

Financial Performance Report

*For the 4 months ended
31 July 2023*

Executive Summary

The financial plan outlined in Table 1 of this report reflects the updated forecast deficit 2023/24 for the Trust of £25.9m, which was reported in the Trust response to Sharon Gallagher, Chief Executive of SPPG dated 30 June 2023, with one further adjustment relating to £1.7m of additional funding confirmed for PPE.




The Trust received a response to this letter dated 10 July 2023 which acknowledged the improved deficit position but which also indicated that this projected deficit position is not acceptable in the current financial climate and indicated general issues with all Trust submissions for inescapable pressures relating to:

- cost containment for activity levels beyond budget
- unfunded services
- management of inflationary pressures above 3%
- Covid pressures including PPE usage and assurance on compliance with IPC guidance.

The letter invited the Chief Executive, Chair and Director of Finance to a review meeting of accountability and oversight arrangements and to provide assurance that corporately the Trust is supporting efficiency improvements, financial management and taking steps towards delivery of the breakeven duty.

This meeting took place on 29 August 2023. In the context of the discussion in relation to the forecast deficit, we discussed the financial risks to the reported forecast deficit and the new and unfunded financial pressures which have emerged during the course of this year to date together with risks around the management of pressures for the remainder of the financial year including over the winter period.

The Permanent Secretary was provided with assurances around the range of actions being taken to strengthen financial control and financial accountability. He was further advised that we are currently embarking on our mid-year review assessment of the financial plan, during which all income and expenditure forecasts and underlying assumptions would be tested for robustness after which a revised position would be communicated.

Statutory Financial performance targets	RAG STATUS
1. Manage within allocated Revenue Resource Limit (RRL) / Operate within Control Total	
<p>The Trust continues to liaise with SPPG in relation to the Trust financial plan. The Trust is currently projecting a deficit position of £25.9m for 2023/24.</p>	
2. Manage within allocated Capital Resource Limit (CRL)	
<p>The Trust has received a total capital allocation (Capital Resource Limit) of £20.4m. Capital expenditure to the end of June 2023 is £3.8m.</p>	
3. Prompt payment target – 95% of suppliers within 30 days	
<p>The Trust has delivered 95.57% payment of its undisputed invoices with suppliers within 30 days for the period ended 31 July 2023 against its target of 95%.</p>	

Financial plan and performance 31 July 2023

The Trust is reporting a deficit of £13.1m at 31 July 2023 against a forecast deficit of £25.9m for 2023/24 as summarised in Table 1 below.

Table 1. Projected Deficit 2023/24 and performance

	2023/24 Projected Deficit at June 23 £'m	Position at 31 July 2023 £'m
Opening Deficit 2023/24	3.3	1.9
Pressures 2023/24 (net of funding)	12.4	7.6
Covid pressures	4.1	1.6
Projected Deficit 2023/24 excl. Savings Target	19.8	11.1
Savings target (net of planned savings)	6.1	2.0
Deficit	25.9	13.1

The Trust reduced its projected deficit from £43.2m to £27.6m in its letter to SPPG dated 30 June 2023. An additional allocation of funding for PPE of £1.7m has since been confirmed which reduces the deficit further to £25.9m.

Pressures 2023/24: The forecast for new pressures was reduced to £12.4m. The original projection had included forecast increased expenditure requirements for demographics and high cost cases.

COVID: The Trust continues to actively pursue reductions in COVID expenditure in 2023/24 and CMT have taken decisions to stand down services in June 2023. These actions coupled with confirmation of additional funding for PPE of £1.6m has resulted in a reduced projected pressure of £4.1m.

Savings Plan: The Trust had identified financial accounting adjustments which have been set against the savings plan target resulting in an improved level of planned savings and reduced gap of £6.1m.

The Trust is currently undertaking a mid-year assessment of the financial position which will take account of all income, including indicative funding confirmed by SPPG as well as a robust review of expenditure trajectories and other solutions which can contribute towards the financial position.

For the period ended 31 July 2023 the Trust is reporting an overspend against its budgets of £13.1m. Savings initiatives that have a lead time and are profiled for delivery later in the year will not have impacted on the year to date reported position yet. In addition, the reduction in expenditure associated with CMT decisions in June will impact later in the year.

The Trust has a plan in place totalling £9.3m for the delivery of elective care across a range of specialties for in house and independent sector activity. The Trust is reporting expenditure of £3.1m at 31 July 2023.

Table 2 below summarises the financial performance by Directorate. Directorates are reporting an over-spend of 4.9% for the period, this is a reduction from the position reported at 30 June 2023 of 5.0%. However, this is an increase against the restated prior year reported budget variance of 2.9%. The bottom-line position for the Trust is an over-spend of 4.3% against budget.

The main drivers for the increase in Directorates over-spends are:

COVID transition pressures: The Trust is currently projecting an unfunded pressure of £4.1m in 2023/24. This is following confirmation of funding from SPPG of £4m. The Trust has been proactive in taking action to address COVID pressures as demonstrated by the closure of the Phlebotomy Hubs and is committed to the principle of withdrawal from existing arrangements during this transition period.

Pay Pressures:

Medical: The Trust is experiencing an increase in medical agency, particularly in unscheduled care/ medical specialties. Table 4 below provides comparative data to 2022/23.

Nursing: Whilst there are reductions in nursing agency specifically relating to the implementation of the agency framework (Table 3), there are increases in other flexible staffing and payroll costs particularly in unscheduled care/

medical specialties, surgical services and mental health facilities.

Non Pay Pressures:

PFI inflation: There is a significant gap in funding for inflation on PFI contracts. We are actively considering options for the management of this pressure and have highlighted to SPPG as a particular issue for 2023/24.

Other non pay pressures: The Trust is also experiencing elevated rates of inflation for catering services and building & engineering supplies and increased expenditure in independent homes (Table 6) due to high demand for independent sector nursing and dementia bed provision. Increases in energy are assumed fully funded by SPPG.

Monthly Directorate Finance Focus meetings have prioritised discussions in relation to these areas.

Month 4 performance is reporting growth in run rates against 2022/23 figures, which is attributable in part to the full-year effect of the growth trajectory experienced in 2022/23 as well as new growth year to date.

Table 2. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	July Variance		June Variance		Variance 2022/23 Restated
	£'000	£'000	£'000	%	£'000	%	%
Diagnostics, Cancer & Medical Specialities	61,597	70,436	8,839	14.3%	6,674	14.5%	10.2%
Surgery, Paediatrics & Women's Services	41,430	44,260	2,830	6.8%	2,268	7.2%	4.8%
Adult Mental Health & Disability	44,668	45,092	424	0.9%	299	0.9%	(0.3%)
Community & Older People's Services	60,196	61,360	1,164	1.9%	1,094	2.4%	1.7%
Nursing, Midwifery & AHPs	11,950	11,408	(542)	(4.5%)	(437)	(4.8%)	(4.4%)
Women & Children's	27,685	27,854	169	0.6%	212	1.0%	1.5%
Medical	1,373	1,370	(3)	(0.2%)	10	1.0%	(3.4%)
Performance & Service Improvement	21,039	19,978	(1,061)	(5.0%)	(817)	(5.2%)	(7.2%)
Finance & Contracting	1,859	1,789	(70)	(3.8%)	(16)	(1.2%)	(6.1%)
Human Resources	1,990	2,019	29	1.5%	24	1.6%	(5.3%)
Chief Executive Office	680	702	22	3.2%	5	1.0%	1.2%
Trust Wide Corporate Services e.g. E-Roster, Bank Office & Staff Side	284	275	(9)	(3.2%)	(14)	(6.5%)	1.3%
Corporate Pay & Non-Pay e.g. Energy, Rates, Pharmacy etc.	27,552	30,664	3,112	11.3%	2,108	10.1%	4.0%
Directorate sub-total	302,303	317,207	14,904	4.9%	11,410	5.0%	2.9%
Covid19	992	1,761	769	77.5%	640	83.4%	0.0%
Corporate Solutions / Income	4,588	0	(4,588)	(100.0%)	(3,278)	(100.0%)	(100.0%)
Savings Target 2023/24 (£25.2m)	(6,092)	0	6,092	(100.0%)	4,126	(100.0%)	(100.0%)
Savings Achieved 2023/24	4,069	0	(4,069)	100.0%	(2,609)	100.0%	100.0%
Reported Deficit	305,860	318,968	13,108	4.3%	10,289	4.5%	0.0%

Flexible Staffing Expenditure

A significant factor for the Trust in recent years has been a reliance on flexible staffing with a significant proportion of expenditure with agencies including off-contract. Total expenditure in 2023/24 to date is £28.2m. Total spend in these areas by Directorate is summarised below.

Table 3. Total Flexible Payroll Expenditure

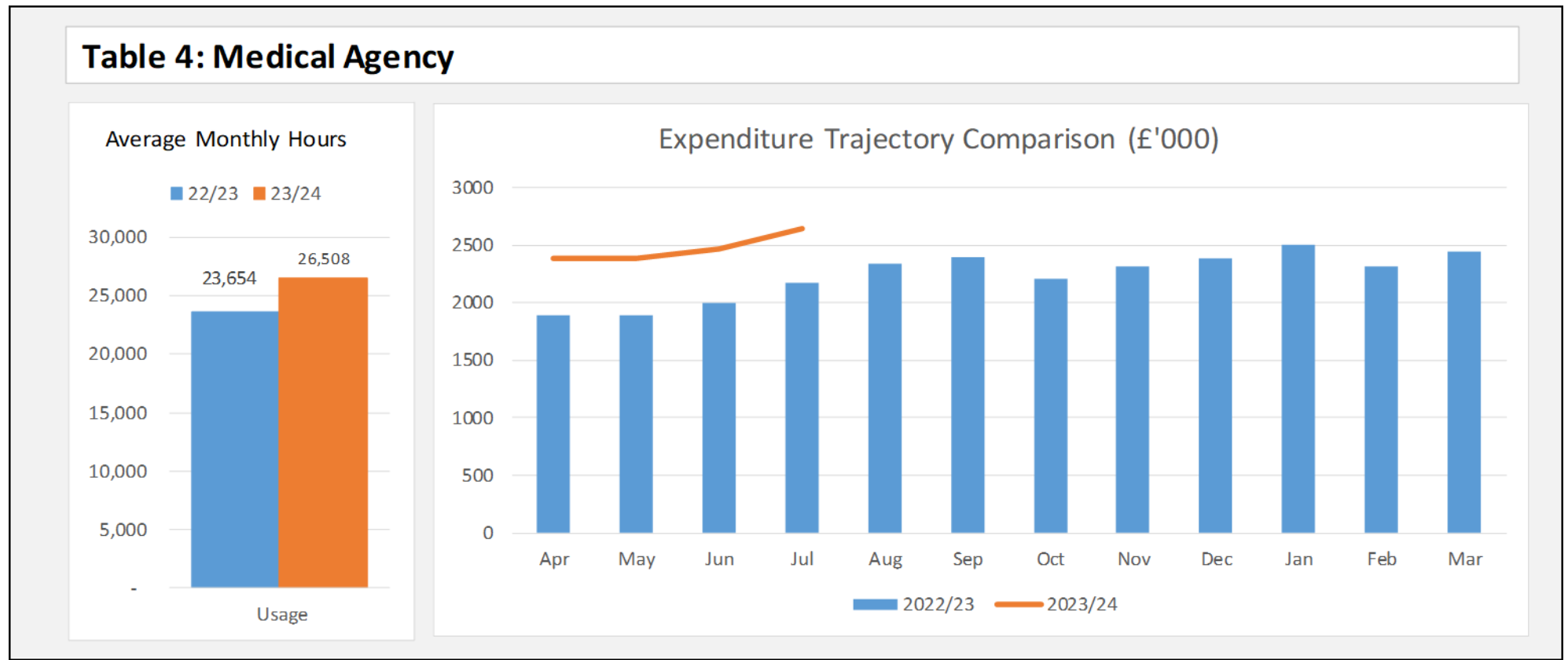
Directorate	Cum to July 2023					Cum to June 2023
	Overtime £'000	Agency £'000	Bank £'000	Total £'000	% Share	Total £'000
Diagnosics, Cancer & Medical Specialites	451	10,708	957	12,116	42.9%	9,135
Surgery, Paediatrics & Women's Services	170	4,603	537	5,310	18.8%	4,007
Adult Mental Health & Disability Services	96	2,054	1,798	3,948	14.0%	3,038
Women & Childrens Services	334	562	1,035	1,931	6.8%	1,499
Nursing, Midwifery & AHP's	36	100	76	212	0.8%	172
Community & Older Peoples Services	228	1,302	907	2,436	8.6%	1,870
Finance, Contracts & Capital Development	2	21	-	22	0.1%	19
Human Resources	2	9	68	79	0.3%	60
Medical	1	1	-	2	0.0%	2
Chief Executive Office	5	17	2	24	0.1%	17
Performance & Service Improvement	68	798	1,177	2,043	7.2%	1,538
COVID19 - commissioned	12	33	70	115	0.4%	98
	1,404	20,208	6,625	28,237		21,454

Total agency expenditure is £20.2m, which includes £9.9m (49%) on medical agency staff, £7.3m (36%) on nursing agency staffing and £3.0m (15%) on other staffing. Expenditure on bank staff over the same period is £6.6m. The average expenditure on flexible staffing for 2023/24 has decreased by 0.1% on the average spend during 2022/23.

The tables below provide further detail on medical and nursing agency expenditure.

Medical Agency

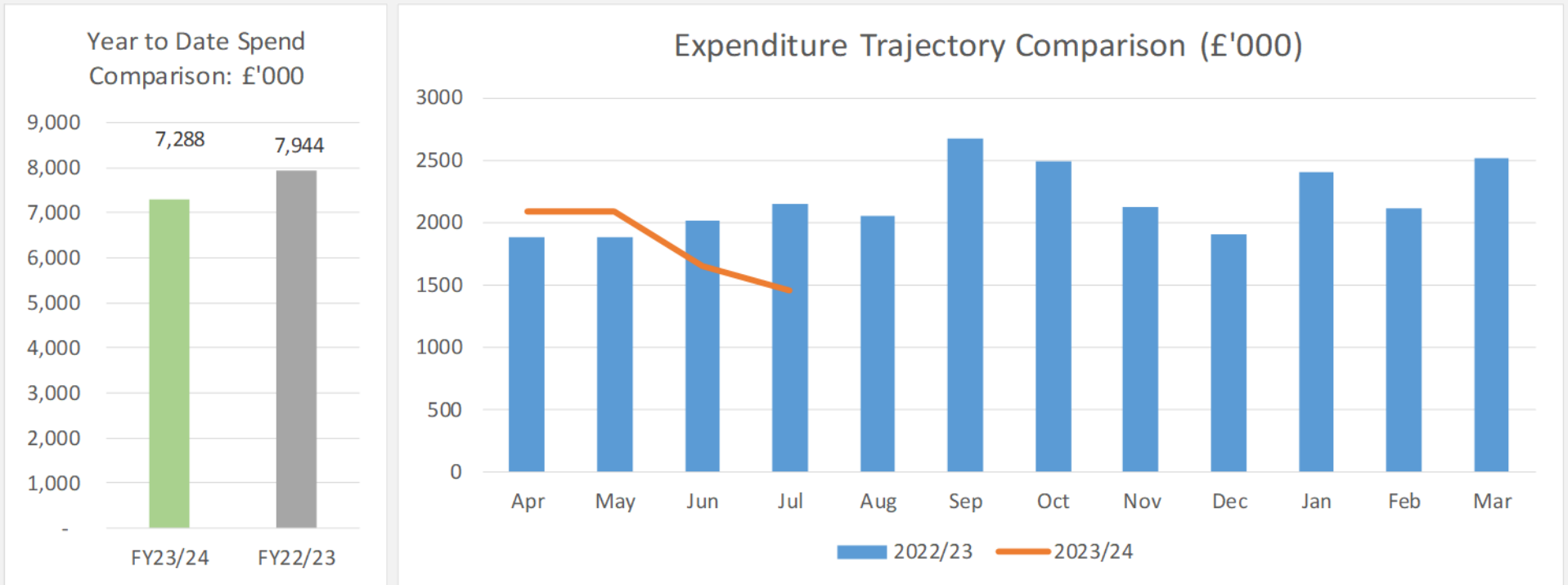
The graph below illustrates the increase in medical agency both in terms of usage, where average monthly hours have increased by 12.1%, and expenditure which has increased by 24% when compared to the same period in 2022/23. There has been a notable increase in the cost of filling middle grade vacancies of 5% year to date and the Top15 across each of the three medical tiers are costing an additional 13%, a further indication of scarcity of supply for the specialisms required.



Nursing Agency

The graph below illustrates a decrease in nursing agency expenditure of 8% when compared to the same period in 2022/23. This is as a direct result of the successful implementation of the actions agreed regionally for the cessation of off-contract nurse agency.

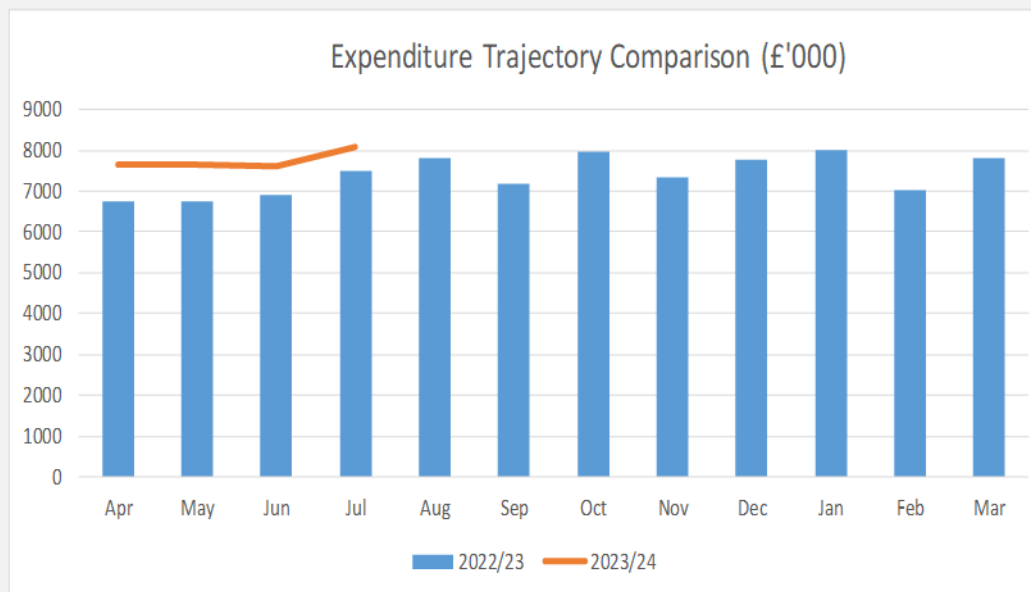
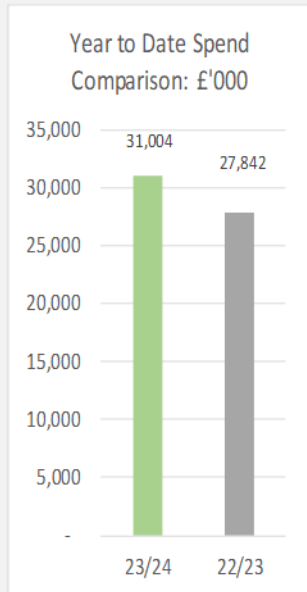
Table 5: Nursing Agency



Independent Homes - External

One of the most significant areas of overspend in non pay is independent homes. The Trust has seen a considerable increase in independent homes expenditure in 2023/24 which is illustrated in the table below. Expenditure to date has increased by 11.4% compared to the same period in 2022/23 adjusted for inflation. The Trust has participated in a regional review of Independent Sector provision and price, recognising that the existing bed stock and tariff is not currently aligned with demand and price being paid.

Table 6: Independent Homes



Savings Targets 2023/24

The Trust has a confirmed savings target of £25.1m as a recurrent retraction from the Trust baseline budget. The Trust has developed a plan for £19.1m which includes proposals that have a low or medium risk service impact and in year financial accounting opportunities. The planning gap of £6.1m is included in the Trust forecast deficit position. The Trust is reporting savings of £4.1m at July 23 with £1.8m delivered by Directorates and £2.3m from financial accounting opportunities. Achievement of savings will be monitored closely and will be reported monthly to the Trust Delivering Value Management Board. Appendix 1 provides further detail on Directorates savings achieved to date.

Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £20.35m per the letter dated 22nd June from the Department of Health, the table below shows the expenditure to 30th June 2023 and planned year end position to 31st March 2024 as follows:-

Table 7. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 30 June 2023 £'000	Forecast Expenditure at 31 March 2024 £'000
Altnagelvin 5.1 - Tower Block Development	3,203	1,003	3,203
Cityside HCC	1,679	309	1,679
Lisnaskea	1,310	140	1,310
ICT – General Capital	300	0	300
ICT – TEP Implementation	224	56	224
General Capital	8,710	2,303	8,710
Backlog Maintenance	4,921	0	4,921
Total	20,347	3,811	20,347

Key Messages

- The Trust is reporting a financial deficit of £13.1m at 31 July 2023.
- We reported a Directorate sub-total level actual deficit of 4.9% for the period ended 31 May 2023, the comparative for the current period is also 4.9%.
- The Trust is projecting net financial pressures of £25.9m for the year. However, this financial forecast is subject to further revision as we complete the mid-year review.
- 95.57% of undisputed invoices were paid within 30 working days of receipt against a target of 95%.

Eimear McCauley
Executive Director of Finance, Contracts & Capital Development

General Savings Target

Plans of £2.4m (88%) have been developed against the target of £2.7m. Savings of £1.1m have been achieved a July which represents 39.2% of the target achieved. The current position is summarised below by Directorate.

Directorate	In Year Target £'000	Plans Developed £'000	No Plans Developed £'000	% of Plans Developed	Financial Monitoring of Savings to 31 July 23			
					Planned Savings £'000	Actual Savings £'000	(Surplus) / Shortfall £'000	% of Total Target Achieved
Diagnosics, Cancer & Medical Specialties	596	596	(0)	100%	148	146	(2)	24.4%
Surgery, Paediatrics and Women's Services	409	409	0	100%	234	234	0	57.3%
Adult Mental Health & Disability	425	325	100	76%	28	18	(10)	4.2%
Community & Older Peoples Services	595	378	217	64%	275	275	0	46.2%
Nursing, Midwifery & AHPs	122	122	0	100%	94	94	0	77.0%
Women & Childrens Services	273	273	0	100%	189	189	0	69.2%
Performance & Service Improvement	208	208	0	100%	69	69	0	33.3%
Medical Directorate	9	9	0	100%	0	0	0	0.0%
Finance, Contracting & Capital Development	38	38	0	100%	11	11	0	29.1%
Human Resources	19	19	(0)	100%	12	12	0	63.4%
Chief Executive Office	6	6	0	100%	2	2	0	33.3%
Other Savings Opportunities						9	9	
TOTAL	2,700	2,383	317	88%	1,062	1,059	(3)	39.2%
					Month 3 Planned % Achieved	99.7%	⁽³⁾	

Agency Savings Target

Savings of £0.7m (21.7%) have been achieved against the agency savings target of £3.2m. The current position is summarised below by Directorate.

		Financial Monitoring of Savings to 31 July 23			
Directorate	In Year Target £'000	Planned Savings £'000	Actual Savings £'000	(Surplus) / Shortfall £'000	% of Total Target Achieved
Diagnostics, Cancer & Medical Specialties	1,610	486	486	0	30.2%
Surgery, Paediatrics & Women's Services	729	123	123	0	16.9%
Adult Mental Health & Disability	350	50	50	0	14.3%
Community & Older Peoples Services	269	26	26	0	9.7%
Nursing, Midwifery & AHP's	15	0	0	0	0.0%
Women & Childrens Services	100	0	0	0	0.0%
Medical Directorate	2	0	0	0	0.0%
Performance & Service Improvement	67	0	0	0	0.0%
Finance, Contracts & Capital Development	7	0	0	0	0.0%
Human Resources	3	0	0	0	0.0%
Chief Executive Office (including bank office)	4	0	0	0	0.0%
Total	3,156	685	685	0	21.7%
		Month 4 Cum % Achieved	100.0%	0	