



Northern Health
and Social Care Trust

Trust Board Finance Report as at 30th September 2015

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October 2015

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Report 1: Summary of Month-end Forecast Positions 2015/16

Month	Position May 2015	Best Estimate 31st March 2016	Best Estimate (after Sensitivity Analysis) 31st March 2016
May 2015	Deficit £2.187million	Deficit £341,000	Deficit £15.071million
June 2015	Deficit £3.067million	Deficit £367,000	Deficit £14.980million
July 2015	Deficit £3.897million	Deficit £217,000	Deficit £13.5 million
August 2015	Deficit £3.139 million	Deficit £293,000	Deficit £9.980million
September 2015	Deficit £1.625million	Deficit £290,000	Deficit £8.661million
2014/15 Year end Financial Position Outturn	£100k surplus Unaudited (previously advised) £71,000 surplus (audited)		

Report 2: Trust Board Financial Report – September 2015

Section 1: Executive Summary

The current Trust deficit after six months is £1.625 million with a year-end projected best estimate deficit of £290,000. A full year projection presents a number of difficulties in relation to the forecasting of non-pay costs; however this best estimate is in line with the Trust's TDP projections of £290,000. The Trust has a statutory duty to breakeven by year end.

Section 2: Position as at 31st March 2016

The month six position, taking into account an assessment of all savings proposals, is shown below:

	Best Estimate Deficit Forecast 30th September 2015	Best Estimate (Sensitivity Analysis) Deficit Forecast 31st March 2016
	£000's	£000's
General Ledger Deficit (projected)	9,917	9,917
2015/16 Cost Pressures notified to HSCB (under review)	(2,044)	
2014/15 QICR savings outstanding	(3,493)	(168)
2015/16 Savings target outstanding	(4,090)	(1,088)
Projected Deficit	<u><u>290</u></u>	<u><u>8,661</u></u>

The Trust has 2 savings targets to be achieved in 2015/16 which total £17.548million and need to be delivered recurrently. After 6 months, £9.965million have been delivered (some non-recurrently as contingency measures) leaving some £7.583million to be achieved in the remaining 6 months of this financial year (£3.493million 2014/15 QICR; £4.090million 2015/16 target).

The Trust's projected year-end position is therefore a deficit of £290,000.

The Best Estimate Sensitivity Forecast is based on non-support by HSCB of the emerging 2015/16 cost pressures and non-delivery of a number of the outstanding savings targets. An assessment of saving plans which potentially will deliver, albeit some non-recurrently this financial year, has been allowed for. As a result the projected best estimate sensitivity deficit is £8.661million.

Section 3: Savings Proposals

The Trust currently has two separate savings targets which must be delivered in 2015/16 to ensure breakeven.

These consist of:

- Carried forward outstanding target of the 2014/15 QICR savings (£5.450million)
- 2015/16 savings target of £12.098million

The table below details the position by Directorate as at month 6.

Directorate	2014/15 QICR			2015/16 Target			Total Outstanding £000's
	Target £000's	Achieved £000's	Outstanding £000's	Target £000's	Achieved £000's	Outstanding £000's	
Acute	2,407	0	2,407	2,792	661	2,131	4,538
Community Care	1,601	726	875	2,648	1,294	1,354	2,229
Childrens	762	687	75	574	500	74	149
MHD	88	0	88	756	307	449	537
Medical & Governance	30	24	6	49	49	0	6
Nursing & User Experience	319	277	42	263	121	142	184
Performance Management	162	162	0	189	176	13	13
Corporate Overheads	21	21	0	550	0	550	550
Finance	1	1	0	107	107	0	0
HR	58	58	0	55	53	2	2
Chief Executive	1	1	0	19	19	0	0
Corporate	0	0	0	2,096	2,096	0	0
Not Yet Allocated	0	0	0	2,000	2,625	(625)	(625)
TOTALS	5,450	1,957	3,493	12,098	8,008	4,090	7,583

Due to the release of a creditor in relation to the Clinical Excellence Accrual and a range of windfalls, the Trust is in a position to non-recurrently cover the £1.5million savings target for Community and Voluntary Sector Services in 2015/16. These funds will however NOT be available in 2016/17, consequently recurrent savings plans will be required from 1 April 2016

Section 4: Directorate Performance

The table below details the Directorate Budgetary Positions as at month six projected to 31st March 2016.

Directorate	Forecast Outturn Variance before Allocation of Support Funds	Support Funds (HSCB & NHSCT)	Savings Achieved	Savings to be delivered	Forecast Outturn 31 st March 2016
	£000's	£000's	£000's	£000's	£000's
Acute	15,931	10,034	661	4,538	698
Community Care	5,537	-	2,020	2,229	1,288
Childrens	4,174	1,974	1,187	149	864
MHD	674	497	307	537	(667)
Medical/ Governance	311	-	73	6	232
Nursing & User Experience	1,070	205	398	184	283
Performance Management	240	-	338	13	(111)
Corporate Overheads	714	-	21	550	143
Finance	629	424	108	0	97
HR	251	-	111	2	138
Chief Executive	73	35	20	0	18
Unallocated	1,879	476	4,721	(625)	(2,693)
TOTALS	31,483	13,645	9,965	7,583	290

The forecast outturn position is projecting a £290,000 deficit.

Total Support Funds allocated are £31.427million comprising of a mixture of HSCB support funds (inclusive of normative nursing funding) and Trust funding allocations. £17.782million has already been released directly into budgets. This leaves a balance of £13.645million still to be allocated to Directorate budgets.

The position is dependent on the achievement of all outstanding savings targets and the projected deficit is in line with the current TDP submission to HSCB. These now total £7.583million as a result of the non-recurrent easement as highlighted previously.

Section 5: Key assumption used in the Best Estimate Forecast

The key assumptions used in constructing the best estimate forecast year-end outturn are:

- That the underlying trend at September 2015 will continue pro-rata to the year-end;
- That financial control will be maintained and expenditure controlled within agreed budgets.

Consequently the best estimate, at this stage in the year, projects a deficit of £290,000 against the statutory breakeven requirement.

Section 6: Key issues

The following areas have significant elements of estimation, and could thus impact on our year-end estimates:

- a) Agenda for Change: The Trust continues to progress AFC Clustering applications. All recurrent funding available has been allocated. Due to the volume of applications still to be assessed it is not possible to quantify the impact of this issue.
- b) A decision regarding the allocation of new clinical excellence awards to medical staff, backdated to 1st April 2012, has been recently confirmed by DHSSPS. This advises that no clinical excellence awards will be allocated for 2012/13 and 2013/14. As a result the arrears previously accrued against this issue, have been released against 2015/16 savings targets. A decision on 2014/15 and 2015/16 is still outstanding.
- c) An accrual for sickness pay has been included in the position; this is considered a 2015/16 issue and is currently under discussion with HSCB.
- d) A proposal to increase the hourly rate for Self Directed Support on a 3 year phased basis is currently under review. The position accrues for this cost pressure, which is deemed a 2015/16 emerging issue.
- e) There is potentially a cost implication in relation to sleeping night payments in the Trust's Residential Units. The financial impact has not yet been scoped and therefore has not been factored into the projected position at this stage.
- f) An issue regarding charging for Domiciliary Care to clients in Supported Living facilities is currently under review. Cessation of this charging will result in a significant cost pressure on the Trust. There may be a potential retrospective cost of this decision. The Trust is waiting guidance from DHSSPS on this issue.
- g) The circular to provide for statutory holidays whilst on maternity leave has been received by the Trust and is currently under review for implementation and financial impact.

Section 7: Key Risks

There are a number of risks which could potentially impact on the Trust's ability to maintain the £290,000 deficit or to move towards breakeven. These are:

- a) Emerging 2015/16 cost pressures which were not included within the £27.232million support funds from HSCB.
- b) Delivery of all outstanding savings targets (£7.583million).
- c) Forecasting error associated with using a straight line projection method; however the Finance Directorate will have actioned a number of adjustments based on trend analysis, to ensure that this is mitigated as far as possible.

Section 8: Conclusion

The September forecast position is a projected deficit of £290,000.

This forecast is dependent on the delivery of all outstanding savings targets.

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.