Northern Health and Social Care Trust

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TRUST BOARD

FINANCIAL POSITION REPORT – MARCH 2023

Prepared & Issued by Finance Department – 28th April 2023

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Section 1: Financial Plan 2022/23

The Trust Finance Department worked with SPPG Finance colleagues on the 2022/23 financial plan throughout the year. From these discussions the Trust identified a number of non-recurring savings opportunities totalling £17m. SPPG identified a range of funding for pressures and in year deficit support. Both of these actions have allowed the Trust to present a breakeven in year Financial plan detailed below:-

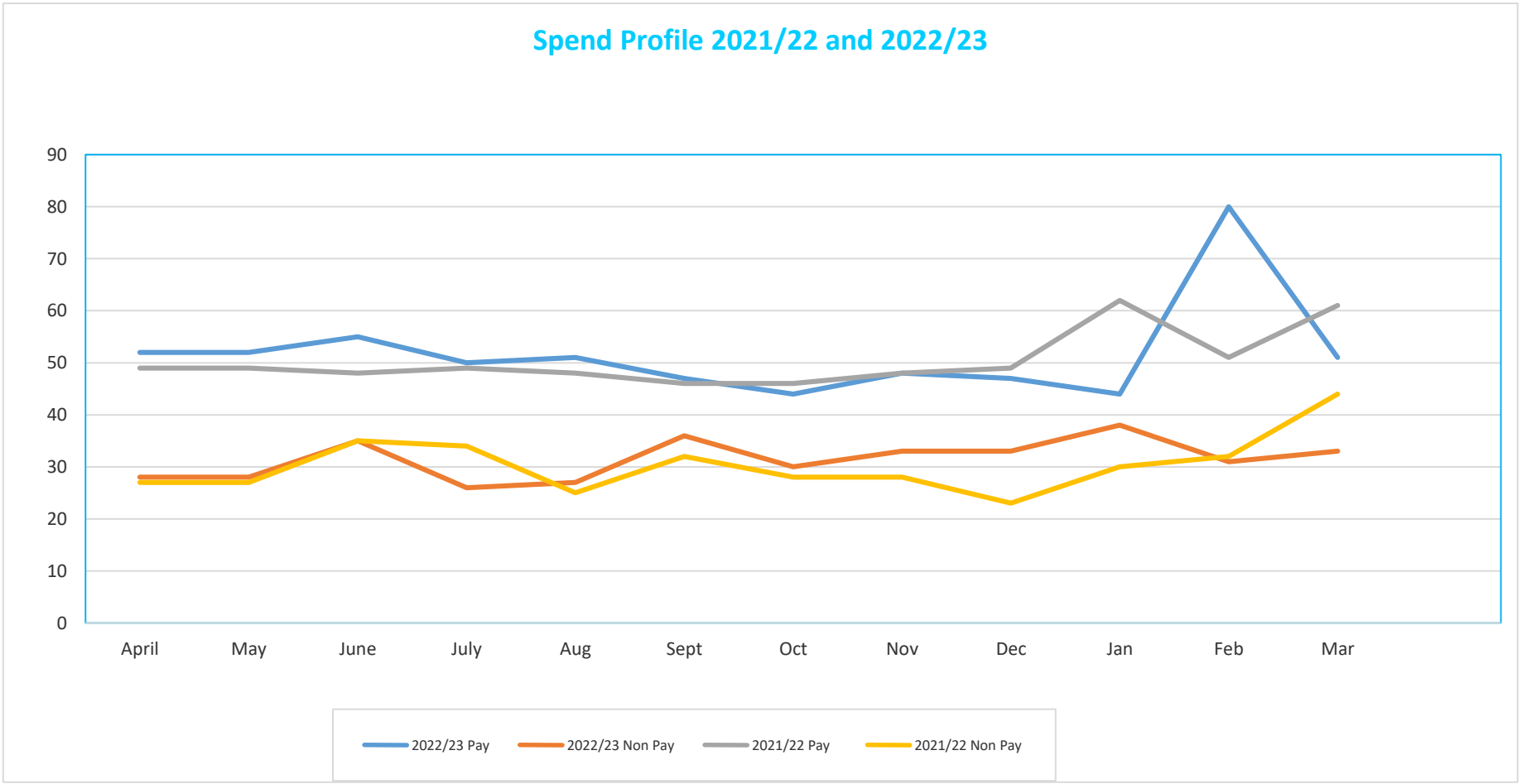
	£m
Opening Deficit after Allocations and Adjustments	**26.56**
Plus New Pressures (Net of Indicative Allocations)	22.87
Less Assumed Energy & Fuel Funding	(8.02)
Less In-Year Deficit Support	(8.70)
Less Saving Opportunities	(7.90)
Less Indicative Allocation for Inflation	(2.60)
Less Indicative Demand/Inescapables Funding to match Pressure	(0.95)
Less Additional In-Year Deficit Support	(12.78)
Less Agency Saving Target	(2.53)
Less Trust Expenditure Containment Measures	(5.95)
Plus Covid Net Deficit	0
Less Savings Requested (Nov 22)	(0.73)
Plus Retraction of Savings	0.73
2022/23 Planned Outturn (SURPLUS)	**0**

This plan assumed full delivery of all savings and for all allocations from SPPG to be received.

Section 2: Financial Position at March 2023

The unaudited financial expenditure of the Trust can be set out as follows:

	Outturn Position March 2023 £'000
Income	997,710
Total expenditure	997,619
Pay	620,456
Non-Pay	377,163
(Surplus)/Deficit with ring fenced included	(91)
% (Surplus)/Deficit against RRL	0.009%
(Surplus)/Deficit without ring fenced	(40)
% (surplus)/deficit against RRL	0.004%



Notes: The pay segment is impacted by the number of weeks which fall within the reporting month

Section 3: Financial Position by Directorate as at 31st March 2023

This section details the projected outturn as at 31st March 2023, and includes an analysis of the main reasons for any over/underspends by divisions. The Trust core non-ringfenced baseline budget is presented below.

Division/Directorate	Budget £'000	Expenditure £'000	Mth 12 Variance £'000
Medicine/Emergency Medicine	112,818	121,582	8,764
Surgical & Clinical Services	155,978	156,411	433
Community Care	193,523	194,881	1,358
Children & Young People	83,586	85,427	1,841
Mental Health/Learning Disability & CW	196,678	198,605	1,927
Medical & Governance	19,328	18,234	(1,094)
Nursing, Paediatrics, Women & Corporate Services	96,918	98,054	1,136
Strategic Planning, Performance & ICT	11,414	11,446	32
Estates	19,196	18,266	(930)
Corporate Overheads	20,945	20,683	(262)
Finance	11,570	11,674	104
Prototype	2,415	2,471	56
Human Resources, OD & Corp Comms	6,711	6,740	29
Chief Executive & Trust Board	455	435	(20)
Corporate/Cost Pressures (including Covid expenditure)	66,175	52,710	(13,465)
Totals	**997,710**	**997,619**	**(91)**

Acute Division

(a) Medicine & Emergency Medicine

The final position at March 2023 for this division is a £8.764m deficit. The key areas are:

- **Salaries £2.202m deficit**
  - **Nursing salaries £5.608m deficit**
    The deficit is attributable to agency costs incurred to cover vacant posts, staff sickness, and increased patient acuity. There is significant reliance on non-contract agencies, which incur a premium and accounts for 79% of payments.
  - **Medical salaries £2.780m deficit**
    The deficit reflects locum costs associated with absence cover.
- **Non-Payroll costs £608,000 deficit**
  - **Pharmacy supplies £723,000 deficit**
  - **Training £101,000 surplus**
  - **Travelling & subsistence £154,000 surplus**

(b) Surgical & Clinical Services

The final position at March 2023 for this division is a £433,000 deficit. The key areas are:

- **Salaries £990,000 surplus**
  - **Nursing £828,000m deficit**
    The deficit is attributable to agency costs incurred to cover vacant posts, staff sickness, and increased patient acuity. There is significant reliance on non-contract agencies, which incur a premium and accounts for 79% of payments.
  - **Medical £3.144m deficit**
    The deficit reflects locum costs associated with absence cover.
  - **Laboratory staffing £1.125m surplus**
  - **Radiography staffing £469,000 surplus**
  - **Administration £1.318m surplus**

    - **Allied Health £1.132m surplus**
- **Non-Payroll costs £1.542m deficit**
    - **Diagnostics £316,000 deficit**
    - **Laboratory supplies £806,000 deficit**
    - **Medical & Surgical Equipment £293,000 deficit**

Community Care

The Division projected year-end position is a deficit of £1.358m. Key financial issues are:

- Purchased Social Care:
    - IS Domiciliary Care – overspend of £900,000 due to activity being in excess of SBA.
    - 1:1 Bespoke Packages / Intermediate Care beds – overspend of £4.7m – due to enhanced supervision and support following discharge from Acute/Community Hospitals.
    - Nursing & Residential Placements – underspend of £300,000 due to bed days usage being below SBA.

- Deficit of £0.8m in Statutory Residential Homes due to an under-receipt of income due to reduced Permanent and Temporary residents and pay over-spends.

- Deficit emerging in Treatment Room Services of £400,000 due to increase usage of Bank staff

- Pay underspends due to vacancies and favourable incremental progressions, the largest of which are Acute OT and Recovery and IH Domiciliary Care.

Children & Young People

The Division is outturn position at March 2023 is a deficit of £1.841m.

The position excludes any transfer from Complex Case Reserves pending completion of Business Cases.

The main deficit areas are:

- Residential Units are reporting a deficit of £1.4m. The main contributing factors are additional staffing to support complex needs and sickness absence cover.
- Foster Care Agency payments are reporting £1m overspend.

Pay underspends within CAMHS due to vacancies are offsetting the position.

Paediatrics, Women's and Corporate Services

Following a restructuring of the Women, Children & Families Division and Nursing & User Experience Division Paediatric and Obs & Gynae Medical and Nursing Services now fall within the newly created Nursing, Paediatrics, Women's and Corporate Services Division.

- Medical Services are reporting a deficit of £1.4m due to Agency Locums to cover vacant posts and sickness absence.
- Women's Services Drugs and Pharmacy Supplies are reporting a deficit of £495,000.

Mental Health, LD & CWB

The Division projected year-end position is a deficit of £1.9m. Key financial issues are:

- Deficit on Mental Capacity Act – expenditure of £400,000.
- Deficit in Inpatient MH units due to increased occupancy acuity, vacancy staff sickness and Covid Rebuild cover as well as increased reliance on Agency staff (in particular non-contract Agency Staff) – deficit £3.8m.
- Deficit in Medical Staffing due to number of locums are in place in vacant posts as well as some sick and maternity leave cover – deficit £1m.
- Deficit in Statutory Supported living of £800,000 – primarily driven by under-recovery of income in the Brook due to voids.

- Purchased Social Care:
  - IS Domiciliary Care – underspend of £900,000 due to activity being in below SBA.
  - Direct Payments – surplus in Dementia of £600,000 – this is a continuation of the post covid downturn in costs.
  - 1:1 Bespoke Packages – overspend of £2.4m – due to enhanced supervision and support following discharge from Acute/Community Hospitals.

- Payroll Underspends - A number of areas have not returned to their full staffing compliment pre-Covid. Key areas are: Adult centres, MHOP, ALD, AMH and Psychology.

Corporate Overheads

Energy costs, while still high compared to historical levels, have stabilised over the last few months. The Trust has received £6.7m in non-recurrent funding towards the in-year energy pressures.

Other Directorates

The remaining directorates continue to be subject to review and should covid funding materialise will result in breakeven positions

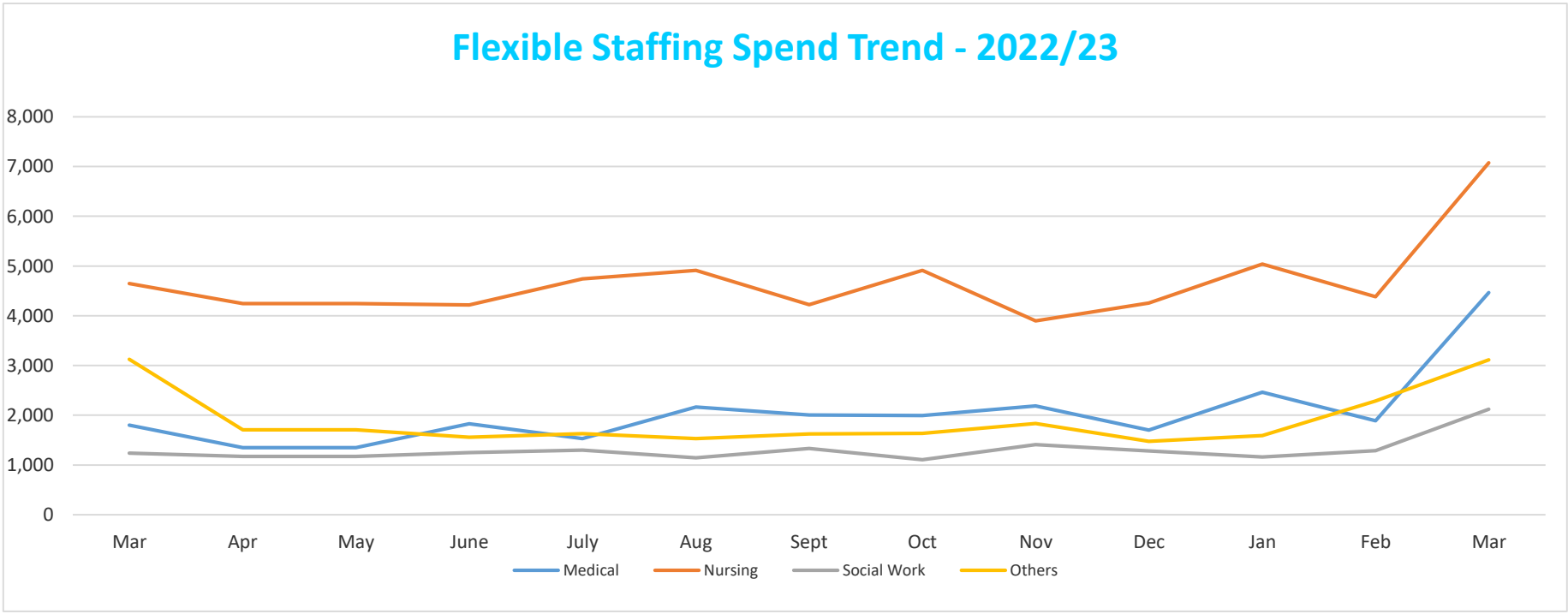
Section 4: Flexible Staff Costs as at 31st March 2023

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

A) Agency/Locum/Enhanced Hours

The total spend in these areas is summarised below:

Division/Directorate	Cum to March 2023						Cum to March 2022	Movement	
	Agency Locum £000's	Agency Other £000's	Bank £000's	Overtime £000's	Add hrs £000's	Totals £000's	£000's	£000's	%
Medicine & Emergency Medicine	10,412	16,072	3,132	707	122	30,445	26,248	4,197	16
Surgical & Clinical Services	6,499	7,710	2,315	2,050	612	19,186	14,050	5,136	37
Community Care	-	3,306	7,122	1,650	654	12,732	9,902	2,830	29
Children & Young People	-	3,978	1,504	1,177	335	6,994	10,437	(3,443)	(33)
Paed, Women's Serv & Corp Support	3,186	4,441	3,883	492	1,202	13,204	6,311	6,893	109
Mental Health/Learning Disability & CW	2,185	8,923	4,726	555	234	16,623	11,654	4,969	43
Medical & Governance	-	397	62	69	74	602	642	(40)	(6)
Strategic Planning, Performance & ICT	-	452	-	36	10	498	464	34	7
Estates	-	283	136	297	59	775	842	(67)	(8)
Finance	-	388	28	22	33	471	268	203	76
Human Resources, OD & Corp Comms	48	92	6	12	34	192	317	(125)	(39)
Others	2,599	9,688	3,840	483	27	16,637	63	16,574	26308
TOTALS	**24,929**	**55,730**	**26,754**	**7,550**	**3,396**	**118,359**	**81,198**	**37,161**	**46**



Medical and Agency spend is based on **ACTUAL** invoices in the Financial system. Accruals are separately included in the financial position where it is anticipated that spend may be missing. Note no financial position is produced for month 1 (April).

Expenditure on Flexible nursing is £56.1m cumulative to March 2023. However the main spend is directly linked to agency spend (as opposed to Bank, Overtime and Additional Hours) which is £36.7m cumulative at March 2023.

International Nurse Recruitment - current position at March 2023

The current position in relation to the INRS in the Trust, indicates we have successfully recruited and retained 203. The Trust continues to avail of INRS requiring placement.

Classification	Total of Int Nurses Recruited	Resigned/ Terminated	Total residing in Trust
European	7	7	0
Non-European	217	14	203
Totals	**224**	**21**	**203**

Non Contract Agency Spend

A monthly analysis is sent to Directorates identifying spend on agencies split between contracted (regional tendered) and off-contract companies. £15.4m has been spent on off-contract agencies for agency Medical locum while, for the same period, £33.3m has been spent on Non-medical agencies in relation to Non-Contract Agency for all other professions.

Consequently total non-contract spend of £48.7m which represents 41% of the overall total spend in these 2 categories of Temporary staff.

Total Agency and Locum spend in 2022/23 was £80.7m.

Note total agency and locum spend in 2021/22 was £63.0m.

As the non-contract expenditure 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

This represents staff that are on temporary contracts that are on the Trust payroll. Based on the information within the ledger, projected spend on temporary employees, including the previous financial year is as follows:-

Temporary Workforce	21/22 At Month 12 £000's	22/23 At Month 12 £000's	% of total 22/23 spend
Band 1-4	7,316	6,558	31
Band 5-7	10,889	10,079	47
Band 8+	1,288	1,583	7
Non AFC Bands – Medical & Dental **	3,086	3,128	15
Total	22,579	21,348	100

**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).

The spend for 2022/23 in comparison to the 2021/22 outturn position (and restated to reflect 2021/22 AFC and Medical/Dental pay awards of 3%), has decreased by £1.23m.

The 2022/23 spend represents 3.44% of the total paybill for the Trust.

C) Funded Staff Establishment

The Trust has a funded level of staffing posts, which is continually being updated for both recurrent and non-recurrent service developments.

The budgetary process monitors the staff appointed and on our payroll against the budgeted level; this is in line with the Trust's Standing Financial Instructions. In addition, where there is a need to avail of medical and non-medical agency cover (for vacancies, sickness, maternity), this expenditure is indicatively adjusted to provide an estimated level of WTE. Other backfill flexibility is sourced from bank, overtime and additional hours and this expenditure has also been adjusted to provide an indicative WTE.

Category	Total FSL (WTE) (including Non recurrent)	Staff on Payroll		Agency Indicative (WTE)	Flexible Backfill Indicative (WTE)	Total Indicative Staff (WTE)	Variance (WTE)
		Perm (WTE)	Temp (WTE)				
Admin & Clerical	1,822	1,600	125	126	44	1,895	73
Estates	176	154	1	3	7	165	(11)
Medical & Dental	731	365	28	134	0	527	(204)
Nursing & Midwifery	3,686	3,437	83	419	220	4,159	473
Professional/Technical	1,692	1,543	92	73	71	1,779	87
Social Services	2,767	2,248	90	130	258	2,726	(41)
Support Services	953	774	20	131	77	1,002	49
TOTALS	**11,827**	**10,121**	**439**	**1,016**	**677**	**12,253**	**426**

Currently the Trust has in the region an additional 426 WTE staff over the funded staffing level. A range of transformation posts are included in the staffing levels: funding has not yet been confirmed against those schemes. The COVID Workforce appeal has also resulted in additional staff which are included in these numbers.

Whilst maternity and sickness backfill will account for the majority of this, there will be a small number of staff who have been appointed as a result of:

a) Career break cover
b) Peripatetic cover
c) Advancement appointment where funding has not yet been received from the Commissioner but is confirmed (timing delay).

Section 5: Savings Plan Progress – by Directorate

The Trust has been advised of the indicative Targets to be set in 2022/23.

Classification	£000's	Savings Proposals 2022/23 Per update from MORE Project Board December 2022	£000's	Achieved to date (projected) £000's	Recurrent Achievement Expected £000's
Medicines Optimisation Efficiency	1,172	Medicine Optimisation Efficiency	1,172	1,172	1,172
2022/23 Savings Targets	**1,172**	**2022/23 Savings Proposals**	**1,172**	**1,172**	**1,172**

Section 6: NDNA Transformation Proposals

The Trust is progressing a range of proposals now under the banner of NDNA Transformation schemes, Mental Health (formerly C&S) and BAU Transformation schemes.

7 MH schemes £1.8m (FYE) are now funded recurrently. There are 9 schemes that are no longer to be included as transformation schemes. There are now 30 schemes under the banner of BAU Transformation with CYE spend of £7.3m. There are a further 9 schemes under the banner of NDNA Transformation that are ring-fenced and reported on the financial monitoring returns. The Trust has reported full year spend of £4.3m against these ring-fenced NDNA schemes on the financial monitoring return. Comparing the full year spend of all of these BAU and NDNA transformation schemes to allocations received and indicative allocations there is a shortfall that is included as a Trust Deficit in the Financial Plan. The Trust is working with Commissioners to identify funding allocations and what schemes can then progress and what schemes will cease.

Section 7: COVID Cost Implications

The impact of the Coronavirus (Covid 19) emerged in March 2020 and continues to generate actions to deal with patients/clients.

SPPG have moved funding/costs for No More Silos and Nightingale out of Covid and into Core. Therefore the costs below exclude these projects.

Summarised areas of spend at March 2023 are:

Classification	**Expenditure £000's**
Additional staff (Workforce)	4,275
Service Delivery	1,602
Infrastructure	0
Equipment and Supply (incl PPE)	12,986
Digital and communications	0
Corporate (incl loss of income)	775
Others	5,203
Total	**24,841**

For 2022/23 Financial year these costs will be fully funded by SPPG. However, for 2023/24 SPPG and DoH expect covid cost to be significantly reduced, based on current guidelines.

Section 8: Key Assumptions and Risks

A number of financial assumptions and risks were made in relation to the Financial Plan for 2022/23 and also with regard to the overall financial position.

- An additional 1.25% employer related National Insurance tax was introduced in April 2022 until 5th November 2022. This has been fully funded by SPPG.

- The Trust has been instructed to proceed with the commissioning and implementation of Abortion services over the coming months. The Trust has received notification from SPPG to confirm that this service will now be fully funded.
- SPPG/DoH have now fully resourced non-recurrently Covid and Transformation costs. However, in relation to transformation, there remains a recurring deficit of £4.6m.
- The Trust continues to experience a shortfall in the recruitment and retention of mainly medical and nursing staff. As a result, there is a reliance on high cost off contract agency appointments. This continues to be a financial pressure, which will impact into 2022/23. A range of initiatives were underway to mitigate these pressures including innovative recruitment drives and review of agency and locum utilisation, including a medical scrutiny committee.
- The Trust continues to monitor areas and to drive down costs where applicable. A Trust Locum Scrutiny Group has been established to review locum costs and a regional review of nurse agency costs continue with local implementation through Trust Nurse Utilisation Group.
- Cost pressures continue to be raised by providers in the Independent Sector with regard to the impact of the National Minimum Wage in Social settings, and other inflationary pressures i.e. 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.
- It has been agreed regionally that the PSNI holiday and sickness accrual will now be recognised in the Trust Accounts as a provision. From Month 8 the accrual has been rebased from the Balance Sheet into the Income & Expenditure statement. SPPG have retracted funding to match. The total value was circa £14.2m. Both expenditure and budget are supressed in-year as a result.
- The HRPTS (Payroll) has a range of outstanding issues, which impact on our current position. It is understood that the Payroll system requires a number of 'fixes' in order that these issues are corrected and fit for purpose in 2022/23. The Trust continues to liaise with the BSO Customer Forum to drive these issues forward.
- The Trust is reporting a cumulative average absence rate of 7.80% as at February 2023. The DoH target for 2022/23 is confirmed as 6.83%.

The Late Payment of Commercial Debts Regulations 2002 (updated 2013) allows commercial organisations to levy both interest and penalty charges on invoices that are deemed overdue for payment. The measure is generally payment is to be made within 30 days of receipt of the invoice or the delivery of the goods or services.

To negate the impact of this potential late payment liability, the Trust endeavours to settle all outstanding invoices within the required period and currently the Trust performance measure indicates that for February 2023 almost 95.42% of invoices have been paid.

Section 9: Out-turn Position

The unaudited outturn positon is £91k surplus.

Section 10: Recurrent Position

The Trust is working with SPPG on a draft 2023/24 Financial plan to include the 2022/23 outturn recurrent position. That analysis will especially be in relation to the impact of

- Covid (PPE/project rebuild)
- Transformation
- NMS
- The Full Year Effect of 2022/23 cost pressures and expected inescapable pressures for 2023/24

and will be dependent on the confirmation of recurrent funding from SPPG sources.

Our Vision

To deliver excellent integrated services in partnership with our community

If you would like to give feedback on any of our services please contact:
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Telephone: 028 9442 4655

Northern Health and Social Care Trust

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