Northern Health and Social Care Trust

INVESTORS IN PEOPLE | Accredited Until 2021

TRUST BOARD

FINANCIAL POSITION REPORT – FEBRUARY 2022

Prepared & Issued by Finance Department – 18 March 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.**

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.

Following a request by the Commissioner, an initial 2022/23 Financial plan projection was submitted on 2nd February 2022. This equated to £129.198m and is analysed as follows:-

	£m (fye)
• Core	61.003
• Transformation	6.052
• Savings	(3.073)
• BAU downturn	(1.650)
• Accounting entries	5.912
• COVID	24.842
• PPE	21.644
• Nightingale	5.468
• NMS	9.000

There has been no confirmation of a 2022/23 savings target.

Included in the Trust's 2020/21 position 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

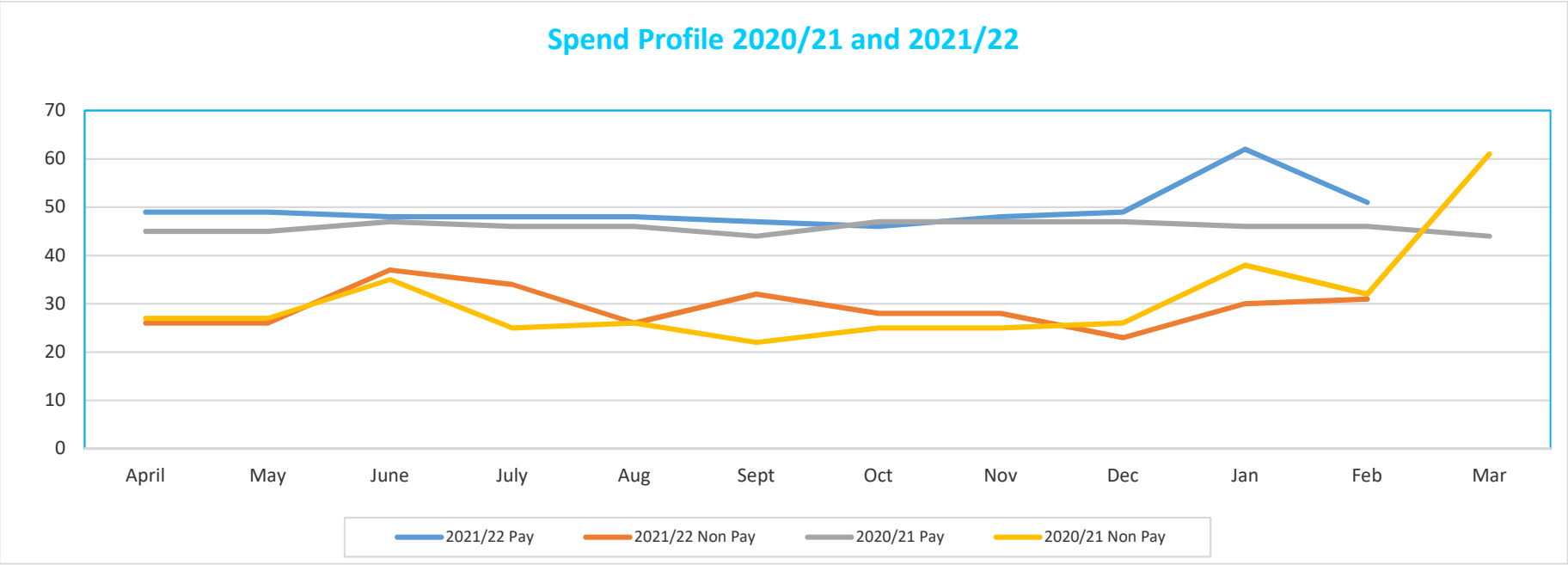
- Lack of demography funding for 2021/22
- Clinical Excellence Awards.
- Holiday and Sick Pay issues

The Trust will seek to work closely with HSCB and DoH to address any uncertainties in the remaining month of this financial year.

Section 2: Financial Position at February 2022

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

	Actual Expenditure (Mth 11) £'000	**Forecast Position March 2022 £'000**
Income	(872,446)	(951,761)
Total expenditure	868,103	951,762
Pay	546,364	595,975
Non-Pay	321,739	355,787
(Surplus)/Deficit	(4,342)	1
% (Surplus)/deficit against RRL	(0.50)	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 January 2022

This section details the projected outturn at 31st March 2022 as at 28th February 2022, and includes an analysis of the main reasons for any over/underspends by divisions.

Division/Directorate	Budget £'000	Expenditure £'000	Mth 11 Variance £'000	Projected outturn March 2022 £'000
Medicine/Emergency Medicine	95,345	101,918	6,573	
Surgical & Clinical Services	129,798	129,980	182	
Community Care	159,977	159,904	(73)	
Women, Children's & Families	119,908	122,157	2,249	
Mental Health/Learning Disability & CW	165,093	163,852	(1,241)	
Medical & Governance	16,381	16,306	(75)	
Nursing User Experience	33,613	33,292	(321)	
Strategic Development & Business Services	9,862	9,855	(7)	
Estates	17,338	17,319	(19)	
Corporate Overheads	17,131	17,158	27	
Finance	9,919	9,754	(165)	
Prototype	1,867	2,245	378	
Human Resources, OD & Corp Comms	5,900	5,989	89	
Chief Executive & Trust Board	416	364	(52)	
Corporate/Cost Pressures (including Covid expenditure)	89,898	78,010	(11,888)	
Totals	**872,446**	**868,103**	**(4,343)**	**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.

Acute Division

(a) Medicine & Emergency Medicine

The projected position at February 2022 for this division is a £7.171m deficit.

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

The key areas are:

- **Salaries £7.314m deficit**
  - **Nursing salaries £4.839m deficit**
    It is estimated that £580k 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 £2.675m deficit**
    It is estimated that £1.239m is attributable to Transformation schemes. The deficit reflects locum costs associated with absence cover.
  - **All other areas £200,000 surplus**
- **Non-Payroll costs £115,000 surplus**
  - **Pharmacy supplies £60,000 deficit**
  - **Travelling & subsistence £129,000 surplus**
  - **Training £88,000 surplus**
  - **All other areas £42,000 deficit**

(b) <u>Surgical & Clinical Services</u>

The projected position at February 2022 for this division is a £198,000 deficit.

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

The key areas are:

- **Salaries £187,000 deficit**
  - **Nursing £1.368m deficit**
    It is estimated that £361k 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 £907,000 deficit**
    It is estimated that £124,000 relates to Transformation schemes. The remaining deficit reflects locum costs associated with absence cover.
  - **Laboratory staffing £294,000 surplus**
  - **Radiography staffing £299,000 surplus**
  - **Administration £623,000 surplus**
  - **All other £872,000 surplus**
- **Non-Payroll costs £80,000 deficit**
  - **Diagnostics £384,000 deficit**
  - **Laboratory supplies £203,000 deficit**
  - **Pharmacy Supplies £410,000 surplus**

Community Care

The Division is projecting a surplus of £80,000.

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 £0.6m due to activity being in excess of SBA.
    - Direct Payments – forecast overspend of £112,000 due to activity being in excess of SBA.
    - 1:1 Bespoke Packages / Intermediate Care beds – forecast overspend of £2.7m – mostly due to isolation costs following discharge from Acute/Community Hospitals.
    - Nursing & Residential Placements – forecast underspend of £1.8m due to forecast bed days based on April-February usage being below SBA.
- Deficit in Statutory Residential Homes due to an under-receipt of income due to reduced Permanent and Temporary residents.
- 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 February 2022 for this division is a deficit of £2.453m. The position includes expenditure on the following which have not yet been resourced:

- COVID related expenditure £41,000

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 £851,000 overspend.

- Medical Services are reporting a deficit of £1m 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 £1.4m. Key financial issues are:

- Deficit projected on Mental Capacity Act – expenditure of £0.5 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 £0.5m.
- 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 £1.6m.
- Purchased Social Care:
    - IS Domiciliary Care – forecast overspend of £41,000 due to activity being in excess of SBA in Dementia.
    - Direct Payments – forecast surplus in Dementia of £378,000 – 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 £1.8m 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 £350k.

The Directorate is also expecting in the region of some £266,000 of Transformation/COVID funding which will increase the 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

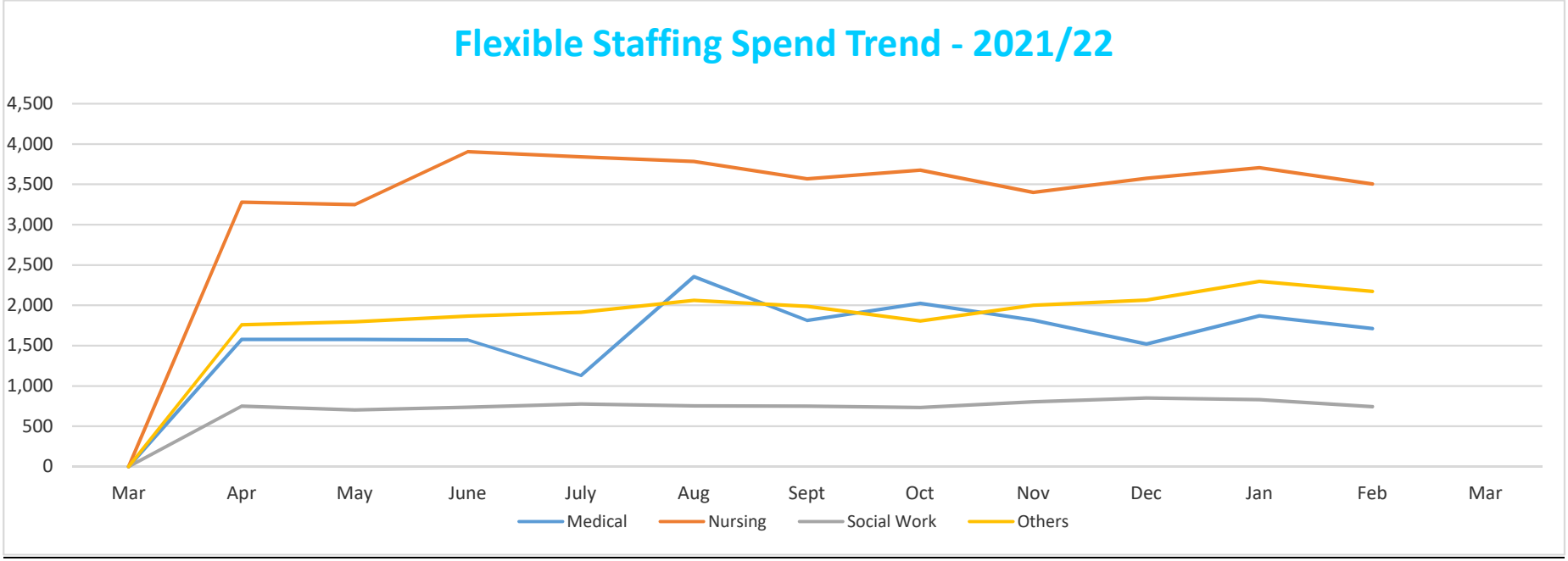
Section 4: Flexible Staff Costs as at 31st February 2022

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 February 2022						Cum to Feb 2021	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	8,308	10,233	2,750	521	89	21,901	19,683	2,218	11
Surgical & Clinical Services	2,986	5,271	1,572	1,572	349	11,750	9,893	1,857	19
Community Care		1,155	5,251	1,096	443	7,945	7,682	263	3
Women, Children's & Families	2,296	2,783	2,299	904	236	8,518	7,802	716	9
Mental Health/Learning Disability & CW	2,267	2,981	4,137	409	115	9,909	8,389	1,520	18
Medical & Governance		287	120	75	56	538	737	(199)	(27)
Nursing & User Experience		2,537	1,628	325	783	5,273	5,140	133	3
Strategic Planning & Business Services		373		41	1	415	303	112	37
Estates		399	72	195	35	701	817	(116)	(14)
Finance		149	69	40	10	268	301	33	(11)
Human Resources, OD & Corp Comms	51	140	9	19	29	248	246	2	1
166Others		22	3	9		34	61	(27)	(44)
TOTALS	**15,908**	**26,330**	**17,910**	**5,206**	**2,146**	**67,500**	**61,054**	**6,446**	**11**



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 £40m cumulative to February 2022 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 £23.3m cumulatively to February 2022.

Locum expenditure is projected to be £20.7m a movement of £3m on the 2020/21 outturn position.

Non Contract Agency Spend

A monthly analysis is sent to Directorates identifying spend on agencies split between contracted (regional tendered) and off-contract companies. £10.7m has been spent on off-contract agencies for agency Medical locum while, for the same period, £21m has been spent on Non-medical agencies in relation to Non-Contract Agency for all other professions.

Consequently total non-contract spend of £31.7m which represents 55.8% of the overall total spend in these 2 categories of Temporary staff (ie of £56.7m spend).

Projected total spend on a straightline basis is £62m.

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.

International Nurse Recruitment - current position at February 2022

Classification	Total of Int Nurses Recruited	Resigned/ Terminated	Total residing in Trust
European	7	7	0
Non-European	143	4	139
Totals	**150**	**11**	**139**

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	20/21 Restated for Pay Award uplift 21/22	21/22 At Month 11 £000's	% of total 21/22 spend
Band 1-4	9,166	9,441	7,344	33
Band 5-7	8,902	9,169	10,815	48
Band 8+	985	1,014	1,288	6
Non AFC Bands – Medical & Dental **	2,590	2,590	3,055	13
Total	21,643	22,214	22,502	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 (and restated to reflect 2021/22 AFC pay award of 3%), has increased by £288,000.

Bands 1-4 temporary spend has decreased by £2.097m (22%) on 2020/21 whilst the projected spend for Bands 5-7 has increased by 18% (£1.646m).

Medical/Dental spend has also increased by £465,000 (18%). The Medical/Dental pay award is not expected to be actioned until March 2022.

The 2021/22 spend represents 3.76% 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	1,785	1,564	146	141	54	1,905	120
Estates	171	160	4	9	6	179	8
Medical & Dental	699	352	22	122	0	496	(203)
Nursing & Midwifery	3,639	3,397	91	335	232	4,055	416
Professional/Technical	1,621	1,518	145	62	84	1,809	188
Social Services	2,739	2,200	110	94	260	2,664	(75)
Support Services	949	770	27	132	79	1,008	59
TOTALS	**11,603**	**9,961**	**545**	**895**	**715**	**12,116**	**513**

Currently the Trust has in the region an additional 513 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 513 WTE 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	Savings Proposals 2021/22 As outlined in financial plan July 2021 (cye)	£000's	Achieved to date (projected) £000's	Recurrent Achievement Expected £000's
Medicines Optimisation Efficiency	1,172	Medicine Optimisation Efficiency	(625)	(876)	(923)
2021/22 Savings Targets	**1,172**	**2021/22 Savings Proposals**	**(625)**	**(876)**	**(923)**

Section 6: NDNA Transformation Proposals

The Trust is progressing a range of proposals now under the banner of NDNA Transformation schemes and BAU Transformation schemes.

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 £9.3m and projected CYE spend of £10.2m (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 however in year slippage on RRL allocations are being used to address the in-year shortfall as per agreement with HSCB. 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)	9,999
Service Delivery	9,891
Infrastructure	388
Equipment and Supply (incl PPE)	23,784
Digital and communications	0
Corporate (incl loss of income)	1,443
Others (includes Nightingale)	8,939
Total	**54,444**

NB: NMS is no longer classed as COVID

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% was paid in January 2022. The Circular in respect of Medical/Dental staff has also been received (3% uplift) and is due to be paid in March 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 undertaking a survey in respect of untaken annual leave in 2021/22. This will form the basis of the year end accrual. Formal notification has been sent to staff to consider annual leave buy-out. Requests are underway.
- The vaccination programme is continuing into March 2022; scaled back to the main vaccination Centre from February onwards.
- 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 7.00% as at January 2022. 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 February 2022 almost 93.84% of invoices have been paid.

Section 9: In Year Position

The year to date position for the Trust monitoring returns is a surplus of £4.343m. This is due to expenditure expected in the March 2022 relating to COVID.

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 draft financial plan for 2022/23. The indicative recurrent deficit is estimated to be £129.198m.

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

- Covid (PPE/project rebuild)
- Transformation
- NMS
- Cost pressures emerging from 2021/22 into the new financial year.

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
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