Western Health and Social Care Trust

Financial Performance Report

for the 11 months ended

28 February 2023

Updated Financial Context 2023/24

A budget settlement for 2023/24 is not yet confirmed for HSC.

The Trust has received confirmation of two savings targets which DoH/ SPPG assume will be delivered in full.

Agency Savings Target 2023/24 - £3.2m
The Trust has been asked to delivery £3.2m of agency savings as part of the Regional focus on reducing agency expenditure by £20m in 2023/24. This work will primarily focus on the reduction of off-contract agency expenditure. SPPG expect the Trust to deliver these savings in full with a resultant reduction in the forecast level of pressures for 2023/24.

General Savings Target - £8m
The Director of Finance SPPG wrote to the Trust in January 2023 outlining the expectation the Trust would continue to deliver the level of savings/ opportunities delivered in 2021/22 and 2022/23. Delivery of this target is also assumed to reduce the forecast level of pressures for 2023/24. Directorates have been asked to develop plans for £2.7m of this target with the remainder delivered Delivering Value Management Board programmes.

There is a high expectation that there may be other savings targets in tandem with limited new funding for service pressures.

Financial performance targets	RAG STATUS
1. Manage within allocated Capital Resource Limit (CRL)	
The Trust has received a total capital allocation (Capital Resource Limit) of £36.1m from the Department of Health. Capital expenditure to the end of January 2023 is £18.3m.	
2. Directorates Cost containment target 5.2%	
Directorates overspend at 28th February 2023 is 5.6%. This is an increase of 0.4% on the 2021/22 overspend of 5.2%. Reasons for this increase mainly relate to usage of expensive nursing and medical agency, a rise medical & surgical consumables and growth in independent homes. See Table 5 for more detail.	
3. **Minimise expenditure on agency and locum staff**	
The Trust has spent £56.2m to 28th February 2023 on agency and locum staff. The average expenditure on agency and locum staff for 2022/23 has increased by 21.6% on the average spend last year. The average expenditure for flexible staffing has increased by 15.8% on the average spend last year. The graph (Table 9) reports the detail of flexible staffing costs.	
4. Prompt payment target – 95% of suppliers within 30 days	
The Trust paid 84.82% of its undisputed invoices with suppliers within 30 days at 28 February 2023. In February 2023, 94.20% of undisputed invoices with suppliers were paid within 30 days. February prompt payment increased by almost 7% when compared to January. This is mainly due to improved performance in the processing of agency invoices of which 92.46% were approved within 30 days.	

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 it's 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 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 28 February 2023

The Trust is reporting a deficit of £6.1m at February 2023.

Table 4. Monitoring of Projected Pressures 2022/23

	2022/23 Projected Pressures £'m	**Position at 28 Feb 2023 £'m**
Opening Deficit 2022/23 (net of funding)	33.2	28.6
Pressures 2022/23 (net of funding)	0.3	1.7
Savings target MORE 2022/23	1.0	0.9
SPPG Income – deficit	(18.7)	(17.1)
Savings/ other opportunities	(7.1)	(6.9)
Savings target – agency	(2.4)	(1.4)
Savings– additional	(0.6)	(0.6)
Savings target – additional	0.6	0.6
Projected Deficit 2022/23 excl. COVID	**6.3**	**5.8**
COVID	0.3	0.3
Total Projected Deficit	**6.6**	**6.1**

The Trust is reporting an overspend of £6.1m at 28th February 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 £2.1m across its budgets which is significantly lower that the levels experienced in the prior year and against which SPPG has indicated a target of £7.1m.

The plan submitted to SPPG for the delivery of elective care across a range of specialties for in house and independent sector activity totals £17.3m. The Trust is reporting expenditure of £15.1m as at 28th February 2023.

Financial Performance Highlights

The Acute Directorate has diverged from their prior year overspend position by £5.7m (2.0%). This included an unplanned spike in pay expenditure in October and a further increase of £0.25m in January. Financial performance improved in February and it is imperative the Directorate continues with a sustained focus on expenditure run rates.

The Primary Care and Older Peoples Directorate has also diverged from its prior year overspend position by £1.3m (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 expenditure and must keep a focus on driving increasing costs down.

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. Savings of £1,347k have been delivered to date. (Appendix 1).

3. Financial performance 28 February 2023

Directorates are reporting an overspend of 5.6% for the period against the prior month reported budget variance of 5.7%. The bottom-line position for the Trust is an overspend of 0.7% against budget.

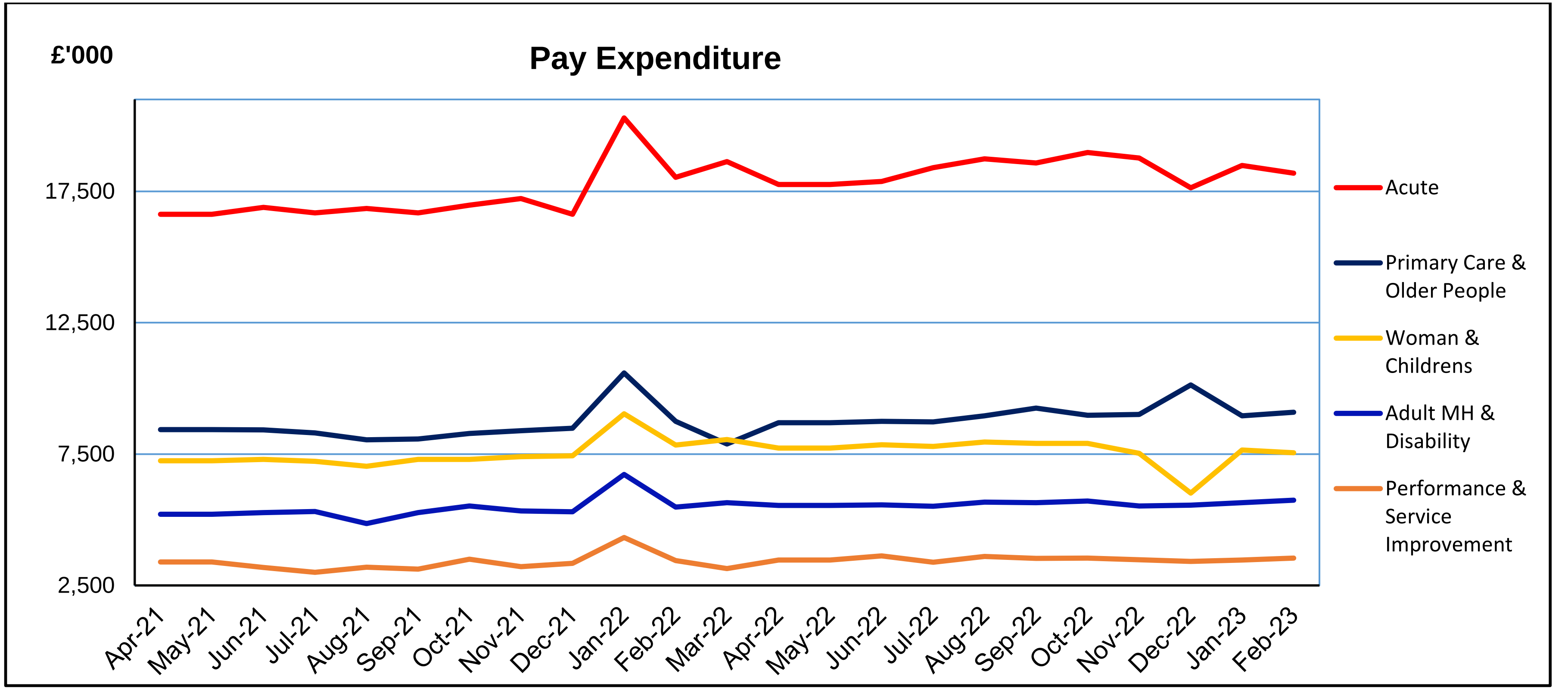
Table 5. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	February Variance		January Variance		Variance 2021/22
	£'000	£'000	£'000	%	£'000	%	%
Acute Services	223,366	253,035	29,669	13.3%	27,116	13.4%	11.3%
Adult Mental Health & Disability	113,218	115,502	2,284	2.0%	2,124	2.1%	3.8%
Primary Care & Older People	192,939	201,489	8,550	4.4%	7,688	4.4%	4.1%
Women & Children's	103,975	107,728	3,753	3.6%	3,452	3.6%	4.3%
Medical	4,137	3,950	(187)	(4.5%)	(189)	(5.0%)	(1.1%)
Performance & Service Improvement	47,691	45,097	(2,594)	(5.4%)	(2,411)	(5.6%)	(3.9%)
Finance & Contracting	9,720	9,220	(500)	(5.1%)	(471)	(5.3%)	(2.5%)
Human Resources	4,981	4,777	(204)	(4.1%)	(203)	(4.5%)	(6.7%)
Chief Executive Office	1,661	1,710	49	3.0%	37	2.5%	(3.8%)
Trust Wide Corporate Services e.g. E-Roster, Bank Office & Staff Side	755	767	12	1.6%	15	2.2%	3.3%
Corporate Pay & Non-Pay e.g. Energy, Rates, Pharmacy etc.	79,619	82,848	3,229	4.1%	3,146	4.3%	1.3%
Directorate sub-total	**782,062**	**826,123**	**44,061**	**5.6%**	**40,304**	**5.7%**	**5.2%**
Covid19	26,262	26,528	266	1.0%	245	1.0%	0.0%
Corporate Solutions / income	39,050	0	(39,050)	(100.0%)	(34,512)	(100.0%)	(100.0%)
Savings Target 2022/23	(785)	0	785	(100.0%)	955	(100.0%)	100.0%
Reported Deficit	**846,589**	**852,651**	**6,062**	**0.7%**	**6,992**	**0.9%**	**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 59% of the monthly payroll.

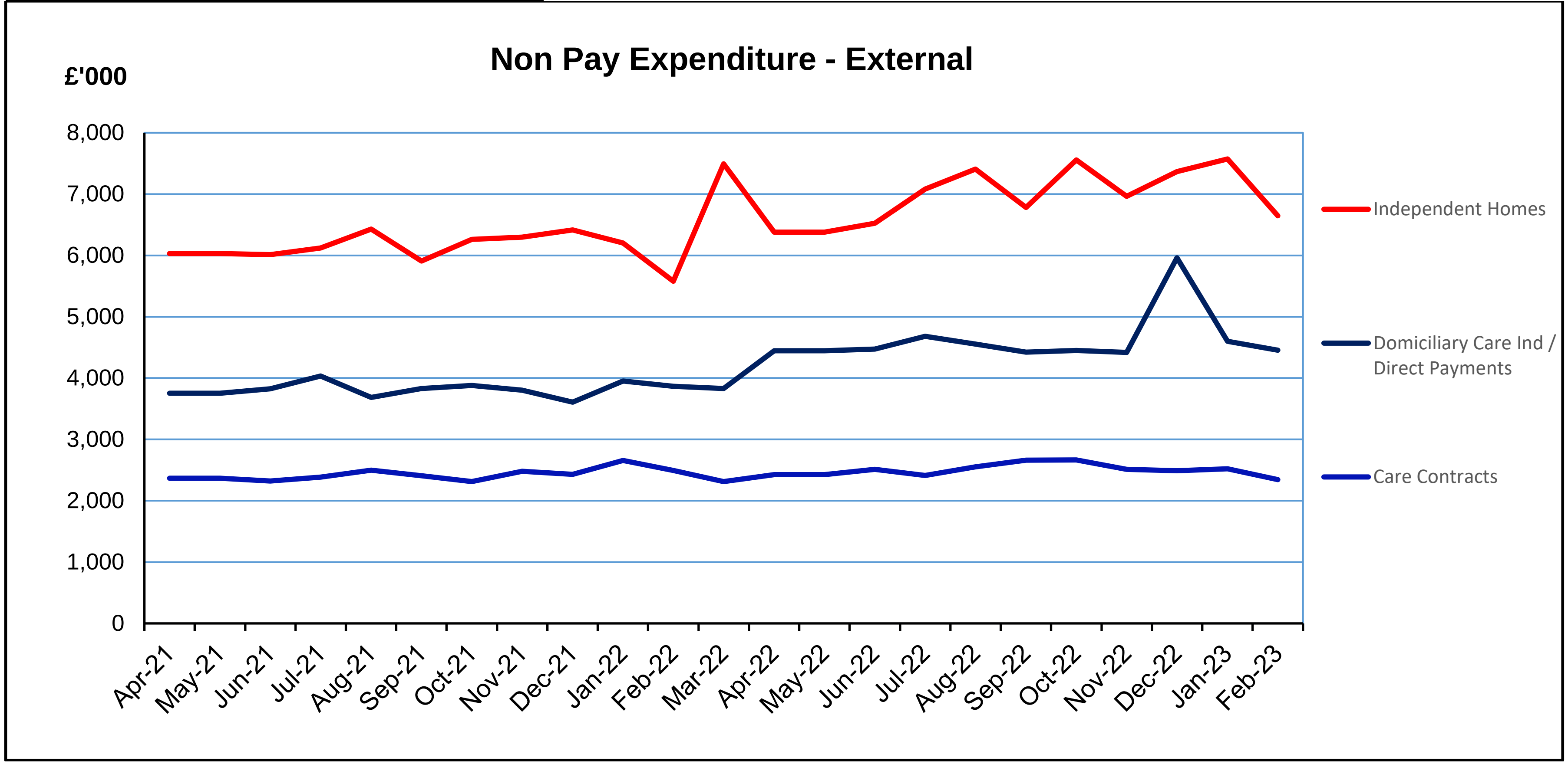
Table 6. Pay Expenditure



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 49% of the monthly non-pay expenditure.

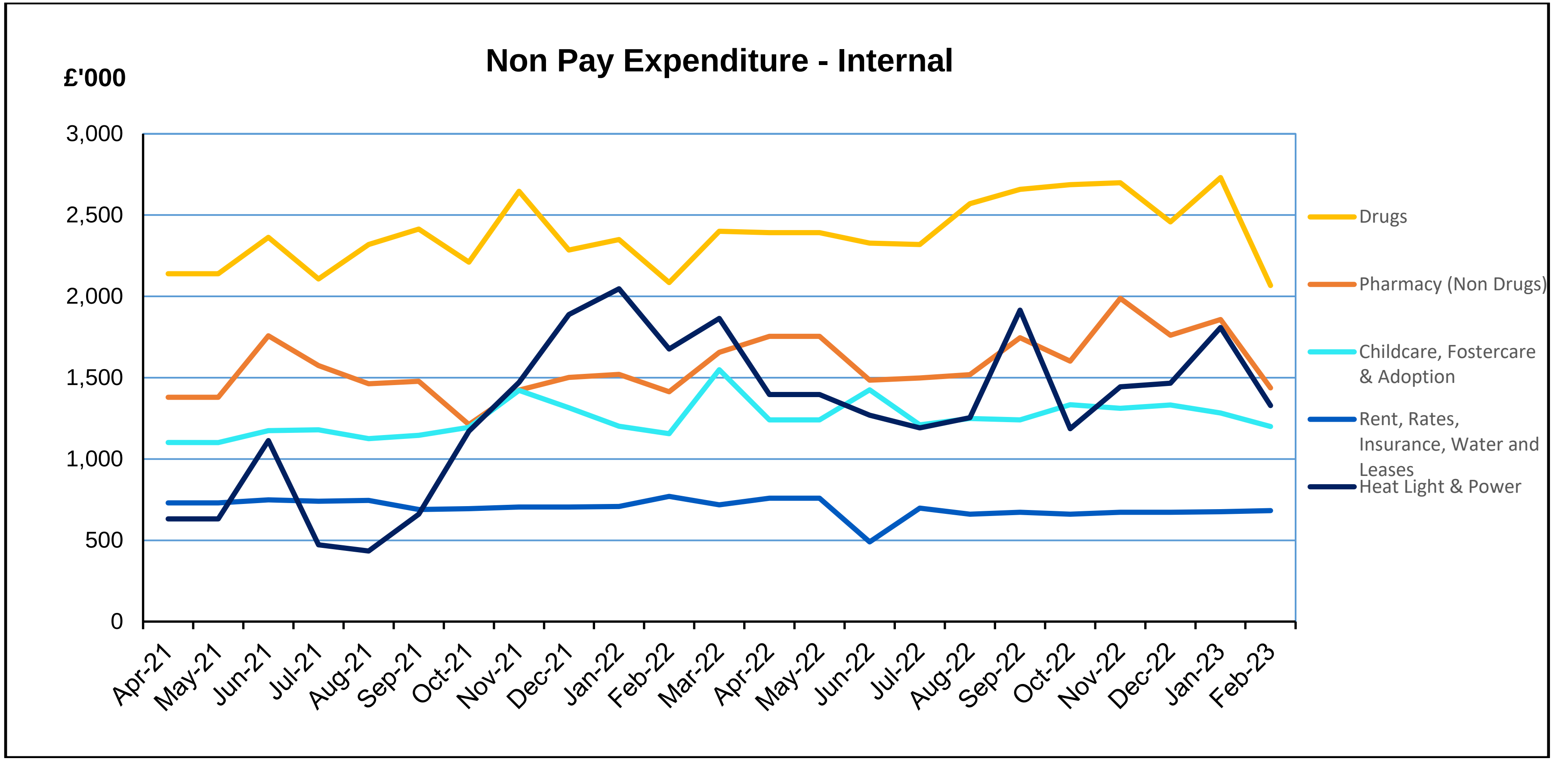
Table 7. Non Pay Expenditure – External



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 24% of the Trust's non pay expenditure.

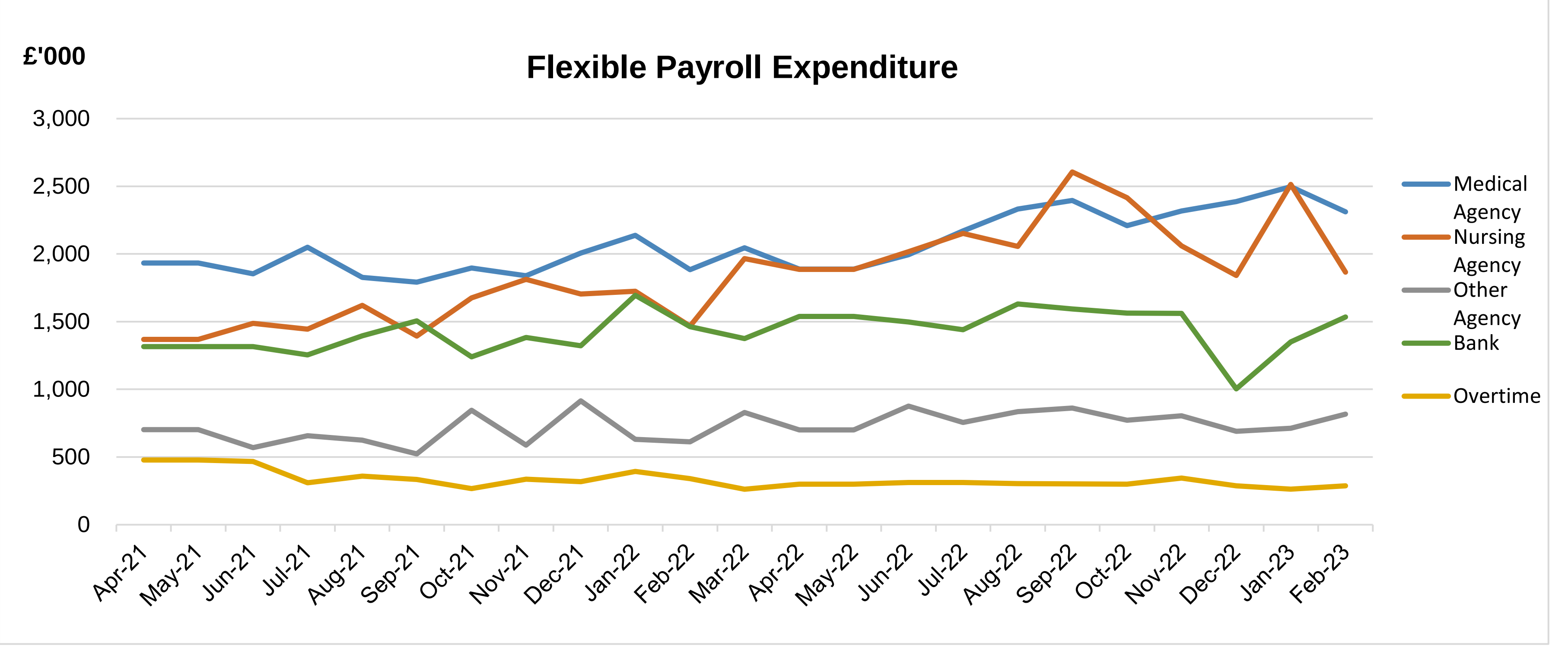
Table 8. Non Pay Expenditure - Internal



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 February is £75.8m with expenditure on Acute Services being £34.1m (45.0%).

Table 9. Total Flexible Payroll Expenditure



Total agency expenditure to date is £56.2m, which includes £24.4m (43%) on medical agency staff, £23.3m (42%) on nursing agency staffing and £8.5m (15%) on other staffing. Expenditure on bank staff over the same period is £16.3m. The average expenditure on flexible staffing for 2022/23 has increased by 15.8% on the average spend during 2021/22. Medical agency – increase of 14.7%; nursing agency – increase of 33.6%; other agency – increase of 13.5%, bank – increase of 6.9%, overtime – decrease of 16.9%.

4. Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £36.1m from the Department of Health, the table below shows the expenditure to 31st January 2023 and planned year end position to 31st March 2023 as follows:-

Table 10. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 31 January 2023 £'000	Forecast Expenditure at 31 March 2023 £'000
Altnagelvin 5.1 - Tower Block Development	3,365	2,408	3,365
GP Improvement Scheme Trust Owned	524	61	524
Cityside HCC	1,976	898	1,976
Lisnaskea	1,341	509	1,341
ICT	3,560	2,146	3,560
General Capital	13,480	9,950	13,480
Backlog Maintenance	2,750	1,676	2,750
Invest to Save	1,033	187	1,033
MH Task & Finish	477	76	477
IFRS16 leases	2,299	101	2,299
Imaging Diagnostics	3,555	183	3,555
Decontamination	485	96	485
Elective Care Equipment & Minor Works	1,282	0	1,282
Disposals – other assets	-24	0	-24
Total	**36,103**	**18,291**	**36,103**

5. Key Messages

- The Trust is projecting a deficit of £6.6m for 2022/23.
- The Trust is reporting a financial deficit of £6.1m at 28th February 2023.
- 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 maintaining focus across key overspending areas and delivering against savings targets.
- The Acute and Primary Care & Older Peoples Directorates have diverged against their prior year overspend positions. The Directorates have been actively working on reducing expenditure and it is imperative this focus is sustained to year end and into the 2023/24 financial year.
- Service Directorates have developed plans against the savings target of £2.4m. Actual savings of £1.4m having been achieved at 28th February 2023. .

Eimear McCauley
Director of Finance, ICT & Contracting

Agency Savings Target 2022/23

Appendix 1

Table 1: Summary of Plans Developed at 28 February 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	942	195	462	409	182	13	34	19	11	2,367
No plans developed	-	-	-	-	-	-	0	- 0	-	-
TOTAL	**942**	**295**	**462**	**409**	**182**	**13**	**34**	**19**	**11**	**2,367**
% Plan developed	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% No plan developed	0.0%	0.0%	0.0%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Table 2: Summary Financial Monitoring of Savings to 28 February 2023

Directorate	In Year Target £'000	Planned Savings £'000	Actual Savings £'000	(Surplus) / Shortfall £'000
Acute Services	942	477	296	(181)
Adult Mental Health & Disability	295	248	248	0
Primary Care & Older People Services	462	379	384	5
Women & Childrens Services	409	321	266	(55)
Performance & Service Improvement	182	123	88	(36)
Medical Directorate	13	12	12	0
Finance, Contracting & Capital Development	34	28	28	0
Human Resources	19	19	19	0
Chief Executive Office	11	8	8	(0)
Total	**2,367**	**1,615**	**1,347**	**(267)**
		Month 11 Cum % Achieved	**83.4%**	
		% Achieved Of Total Target	**56.9%**	