



Northern Health
and Social Care Trust

Trust Board Finance Report as at 31st October 2015

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Director of Finance

November 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
October 2015	Deficit £2.390million	Deficit £250,000	Deficit £4.382million
2014/15 Year end Financial Position Outturn	£100k surplus Unaudited (previously advised) £71,000 surplus (audited)		

Report 2: Trust Board Financial Report – October 2015

Section 1: Executive Summary

The current Trust deficit after seven months is £2.39 million with a year-end projected best estimate deficit of £250,000. 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 in year position would appear to have deteriorated by some £765,000 from last month; however this is linked to a number of the savings schemes which are expected to be delivered in the latter part of the financial year. The Trust has a statutory duty to breakeven by year end.

Section 2: Position as at 31st March 2016

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

	Best Estimate Deficit Forecast 31st October 2015	Best Estimate (Sensitivity Analysis) Deficit Forecast 31st March 2016
	£000's	£000's
General Ledger Deficit (projected)	7,300	7,300
less:2014/15 QICR savings outstanding	3,317	910
less 2015/16 Savings target outstanding	3,733	2,008
Projected Deficit	250	4,382

The Trust has 2 savings targets to be achieved in 2015/16 which total £17.548million and need to be delivered recurrently. After 7 months, £10.498million have been delivered (some non-recurrently as contingency measures) leaving £7.050million to be achieved in the remaining 5 months of this financial year (£3.317million 2014/15 QICR; £3.733million 2015/16 target).

A number of emerging cost pressures identified to HSCB for funding resources, have been approved, and the Trust has received these in the recent Revenue Resource Level allocations.

The Trust's projected year-end position is therefore a deficit of £250,000.

The Best Estimate Sensitivity Forecast is based on the 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 £4.382million.

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 7.

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	3,037	901	2,136	4,543
Community Care	1,601	766	835	2,736	1,292	1,444	2,279
Childrens	762	729	33	593	561	32	65
MHD	88	88	0	847	601	246	246
Medical & Governance	30	30	0	52	52	0	0
Nursing & User Experience	319	277	42	311	132	179	221
Performance Management	162	162	0	194	184	10	10
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	1,501	2,367	(866)	(866)
TOTALS	5,450	2,133	3,317	12,098	8,365	3,733	7,050

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.

Due to the allocation of the absence management target (previously listed under not yet allocated) of £500,000 a number of the Directorates 2015/16 targets have been amended accordingly.

Section 4: Directorate Performance

The table below details the Directorate Budgetary Positions as at month seven 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	16,121	10,034	901	4,543	643
Community Care	5,298	-	2,058	2,279	961
Childrens	4,349	1,974	1,290	65	1,020
MHD	1,218	497	689	246	(214)
Medical/ Governance	352	-	82	0	270
Nursing & User Experience	1,056	205	409	221	221
Performance Management	251	-	346	10	(105)
Corporate Overheads	670	-	21	550	99
Finance	604	424	108	0	72
HR	232	-	111	2	119
Chief Executive	108	35	20	0	53
Unallocated	928	220	4,463	(866)	(2,889)
TOTALS	31,187	13,389	10,498	7,050	250

The forecast outturn position is projecting a £250,000 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. £18.038million has already been released directly into budgets. This leaves a balance of £13.389million 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 £7.050million 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 October 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 £250,000 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 proposal to increase the hourly rate for Self Directed Support is currently under review.
- c) 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.
- d) 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.

Section 7: Key Risks

There are a number of risks which could potentially impact on the Trust's ability to maintain the £250,000 deficit or to move towards breakeven. These are:

- a) Delivery of all outstanding savings targets (£7.050million).
- b) 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. As the year progresses, the level of potential error diminishes.

Section 8: Conclusion

The October forecast position is a projected deficit of £250,000.

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.