

Financial Performance Report




*For the 10 months ended
31 January 2024*

Executive Summary

The Trust has been advised that HSC will deliver financial breakeven for the 2023/24 financial year.

However, Trusts have not yet received confirmation that funding will be allocated or held centrally.

Funding of £0.5m has been allocated during this period towards pressures and therefore the forecast deficit position has reduced from £11.4m to £10.9m.

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 projecting a deficit position of £10.9m for 2023/24. The RAG status is updated to reflect that HSC will deliver financial break-even 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 £31.59m. Capital expenditure to the end of December 2023 is £16.5m.</p>	
3. Prompt payment target – 95% of suppliers within 30 days	
<p>The Trust has delivered 93% payment of its undisputed invoices with suppliers within 30 days at 31 January 2024 against its target of 95%. In the month of January 2024, 79.81% of undisputed invoices with suppliers were paid within 30 days. Achievement of this target has been impacted by delays in approval of nurse agency invoices.</p>	

Financial plan and performance 31 January 2024

The Trust is reporting a deficit of £9.1m at 31 January 2024 against a forecast deficit of £10.9m for 2023/24 as summarised in Table 1 below.

Table 1. Projected Deficit 2023/24 and performance

	2023/24 Projected Deficit at Jan 24 £'m	Position at 31 Jan 2024 £'m
Opening Deficit 2023/24	3.3	4.7
Pressures 2023/24 (net of funding & other opportunities)	6.8	4.8
Covid pressures	4.5	2.7
SPPG Deficit funding	(9.8)	(8.2)
Projected Deficit 2023/24 excl. Savings Target	4.8	4.0
Savings target 2023/24	25.2	21.5
Savings planned/ achieved 2023/24	(19.1)	(16.4)
Deficit	10.9	9.1

From a financial planning perspective, I am assured that we are on target to deliver against our end of year forecast deficit.

In relation to Elective Care financial performance, the Trust has a plan in place totalling £11.9m for elective care across a range of specialties for both in-house and independent sector activity. The Trust is reporting expenditure of £9.7m at 31 January 2024.

Table 2 below summarises the financial performance by Directorate. Directorates are reporting an over-spend of 3.4% for the period by comparison to 3.3% for the prior period.

The bottom-line position for the Trust is an over-spend of £9.1m, 1.1% against budget, an improvement from 1.2% in the previous period reflecting an expected increase in the level of savings achieved.

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

(1) Pay Pressures

Medical: The Trust has experienced an increase in medical agency utilisation. Table 4 below provides more detail including comparative data for 2022/23.

Nursing: Whilst there are reductions in nursing agency specifically relating to the implementation of the agency framework (Tables 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, community equipment and pharmacy as well as increased expenditure in independent homes (Table 6) due to high demand for nursing and dementia bed provision against a limited supply, resulting in higher costs.

Monthly Directorate Finance Focus meetings continue to prioritise discussions in relation to areas of highest overspend and new and emerging issues. The focus is now also moving to ensure that good practice in budgetary control and management which have been improved during 2023/24 continue into 2024/25.

The financial performance by service directorates is a growth in run rates against 2022/23 figures. In the period, two Directorates have grown their variances, in both cases flexible staffing utilisation is a contributory factor. Both Directors must review their trajectories and take urgent action to address

Table 2. Summary Financial Performance by Directorate

Directorate	Budget	Expenditure	January Variance		December Variance		Variance 2022/23 Restated
	£'000	£'000	£'000	%	£'000	%	%
Diagnosics, Cancer & Medical Specialities	155,870	180,716	24,846	15.9%	21,763	15.5%	10.2%
Surgery, Paediatrics & Women's Services	104,525	113,433	8,908	8.5%	7,941	8.4%	4.8%
Adult Mental Health & Disability	112,744	115,165	2,421	2.1%	2,191	2.2%	(0.3%)
Community & Older People's Services	151,402	155,409	4,007	2.6%	3,731	2.7%	1.7%
Nursing, Midwifery & AHPs	30,178	28,437	(1,741)	(5.8%)	(1,574)	(5.8%)	(4.4%)
Children & Families	69,760	70,412	652	0.9%	663	1.1%	1.5%
Medical	3,663	3,577	(86)	(2.3%)	(93)	(2.8%)	(3.4%)
Performance & Service Improvement	53,161	50,200	(2,961)	(5.6%)	(2,613)	(5.5%)	(7.2%)
Finance & Contracting	4,663	4,461	(202)	(4.3%)	(183)	(4.4%)	(6.1%)
Human Resources	5,161	5,129	(32)	(0.6%)	(17)	(0.4%)	(5.3%)
Chief Executive Office	1,705	1,771	66	3.9%	54	3.5%	1.2%
Trust Wide Corporate Services e.g. E-Roster, Bank Office & Staff Side	709	699	(10)	(1.4%)	(17)	(2.7%)	1.3%
Corporate Pay & Non-Pay e.g. Energy/Pharmacy	72,663	78,504	5,841	8.0%	5,279	8.2%	4.0%
Opportunities against Directorate Pressures	15,485	0	(15,485)	(100.0%)	(13,545)	(100.0%)	
Directorate sub-total	781,689	807,913	26,224	3.4%	23,580	3.3%	2.9%
COVID	3,413	3,797	384	11.3%	351	10.8%	0.0%
Savings Target 2023/24 (£25.2m)	(21,546)	0	21,546	(100.0%)	19,175	(100.0%)	(100.0%)
Savings Achieved 2023/24	16,487	0	(16,487)	100.0%	(14,621)	100.0%	100.0%
Other opportunities – Mid-Year Review	22,539	0	(22,539)	(100.0%)	(19,931)	(100.0%)	(0.0%)
Reported Deficit	802,582	811,710	9,128	1.1%	8,554	1.2%	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 £71.3m. Total spend in these areas by Directorate is summarised below. It is noted that there has been a modest reduction in flexible staffing during the January 2024 period indicating a level of control and containment across areas. However, the Directorates which are increasing in growth in the period must take action urgently as this growth is not sustainable.

Table 3. Total Flexible Payroll Expenditure

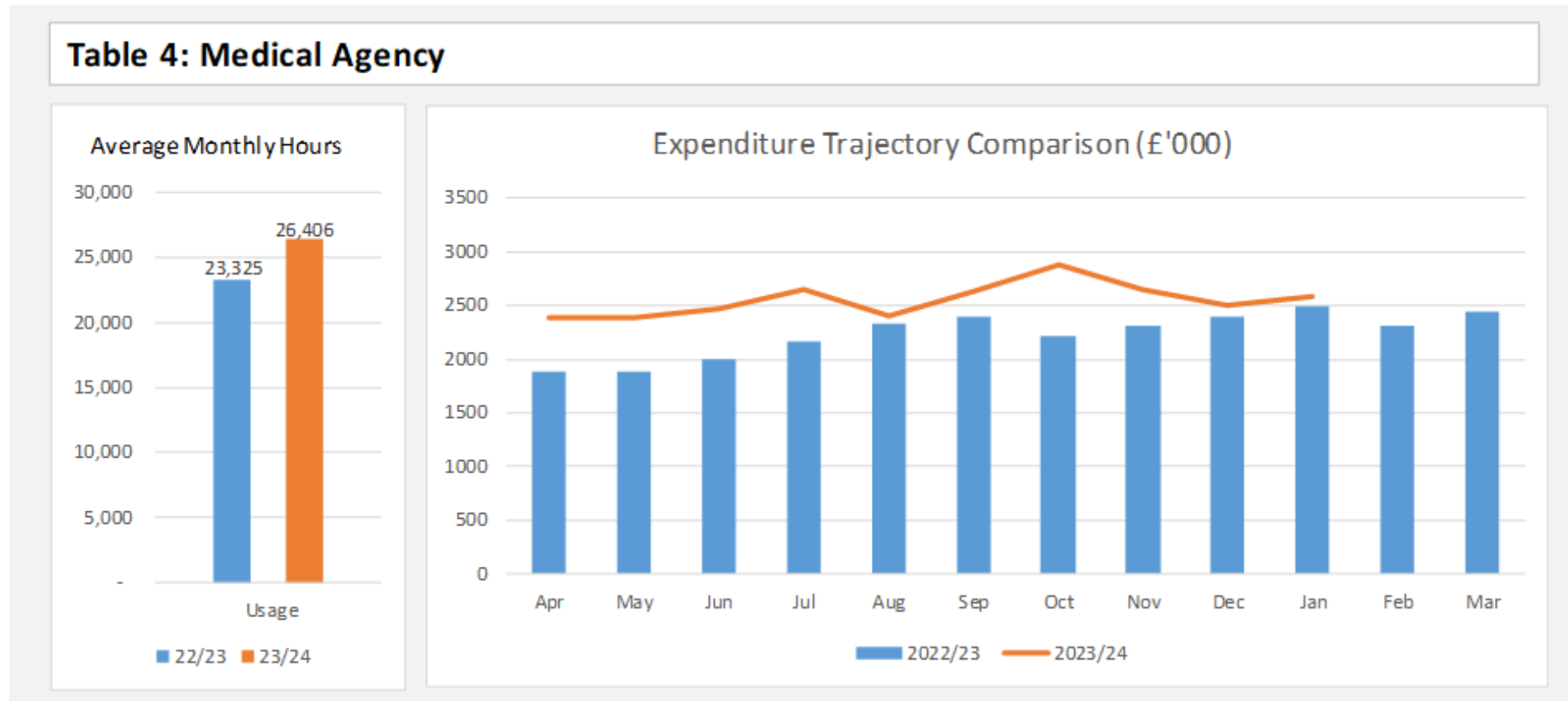
Directorate	Cum to January 2024					Cum to December 2023
	Overtime £'000	Agency £'000	Bank £'000	Total £'000	% Growth from the Prior Period	Total £'000
Diagnositics, Cancer & Medical Specialites	1,137	27,675	2,499	31,310	0.2%	28,123
Surgery, Paediatrics & Women's Services	495	11,546	1,368	13,409	0.6%	12,003
Adult Mental Health & Disability Services	355	4,890	4,380	9,626	(0.7%)	8,717
Children & Families Directorate	869	985	2,699	4,552	(1.5%)	4,152
Nursing, Midwifery & AHP's	80	231	179	490	4.1%	425
Community & Older Peoples Services	573	3,540	2,226	6,339	(0.0%)	5,706
Finance, Contracts & Capital Development	10	68	-	78	(0.8%)	70
Human Resources	4	21	168	193	(0.4%)	175
Medical Directorate	7	1	0	8	(12.4%)	8
Chief Executive Office	11	41	2	54	(2.8%)	50
Performance & Service Improvement	200	1,642	3,038	4,881	(1.5%)	4,453
COVID19 - commissioned	21	118	190	329	(8.6%)	321
	3,761	50,758	16,749	71,269	(0.1%)	64,203

Total agency expenditure is £50.8m, which includes £25.5m (50%) of medical agency staff, £18.8m (37%) of nursing agency staffing and £6.4m (13%) across other professional groups. Expenditure on bank staff over the same period is £16.7m. The average expenditure on flexible staffing for 2023/24 has increased by 0.9% on the average spend during 2022/23.

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

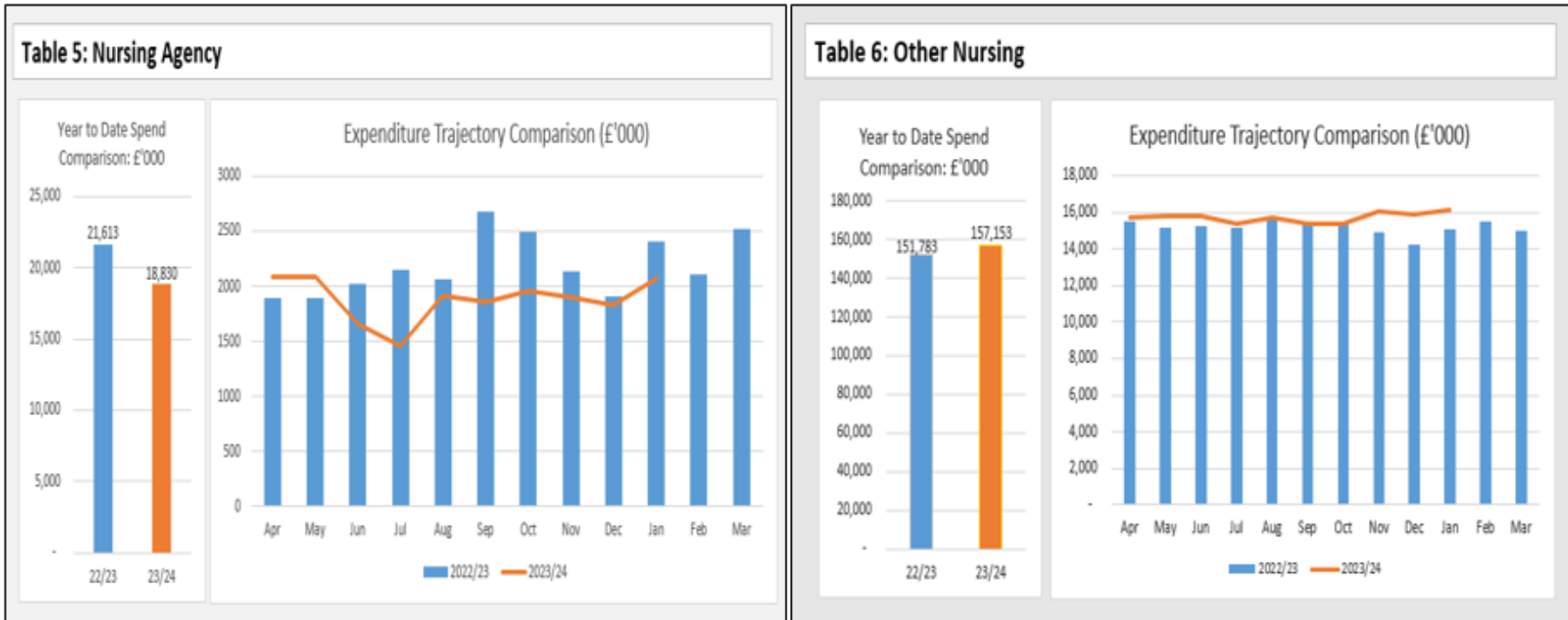
Medical Agency

Table 4 illustrates the increase in medical agency both in terms of usage, where average monthly hours have increased by 13.21%, and expenditure which has increased by 15.5% when compared to the same period in 2022/23. At consultant grade in particular there is a significant in-year increase in hours of 38% and increases in rates of between 2% to 5% across grades.



Nursing

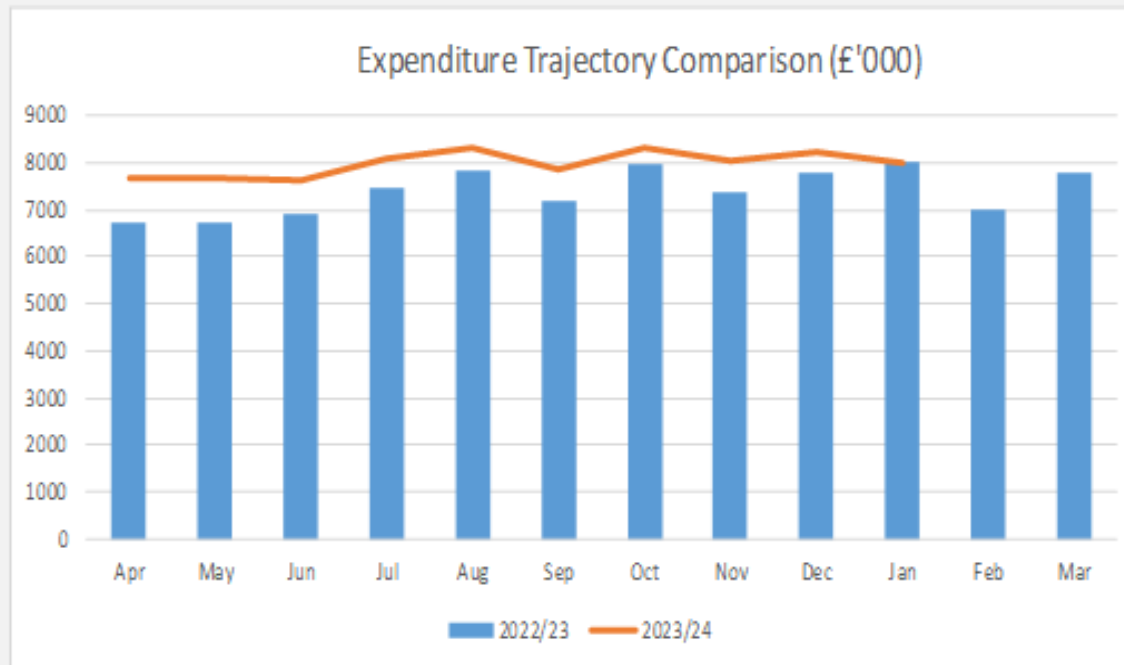
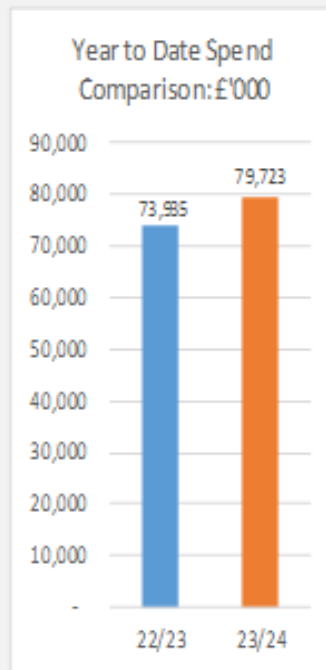
The graphs below illustrate that whilst there has been a decrease in nursing agency expenditure of 12.9% when compared to the same period in 2022/23, mainly as a direct result of the cessation of off-contract nurse agency, the Trust has seen an increase in other nursing expenditure. Other nursing expenditure to date has increased by 3.4% when compared to the same period in 2022/23. Increases are predominantly within acute hospital and mental health inpatient and crisis services.



Independent Section Residential & Nursing Homes

One of the most significant areas of overspend in non-pay is independent homes. Expenditure to date has increased by 7.8% compared to the same period in 2022/23, adjusted for inflation.

Table 7: Independent Homes



Savings Targets 2023/24

Against our savings target of £25.1m, as a recurrent retraction from the Trust baseline budget, we had 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 £16.5m (86% of planned savings) at January 2024 with £9.9m delivered by Directorates and £6.6m from financial accounting opportunities. Directors have performed extremely well against savings plans in very challenging circumstances.

Capital Expenditure

The Trust has received a total capital allocation (Capital Resource Limit) of £31.59m, per the letter dated 5th February 2024 from the Department of Health. The table below shows the expenditure as at 31st December 2023 and the then planned year end position to 31st March 2024:-

Table 8. Capital Expenditure

Project	Capital Resource Limit (CRL) £'000	Expenditure at 31st December 2023 £'000	Forecast Expenditure at 31 March 2024
Altnagelvin 5.1 - Tower Block Development - North Block	3,933	3,392	3,933
GP Improvement Scheme Trust Owned	40	40	40
Western Trust – R&D Commercial Income	-400	-200	-400
Western Trust – R&D Commercial Income Spend	400	200	400
Research & Development	477	477	477
Cityside HCC	1,629	908	1,629
Lisnaskea	1,030	965	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	15	15
ICT - General Capital	300	300	300
ICT - TEP Implementation	224	168	224
ICT - Viewpoint	194	0	194
ICT - LIMS	92	40	92
ICT - NIPACS+	68	51	68
General Capital	12,601	6,082	12,601
Disposals - Other Assets	-26	-26	-26
Car Parking - Hospital Parking Charges Act	734	0	734
Backlog Maintenance	4,921	3,838	4,921
Invest to Save - Energy Efficiency	1,963	0	1,963
MH Task and Finish	720	120	720
IFRS16 - Leases	656	122	656
Elective Care Equipment & Minor Works	45	15	45
Total	30,818	16,530	30,818

Key Messages

- The Trust is reporting a financial deficit of £9.1m at 31 January 2024.
- We reported a Directorate sub-total level deficit of 3.3% for the period ended 31 December 2023, the comparative for the current period is 3.4% and thus a marginal financial decline in this period.
- Two service Directorates, Diagnostics, Cancer & Medical Specialities and Surgery, Paediatrics & Women's Services must focus on control measures to contain the growth in expenditure incurred during this period. The need to reduce expenditure trajectories as we advance towards a new financial year, with the financial landscape expected for 2024/25, is crucial.
- The forecast deficit for 2023/24 is £10.9m for the year, a reduction from the £11.4m forecast previously reported. This follows confirmation of additional funding against service pressures. We await confirmation from DoH about the impact of funding to balance HSC in Northern Ireland and what that means to the Trust for our end of year financial reporting.
- 93% 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