

Financial Performance Report

for the 7 months ended

31 October 2021

Statutory financial performance targets

Red Amber Green
(RAG)
STATUS

1. 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.

2. Manage within allocated Capital Resource Limit (CRL)

The Trust has received a total capital allocation (Capital Resource Limit) of £34.5m from the Department of Health.

Capital expenditure to the end of September 2021 is £6.7m.

| Other financial performance targets | RAG STATUS |
|--|------------|
| <p>3. Achieve in year savings targets for 2021/22</p> | |
| <p>The Trust has been issued with a Pharmacy savings target of £1m and plans have been developed to date amounting to £0.5m. 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 £7.0m 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> | |
| <p>4. Minimise expenditure on agency and locum staff</p> | |
| <p>The Trust has spent £28.3m to 31 October 2021 on agency and locum staff. The average expenditure on agency and locum staff for 2021/22 has increased by 9% on the average spend last year. The average expenditure for flexible staffing for 2021/22 has increased by 13% on the average spend last year.</p> <p>The graph (Table 9) shows all of our flexible staffing costs.</p> | |

5. Manage ring fenced funding within allocations

Work is ongoing with the HSCB on the indicative allocations for ring fenced revenue programmes in 2021/22.

6. Achieve breakeven position

The Trust has revised its projected year end deficit to £16m in 2021/22 (£16m core deficit & £0m Covid deficit). The control total for 2021/22 has been confirmed at £12m. Further detail on the revision of the deficit is included in the narrative.

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

The Trust paid 93.1% of its undisputed invoices with suppliers within 30 days at 31 October 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 |
| 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 Oct 21 £'m | Revised 2021/22 Plan Nov 21 £'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 | (2.1) | (6.0) |
| Pressures 2021/22 | 14.0 | 8.8 | 4.5 |
| Transformation | 1.6 | 0.4 | 1.1 |
| No More Silos | 3.0 | 0.0 | 0.0 |
| Savings / Other Opportunities (net of 2021/22 savings target) | (5.1) | (9.6) | (12.6) |
| MYR opportunities | | | (6.5) |
| Projected Deficit 2021/22 Excluding Covid | 49.0 | 33.0 | 16.0 |
| Covid | 13.9 | 16.0 | 0.0 |
| Projected Deficit 2021/22 Including Covid | 62.9 | 49.0 | 16.0 |

The Trust has been advised that its Control Total is £12m for 2021/22.

The Trust submitted its financial plan for 2021/22 to the DoH/HSCB on 3 June 2021, which projected a deficit of £62.9m (core deficit of £49m / Covid deficit of £13.9m). Following a meeting with HSCB/DoH on 24 June 21, this was revised to £53.3m (core deficit of £44.6m / Covid deficit of £8.7m).

Since then, there have been a number of further adjustments. In October, the Trust has been advised by HSCB of further funding for Energy Pressure £3m, Other Inescapables Pressures £3.1m and to assume full funding for its Covid deficit. The Trust completed its mid-year financial assessment and has also reduced the deficit to take account of an increase in BAU downturn savings, balance sheet and other income opportunities resulting in a **revised forecast deficit of £16m (core deficit £16m and Covid deficit £0m)**.

The Trust will closely monitor financial performance against the financial plan and will continue to liaise with HSCB to work towards our control total of £12m. Work continues with the HSCB/DoH in relation to this.

2. Financial Plan 2021/22

The Trust is reporting a projected deficit of £16.0m for 2021/22.

Table 4. Projected Deficit 2021/22

| | 2021/22 Plan | Position at 31 Oct 2021 |
|---|--------------|-------------------------|
| | £'m | £'m |
| Opening Deficit 2021/22 | 35.5 | 21.1 |
| Income – Opening Deficit / Inescapable Pressures | (6.0) | (3.5) |
| Pressures 2021/22 | 4.5 | 2.0 |
| Transformation | 1.1 | 0.5 |
| No More Silos | 0.0 | 0.0 |
| Savings / Other Opportunities (net of 2021/22 savings target) | (19.1) | (7.8) |
| Projected Deficit 2021/22 Excluding Covid | 16.0 | 12.3 |
| Covid | 0.0 | 0.0 |
| Projected Deficit 2021/22 Including Covid | 16.0 | 12.3 |

Covid

The Trust has been advised by the HSCB to assume that Covid will be fully funded in 2021/22. The Trust is projecting

expenditure for Covid of £57.7m. The Trust has presented a detailed account of projected costs and expenditure to HSCB.

The estimate of Covid costs is challenging and will be kept under review for the remainder of the year given the inherent difficulty in projecting the duration of the current surge and taking account of known workforce supply constraints. The Trust will therefore continue to liaise with HSCB on the monitoring and reporting of Covid expenditure.

3. Financial Performance at 31 October 2021

At the end of October 2021, the Trust is reporting a deficit of £12.3m (2.5%)

Table 5. Summary Financial Performance by Directorate

| Directorate | Budget | Expenditure | October Variance | | September Variance | |
|---|----------------|----------------|------------------|-------------|--------------------|-------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | % |
| Acute Services | 128,135 | 143,158 | 15,023 | 11.7% | 12,833 | 11.7% |
| Adult Mental Health & Disability | 64,650 | 66,797 | 2,147 | 3.3% | 1,674 | 3.0% |
| Primary Care & Older People | 109,586 | 114,152 | 4,566 | 4.2% | 4,021 | 4.3% |
| Women & Childrens | 61,489 | 64,435 | 2,946 | 4.8% | 2,325 | 4.4% |
| Medical | 2,614 | 2,590 | (24) | (0.9%) | (14) | (0.6%) |
| Performance & Service Improvement | 27,476 | 26,123 | (1,353) | (4.9%) | (952) | (4.1%) |
| Finance & Contracting | 5,493 | 5,303 | (190) | (3.5%) | (166) | (3.5%) |
| Human Resources | 2,656 | 2,416 | (240) | (9.0%) | (205) | (9.0%) |
| Chief Executive Office | 1,513 | 1,523 | 10 | 0.7% | 12 | 0.9% |
| Trust Wide Corporate Services eg. E-Rostering, Bank Nursing Office & Staff Side | 399 | 424 | 25 | 6.3% | 8 | 2.3% |
| Corporate Pay & Non-Pay eg. Energy, Rates, Pharmacy etc | 43,822 | 44,508 | 686 | 1.6% | 966 | 2.6% |
| Covid19 | 29,704 | 29,704 | 0 | 0.0% | 5,446 | 27.5% |
| Corporate Solutions | 11,629 | 0 | (11,629) | (100.0%) | (5,267) | (100.0%) |
| Savings Target 2021/22 | (292) | 0 | 292 | 100.0% | 254 | 100.0% |
| Reported Deficit | 488,874 | 501,133 | 12,259 | 2.5% | 20,935 | 5.1% |

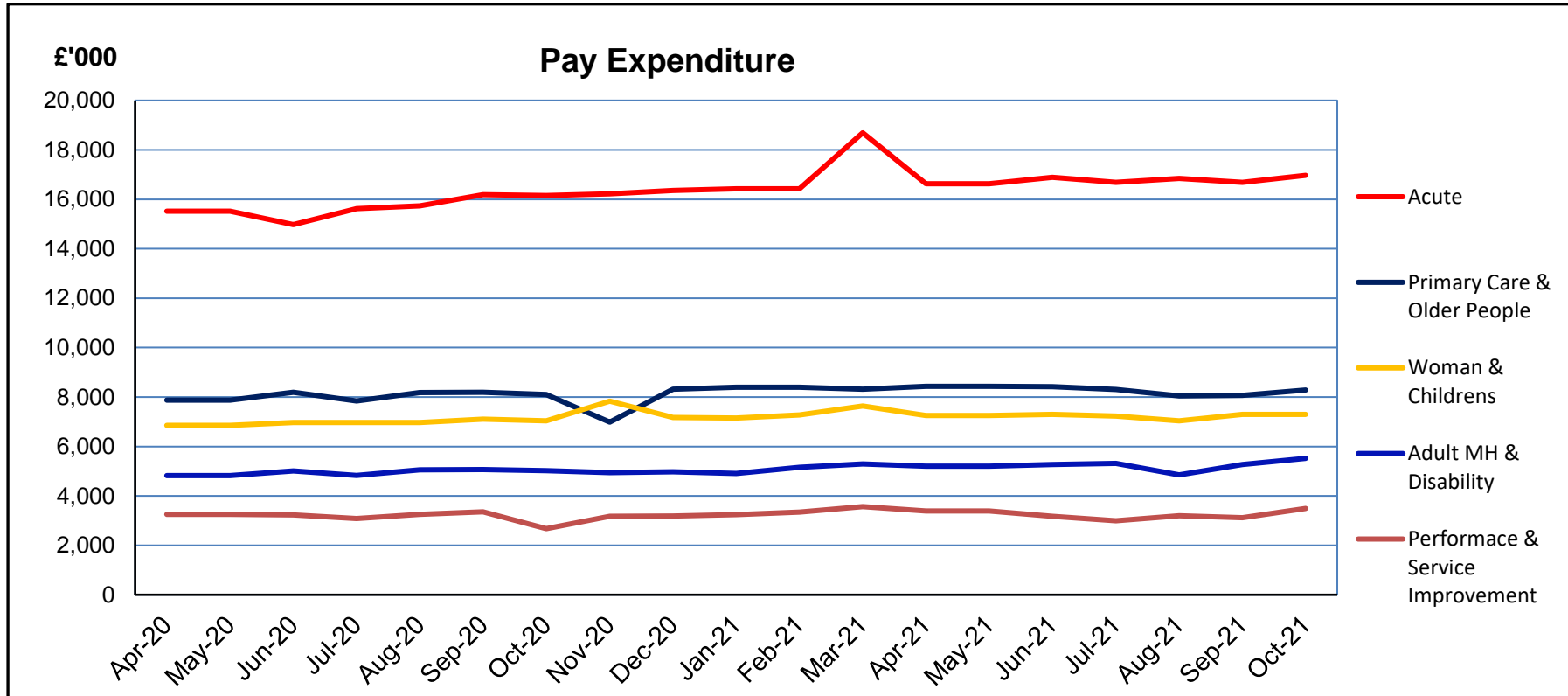
The HSCB have advised the Trust to assume that Covid costs will be fully funded in 2021/22 and this is reflected in this month's financial performance reporting. The indicative allocations advised to the Trust for Transformation are not sufficient to cover the expenditure. The Trust has asked the Transformation, Planning & Performance Group (TPPG) to consider reprofiling transformation project slippage towards strategically important overspending transformation projects (including Our Hearts Our Minds) and we await their response. An overspend of £0.5m is being reported for these areas in the October Financial Performance.

The Acute Directorate is reporting an overspend of £15.0m (11.7%). This is due to prior year undelivered savings of £5.5m and pressures of £9.5m 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 58% of the monthly payroll.

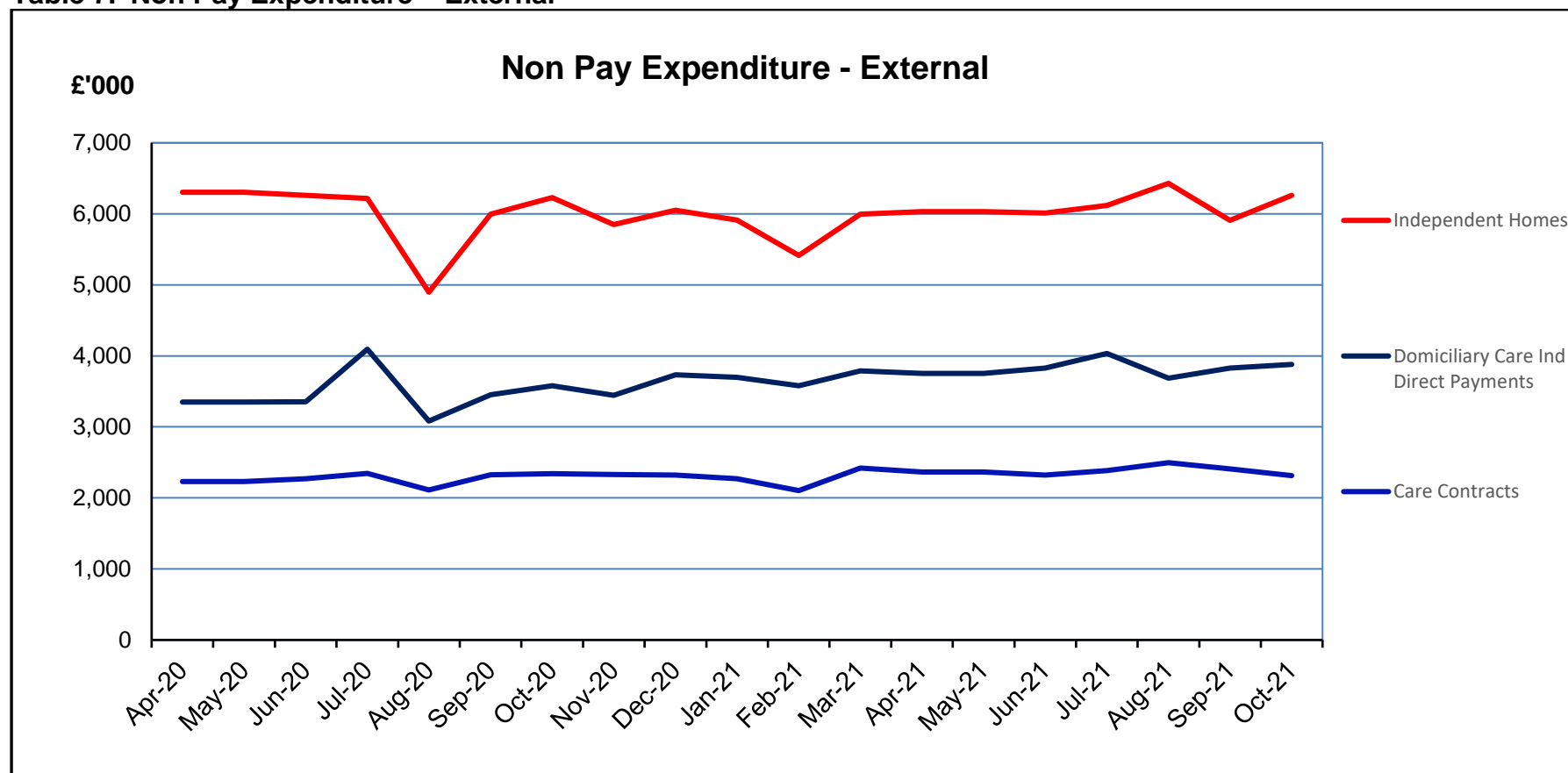
Table 6. Pay Expenditure



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.

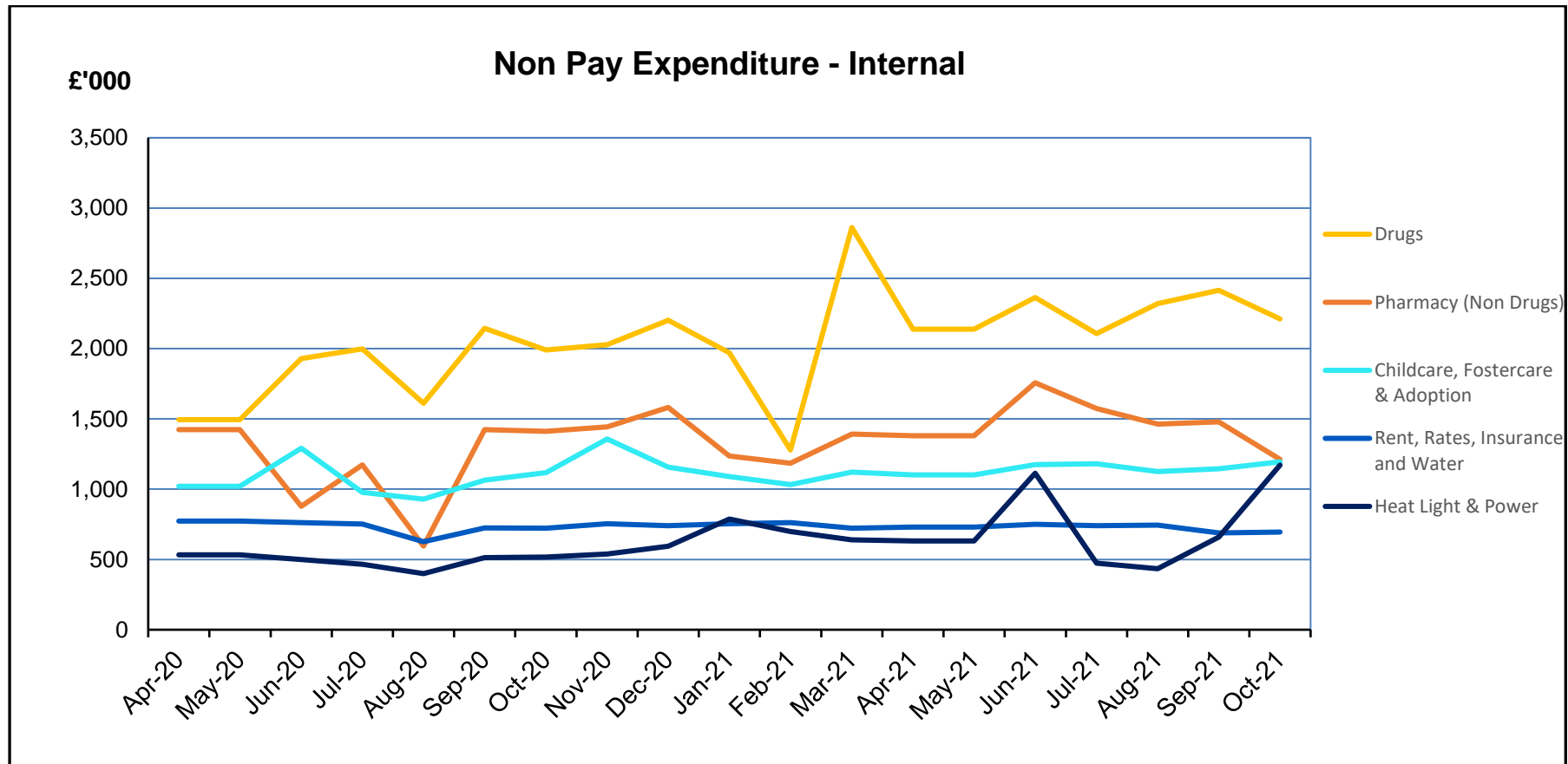
Table 7. Non Pay Expenditure – External



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.

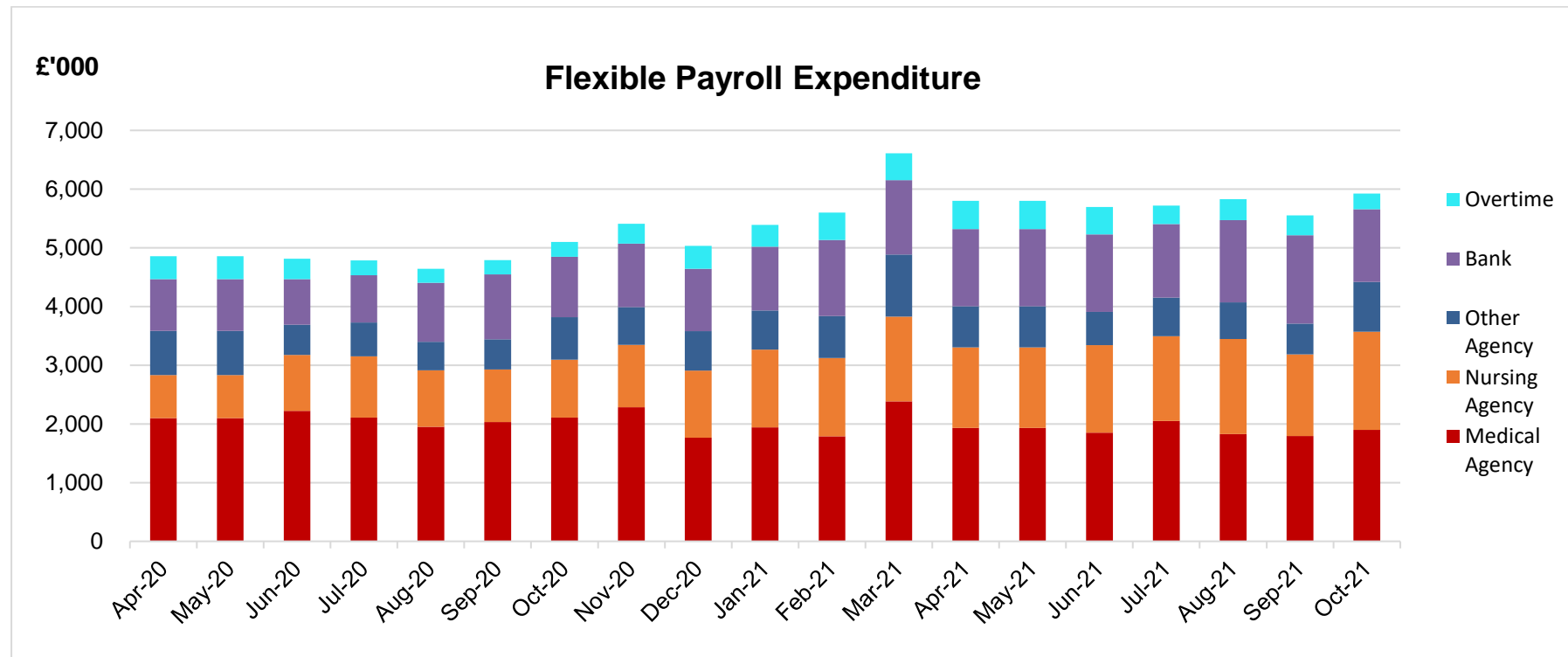
Table 8. Non Pay Expenditure - Internal



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 October was £40.3m with expenditure on Acute Services being £17.1m (42.4%).

Table 9. Total Flexible Payroll Expenditure



Total Agency expenditure to date is £28.3m, which includes £13.3m (47%) on medical agency staff and £10.4m (37%) on nursing agency staffing and £4.6m (16%) on other staffing. Expenditure on Bank staff over the same period is £9.3m. 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 £34.53m from the Department of Health, the table below shows the expenditure to 30th September 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 September 2021 £'000 | Forecast Expenditure at 31 March 2022 £'000 |
|---|---|---|--|
| Altnagelvin 5.1 - Tower Block Development | 1,980 | 229 | 1,980 |
| GP Improvement Scheme Trust Owned | 4 | 4 | 4 |
| Cityside HCC | 654 | 106 | 654 |
| ICT | 7,353 | 942 | 7,353 |
| General Capital | 17,854 | 4,306 | 17,854 |
| Covid ICT | 183 | 40 | 183 |
| No More Silos | 150 | 150 | 150 |
| Covid General Capital | 1,013 | 497 | 1,013 |
| Backlog Maintenance | 3,375 | 395 | 3,375 |
| Invest to Save | 313 | 0 | 313 |
| MH Task & Finish | 408 | 0 | 408 |
| Imaging Diagnostics | 750 | 0 | 750 |
| Discharge from Iveagh | 490 | 0 | 490 |
| Total | 34,527 | 6,669 | 34,527 |

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 seven months due to increased pay expenditure in the Acute, PCOP and AMHD Directorates and increased spend on energy and direct payments. This will continue to be monitored each month.

6. Savings Plan 2021/22

The Trust has been issued with a Pharmacy savings target of £1m and plans have been developed to date amounting to £0.5m. 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 £7m 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 has asked the Transformation, Planning & Performance Group (TPPG) to consider re-profiling transformation project slippage towards strategically important overspending transformation projects (including Our Hearts Our Minds) and we await the response. The Trust is reporting expenditure of £5.3m and an overspend of £0.5m as at 31 October 2021.

8. Prompt Payment Target

93.1% 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 £12.3m at end of October 2021, of which £0.5m is Transformation.
- The Trust is projecting a deficit of £16m (core deficit £16m and Covid deficit £0m). The Trust has been advised to assume that Covid costs will be fully funded. The Trust will closely monitor financial performance against the financial plan and will continue to liaise with HSCB to work towards our control total of £12m.
- The Trust is working with the HSCB to confirm the funding for Transformation. The indicative allocations advised to the Trust is not sufficient to cover the expenditure. The Trust has asked the Transformation, Planning & Performance Group (TPPG) to consider reprofiling transformation project slippage towards strategically important overspending transformation projects (including Our Hearts Our Minds) and we await the response.
- 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.
- In relation to the Trust recovery plan, CMT and Delivering Value Management Board continue to hold Directorates to account as it is imperative that Directorates deliver on the planned savings to support the overall Trust Financial Plan.
- The Trust has a Control Total for 2021/22 of £12m.

Eimear McCauley
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