



Northern Health
and Social Care Trust

TRUST BOARD FINANCE REPORT

31st July 2016

Prepared & Issued by Finance Directorate –
22nd August 2016

Section 1: Financial Plan 2016/17

The Trust Financial Plan has been submitted and is currently subject to further engagement with HSCB and DoH before being brought to Trust Board for approval.

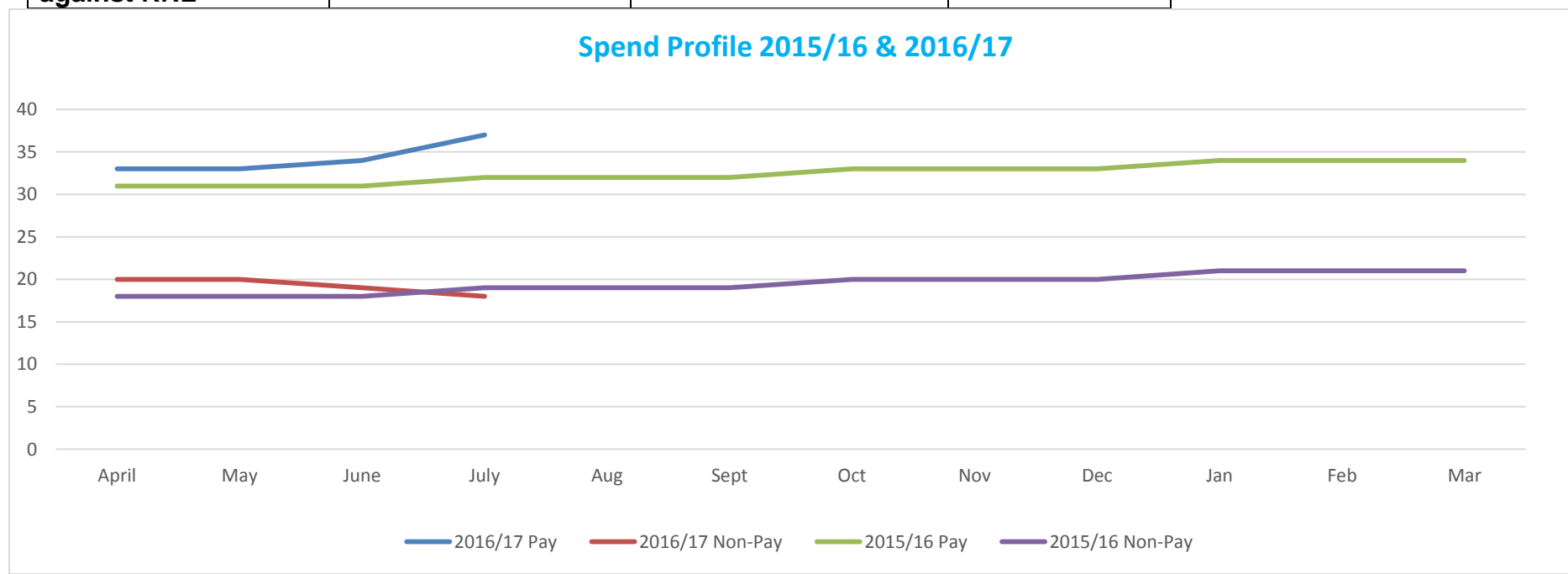
The Trust has made submissions setting out the financial challenges facing the HSC in 2016/17.

HSCB and PHA have recently approved the Joint Commissioning Plan for 2016/17.

Section 2: Financial Position at July 2016

The Overall financial position of the Trust can be set out as follows:

	Year to March 2017		Cumulative Actual As at Month 4
	Original Annual Plan £000	Forecast Annual Plan £000	
Income	633,767	635,440	211,813
Expenditure	644,091	647,640	212,608
Pay	409,367	419,363	138,004
Non-Pay	234,724	228,277	74,604
Surplus / (Deficit)	(10,324)	(12,200)	(795)
% Surplus/(deficit) against RRL	(1.63)	(1.92)	(0.38)



Section 3: Financial Position by Directorate as at 31st July 2016

This section details the financial position by Directorate/Division as at 31st July 2016 and includes an analysis of the main reasons for any over/underspends:

Directorate	Budget	Expenditure	Mth 4 Variance		Mth 3 Variance
	£000	£000	£000	%	£000
Acute	62,808	65,779	2,971	4.7	1,780
Community Care	43,964	45,196	1,232	2.8	732
Childrens	27,108	27,280	172	0.63	80
Mental Health & Disability	40,094	39,656	(438)	(1.09)	(339)
Medical & Governance	3,282	3,322	40	1.2	34
Nursing & User Experience	8,781	8,902	121	1.4	91
Strategic Planning & Business Services	2,241	2,207	(34)	(1.5)	(14)
Estates	2,962	3,064	102	3.4	53
Corporate Overheads	3,904	4,035	131	3.4	60
Finance	2,968	2,958	(10)	(0.33)	(1)
HR	1,532	1,486	(46)	(3.0)	(21)
Senior Directors/Chief Executive	149	156	7	4.7	7
Corporate/Cost Pressures	12,020*	8,567	(3,453)	(28.72)	(1,077)
Totals	211,813	212,608	795	0.38	1,385

*June monitoring funding to be released in following months

Acute

The Acute directorate which currently encompasses the Medicine & Emergency Medicine, Surgical and Obs/Gynae divisions is reporting a deficit of £2.971m at Month 4. Projected this is £8.913m. Included in the month 4 projected position is the costs associated with the charges for the medical management model in ED Causeway Hospital (circa £900k). Similar to the position reported in month 3, the main deficit variances are:

- Medical - £0.478m (note locum spend is projected to be £1.5m) (excludes Causeway ED Model referenced above)
- Nursing - £2.47m (continued use of non-contract agency – high post premium)
- Lab/X-ray - £0.5m (consumables/maintenance contracts)
- Pharmacy - £0.6m
- Outstanding efficiency targets £4m

Community Care

The Community Care division have increased costs related to Domiciliary Care, Intermediate Care Beds and Nursing/Residential Homes for 2016/17. These are currently undergoing a separate review exercise in relation to demographic growth. A number of complex cases are also emerging which require increased care and support for the individuals to reside in their own homes. Discussions are progressing with Belfast Trust regarding the regional Wheelchair contract which is experiencing some additional costs not previously identified to the Trust.

Childrens

Childrens residential home costs are the predominate cost pressure for the directorate. Whilst £222k of one-off costs identified in the Trust's 16/17 financial plans are in the position, further pressures are emerging.

Mental Health, LD & CWB

The main contributing factors to the Mental Health & Disability Division's outturn position are the underspend on vacancies which continue at levels comparable with 2015/16 financial year (estimated at some £800k). The directorate traditionally experiences seasonal spend trends with increased costs emerging in the second half of the year.

Nursing & User Experience

Nursing and User Experience are experiencing costs associated with private ambulances which project to be £540k for the 2016/17 year. This is an increase of £200k on the 2015/16 outturn position.

Estates

A new 5-year contract for insurance maintenance has been procured resulting in an additional annual charge of £111k in the estates position.

The new contract for Measured Day Term works requests has resulted in a backlog of requests being addressed – the straight line projection may have overstated the position – this is under review with the Estates Management Team.

Corporate Overheads

The Trust was assigned a new regional energy procurement savings target by DoH of £500k. For 2016/17 presently £100k has still to be identified. A range of further savings initiatives are expected to deliver in the latter part of the year.

Section 4: Flexible Staffing Costs

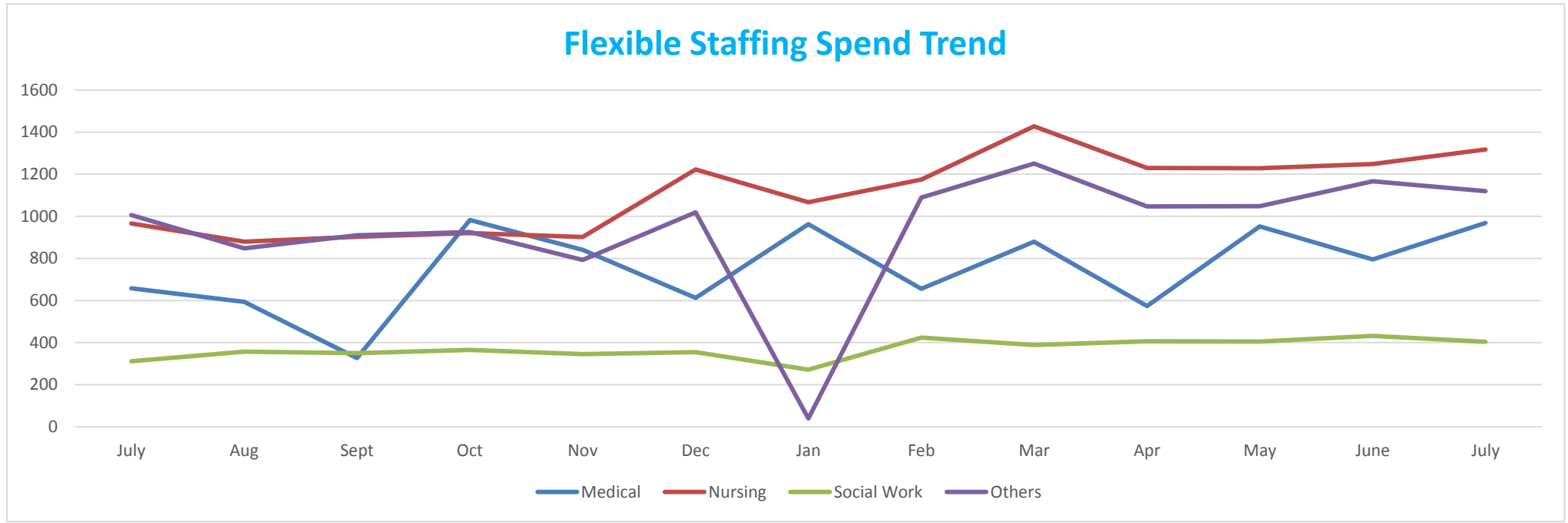
A significant factor for the Trust in recent years has been our reliance on flexible staffing. Flexible staff can be analysed into 2 categories:

A) Agency/Locum/Enhanced Hours

The total spend in these areas is summarised below:

Directorate	Cum to July 2016						Cum to July 2015	Movement	
	Agency (Medical)	Agency (Other)	Bank	Overtime	Addit Hours	Totals		£000	%
	£000	£000	£000	£000	£000	£000	£000	£000	%
Acute	2,632	1,929	1,650	536	220	6,967	4,860	2,107	43.3
Community Care	0	425	1,443	399	162	2,429	1,951	478	24.5
Childrens	213	360	315	144	48	1,080	783	297	37.9
Mental Health & Disability	429	454	1,194	8	73	2,158	1,864	294	13.6
Medical & Governance	0	58	2	20	15	95	76	19	25
Nursing & User Experience	0	600	250	59	360	1,269	1,080	189	17.5
Strategic Planning & Business Services	0	109	5	0	4	118	101*	144	142.6
Estates* In 2015/16 Estates were part of the SPBS	0	32	20	61	14	127			
Finance	0	49	0	5	7	61	5	56	1,120
HR	16	13	2	2	3	36	19	17	89.5
Senior Directors/Chief Executive	0	0	0	0	0	0	3	(3)	(100)
Totals	3,290	4,029	4,881	1,234	906	14,340	10,742	3,598	33.5

The Profile of this expenditure is set out below, analysed, across professional groupings:



Non-Contract Agency Spend

A monthly analysis is sent to Directorates identifying spend on agencies split between contracted (regional tendered) and off-contract companies.

In the first four months of the year £1.256m has been spent on off-contract agencies for agency Medical locum while, for the same period, £1.736m has been spent on Non-medical agencies with the majority having been spend on Non-Contract Agency Nursing.

As this spend is not governed by a Regional Tendered Contract (procured through PaLs), the Trust may be paying premiums significantly greater than expected under a regional contract.

B) Temporary Workforce

The Trust employs a range of staff in temporary contracts, for a number of reasons, including:

- To cover a vacant post
- To provide a service which is only non-recurrently funded
- To provide backfill for maternity leave/long-term sick leave
- To undertake additional work such as one-off projects.

Based on the information within the ledger, spend on temporary employees has over the past 2 years been as follows:-

Temporary Workforce	14/15 £000's	15/16 £000's	16/17 Projected £000's At Month 4
Band 1-4	6,979	5,306	5,140
Band 5-7	7,693	7,910	7,217
Band 8+	101	296	439
Non AFC Bands – Medical & Dental **	1,645	2,234	2,294
Total	16,418	15,746	15,090

** The Medical & Dental temporary staff are on the Trust's payroll on HSC terms and conditions, covering a mix of vacant posts, sickness, gaps in rota and additional duties. They include GPs, retired staff, staff acting to a higher grade and staff appointed temporarily (as opposed to engaging an agency locum).

Section 5: Savings Plan Progress – by Directorate

The 2016/17 Savings Plan has not, as yet been finalised. This will be more fully developed following approval of the Trust Delivery Plan for 2016/17 and will be fully reported on in the August Financial Performance Report.

Section 6: Key Assumptions and Risks

A number of financial assumptions have been made in relation to the Financial Plan for 2016/17 and also with regard to the overall financial position. These include:

- The Trust is assuming the Trust Savings Plan will be achieved in full. This assumption will be more fully assessed in the August Financial Performance Report;
- Each Directorate will contain spend within their 2016/17 Roll Forward Position in order to ensure the Trust achieves the financial outcome. A monthly financial accountability process has been established to monitor this position;
- The Trust continues to experience a shortfall in the recruitment and retention of mainly medical and nursing staff. This will continue to be a financial pressure which will impact on the overall financial performance of the Trust.
- The Trust is reporting a cumulative absence rate of 6.9% as at June 2016, which is in excess of the notionally funded level with the result that the Trust is incurring additional costs.
- There are a number of initiatives being taken forward aimed at decreasing these absence levels.
- It is assumed that all known cost pressures have been captured as part of the 2016/17 Financial Planning process.
- Cost pressures continue to arise in the Independent Sector with regard to the impact of the National Minimum Wage in Social settings, ie within Nursing and Residential Care settings and with Domiciliary Care providers. The Trust continues to liaise with Providers to quantify and contain this pressure.
- A number of job evaluations are pending and will if successful impact on both the Trust recurrent position and the provision of arrears.
- An emerging issue regarding the medical support model in the ED Causeway Hospital has resulted in an urgent review of the model. Approximately £900k in year costs have been factored into the position.
- The risk that cost pressures identified cannot be contained.
- That savings/easements will not materialise.
- The recent announcement by the Health Minister on the halting of Single Pay Frequency will result in a range of savings (BSO Payroll savings and postal cost reductions) not being achievable.

Section 7: Conclusion

The July forecast position, following application of additional funding confirmed following June monitoring, is a deficit of £12.2m. This is a movement of £1.876m which is a combination of increased costs associated with nursing agency and domiciliary care, along with the emerging costs as a result of the Causeway Hospital Emergency Department Medical Model. The Trust is required to submit a balanced financial plan as part of the Trust Delivery Plan. This plan remains subject to further engagement with HSCB and DoH before being brought to Trust Board for approval in September.

The Director of Finance will discuss the financial position at the accountability meetings being held with each directorate to continue to ensure commitment towards the achievement of a directorate breakeven position.