365	2,083	3,365
GP Improvement Scheme Trust Owned	524	48	524
Cityside HCC	1,976	884	1,976
Lisnaskea	1,341	466	1,341
ICT	3,538	2,030	3,538
General Capital	13,229	8,834	13,229
Backlog Maintenance	2,750	1,209	2,750
Invest to Save	1,033	0	1,033
MH Task & Finish	477	12	477
IFRS16 leases	2,458	101	2,458
Imaging Diagnostics	3,555	183	3,555
Decontamination	485	46	485
Elective Care Equipment & Minor Works	1,282	0	1,282
Total	36,013	15,896	36,013

5. Key Messages

- The Trust is projecting a deficit of £6.6m for 2022/23.
- The Trust is reporting a financial deficit of £7.0m at 31 January 2023. Savings profiled to deliver in the final quarter will reduce this deficit to the projected out-turn.
- Directors have been briefed on the detail of the key planning assumptions which contribute towards the end of year forecast position. Priority focus is on controlling expenditure within planned levels, taking action across key overspending areas and delivering against savings targets.
- The Acute and Primary Care & Older Peoples Directorates have further unplanned increases in expenditure in January 2023. It is imperative the Directorates address the reasons for the growths and curb further increases in expenditure.
- Service Directorates have made a further improvement in the development of plans against the agency savings target of £2.4m. Plans of £2.3m (96%) are now developed with actual savings of £886k having been achieved at 31 January 2023. However the Acute Directorate has a planning gap of £85k and must take action to address this as a matter of priority. It is imperative planned savings are delivered in full.

Eimear McCauley
Director of Finance, ICT & Contracting

Agency Savings Target 2022/23

Appendix 1

Table 1: Summary of Plans Developed at 31 January 2023

	Acute £'000	AMHD £'000	PCOP £'000	W&C £'000	P&SI £'000	Medical £'000	Finance £'000	HR £'000	Chief Executive Office £'000	TOTAL £'000
Plans developed	857	285	462	409	182	13	34	19	11	2,272
No plans developed	85	10	0	0	-	-	0	0	-	95
TOTAL	942	295	462	409	182	13	34	19	11	2,367
% Plan developed	91.0%	96.6%	100.0%	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	96.0%
% No plan developed	9.0%	3.4%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	4.0%

Table 2: Summary Financial Monitoring of Savings to 31 January 2023

Directorate	In Year Target £'000	Planned Savings £'000	Actual Savings £'000	(Surplus) / Shortfall £'000
Acute Services	942	292	78	(215)
Adult Mental Health & Disability	295	212	212	0
Primary Care & Older People Services	462	296	292	(4)
Women & Childrens Services	409	212	168	(44)
Performance & Service Improvement	182	91	79	(12)
Medical Directorate	13	12	12	0
Finance, Contracting & Capital Development	34	21	21	0
Human Resources	19	19	19	0
Chief Executive Office	11	6	6	1
Total	2,367	1,160	886	(275)
		Month 10 Cum % Achieved	76.3%	
		% Achieved Of Total Target	37.4%	