Western Health
and Social Care Trust

Financial Performance Report

for the 2 months ended

31 May 2023

Executive Summary

The Trust has received formal notification of its allocation for 2023/24 on 14 June 2023 in a letter from SPPG.

In consideration of the financial position and the underlying deficits in Trusts, SPPG have provided £29.4m of recurrent support to reduce the Trust opening deficit. This is a departure from prior years where funding was held centrally to support overall financial balance and is now being provided recurrently to ensure that Trusts have more clarity and earlier oversight of the net deficit position. In addition to this, the Trust has secured £4.2m of additional funding for local issues from SPPG and has a further £7.1m of savings achieved through the Delivering Value Programme. As a consequence the Trust has very successfully managed to reduce its opening deficit £3.3m. This is an excellent opening position for the Trust as it faces into a very challenging 2023/24 financial outlook. The opening deficit position is summarised below:

	£m
Opening deficit 2022/23	35.9
Unfunded pressures cum to 31/3/23	8.1
	44.0
Recovery plan savings	(7.1)
Recovery plan - SPPG contribution	(4.2)
Deficit Support 2023/24	(29.4)
	(40.7)
Opening deficit 1 April 2023	**3.3**

In addition, the letter confirms a savings target of £25.1m as a recurrent retraction from the Trust baseline budget for low-medium risk savings against which the Trust has plans in place for £12.1m with an unplanned target of £13.0m.

Other information confirmed includes assumptions for inflation, confirmation of £1.6m funding for COVID support against Testing, Long-COVID services and vaccination clinics. Energy pressures are to be managed centrally. £5.5m of funding has been confirmed against 2023/24 unavoidable services pressures.

In addition, the letter has asked for submission by 30 June 2023 of a summary financial plan and a short report setting out the steps taken and planned to both identify, monitor and deliver Trust savings. In response the Trust has undertaken further reviews against projections around growth and COVID expenditure for 2023/24 as well as additional opportunities against unplanned savings targets. At the time of writing, this letter is under development.

The application of funding and assumptions described has been incorporated into the financial report on the following pages. These will be subject to change following completion of the work being undertaken for the Trust submission to SPPG on 30 June 2023 and as we move towards mid-year.

Statutory Financial performance targets	RAG STATUS
1. Manage within allocated Revenue Resource Limit (RRL) / Operate within Control Total	
The Trust continues to liaise with SPPG in relation to the Trust financial plan. The Trust is currently projecting a deficit position of £43.2m for 2023/24.	
2. Manage within allocated Capital Resource Limit (CRL)	
The Trust has received a total capital allocation (Capital Resource Limit) of £19.35. Capital expenditure to the end of May 2023 is £1.34m.	
3. Prompt payment target – 95% of suppliers within 30 days	
The Trust paid 96.26% of its undisputed invoices with suppliers within 30 days at 31 May 2023. In May 2023, 95.96% of undisputed invoices with suppliers were paid within 30 days. There is ongoing improvement in the approval time for agency type invoices of which 95.79% were approved within 30 days.	

Financial plan and performance 31 May 2023

The Trust is reporting a deficit of £8m at 31 May 2023 against the forecast deficit of £43.2m for 2023/24 as summarised in Table 1 below.

Table 1. Projected Deficit 2023/24 and performance

	2023/24 Projected Deficit at May 23 £'m	**Position at 31 May 2023 £'m**
Opening Deficit 2023/24	3.3	0.9
Pressures 2023/24 (net of funding)	17.2	3.4
Covid pressures	9.6	1.5
Projected Deficit 2023/24 excl. Savings Target	**30.1**	**5.8**
Savings target (net of planned savings)	13.1	2.2
Deficit	**43.2**	**8.0**

The Trust opening financial position is £3.3m for 2023/24. The Trust has forecast financial pressures of £26.8m which includes forecast pressures of £9.6m for COVID as well as forecast demographic growth across services and high cost cases. Unplanned savings for the Trust are £13.1m. Therefore the projected opening deficit for the Trust is £43.2m.

The financial plan will be subject to an iterative process as we work with SPPG on financial planning and refine Trust projections of 2023/24 pressures. There will be increased focus on cost reduction and avoidance to bring forecast pressures down.

The Trust is reporting an overspend against its budgets of £8m at 31st May 2023. This includes the application of funding confirmed by SPPG against the Trust deficit and pressures. Planned savings are profiled for delivery from June 2023.

Also to note that the Trust has been advised of an indicative allocation of £8.1m for the delivery of elective care across a range of specialties for in house and independent sector activity. The Trust is reporting expenditure of £1.1m as at 31 May 2023.

During the budget roll-forward exercise, budgets and run rate expenditure baselines were aligned and restated for the purposes of reporting in the new CMT structure.

Table 2 below summarises the financial performance by Directorate. Directorates are reporting an over-spend of 4.9% for the period against the restated prior year reported budget variance of 2.9%. The bottom-line position for the Trust is an over-spend of 5.3% against budget.

Month 2 performance is reporting growth in run rates against 2022/23 figures, this will be attributable to the full-year effect of the growth trajectory experienced in 2022/23 together with possible new growth year to date. Directors must take action to understand and address these growths.

Table 2. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	Variance		Variance 2022/23 Restated
	£'000	£'000	£'000	%	%
Diagnostics, Cancer & Medical Specialities	30,554	34,847	4,293	14.1%	10.2%
Planned Care Services	20,741	22,193	1,452	7.0%	4.8%
Adult Mental Health & Disability	22,142	22,418	276	1.2%	(0.3%)
Community & Older People's Services	29,849	30,463	614	2.1%	1.7%
Nursing, Midwifery & AHPs	5,993	5,686	(307)	(5.1%)	(4.4%)
Women & Children's	13,767	13,904	137	1.0%	1.5%
Medical	704	693	(11)	(1.6%)	(3.4%)
Performance & Service Improvement	10,396	9,986	(410)	(3.9%)	(7.2%)
Finance & Contracting	900	907	7	0.8%	(6.1%)
Human Resources	996	1,002	6	0.6%	(5.3%)
Chief Executive Office	371	391	20	5.4%	1.2%
Trust Wide Corporate Services e.g. E-Roster, Bank Office & Staff Side	143	138	(5)	(3.5%)	1.3%
Corporate Pay & Non-Pay e.g. Energy, Rates, Pharmacy etc.	13,739	14,994	1,255	9.1%	4.0%
Directorate sub-total	**150,295**	**157,622**	**7,327**	**4.9%**	**2.9%**
Covid19	239	931	692	289.5%	0.0%
Corporate Solutions / income	2,186	0	(2,186)	(100.0%)	(100.0%)
Savings Target 2023/24	(2,178)	0	2,178	100.0%	100.0%
Reported Deficit	**150,542**	**158,553**	**8,011**	**5.3%**	**0.0%**

<u>Flexible Staffing Expenditure</u>

A significant factor for the Trust in recent years has been a reliance on flexible staffing. Total expenditure in 2023/24 to date is £14.5m. Total spend in these areas by Directorates is summarised below. Presentation of the information is currently under review for inclusion in future reports.

Table 3. Total Flexible Payroll Expenditure

Directorate	Cum to May 2023				
	Overtime £'000	**Agency £'000**	**Bank £'000**	**Total £'000**	**% Share**
Diagnostics, Cancer & Medical Specialites	243	5,446	469	**6,158**	42.4%
Planned Care Services	87	2,409	260	**2,756**	19.0%
Adult Mental Health & Disability Services	39	1,108	903	**2,050**	14.1%
Women & Childrens Services	175	298	521	**993**	6.8%
Nursing, Midwifery & AHP's	21	57	38	**116**	0.8%
Community & Older Peoples Services	123	685	463	**1,271**	8.7%
Finance, Contracts & Capital Development	1	13	-	**13**	0.1%
Human Resources	1	7	28	**36**	0.2%
Medical	0	6	-	**6**	0.0%
Chief Executive Office	5	10	2	**17**	0.1%
Performance & Service Improvement	37	397	621	**1,055**	7.3%
COVID19 - comissioned	8	31	26	**65**	0.4%
	739	**10,466**	**3,330**	**14,536**	

Total agency expenditure is £10.5m, which includes £4.8m (46%) on medical agency staff, £4.2m (40%) on nursing agency staffing and £1.5m (14%) on other staffing. Expenditure on bank staff over the same period is £3.3m. The average expenditure on flexible staffing for 2023/24 has increased by 2.9% on the average spend during 2022/23. Medical agency – increase of 6.6%; nursing agency – decrease of 2.7%; other agency – decrease of 4.6%, bank – increase of 6.2%, overtime – increase of 17.0%.

Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £19.35m from the DoH. The table below details the expenditure to 30th April 2023 and planned year end position to 31st March 2024.

Table 4. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 30 April 2023 £'000	Forecast Expenditure at 31 March 2024 £'000
Altnagelvin 5.1 - Tower Block Development	2,995	304	2,995
Cityside HCC	1,514	184	1,514
Lisnaskea	1,212	37	1,212
General Capital	8,710	815	8,710
Backlog Maintenance	4,920	0	4,920
Total	**19,351**	**1,340**	**19,351**

Key Messages

- The Trust is reporting a financial deficit of £8m at end of May 2023.

- The Trust is projecting net financial pressures of £43.2m for the year. The financial plan will be subject to further revision as we continue to work with SPPG on financial planning and income assumptions and refine projections around 2023/24 growth.

- The following Directorates will be required to take action to address growth in run rates reported in month 2:

  - Diagnostics, Cancer & Medical Specialities
  - Planned Care Services
  - Adult Mental Health & Disability
  - Community & Older People's Services.

- Directors have committed to deliver against the following key performance indicators in support of the financial plan for 2023/24:

  - Management of expenditure run rates;
  - Achievement of savings targets in full;
  - Reduction in unfunded COVID related services.

  Performance against these KPIs will be monitored at Directorate Finance Focus meetings monthly.

- 96.26% of undisputed invoices were paid within 30 working days of receipt against a target of 95%, this is an excellent start for 2023/24.

Eimear McCauley
Director of Finance, Contracts & Capital Development