

# **Financial Performance Report**

**for the 9 months ended**

**31 December 2021**

## Statutory financial performance targets

Red Amber Green  
(RAG)  
STATUS




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

The Trust continues to liaise with the HSCB in relation to the financial plan but the final RRL position for 2021/22 is not yet confirmed. The Trust has a Control Total of £12m.

### 2. Manage within allocated Capital Resource Limit (CRL)

The Trust has received a total capital allocation (Capital Resource Limit) of £34.3m from the Department of Health.

Capital expenditure to the end of November 2021 is £13.7m.

Other financial performance targets	RAG STATUS
<b>3. Achieve in year savings targets for 2021/22</b>	
<p>The Trust has been issued with a Pharmacy savings target of £1m and plans have been developed to date amounting to £0.5m. 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 Trust is on target to achieve £4m of recurrent savings associated with its Recovery Plan.</p>	
<b>4. Minimise expenditure on agency and locum staff</b>	
<p>The Trust has spent £37.1m to 31 December 2021 on agency and locum staff. The average expenditure on agency and locum staff for 2021/22 has increased by 11.7% on the average spend last year. The average expenditure for flexible staffing for 2021/22 has increased by 13.2% on the average spend last year.</p> <p>The graph (Table 9) shows all of our flexible staffing costs.</p>	
<b>5. Manage ring fenced funding within allocations</b>	

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

### **6. Achieve breakeven position**

The Trusts projected year end deficit is £14.5m in 2021/22. The control total for 2021/22 has been confirmed at £12m and thus a gap of £2.5m.

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

The Trust paid 91.9% of its undisputed invoices with suppliers within 30 days at 31 December 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
<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>Revised Opening Deficit 2020/21</b>	<b>40.0</b>
Less Savings Achieved	(4.5)
<b>Opening Deficit 2021/22</b>	<b>35.5</b>

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
<b>Opening Deficit 2021/22</b>	<b>35.5</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 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**

	<b>Original 2021/22 Plan £'m</b>	<b>Revised 2021/22 Plan Nov 21 £'m</b>	<b>Revised 2021/22 Plan Dec 21 £'m</b>
Opening Deficit 2020/21	40.0	40.0	40.0
Less Savings Achieved	(4.5)	(4.5)	(4.5)
<b>Opening Deficit 2021/22</b>	<b>35.5</b>	<b>35.5</b>	<b>35.5</b>
Income – Opening Deficit / Inescapable Pressures	0.0	(6.0)	(7.5)
Pressures 2021/22	14.0	4.5	4.5
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)	(12.6)
MYR opportunities		(6.5)	(6.5)
<b>Projected Deficit 2021/22 Excluding Covid</b>	<b>49.0</b>	<b>16.0</b>	<b>14.5</b>
Covid	13.9	0.0	0.0
<b>Projected Deficit 2021/22 Including Covid</b>	<b>62.9</b>	<b>16.0</b>	<b>14.5</b>

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).

The Trusts projected year end deficit is currently £14.5m. It reflects funding for Other Inescapable Pressures of £6.7m, Energy Pressures of £6m and assumes full funding for Covid. The Trust mid-year financial assessment also reduced the deficit to take account of other in-year opportunities.

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 has a Control Total of £12m for 2021/22.

## 2. Financial Plan 2021/22

*The Trust is reporting a projected deficit of £14.5m for 2021/22.*

**Table 4. Projected Deficit 2021/22**

	2021/22 Plan	Position at 31 Dec 2021
	£'m	£'m
Opening Deficit 2021/22	35.5	27.7
Income – Opening Deficit / Inescapable Pressures	(7.5)	(5.6)
Pressures 2021/22	4.5	2.2
Transformation	1.1	0.7
No More Silos	0.0	0.0
Savings / Other Opportunities (net of 2021/22 savings target)	(19.1)	(13.9)
<b>Projected Deficit 2021/22 Excluding Covid</b>	<b>14.5</b>	<b>11.1</b>
Covid	0.0	0.0
<b>Projected Deficit 2021/22 Including Covid</b>	<b>14.5</b>	<b>11.1</b>

### 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 £63.4m. The Trust has presented a detailed account of projected costs and expenditure to HSCB.

Covid costs will be kept under review. The Trust will continue to liaise with HSCB on the monitoring and reporting of Covid expenditure.

### 3. Financial Performance at 31 December 2021

*At the end of December 2021, the Trust is reporting a deficit of £11.1m (1.7%)*

**Table 5. Summary Financial Performance by Directorate**

Directorate	Budget	Expenditure	December Variance		November Variance	
	£'000	£'000	£'000	%	£'000	%
Acute Services	166,089	185,792	19,703	11.9%	17,656	12.0%
Adult Mental Health & Disability	83,364	86,386	3,022	3.6%	2,635	3.6%
Primary Care & Older People	141,507	147,516	6,009	4.2%	5,199	4.1%
Women & Children's	79,862	83,782	3,920	4.9%	3,509	5.0%
Medical	3,403	3,374	(29)	(0.9%)	(25)	(0.8%)
Performance & Service Improvement	35,391	34,142	(1,249)	(3.5%)	(1,394)	(4.4%)
Finance & Contracting	7,267	7,019	(248)	(3.4%)	(215)	(3.4%)
Human Resources	3,423	3,135	(288)	(8.4%)	(262)	(8.6%)
Chief Executive Office	1,980	1,910	(70)	(3.5%)	(41)	(2.3%)
Trust Wide Corporate Services eg. E-Rostering, Bank Nursing Office & Staff Side	508	539	31	6.1%	27	6.0%
Corporate Pay & Non-Pay eg. Energy, Rates, Pharmacy etc	58,756	59,086	330	0.6%	367	0.7%
Covid19	41,776	41,776	0	0.0%	0	0.0%
Corporate Solutions	20,399	0	(20,399)	(100.0%)	(18,146)	(100.0%)
Savings Target 2021/22	(343)	0	343	100.0%	369	100.0%
<b>Reported Deficit</b>	<b>643,382</b>	<b>654,457</b>	<b>11,075</b>	<b>1.7%</b>	<b>9,678</b>	<b>1.7%</b>

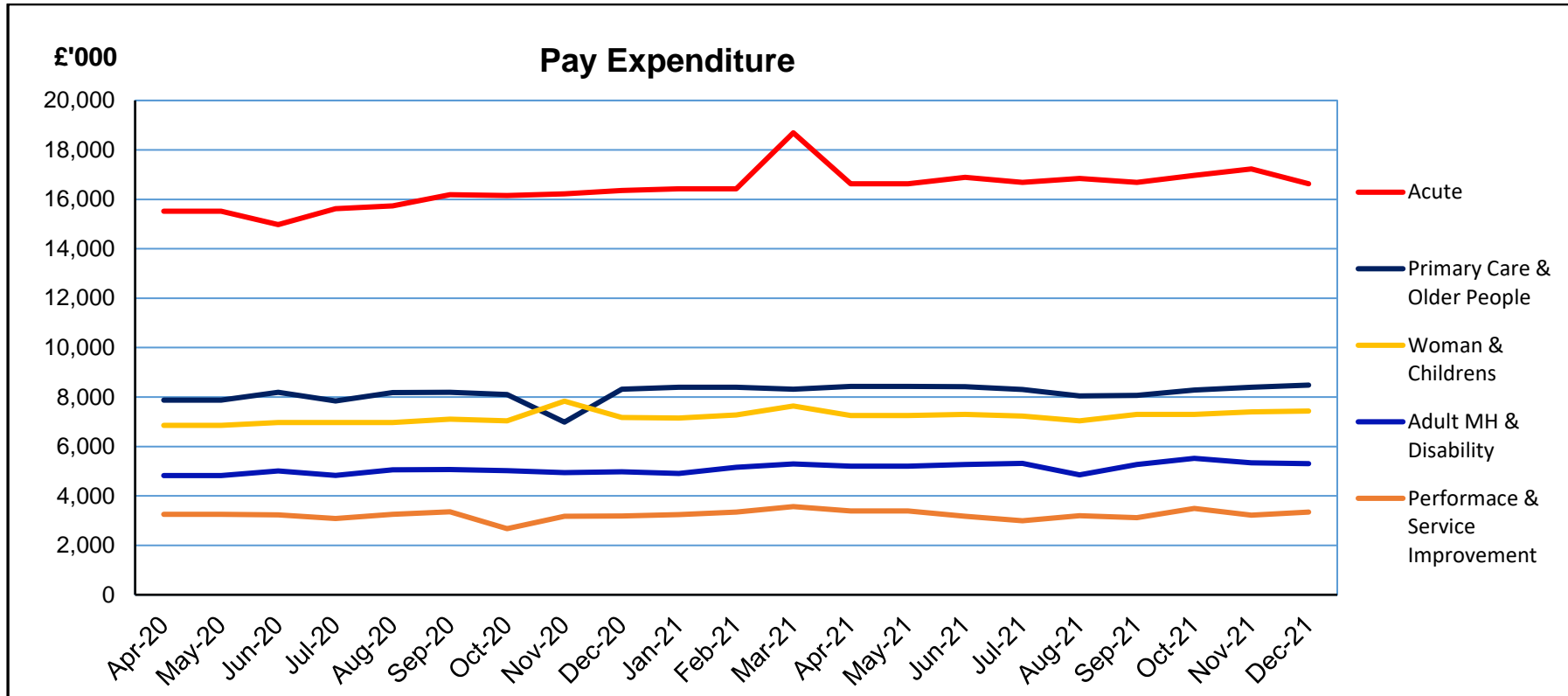


The Acute Directorate remains the highest overspending Directorate at £19.7m (11.9%). This is due to prior year undelivered savings of £7.1m and pressures of £12.6m within nursing and medical pay budgets. Usage of expensive flexible staffing to support service delivery is a consistent solution in the 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 reported account for 96% of the Trusts total pay, with Acute Services and Primary Care and Older People accounting for 59% of the monthly payroll.

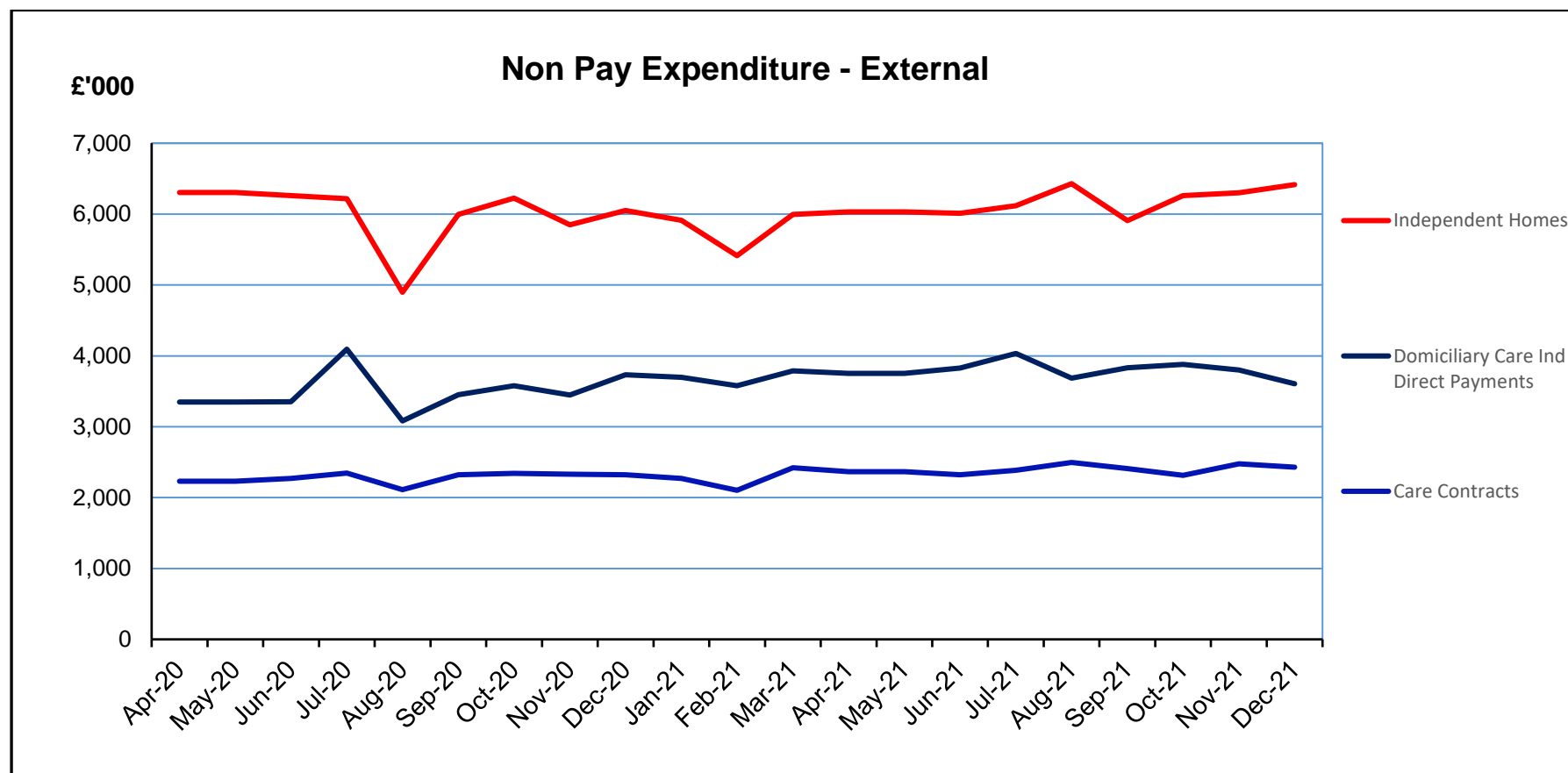
**Table 6. Pay Expenditure**



## 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 57% of the monthly non pay expenditure.

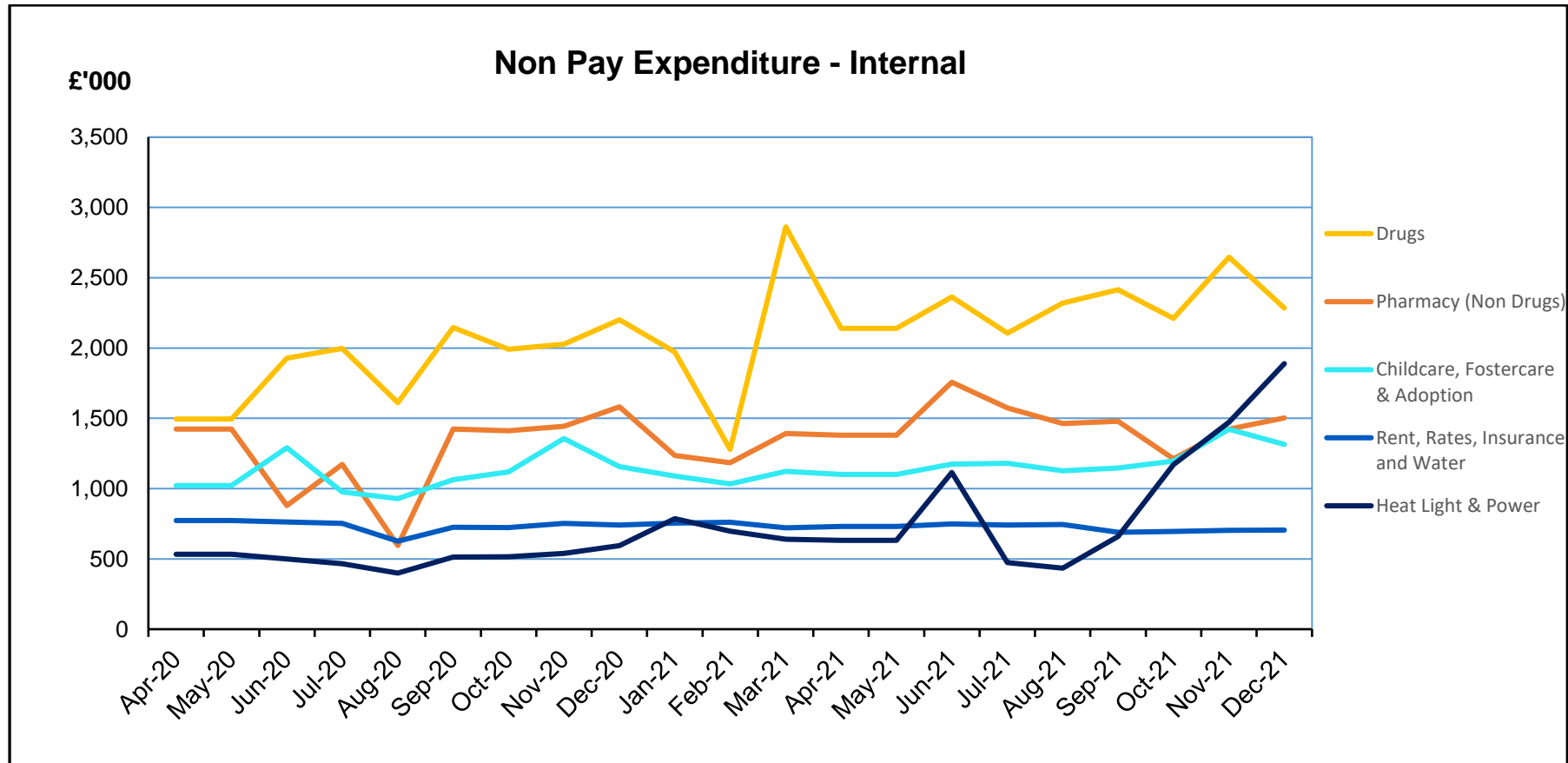
**Table 7. Non Pay Expenditure – External**



**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 29% of the Trusts non pay expenditure.

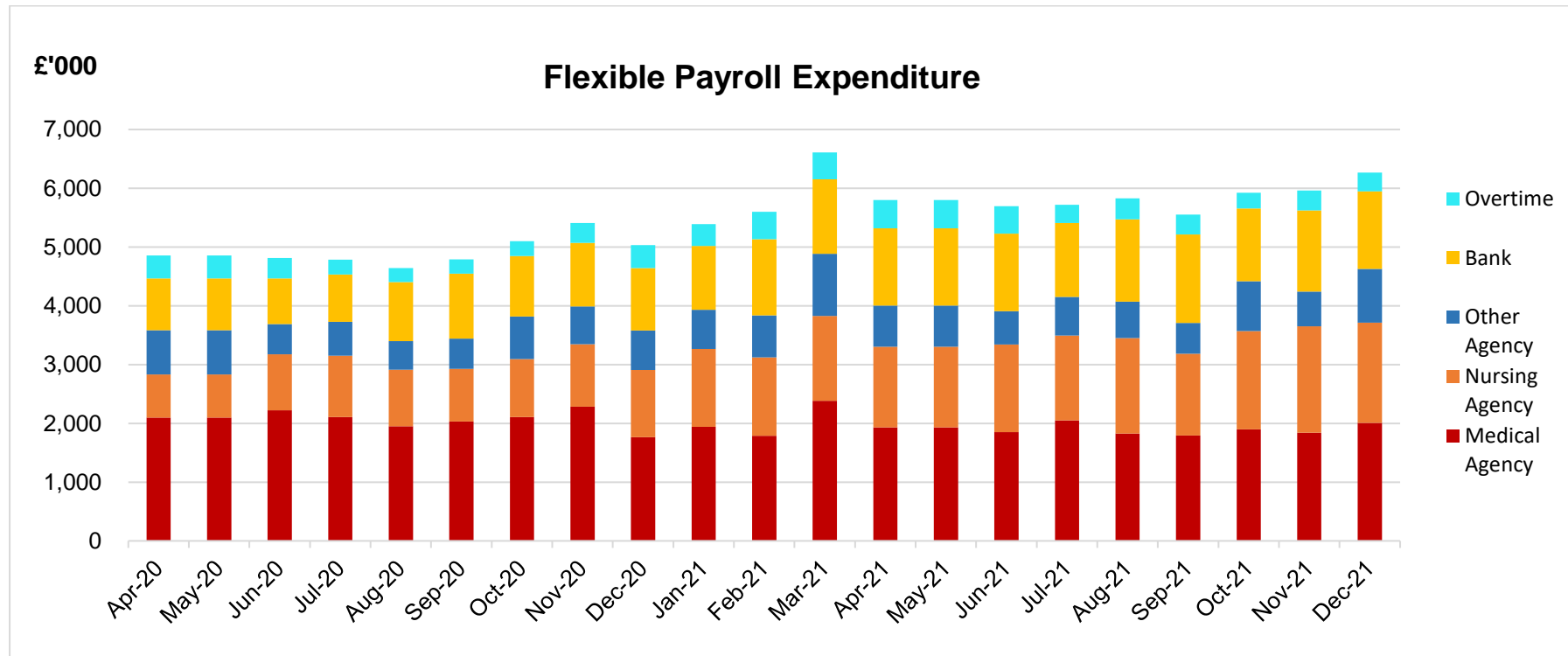
**Table 8. Non Pay Expenditure - Internal**



## 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 December was £52.5m with expenditure on Acute Services being £22.2m (42.3%).

**Table 9. Total Flexible Payroll Expenditure**



Total Agency expenditure to date is £37.1m, which includes £17.1m (46%) on medical agency staff and £13.8m (37%) on nursing agency staffing and £6.1m (17%) on other staffing. Medical agency costs have decreased by £1.2m (7%) and nursing agency costs have increased by £4.4m (47%) 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 £12.0m. The average expenditure for 2021/22 has increased by 13.2% on the average spend during 2020/21.

#### 4. Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £34.34m from the Department of Health, the table below shows the expenditure to 30<sup>th</sup> November 2021 and planned year end position to 31<sup>st</sup> March 2022 as follows:-

**Table 10. Capital Expenditure**

<b>Project</b>	<b>Capital Resource Limit (CRL) £'000</b>	<b>Expenditure at 30 November 2021 £'000</b>	<b>Forecast Expenditure at 31 March 2022 £'000</b>
Altnagelvin 5.1 - Tower Block Development	1,486	550	1,486
GP Improvement Scheme Trust Owned	4	4	4
Cityside HCC	654	160	654
Lisnaskea	225	0	225
ICT	7,353	5,199	7,353
General Capital	17,854	5,815	17,854
Covid ICT	183	80	183
No More Silos	150	150	150
Covid General Capital	1,013	581	1,013

Backlog Maintenance	3,375	779	3,375
Invest to Save	313	80	313
MH Task and Finish	408	184	408
Imaging Diagnostics	820	107	820
Discharge from Iveagh	490	0	490
Troubles Permanent Disablement Payment Scheme	10	0	10
<b>Total</b>	<b>34,338</b>	<b>13,689</b>	<b>34,338</b>

## 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 nine months 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 has been issued with a Pharmacy savings target of £1m and plans have been developed amounting to £0.5m. 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.

## 7. Transformation Funding

Allocations confirmed to the Trust for Transformation are not sufficient to cover forecast expenditure.

The Trust has asked HSCB to confirm their commissioner intent for projects with none or insufficient funding for 2022/23

and we await their response. The Trust is reporting expenditure of £6.9m, an overspend of £0.7m as at 31 December 2021 and the forecast overspend is projected to be £1.1m. This is included in the Trust reported deficit.

#### **8. Elective Care funding**

The Trust has been allocated £13.5m for the delivery of elective care across a range of specialties for in house and independent sector activity. The financial assessment of the deliverability of the elective plan has identified potential slippage of £2.4m, mainly in Independent Sector activity. This is largely associated with the impact of the recent Covid surge on providers. The Trust is actively working with providers and HSCB to redeploy this slippage.

Reported expenditure as at 31 December 2021 is £5.7m.

#### **9. Prompt Payment Target**

91.9% of undisputed invoices were paid within 30 working days of receipt against a target of 95%



## 10. Key Messages

- The Trust is reporting a deficit of £11.1m at end of December 2021.
- The Trust is projecting a core deficit of £14.5m which is £2.5m off the approved control total of £12m. The Trust will closely monitor financial performance against the financial plan and will continue to liaise with HSCB to confirm arrangements to close this gap.
- The Trust is engaged with HSCB to confirm their commissioner intent for Transformation projects with no funding for 2022/23 and we await their response.
- Directorates are demonstrating they are focusing on grip and control in their pay and non pay run rates. As they work through their rebuild plans, they will have to focus on bringing spend back to funded baselines taking account of expected post covid factors that will be outside Trust control e.g. revised IPC policy.
- In relation to the Trust recovery plan, the Trust is expected to have fully delivered £4m as a contribution towards the Trust underlying deficit.

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