Western Health and Social Care Trust

Financial Performance Report

For the 8 months ended 30 November 2023

Executive Summary

There continues to be ongoing correspondence between the Permanent Secretary of Department of Health and the Trust in relation to Trust financial position.

In letter to the Trust dated 14 November 2023, the Permanent Secretary acknowledged the positive reduction in the Trust in year deficit, but asked the Trust to undertake a rapid review across a number of lower risk areas to potentially do more to reduce the Trust deficit for return by 30 November 2023. The letter had also indicated a requirement for more explanatory information.

In our letter dated 30 November 2023, we have provided a response which more fully demonstrates the wide range and scope of actions which are already being taken within the Trust to manage and reduce expenditure in-year and improve efficiency. We also completed the requested rapid review but could not identify any further material savings potential which could be delivered in-year and have a low impact, in the context of the risk of increased expenditure which is typical for this time of the year. However, Directors have approved the implementation of a scrutiny framework across all Directorate senior teams for the control of non-essential travel, overtime and enhanced payments, training and recruitment of posts.

Financial performance reporting at 30 November 2023 indicates that while we remain on target to report a planned overspend of £11.4m for 2023/24, we have experienced a growth in run rates over the month. As a consequence we will be completing a review of the current position against our mid-year financial forecast to risk test our current trajectory against the financial plan and the £11.4m forecast deficit.

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 projecting a deficit position of £11.4m for 2023/24.	
2. Manage within allocated Capital Resource Limit (CRL)	
The Trust has received a total capital allocation (Capital Resource Limit) of £30.69m. Capital expenditure to the end of October 2023 is £12.7m.	
3. Prompt payment target – 95% of suppliers within 30 days	
The Trust has delivered 95% payment of its undisputed invoices with suppliers within 30 days at 30 November 2023 against its target of 95%. In the month of November 2023, 93.46% of undisputed invoices with suppliers were paid within 30 days.	

Financial plan and performance 30 November 2023

The Trust is reporting a deficit of £7.6m at 30 November 2023 against a forecast deficit of £11.4m for 2023/24 as summarised in Table 1 below.

Table 1. Projected Deficit 2023/24 and performance

	2023/24 Projected Deficit at Nov 23 £'m	Position at 30 Nov 2023 £'m
Opening Deficit 2023/24	3.3	3.7
Pressures 2023/24 (net of funding & other opportunities)	7.3	4.0
Covid pressures	4.5	2.4
SPPG Deficit funding	(9.8)	(6.5)
Projected Deficit 2023/24 excl. Savings Target	**5.3**	**3.6**
Savings target 2023/24	25.2	16.8
Savings planned/ achieved 2023/24	(19.1)	(12.8)
Deficit	**11.4**	**7.6**

The Trust mid-year assessment of the financial position in September had reduced the projected deficit from £25.9m to £22m. This took account of all funding allocations from SPPG as well as a robust review of expenditure trajectories and other solutions which could contribute towards the financial position.

In October the forecast position reduced to £12.2m following confirmation by SPPG of additional in year funding to support the Trust deficit. In November funding of £0.8m was confirmed by SPPG as a contribution to the 2023/24 PFI inflationary pressure of £2.5m, which reduced the deficit to £11.4m.

This deficit position is dependent on delivery of the following planning assumptions:

- Planned savings of £19.1m will be delivered in full;
- Expenditure will remain in line with forecast trajectories with no further increases above funded levels provided by SPPG;
- Directors will continue to focus on actions previously agreed in relation to COVID expenditure.

The Trust has a plan in place totalling £10.3m for the delivery of elective care across a range of specialties for in house and independent sector activity. The Trust is reporting expenditure of £8.3m at 30 November 2023.

Table 2 below summarises the financial performance by Directorate. Directorates are reporting an over-spend of 3.4% for the period by comparison to 3.1% for the prior period. This growth factor has triggered a need to undertake a robust review of this new expenditure trajectory against the mid-year financial assessment, including a review of all income and other assumptions in order to provide assurance that the Trust forecast remains at £11.4m. As a consequence, it is crucial that Directors are securing assurance from their senior management teams that budgetary control is being exercised stringently. The bottom-line position for the Trust is an over-spend of 1.2% against budget, this improved percentage position from the prior period reflects the increased level of savings achieved as is expected.

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

(1) Pay Pressures

Medical: The Trust is experiencing an increase in medical agency, particularly in unscheduled care/ medical specialties and surgical services. The projected increase net of payroll vacancies is £2.2m in 2023/24. 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 5 & 6), there are increases in other flexible staffing and payroll costs particularly in unscheduled care/ medical specialties, surgical services and mental health crisis and inpatient facilities.

(2) Non Pay Pressures

The Trust is experiencing elevated rates of inflation for catering services, labs, building & engineering supplies and increased expenditure in independent homes (Table 6) due to high demand for nursing and dementia bed provision.

(3) COVID transition pressures

The mid-year assessment has revised the in-year unfunded pressure from £4.1m to £4.5m. This is due to outbreak volumes and IPC requirements in community facilities. The Trust is committed to the principle of withdrawal from existing arrangements during this transition period.

Monthly Directorate Finance Focus meetings continue to prioritise discussions in relation to areas of highest overspend.

The financial performance by service directorates is a 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	November Variance		October Variance		Variance 2022/23 Restated
	£'000	£'000	£'000	%	£'000	%	%
Diagnostics, Cancer & Medical Specialities	124,364	143,846	19,482	15.7%	16,482	15.2%	10.2%
Surgery, Paediatrics & Women's Services	84,030	90,951	6,921	8.2%	5,657	7.7%	4.8%
Adult Mental Health & Disability	89,700	91,706	2,006	2.2%	1,495	1.9%	(0.3%)
Community & Older People's Services	120,855	124,126	3,271	2.7%	2,595	2.5%	1.7%
Nursing, Midwifery & AHPs	24,054	22,763	(1,291)	(5.4%)	(1,076)	(5.1%)	(4.4%)
Women & Children's	55,674	56,208	534	1.0%	308	0.6%	1.5%
Medical	2,952	2,844	(108)	(3.7%)	(57)	(2.2%)	(3.4%)
Performance & Service Improvement	42,336	40,227	(2,109)	(5.0%)	(1,848)	(5.0%)	(7.2%)
Finance & Contracting	3,726	3,555	(171)	(4.6%)	(141)	(4.3%)	(6.1%)
Human Resources	4,113	4,114	1	0.0%	(9)	(0.3%)	(5.3%)
Chief Executive Office	1,332	1,400	68	5.1%	58	5.0%	1.2%
Trust Wide Corporate Services e.g. E-Roster, Bank Office & Staff Side	565	545	(20)	(3.5%)	(14)	(2.8%)	1.3%
Corporate Pay & Non-Pay e.g. Energy, Rates, Pharmacy etc.	57,028	61,699	4,671	8.2%	3,861	7.8%	4.0%
Opportunities against Directorate Pressures	12,040	0	(12,040)	(100.0%)	(10,535)	(100.0%)	
Directorate sub-total	**622,769**	**643,984**	**21,215**	**3.4%**	**16,774**	**3.1%**	**2.9%**
COVID	3,028	3,366	338	11.2%	319	12.1%	0.0%
Savings Target 2023/24 (£25.2m)	(16,798)	0	16,798	(100.0%)	14,155	(100.0%)	(100.0%)
Savings Achieved 2023/24	12,751	0	(12,751)	100.0%	(10,614)	100.0%	100.0%
Other opportunities – Mid-Year Review	18,031	0	(18,031)	(100.0%)	(13,429)	(100.0%)	(0.0%)
Reported Deficit	**639,781**	**647,350**	**7,569**	**1.2%**	**7,205**	**1.3%**	**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 £57.1m. Total spend in these areas by Directorate is summarised below.

Table 3. Total Flexible Payroll Expenditure

	Cum to November 2023					Cum to October 2023
Directorate	Overtime £'000	Agency £'000	Bank £'000	Total £'000	% Growth from the Prior Period	Total £'000
Diagnostics, Cancer & Medical Specialites	854	22,286	1,997	**25,138**	0.5%	**21,909**
Surgery, Paediatrics & Women's Services	360	9,111	1,113	**10,584**	0.0%	**9,258**
Adult Mental Health & Disability Services	262	3,995	3,538	**7,796**	(0.8%)	**6,869**
Women & Childrens Services	647	863	2,127	**3,638**	(1.7%)	**3,231**
Nursing, Midwifery & AHP's	61	170	146	**377**	(1.8%)	**335**
Community & Older Peoples Services	466	2,761	1,791	**5,018**	1.6%	**4,330**
Finance, Contracts & Capital Development	4	53	-	**57**	12.2%	**45**
Human Resources	4	17	135	**156**	3.1%	**133**
Medical Directorate	5	1	0	**7**	(30.2%)	**8**
Chief Executive Office	9	34	2	**44**	(2.6%)	**40**
Performance & Service Improvement	147	1,414	2,482	**4,043**	(2.9%)	**3,629**
COVID19 - commissioned	19	63	157	**239**	13.4%	**187**
	2,839	**40,769**	**13,489**	**57,097**	**(0.0%)**	**49,973**

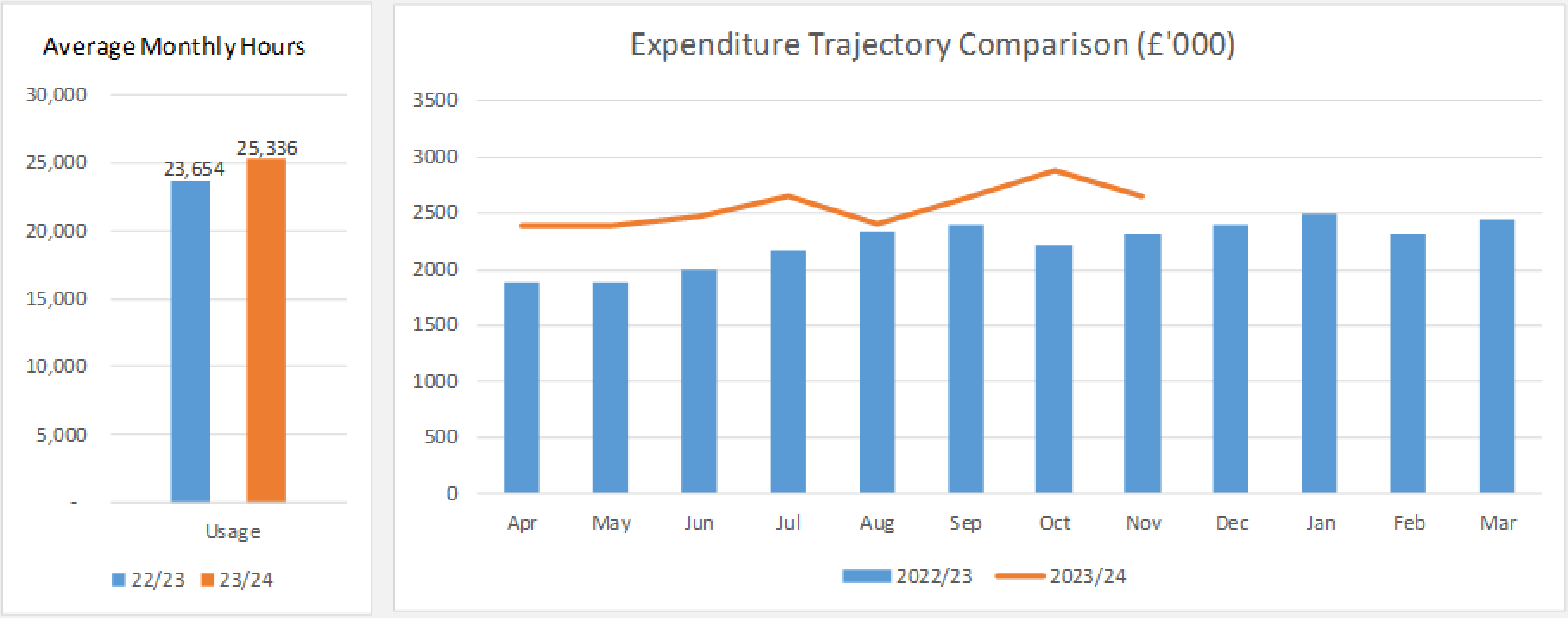
Total agency expenditure is £40.8m, which includes £20.4m (50%) on medical agency staff, £14.9m (36%) on nursing agency staffing and £5.5m (14%) on other staffing. Expenditure on bank staff over the same period is £13.5m. The average expenditure on flexible staffing for 2023/24 has increased by 1.1% on the average spend during 2022/23.

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

Medical Agency

The graph below illustrates the increase in medical agency both in terms of usage, where average monthly hours have increased by 7.11%, and expenditure which has increased by 18.8% when compared to the same period in 2022/23. At consultant grade in particular, there are increases in hours of 40% and rates of 2% which account for 75% of the overall increase. There have also been notable increases in the cost of filling middle grade vacancies of 4% year to date. 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.

Table 4: Medical Agency



Nursing

The graphs below illustrate that whilst there has been a decrease in nursing agency expenditure of 13.7% when compared to the same period in 2022/23 mainly as a direct result of the cessation of off-contract nurse agency, the Trust has seen an increase in other nursing expenditure. Other nursing expenditure to date has increased by 2.2% when compared to the same period in 2022/23 particularly within acute hospital services and mental health inpatient and crisis.

Table 5: Nursing Agency

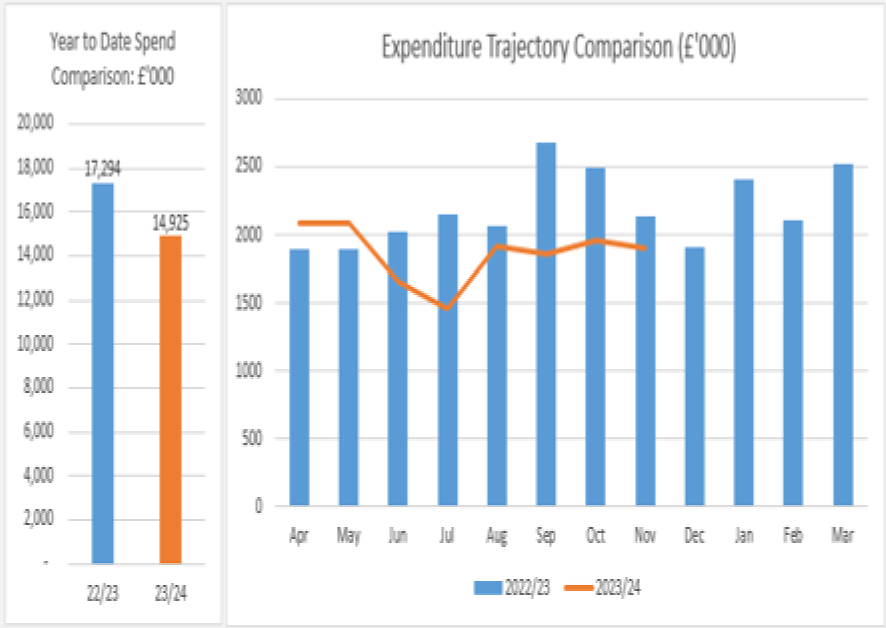
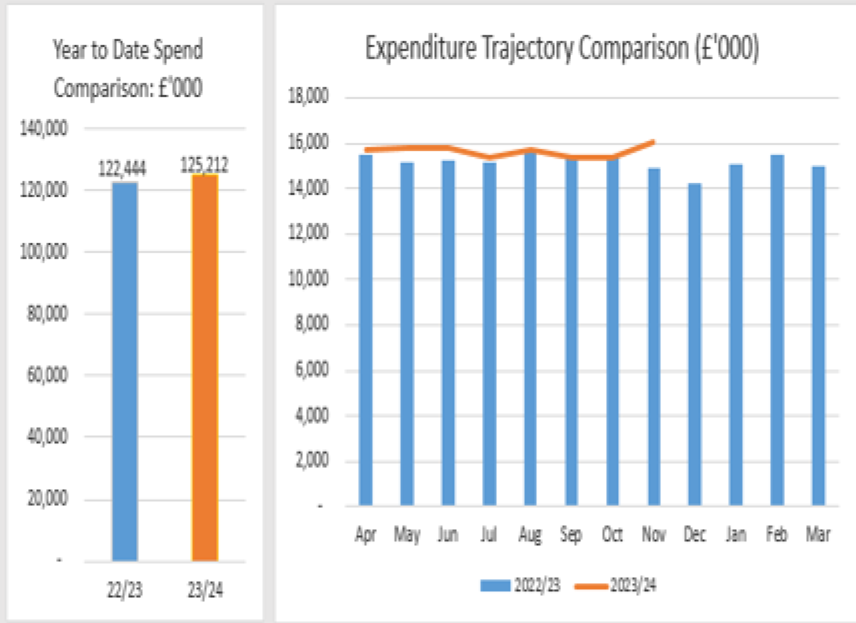


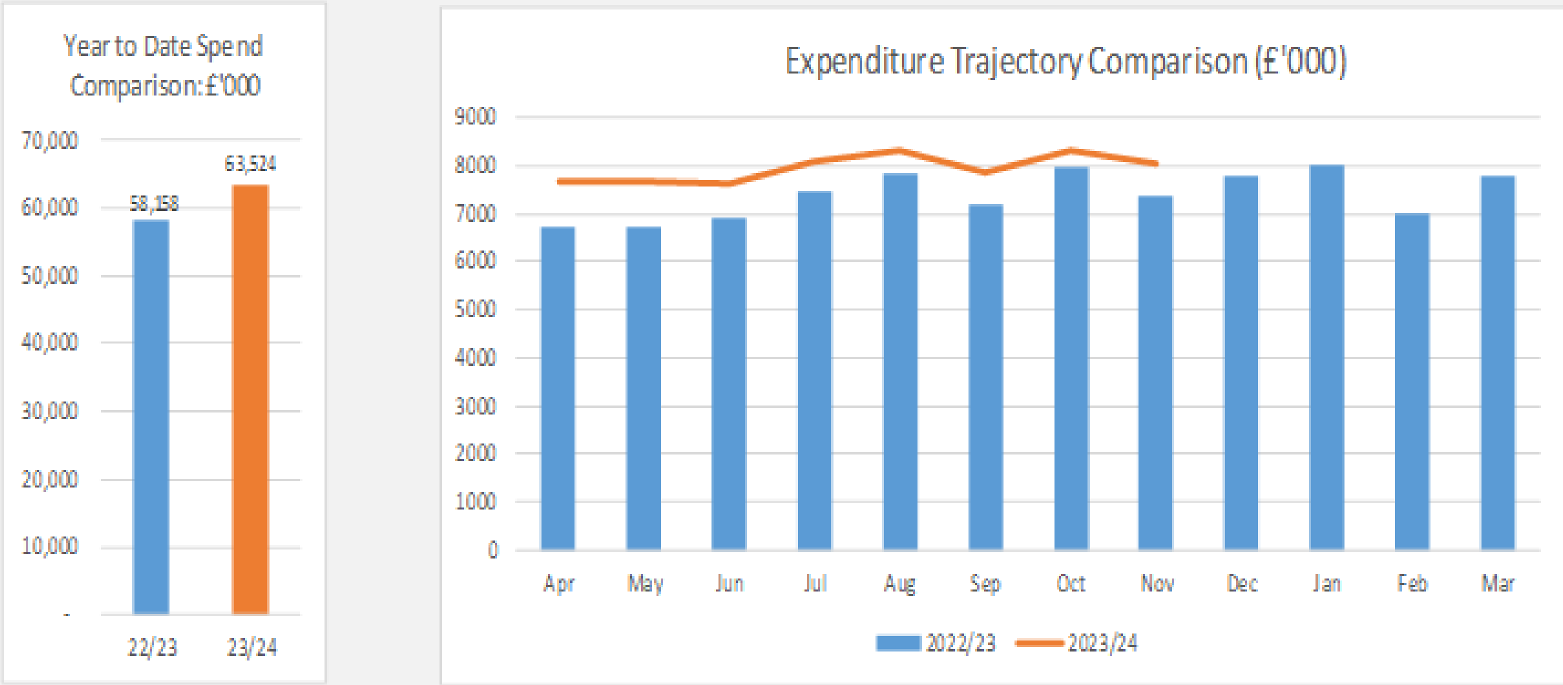
Table 6: Other Nursing



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 9.2% 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 7: 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 £12.8m (67% of planned savings) at November 23 with £7.7m delivered by Directorates and £5.1m from financial accounting opportunities. Achievement of savings will continue to be monitored closely and will be reported monthly to the Trust Delivering Value Management Board.

Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £30.69m per the letter dated 28th November 2023 from the Department of Health, the table below shows the expenditure to 31st October 2023 and planned year end position to 31st March 2024 as follows:-

Table 8. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 31st October 2023 £'000	Forecast Expenditure at 31 March 2024
Altnagelvin 5.1 - Tower Block Development - North Block	3,933	3,038	3,933
GP Improvement Scheme Trust Owned	40	40	40
Western Trust – R&D Commercial Income	-400	-115	-400
Western Trust – R&D Commercial Income Spend	400	115	400
Research & Development	320	320	320
Cityside HCC	1,629	689	1,629
Lisnaskea	1,030	832	1,030
NDNA Altnagelvin Interim Training Facilities	350	0	350
Regional Mammography	829	0	829
ICT - Digital Identity Service	23	23	23
ICT - BloodPat	15	10	15
ICT - General Capital	300	150	300
ICT - TEP Implementation	224	131	224
ICT - Viewpoint	194	0	194
ICT - LIMS	92	15	92
ICT - NIPACS+	68	40	68
General Capital	12,601	4,707	12,601
Car Parking - Hospital Parking Charges Act	734	0	734
Backlog Maintenance	4,921	2,619	4,921
Invest to Save - Energy Efficiency	1,963	0	1,963
MH Task and Finish	720	0	720
IFRS16 - Leases	656	62	656
Elective Care Equipment & Minor Works	45	0	45
Total	**30,687**	**12,676**	**30,687**

Key Messages

- The Trust is reporting a financial deficit of £7.6m at 30 November 2023.

- We reported a Directorate sub-total level actual deficit of 3.1% for the period ended 30 October 2023, the comparative for the current period is 3.4%. The increase is largely attributable to the increased cost of medical cover for Acute Hospital services and Mental Health care as well as Independent Sector nursing home care and children's social services.

- The Trust is projecting a financial deficit of £11.4m for the year. Directors who have experienced material growths in run rates over the reporting period have been asked to review areas where expenditure is increasing to take action where it is possible.

- Financial performance reporting at 30 November 2023 indicates that while we remain on target to report a planned overspend of £11.4m for 2023/24, we have experienced a growth in run rates over the period. As a consequence we will be completing a review of the current position against our mid-year financial forecast to risk test our current trajectory against the financial plan and the £11.4m forecast deficit.

- 95% of undisputed invoices were paid within 30 working days of receipt against the target of 95%.

Eimear McCauley
Executive Director of Finance, Contracts & Capital Development