



Western Health
and Social Care Trust

Financial Performance Report

**for the eight months ended
30 November 2019**

Western Health and Social Care Trust

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1. Financial Plan 2019/20

The Trust is reporting a year-end deficit of £21.8m less the approved control total of £15m, which leaves a £6.8m gap in year. The table 1 – below shows the most recent forecast deficit for 2019-20. This represents an improvement of £200k from last month, which is the result of a specific allocation of funding from DoH.

This position is assuming that any further pressures are managed by the Trust in year. However, the most significant risks are the need for resilience during the winter period, and this could be up to £1m, and the achievement of savings plans / continued run-rate reductions.

Directorates are currently reviewing their savings options to try to identify any that could be brought forward to cover the costs of resilience or reviewing in year slippage opportunities.

Discussions are ongoing with the HSCB in relation to the forecast deficit for 2019/20.

Table 1 – Forecast Deficit 2019/20

	£m
Opening Deficit 1 April 2019	39.0
Less Income received July 2019	(9.0)
Add new 2019/20 savings requirement	11.3
Revised Opening Deficit 2019/20	41.3
Review of expenditure / grip and control (Sept 19)	(3.9)
Less Pressures funding (share of £46m regionally)	(5.3)
Less Pressures funding (share of £10m regionally)	(1.9)
Funding slippage	(0.7)
Savings Plan 2019 / 20 achieved (Table 4)	(3.4)
Savings Plan 2019 /20 MORE Pharmacy Savings achieved	(0.5)
Further Grip & Control Women & Children's Directorate	(0.7)
Run rate reduction – net of increase in expenditure (Acute) achieved	(0.7)
Confirmed Position at Month 8	24.2
Planned Savings Months 9-12	
Savings Plan – Pharmacy – further savings to be achieved	(0.5)
Tactical Savings/General Run-rate (Grip and Control)	(1.9)
Forecast Deficit 2019/20	21.8
Approved Control Total	(15.0)
Off Plan Position November 2019-20	6.8

2. Financial Position as at 30 November 2019

The Trust is reporting a deficit of £15.3m (3.2%) in the current period.

This shows that the Trust needs to maintain the delivery of savings for the remainder of the financial year through a combination of tactical plans/general run rate grip & control and pharmacy efficiency (MORE) savings.

Whilst this figure needs to increase in the coming months, it reflects the work done since February/March 2019.

Table 2 - Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	Variance		November Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	129,887	143,178	13,291	10.2%	11,888	10.5%
Adult Mental Health & Disability	65,666	64,938	(728)	(1.1%)	(682)	(1.2%)
Primary Care & Older People	119,372	121,306	1,935	1.6%	1,881	1.8%
Women & Childrens	65,940	69,743	3,803	5.8%	3,486	6.1%
Medical	2,704	2,585	(119)	(4.4%)	(95)	(4.1%)
Performance & Service Improvement	28,995	28,079	(916)	(3.2%)	(746)	(3.0%)
Finance & Contracting	5,977	6,009	32	0.5%	11	0.2%
Human Resources	2,814	2,660	(154)	(5.5%)	(118)	(4.8%)
Corporate	2,100	2,148	48	2.3%	34	1.9%
Trust Wide Corporate Services	421	450	29	6.9%	27	7.3%
Corporate Pay & Non-Pay	48,767	48,085	(682)	(1.4%)	(491)	(1.2%)
Corporate Solutions	8,206		(8,206)	(100.0%)	(6,956)	100.0%
Savings Target 2019-20	(6,924)		6,924	100.0%	6,058	100.0%
Reported Deficit	473,924	489,181	15,257	3.2%	14,297	3.5%

The Acute Directorate is reporting in this period a deficit of £13.3m. The grip & control run rate monitoring is reporting in the current period an increase in expenditure of £2.2m compared to the March baseline and the main reasons are in medical, nursing pay budgets, patient appliances, travel non pay and under delivery in their tactical savings plans. This will require an urgent improvement plan to support any risk to the 2019/20 and 2020/21 financial plan. Usage of expensive flexible staffing to support service delivery is a consistent solution in the delivery of hospital services. The key risk over the coming months is the management of the winter service pressures.

The AMHD Directorate is reporting in this period a surplus of £0.7m. The grip & control run rate monitoring is reporting in the current period an increase in expenditure of £2.5m compared to the March baseline however this increase remains within budget. The key risk over the coming months is the implementation of the Mental Capacity Act and the funding of the high cost and transitional clients.

The PCOP Directorate is reporting in this period a deficit of £1.9m. The grip & control run rate monitoring is reporting in the current period a decrease in expenditure of £1.4m compared to the March baseline. The key risk over the coming months is the management of the winter service pressures.

The W&C Directorate is reporting in this period a deficit of £3.8m. The grip & control run rate monitoring is reporting in the current period a decrease in expenditure of £1.3m compared to the March baseline. The key risks over the coming months are further expensive childcare placements, 16+ bespoke arrangements and confirmation of funding for an expensive placement following RQIA recommendations circa £600k.

Other Pay Costs

Table 3 – Agency/Bank/Overtime Costs by Directorate

Directorate	Cum November 2019				Increase / (Decrease) over Oct 2019 %	Increase / (Decrease) over avg 2018/19 %
	Agency	Bank	Overtime	Total		
	£'000	£'000	£'000	£'000		
Acute Services	16,185	1,324	885	18,394	(5%)	15%
Adult Mental Health & Disability	2,020	2,190	90	4,301	4%	4%
Primary Care & Older People	4,688	1,700	211	6,599	(1%)	6%
Women & Childrens	2,954	1,217	341	4,512	(1%)	(14%)
Performance & Service Improvement	1,083	683	160	1,925	(14%)	6%
Other Directorates	282	32	18	333	(38%)	24%
Total	27,213	7,146	1,705	36,064	(3%)	7%

Other Pay Cost Key Highlights:

- Agency expenditure of £27m, which includes £15.1m (56%) on medical agency staff and £6.2m (23%) on nursing agency staffing.
- The average expenditure for the first 8 months of 2019/20 has increased by 7% compared to the same period last year. However, the Trust has reduced expenditure in November compared to October by 3%.

- The Trust has a number of improvement plans developed to reduce expenditure on flexible agency staffing as part of the Trust's Recovery Plans.

3. Savings Plan – Monitoring

Recovery Plan – Tactical savings plan

The Trust has developed in year tactical savings of £6.7m. The monitoring of the savings are outlined in the table below:

Table 4 – Tactical Savings Plan Monitoring

Directorate	Planned FYE	Actual Position 30 November 2019				
		Plan	Actual	(Surplus)/ Shortfall	Cum % Achieved	% Achieved of total target
	£000	£000	£000	£000		
Acute	2,192	1,340	811	529	60%	37%
Medical	250	167	206	(39)	124%	82%
Adult Mental Health	216	102	71	31	70%	33%
PCOP	848	327	402	(75)	123%	47%
W&C	1,319	707	725	(18)	103%	55%
PSI	1,853	1,174	1,159	15	99%	63%
Total	6,678	3,817	3,374	443	88%	51%

The financial monitoring of the tactical savings plans is reporting savings of £3.4m (88%) against the plan of £3.8m therefore reporting an off plan position of £443k (12%). This represents an improvement from month 7 (£2.8m) and reflects work done in Directorates in recent weeks. The current forecast deficit is assuming the £6.7m tactical savings plans to be achieved, however based on the November monitoring, an under delivery of £1m - £1.5m is forecast. A Corporate contingency plan has been developed to address this off plan position. With approximately 50% of the total savings required to be achieved in the last four months, the forecast under delivery is fluid.

Vacancy Control Target

The Trust has made an assumption that it will deliver in full against the vacancy control target of £9.3m, using one off opportunities in line with previous years and there is no risk to this assumption.

4. Transformation (C&S) including Elective Care

The confirmed funding for transformation projects for 2019-20 is £17m. The actual expenditure as at 30 November 2019 is £8.3m (49%) on the projects to date. The Trust has carried out a financial assessment of the forecast expenditure and has advised the HSCB of projected slippage on the allocations amounting to £1.7m. The Chief Executive has outlined the Trust position in relation to the Transformation Projects beyond March 2020 in her letter dated 13 December 2019.

5. Capital Resource Limit

The Trust has received a capital allocation of **£31.44m** from the DoH for 2019/20 and the planned expenditure is as follows, and there are no risks being highlighted in relation to meeting the Capital Resource Limit in year.

Table 5 – Capital Plan

Capital Projects	£,m
Altnagelvin 5.1 – Tower Block Development	11.56
Regional Car Parking Policy	0.33
Specialist Services	0.10
Task & Finish	0.90
ICT	1.63
General Capital	14.25
Invest to Save	0.50
Transformation Capital	2.17
Total CRL	31.44

6. Prompt Payment Target

90% of undisputed invoices were paid within 30 working days of receipt against a target of 95%.

7. Key Messages

- Progress continues to be made towards stabilisation of the finances, and savings plans have been identified and are being monitored monthly. Based on the November monitoring, an under delivery in the tactical savings plan of £1m is forecast for 2019/20. A Corporate contingency plan has been developed to address this off plan position.
- The Trust has been given a target of achieving £15m of savings in 2019/20 – the current forecasts would suggest that £5m - £6m is the expected savings, however, if we include funding which has been redirected to previous commitments, then the figure rises to over £14m.
- All Directorates should continue to focus on grip & control in the run rates of expenditure.

Neil Guckian
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