



Western Health  
and Social Care Trust

# **Financial Performance Report**

**for the ten months ended  
31 January 2021**

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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 £12m. 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 has been advised that its Control Total is £15m for 2020/21.

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 Jan 2021 £'m	Position At Jan 2021 £'m
Opening Deficit 1 April 2020	29.3	29.3	26.5
Savings Target 2020/21	10.7	10.7	8.9
<b>Opening Position</b>	<b>40.0</b>	<b>40.0</b>	<b>35.4</b>
COVID Downturn Savings	(5.0)	(8.9)	(8.0)
Other Savings	(2.0)	(1.9)	(1.6)
Other Opportunities / RRL Slippage	0.0	(10.2)	(8.3)
HSCB Deficit Support	0.0	(7.0)	(5.8)
Transformation Pressure	0.3	0.0	0.0
<b>Projected Deficit (non Covid)</b>	<b>33.3</b>	<b>12.0</b>	<b>11.7</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 £12m. This does not include any impact of Covid19 as the Trust is assuming that it will be fully funded for this pressure.

At month 10, our non Covid deficit is £11.7m.

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 £12m and our Control Total is confirmed at £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 10 months are £54.4m. 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 £78m. 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 January 2021 is a deficit of £11.7m. The Covid cost deficit is £27.8m after taking into account funding received to date. This gives the Trust a deficit after 10 months, of £39.5m.

Work is ongoing with DoH to ensure release for all Covid funding – this work is progressing well to date.

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 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.

### 3. Financial Position as at 31 January 2021

The Trust is reporting a deficit of £39.5m (6.1%) in the current period of which £27.8m relates to Covid19. The Trust is awaiting clarification on funding for this.

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

Directorate	Budget	Expenditure	Variance		December Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	171,346	188,676	17,330	10.1	15,350	10.0
Adult Mental Health & Disability	88,596	89,972	1,376	1.6	1,369	1.7
Primary Care & Older People	153,828	158,043	4,215	2.7	3,810	2.8
Women & Childrens	85,972	89,910	3,938	4.6	3,701	4.8
Medical	3,827	3,509	(318)	(8.3)	(326)	(9.4)
Performance & Service Improvement	37,870	36,552	(1,318)	(3.5)	(1,155)	(3.4)
Finance & Contracting	7,900	7,603	(297)	(3.8)	(193)	(2.8)
Human Resources	3,848	3,536	(312)	(8.1)	(249)	(7.3)
Corporate	2,499	2,446	(53)	(2.1)	(37)	(1.6)
Trust Wide Corporate Services	567	610	43	7.6	41	8.1
Corporate Pay & Non-Pay	58,046	58,256	210	0.4	201	0.4
Covid19	21,303	50,717	29,414	100.0	27,092	100.0
Corporate Solutions	22,941	0	(22,941)	100.0	(18,197)	(100.0)
Savings Target 2020/21	(8,168)	0	8,168	100.0	7,461	100.0
<b>Reported Deficit</b>	<b>650,375</b>	<b>689,830</b>	<b>39,455</b>	<b>6.1%</b>	<b>38,868</b>	<b>6.7%</b>

The Trust's most significant financial pressure is Covid19. The Trust has already been allocated funding to date of £38.3m and is working with the HSCB / DoH to secure funding 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 £17.3m (10.1%). This is due to prior year undelivered savings of £5.4m and pressures of £11.9m 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 January 2021				Increase / (Decrease) over Dec 2020 %	Increase / (Decrease) over avg 2019/20 %
	Agency	Bank	Overtime	Total		
	£'000	£'000	£'000	£'000		
Acute Services	19,716	1,461	1,305	22,482	11%	-7%
Adult Mental Health & Disability	1,970	2,579	329	4,878	-20%	-11%
Primary Care & Older People	5,252	2,309	428	7,988	14%	-5%
Women & Childrens	2,761	1,420	366	4,547	1%	-21%
Performance & Service Improvement	377	1,176	388	1,941	14%	-20%
Other Directorates	156	52	150	357	33%	-56%
Covid19	6,514	720	247	7,480	21%	100%
<b>Total</b>	<b>36,746</b>	<b>9,716</b>	<b>3,213</b>	<b>49,675</b>	<b>9%</b>	<b>5%</b>

### Other Pay Cost Key Highlights:

- Agency expenditure of £36.7m, which includes £20.6m (56%) on medical agency staff and £9.8m (26%) on nursing agency staffing.
- The average expenditure for 2020/21 has increased by 5% 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 ten 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 £7.2m as at 31 January.

## 6. Capital Resource Limit

The Trust has received a capital allocation of **£41.72m** 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
GP Improvement Scheme Trust Owned	0.01
Task & Finish	0.33
Covid19 – Altnagelvin ED	1.50
Covid19 – PPE Storage & Distribution	0.14
ICT	10.37
ICT Covid19	4.10
General Capital	10.86
Covid19 General Capital	5.77
COVID-19 Oxygen Generators	0.45
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>41.72</b>

## 7. Prompt Payment Target

94.9% 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 £12m. 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. Work is ongoing with DoH to ensure release for all Covid funding and this work is progressing well to date.
- We have received confirmation that the Control Total for 2020/21 is £15m.

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