Northern Health and Social Care Trust

INVESTORS IN PEOPLE | Accredited Until 2021

TRUST BOARD

FINANCIAL POSITION REPORT – DECEMBER 2021

Prepared & Issued by Finance Department – 24th January 2022

Contents

Section 1: Financial Plan 2021/22

The Trust Finance Department have been liaising with HSCB finance colleagues regarding the 2021/22 financial plan. A draft financial plan was submitted to HSCB on 27th May 2021 where the opening deficit position of the Trust was a deficit of £43.762m. This Opening position, when the scale of new and emergent pressures were reviewed and associated indicative allocations were included, was adjusted to £68.585m. Further reviews of expenditure by the Trust and reassessment of funding by HSCB have reduced the in year position to **BREAKEVEN.**

This is a movement of £1.936m on the previous month's position. Funding for COVID and NDNA transformation shortfalls have been confirmed. The Trust also received £5.276m from the October monitoring round and £2m towards energy pressures.

A further £5.765m of accounting issues are being reviewed separately by DoH and HSCB and consequently are not currently included in the Trust's financial plan submission for 2021/22. The full year recurrent impact is also noted below. This equates to £129.344m (Excluding the accounting entries which remain with HSCB/DoH for consideration). Note the HSCB have recently commenced the 2022/23 Financial planning process, so this estimate may change.

	£m (fye)
• Core	68.541
• COVID	37.520
• Nightingale	7.202
• NMS	11.794
• Transformation	4.287

In addition, the Trust has been presented with a further Savings Target for 2021/22 amounting to £1.172m in respect of pharmaceutical procurement.

Included in the Trust submission is a range of recurrent and non recurrent saving proposals. The Trust has submitted £8.970m of downturn on business as usual activities. It is important to note that, at this stage of the financial year, there are a number of significant issues which will impact on the Trust Financial position in the current year, and these include:

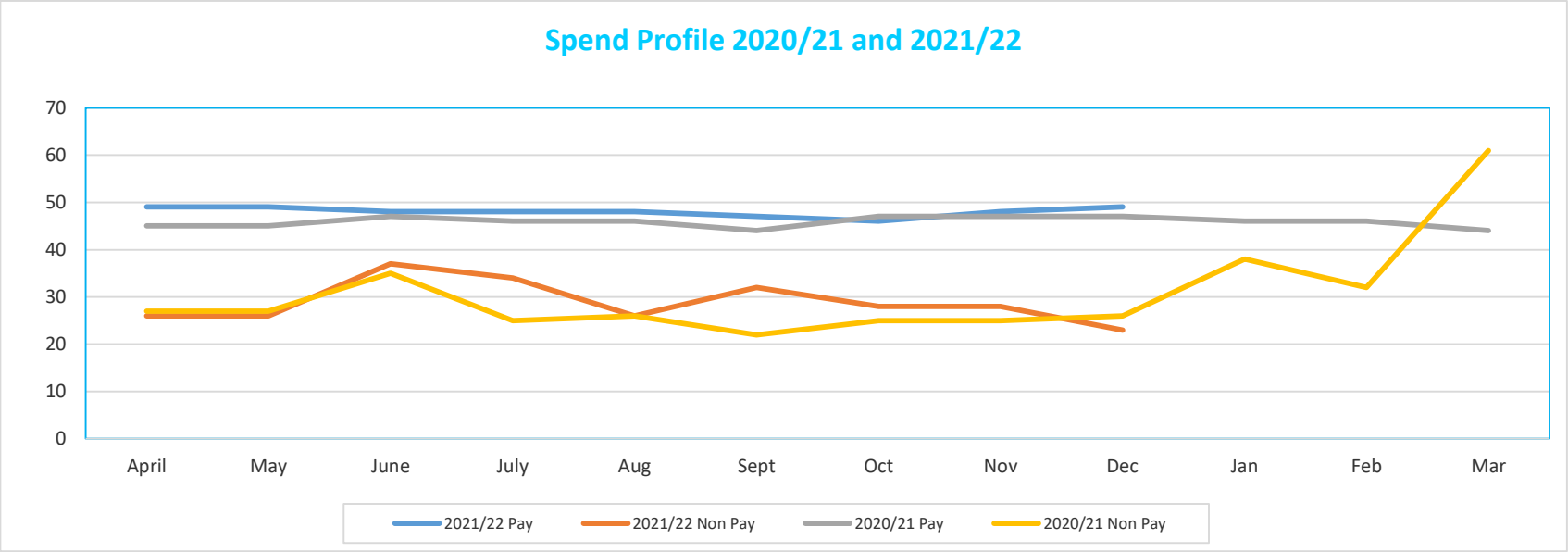
- Delivering core and safer Staffing proposals
- High cost placements for childrens and adults
- Lack of demography funding for 2021/22
- Clinical Excellence Awards.
- Holiday and Sick Pay issues

The Trust will seek to work closely with HSCB and DoH to address these uncertainties in coming months; whilst a range of indicative allocations have been shared with the Trust, these are still subject to change.

Section 2: Financial Position at December 2021

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

	Actual Expenditure (Mth 9) £'000	Forecast Position March 2022 £'000
Income	(693,478)	(924,640)
Total expenditure	693,478	924,640
Pay	432,816	577,092
Non-Pay	260,662	347,548
(Surplus)/Deficit	0	0
% (Surplus)/Deficit against RRL	0	0



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 December 2021

This section details the projected outturn at 31st March 2022 as at 31st December 2021, and includes an analysis of the main reasons for any over/underspends by divisions.

Division/Directorate	Budget £'000	Expenditure £'000	Mth 9 Variance £'000	Projected outturn March 2022 £'000
Medicine/Emergency Medicine	76,240	81,796	5,556	
Surgical & Clinical Services	103,809	105,379	1,570	
Community Care	129,093	128,996	(97)	
Women, Children's & Families	95,217	97,903	2,686	
Mental Health/Learning Disability & CW	133,725	133,278	(447)	
Medical & Governance	13,063	13,062	(1)	
Nursing User Experience	26,411	26,359	(52)	
Strategic Development & Business Services	7,704	7,698	(6)	
Estates	13,434	13,555	121	
Corporate Overheads	12,424	13,233	809	
Finance	8,023	7,813	(210)	
Prototype	1,388	1,959	571	
Human Resources, OD & Corp Comms	4,723	4,753	30	
Chief Executive & Trust Board	341	297	(44)	
Corporate/Cost Pressures (including Covid expenditure)	67,883	56,397	(10,486)	
Totals	**693,478**	**693,478**	**0**	**DEFICIT Breakeven**

Expenditure includes Transformation schemes, which the Trust is waiting confirmation of funding. This is projected to be in the region of £10m based on the indicatives schedule. Expenditure in relation to COVID, NMS, Nightingale and other core pressures highlighted in the financial plan are included in the figures above. The indicative funding has been included in the figures above within the corporate line.

A number of areas have not yet incurred expenditure – this is expected in later months. Consequently the Month 9 variance above does not reflect the full extent of the deficit portrayed in the financial plan.

Acute Division

(a) Medicine & Emergency Medicine

The projected position at December 2021 for this division is a £7.407m deficit.

The deficit includes projected expenditure associated with continuing Transformation projects and COVID spend, for which funding has not been allocated.

The key areas are:

- **Salaries £7.265m deficit**
  - **Nursing salaries £4.890m deficit**
    It is estimated that £567k is attributable to Transformation schemes. The remaining deficit is attributable to agency costs incurred to cover absence and increased acuity, and continuing COVID spend. There continues to be significant reliance on non-contract agencies, which incur a premium and accounts for 83% of payments.
  - **Medical salaries £2.531m deficit**
    It is estimated that £1.230m is attributable to Transformation schemes. The deficit reflects locum costs associated with absence cover.
  - **All other areas £156,000 surplus**
- **Non-Payroll costs £175,000 deficit**
  - **Pharmacy supplies £299,000 deficit**
  - **Travelling & subsistence £128,000 surplus**
  - **Training £84,000 surplus**
  - **All other areas £88,000 deficit**

(b) Surgical & Clinical Services

The projected position at December 2021 for this division is a £2.092m deficit.

The deficit includes projected expenditure associated with continuing Transformation projects and COVID spend, for which funding has not been allocated.

The key areas are:

- **Salaries £1.447m deficit**
  - **Nursing £1.601m deficit**
    It is estimated that £359k is attributable to Transformation schemes. The remaining deficit is attributable to the agency costs incurred to cover absence and increased acuity, and continuing COVID spend. There continues to be significant reliance on non-contract agencies, which incur a premium and accounts for 90% of payments.
  - **Medical £1.459m deficit**
    It is estimated that £124,000 relates to Transformation schemes. The remaining deficit reflects locum costs associated with absence cover.
  - **Laboratory staffing £98,000 surplus**
  - **Radiography staffing £338,000 surplus**
  - **Administration £522,000 surplus**
  - **All other £655,000 surplus**
- **Non-Payroll costs £700,000 deficit**
  - **Diagnostics £569,000 deficit**
  - **Laboratory supplies £348,000 deficit**
  - **Pharmacy Supplies £170,000 surplus**

Community Care

The Division is projecting a surplus of £129,000.

Key financial issues are:

- No funding assumed for outstanding Transformation schemes – expenditure of £331,000 included in forecast.
- Purchased Social Care:
  - IS Domiciliary Care – forecast overspend of £1.0m due to activity being in excess of SBA.
  - Direct Payments – forecast overspend of £115,000 due to activity being in excess of SBA.
  - 1:1 Bespoke Packages / Intermediate Care beds – forecast overspend of £2.6m – mostly due to isolation costs following discharge from Acute/Community Hospitals.

    - Nursing & Residential Placements – forecast underspend of £2.3m due to forecast bed days based on April-November usage being below SBA.
- Deficit in Statutory Residential Homes due to an under-receipt of income due to reduced Permanent and Temporary residents and unfunded cost increases due to job evaluation of Support Services staff from Band 2 to Band 3.
- Pay underspends due to vacancies and favourable incremental progressions, the largest of which are Acute OT and Recovery and IH Domiciliary Care.

Women & Children's

The projected position at December 2021 for this division is a deficit of £3.581m. The position includes expenditure on the following which have not yet been resourced:

- Transformation Schemes £300,000
- Former Transformation schemes £55,000
- COVID related expenditure £577,000

The main deficit areas are:

- Residential Units are projecting a deficit of £1m. The main contributing factors are additional staffing to support complex needs and sickness absence cover.
- Forecast Care Agency payments are projecting £848,000 overspend.
- Medical Services are reporting a deficit of £1.2m due to Agency Locums to cover vacant posts and sickness absence. These are currently under review

Other areas of underspend within the Division are abating the position.

Mental Health, LD & CWB

The Division is projecting a surplus of £596,000. Key financial issues are:

- Deficit projected on Mental Capacity Act – expenditure of £500,000 included in forecast.
- Deficit in Inpatient MH units due to acuity, vacancy staff sickness and Covid Rebuild cover as well as increased reliance on Agency staff (in particular non-contract Agency Staff) – forecast deficit £0.8m.

- Deficit in Medical Staffing due to number of locums are in place in vacant posts as well as some sick and maternity leave cover – forecast deficit £2.0m.
- Purchased Social Care:
    - IS Domiciliary Care – forecast overspend of £297,000 due to activity being in excess of SBA in Dementia.
    - Direct Payments – forecast surplus in Dementia of £394,000 – this is a continuation of reduction in costs in 20/21.
    - 1:1 Bespoke Packages – forecast overspend of £2.5m – mostly due to isolation costs following discharge from Acute/Community Hospitals.
    - Nursing & Residential Placements – forecast underspend of £2.2m due to forecast bed days based on April-October usage being below SBA.
- Pay underspends which is due both to posts which have been hard to fill and also the 'churn' as vacant and new posts are filled by internal appointees whose posts are then vacant.
- Cost reductions in services where costs have not returned to pre-pandemic levels due to reduced activity levels – in particular in Adult Centres.

Nursing and User Experience

The year end position is a surplus of £69,000.

The Directorate is also expecting in the region of some £400,000 of Transformation/COVID funding which will increase this surplus. The loss of income relating to carparking and canteen takings are included in this figure – this loss in the region of £930,000 and has been fully funded through COVID funding.

Other Directorates

The remaining directorates will with the outstanding transformation and COVID funding result in breakeven positions in line with roll forward projections

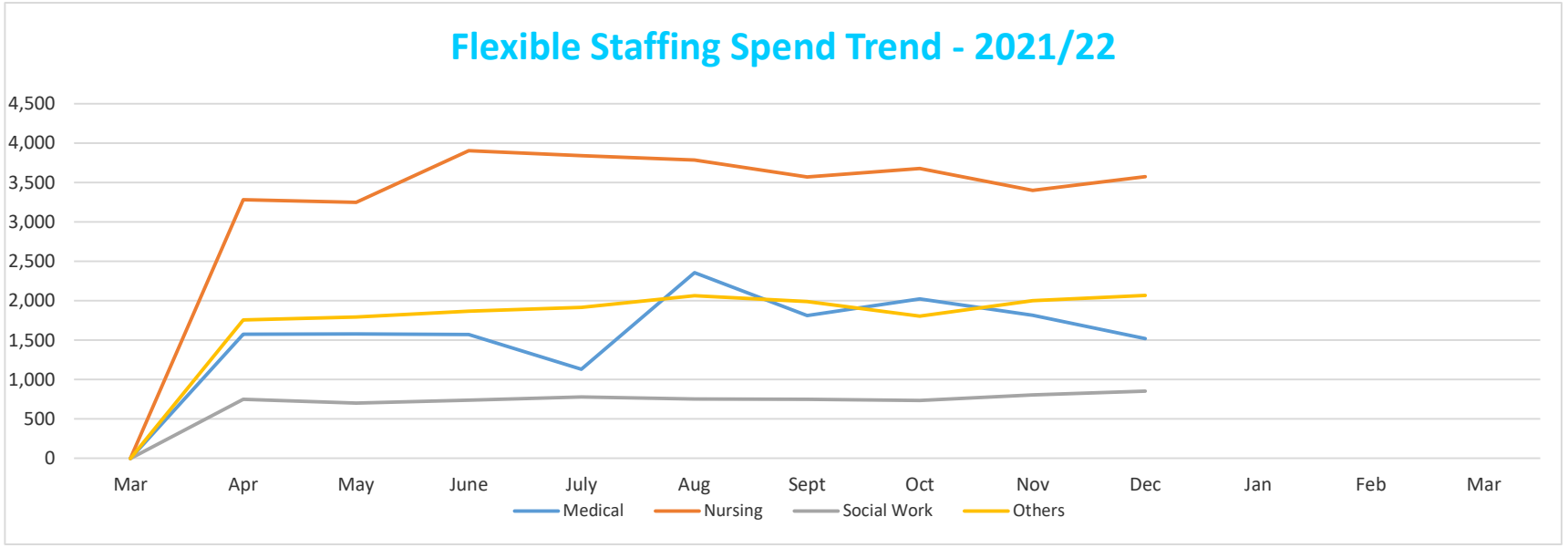
Section 4: Flexible Staff Costs as at 31st December 2021

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 December 2021						Cum to Dec 2020	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	7,637	9,357	2,040	475	5	19,514	15,590	3,924	25
Surgical & Clinical Services	2,622	4,801	1,241	1,370	17	10,051	7,862	2,189	28
Community Care		1,003	4,609	966	34	6,612	6,146	466	8
Women, Children's & Families	1,970	2,474	2,315	797	17	7,573	6,225	1,348	22
Mental Health/Learning Disability & CW	2,042	2,759	3,588	367	8	8,764	6,414	2,350	37
Medical & Governance		250	105	69	5	429	563	(134)	(24)
Nursing & User Experience		2,309	1,294	289	66	3,958	4,220	(262)	(6)
Strategic Planning & Business Services		335		35		370	217	153	71
Estates		364	64	171	4	603	740	(137)	(19)
Finance		127	44	36	2	209	232	(23)	(10)
Human Resources, OD & Corp Comms	46	127	8	15	2	198	221	(23)	(10)
Others		22	2	6		30	45	(15)	(33)
TOTALS	**14,317**	**23,928**	**15,310**	**4,596**	**160**	**58,311**	**48,475**	**9,836**	**20**



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 £32.3m cumulative to December 2021 and projects to £43m for the financial year. However the main spend is directly linked to agency spend (as opposed to Bank, Overtime and Additional Hours) which is £19.3m cumulatively to December2021.

Locum expenditure is projected to be £20.5m a movement of £2.8m on the 2020/21 outturn position.

The Trust had anticipated in the region of 100 INRs to have been placed with the Trust by the end of 2020/21. Excluding those INR who have resigned or been terminated, the Trust reached this target.

The current position at November 2021 is

Classification	Total of Int Nurses Recruited	Resigned/ Terminated	Total residing in Trust
European	7	7	0
Non-European	138	4	134
Totals	**145**	**11**	**134**

Non Contract Agency Spend

A monthly analysis is sent to Directorates identifying spend on agencies split between contracted (regional tendered) and off-contract companies. £9.4m has been spent on off-contract agencies for agency Medical locum while, for the same period, £17m has been spent on Non-medical agencies in relation to Non-Contract Agency for all other professions.

Consequently total non-contract spend of £26.4m which represents 57% of the overall total spend in these 2 categories of Temporary staff (ie of £46m spend).

Projected total spend on a straightline basis is £61.9m.

Note total agency and locum spend in 2020/21 was £50.4m.

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.

It should be noted that these costs include 2020/21 Winter Pressure/COVID-19 actions, which have run through to 2021/22; and Transformation Expenditure.

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	20/21 £000's	21/22 At Month 9 £000's	% of total 21/22 spend
Band 1-4	9,166	7,206	33
Band 5-7	8,902	10,348	47
Band 8+	985	1,242	6
Non AFC Bands – Medical & Dental **	2,590	3,095	14
Total	21,643	21,891	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 projected spend for 2021/22 in comparison to the 2020/21 outturn position, has increased by £248,000.

The 2021/22 spend represents 3.8% 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	1,773	1,549	143	141	45	1,878	105
Estates	168	150	4	9	6	169	1
Medical & Dental	680	357	27	121	0	505	(175)
Nursing & Midwifery	3,610	3,391	96	339	228	4,054	444
Professional/Technical	1,615	1,524	132	61	78	1,795	180
Social Services	2,718	2,212	109	93	255	2,669	(49)
Support Services	947	769	25	130	73	997	50
TOTALS	**11,511**	**9,952**	**536**	**894**	**685**	**12,067**	**556**

Currently the Trust has in the region an additional 556 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.

The Trust also employs a headcount of approximately 6,000 staff on Bank contracts. Some of these staff will already be holding substantive contracts with the Trust and these substantive staff are included in the figures above. Bank staff as they are zero hours contracts are not included.

The variance of 556WTE will reduce once the funded allocation for Transformation posts is released by HSCB.

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 2021/22.

Classification	£000's
Medicines Optimisation Efficiency	1,172
2021/22 Savings Targets	**1,172**

Savings Proposals 2021/22 As outlined in financial plan July 2021 (cye)	£000's
Medicine Optimisation Efficiency	(625)
2021/22 Savings Proposals	**(625)**

Achieved to date (projected) £000's	Recurrent Achievement Expected £000's
(736)	(923)
(253)	**(469)**

Section 6: NDNA Transformation Proposals

The Trust is progressing a range of proposals under the banner of NDNA Transformation.

7 MH schemes £1.8m (FYE) are now funded recurrently. There are a further 11 schemes that are no longer to be included as transformation schemes. The Trust has completed financial monitoring returns reporting year to date spend of £7.6m and projected CYE spend of £10.25m (at 20/21 rates) against all remaining transformation schemes in year. Comparing this projected CYE spend to current funding received and indicative allocations there is a significant shortfall. The Trust is currently working with Commissioners to identify funding allocations. The Trust also continues to communicate with Commissioners in order to agree actions going forward into the next financial year. This is in respect of schemes where there are shortfalls compared to assumed recurrent funding allocations advised.

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.

Summarised areas of spend are:

Classification	**Expenditure £000's**
Additional staff (Workforce)	7,330
Service Delivery	6,757
Infrastructure	338
Equipment and Supply (incl PPE)	20,699
Digital and communications	0
Corporate (incl loss of income)	1,191
Others	7,104
Total	**43,419**

Section 8: Key Assumptions and Risks

A number of financial assumptions and risks were made in relation to the Financial Plan for 2021/22 and also with regard to the overall financial position.

The DoH/HSCB have introduced a new funding term in 2021/22; where a range of developments (including transformation proposals) have secured in year funding; however whilst the recurrent funding source has not been confirmed, the Trust is permitted to progress these schemes recurrently. Until a recurrent funding source is known, this will increase the Trust's overall financial deficit into 2022/23. The full impact of this has not yet been confirmed as DoH/HSCB continue to advise on classification of allocations.

- An Agenda for Change pay award of 3% has been confirmed. It is anticipated that Payroll Shared Services Centre will process this fully in January 2022. Circular in respect of Medical/Dental staff has also been received (3% uplift) and may be paid in February 2022. Senior executives pay award remain outstanding.
- A non-consolidated uplift has also been announced by the Health Minister. This is unlikely to be paid until April 2022.
- The Trust is due to undertake a survey in respect of untaken annual leave in 2021/22. This will form the basis of the year end accrual. Consideration of annual leave buy out is currently under review by the Directors of HR Forum.

- The project rebuild proposals services are critical to the day to day running of services (such as lab, swabbing, fit testing). HSCB have indicated that non-recurrent funding in full has been ringfenced this financial year to ensure that these services can continue to be delivered.
- The vaccination programme is continuing into January 2022; a range of additional centres have been utilised in order to roll out the booster programme.
- One implication of the AFC refresh agenda will be to remove the Band 1 scale across the HSC which is effective from 1/1/21. The Trust has approximately 150 staff (both substantive and bank) which are impacted by this. There are approximately 2,600WTE Band 1 staff regionally, therefore the impact on NHSCT is marginal. Costed options have been shared with HSCB/DoH. Staff have been repositioned on HRPTS in October 2021; backdated to January 2021. Payroll are in the process of removing all Band 1 posts.
- The removal of the transition points in Bands 5-6 will have a recurrent cost impact on the Trust. Confirmation of funding is expected from the Commissioner/HSCB. In the meantime, budgets have been uplifted recurrently to reflect the change in the payscales.
- Recognition by HSCB/DoH as to the scale of the emerging pressures including COVID and Transformation, has not been fully confirmed on a recurrent basis.
- A Radiology look back exercise is underway. Costs in relation to the impact of this are currently being incurred and reflected in the position.
- 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 2021/22. 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.
- 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, 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.
- The new 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 2021/22. 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 6.93% as at November 2021. The DoH target for 2021/22 is confirmed as 6.34%.

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 December 2021 almost 94.78% of invoices have been paid.

Section 9: In Year Position

The year to date position for the Trust monitoring returns is BREAKEVEN.

The projected forecast outturn position is in line with the revised Trust Financial plan is BREAKEVEN.

Section 10: Recurrent Position

The recurrent position of the Trust is under review pending the submission of the financial plan for 2021/22. Presently the Commissioner/DoH are concentrating on the 2021/22 position. However the indicative recurrent deficit is estimated to be £129.344m (excluding the accounting entries pressures for CEA/holiday pay currently below the line).

Analysis is continuing to review this position, especially in relation to the impact of

- Covid (PPE/project rebuild)
- Transformation
- NMS
- Cost pressures emerging for 2021/22.

and will be dependent on the confirmation of recurrent funding from Commissioning 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:

Email: user.feedback@northerntrust.hscni.net

Telephone: 028 9442 4655

Northern Health and Social Care Trust

@NHSCTrust

www.northerntrust.hscni.net

WORKING TOGETHER
EXCELLENCE
COMPASSION
OPENNESS & HONESTY