Northern Health and Social Care Trust

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TRUST BOARD

FINANCIAL POSITION REPORT – FEBRUARY 2023

Prepared & Issued by Finance Department – 21st March 2023

Contents

Section 1: Financial Plan 2022/23

The Trust Finance Department have been working over recent months with SPPG Finance colleagues on the 2022/23 financial plan. There were a number of meetings and discussions over August and September 2022.

Following these discussions the Director of Finance of SPPG has written to the Trust to formalise indicative allocations to the Trust.

The Director of Finance at SPPG wrote to the Trust on the 25th November 2022 to request further savings of £725,000. The Trust has identified 2022/23 service development slippage non-recurrently to deliver these savings. DoH have notified that these savings will be retracted from the Trust budget.

Taking account of these allocations and the further assumptions that underpin them, the projected Trust deficit for 2022/23 is set out 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 assumes indicative funding for full PPE and Covid essentials costs in 2022/23. It also assumes indicative funding for:-

- 2021/22 Growth funding £1.9m

This outturn includes the Trust achieving a share of the regional Agency Savings target for reduction in non-contract agency use of £2.5m. The Trust is looking at opportunities to address this through Nurse Utilisation groups.

This plan assumes full funding from SPPG for 2022/23 Pay award and non Pay inflation. SPPG had asked the Trust to deliver savings opportunities in 2022/23 to the same value of those delivered in 2021/22 at £8.99m. During 2021/22 the Trust made recurrent savings of £1.09m leaving £7.9m to be delivered in 2022/23. The Trust has fully achieved this target non-recurrently in 2022/23.

As part of this financial plan the Trust has agreed to deliver further cost containment measures of £5.95m. These will be delivered through a range of non-recurrent pay and non-pay efficiencies which will have minimal service impact.

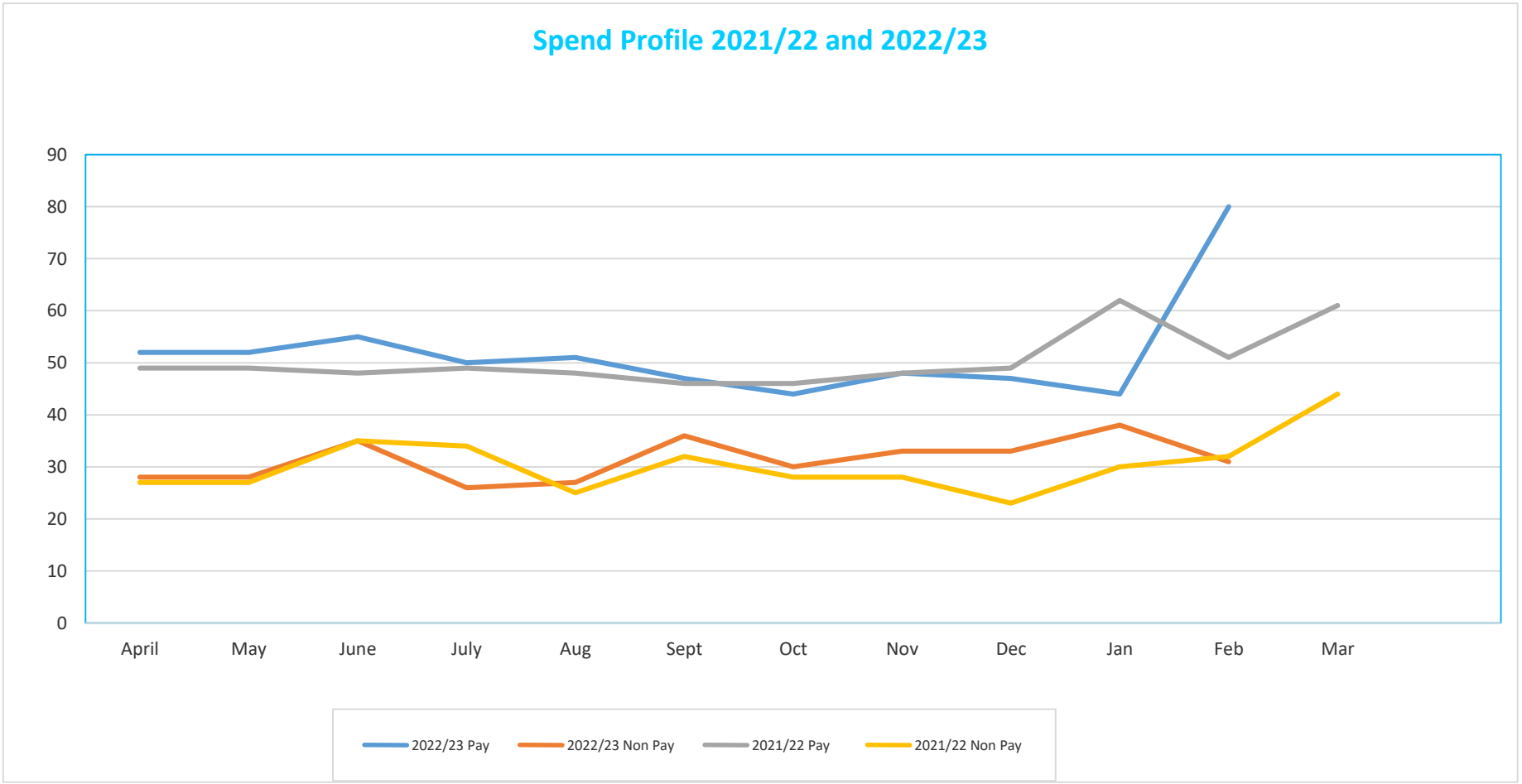
The Trust's financial plan excludes regional pressures, including Clinical Excellence and Holiday sick pay as these are being addressed in common with the regionally agreed position.

The Trust will continue to work closely with SPPG and DoH over the coming months.

Section 2: Financial Position at February 2023

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

	Actual Expenditure (Mth 11) £'000
Income	913,320
Total expenditure	913,320
Pay	569,646
Non-Pay	343,674
(Surplus)/Deficit	0
% (Surplus)/Deficit against RRL	N/A



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 28th February 2023

This section details the projected outturn as at 28th February 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 11 Variance £'000	Projected outturn March 2023 £'000
Medicine/Emergency Medicine	99,350	108,275	8,925	
Surgical & Clinical Services	137,175	137,755	581	
Community Care	172,416	173,890	1,474	
Children & Young People	74,364	76,027	1,663	
Mental Health/Learning Disability & CW	175,789	177,342	1,553	
Medical & Governance	16,915	16,291	(624)	
Nursing, Paediatrics, Women & Corporate Services	84,306	85,638	1,332	
Strategic Planning, Performance & ICT	10,129	10,131	2	
Estates	16,905	16,356	(549)	
Corporate Overheads	20,109	20,310	201	
Finance	10,408	10,198	(210)	
Prototype	2,143	2,174	31	
Human Resources, OD & Corp Comms	5,930	5,919	(11)	
Chief Executive & Trust Board	418	397	(21)	
Corporate/Cost Pressures (including Covid expenditure)	86,963	72,617	(14,346)	
Totals	**913,320**	**913,320**	**0**	**BREAKEVEN**

This includes assumed funding that the Trust has not yet received.

A number of areas have not yet incurred expenditure – this is expected in later months. Consequently the Month 11 variance above does not reflect the full extent of the deficit portrayed in the financial plan.

Allocation has been received from SPPG and accrual has been accounted for 2022/23 pay award for all staff and for IS tariff. This has been reflected in both the YTD position at Month 11 and the projected position to year-end.

Acute Division

(a) Medicine & Emergency Medicine

The projected position at February 2023 for this division is a £9.736m deficit. The key areas are:

- **Salaries £9.316m deficit**
  - **Nursing salaries £6.174m 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 £3.249m deficit**
    The deficit reflects locum costs associated with absence cover.
- **Non-Payroll costs £465,000 deficit**
  - **Pharmacy supplies £629,000 deficit**
  - **Training £110,000 surplus**
  - **Travelling & subsistence £187,000 surplus**

(b) Surgical & Clinical Services

The projected position at February 2022 for this division is a £634,000 deficit. The surplus includes projected expenditure of £353,000 associated with areas for which funding has not yet been allocated. The key areas are:

- **Salaries £109,000 surplus**
  - **Nursing £1.045m 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 £3.312m deficit**

The deficit reflects locum costs associated with absence cover.
    - **Laboratory staffing £1.034m surplus**
    - **Radiography staffing £355,000 surplus**
    - **Administration £1.139m surplus**
    - **Allied Health £1.138m surplus**
- **Non-Payroll costs £888,000 deficit**
    - **Diagnostics £185,000 deficit**
    - **Laboratory supplies £717,000 deficit**
    - **Medical & Surgical Equipment £200,000 deficit**

Community Care

The Division projected year-end position is a deficit of £1.608m. Key financial issues are:

- Purchased Social Care:
    - IS Domiciliary Care – overspend of £300,000 due to activity being in excess of SBA.
    - 1:1 Bespoke Packages / Intermediate Care beds – overspend of £4.5m – due to enhanced supervision and support following discharge from Acute/Community Hospitals.
    - Nursing & Residential Placements – underspend of £500,000 due to bed days usage being below SBA.

- Deficit of £800,000 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 projecting a year-end deficit of £1.815m.

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 £1.2m. 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.
- Drugs and Pharmacy Supplies are reporting a deficit of £450,000.

Mental Health, LD & CWB

The Division projected year-end position is a deficit of £1.7m. 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 £2.2m.

- 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
    - 1:1 Bespoke Packages – overspend of £2.3m – 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

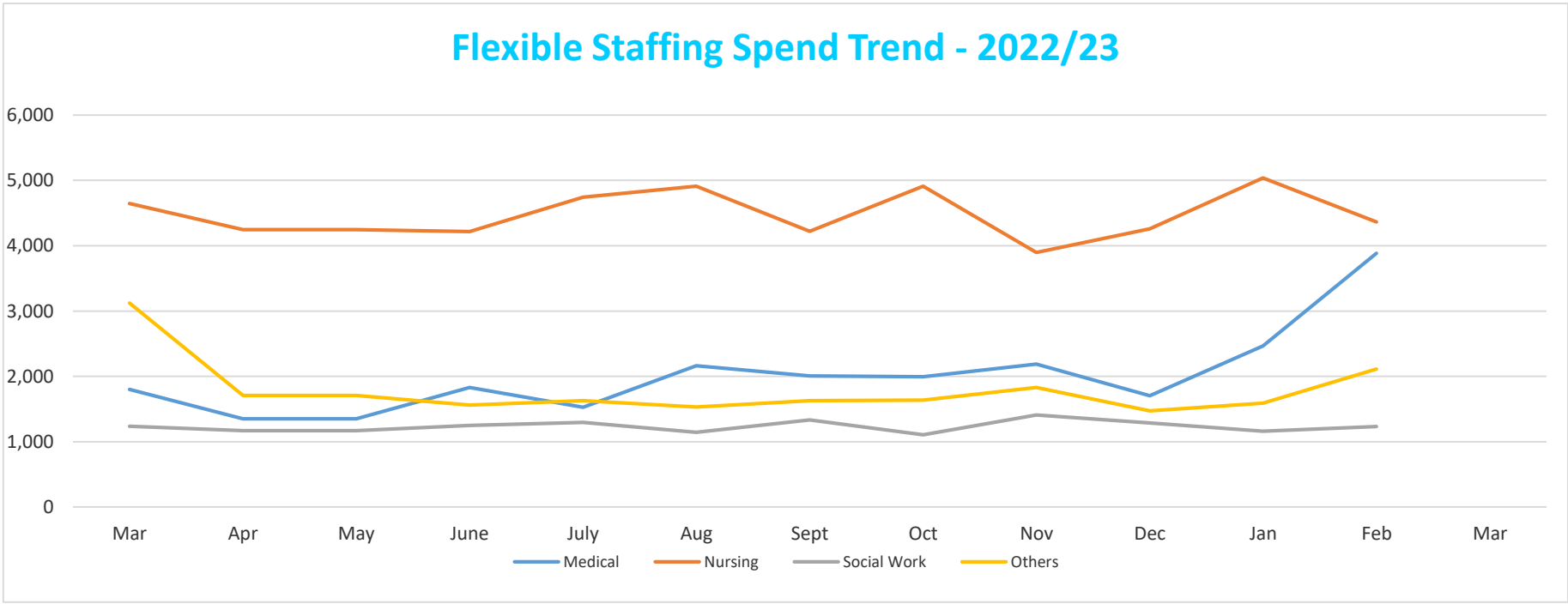
Section 4: Flexible Staff Costs as at 28th February 2023

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 February 2023						Cum to Feb 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	9,526	14,423	2,797	625	101	27,472	21,901	5,571	25
Surgical & Clinical Services	5,793	6,615	2,040	1,804	502	16,753	11,750	5,003	43
Community Care	0	2,777	6,202	1,415	526	10,921	7,945	2,976	37
Children & Young People	0	3,335	1,318	1,032	283	5,968	8,518	(2,550)	(30)
Paed, Women's Serv & Corp Support	2,803	3,744	3,386	427	958	11,318	5,273	6,045	115
Mental Health/Learning Disability & CW	1,954	7,360	4,101	482	193	14,089	9,909	4,180	42
Medical & Governance	0	355	57	65	61	539	538	1	0
Strategic Planning, Performance & ICT	0	388	0	22	8	417	415	2	1
Estates	0	245	115	257	47	665	701	(36)	(5)
Finance	0	323	17	18	28	386	268	118	44
Human Resources, OD & Corp Comms	43	77	4	9	30	163	248	(85)	(34)
Others	2,342	8,653	3,209	417	24	14,645	34	14,611	42973
TOTALS	**22,461**	**48,297**	**23,247**	**6,572**	**2,761**	**103,337**	**67,500**	**35,837**	**53**



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 £49,031 cumulative to February 2023 and projects to £53.6m for the financial year. However the main spend is directly linked to agency spend (as opposed to Bank, Overtime and Additional Hours) which is £32,184 cumulative at February 2023 (Projecting to £35.1m).

International Nurse Recruitment - current position at February 2023

The current position in relation to the INRS in the Trust, indicates we have successfully recruited 196. 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	207	11	196
Totals	**214**	**18**	**196**

Non Contract Agency Spend

A monthly analysis is sent to Directorates identifying spend on agencies split between contracted (regional tendered) and off-contract companies. £29.8m has been spent on off-contract agencies for agency Medical locum while, for the same period, £13.8m has been spent on Non-medical agencies in relation to Non-Contract Agency for all other professions.

Consequently total non-contract spend of £43.6m which represents 61.6% of the overall total spend in these 2 categories of Temporary staff (ie of £70.8m spend).

Projected total agency and locum spend on a straightline basis is £77.2m.

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 11 £000's	% of total 22/23 spend
Band 1-4	7,316	6,311	31
Band 5-7	10,889	9,811	47
Band 8+	1,288	1,529	7
Non AFC Bands – Medical & Dental **	3,086	3,018	15
Total	22,579	20,669	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 £1.91m.

The 2022/23 spend represents 3.63% 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	1,816	1,599	121	120	41	1,881	65.0
Estates	176	152	1	3	7	163	(13.0)
Medical & Dental	728	361	26	132	-	519	(209.0)
Nursing & Midwifery	3,680	3,418	85	399	209	4,111	431.0
Professional/Technical	1,681	1,540	92	70	67	1,769	88.0
Social Services	2,766	2,240	91	124	244	2,699	(67.0)
Support Services	953	774	21	123	70	988	35.0
TOTALS	**11,800**	**10,084**	**437**	**971**	**638**	**12,130**	**330.0**

Currently the Trust has in the region an additional 330 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**

The Trust is currently reviewing potential procurement savings with the lead pharmacist and expects to achieve full target by 31st March 2023.

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 an estimated projected CYE spend of £7.05m. 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 year to date spend of £3.9m and estimated projected CYE spend of £4.3m (at 20/21 rates) 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 February 2023 are:

Classification	**Expenditure £000's**
Additional staff (Workforce)	3,460
Service Delivery	1,607
Infrastructure	0
Equipment and Supply (incl PPE)	12,334
Digital and communications	0
Corporate (incl loss of income)	710
Others	4,868
Total	**22,979**

For 2022/23 Financial year these costs will be fully funded by SPPG.

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 has received the agreed pay award uplift funding from SPPG. An accrual at Month 11 has been included to estimate the amount owed to staff and IS providers in respect of tariff uplifts. This does not include any changes to non-pay following UK led negotiations with UK government and implications from these negotiations are not yet known.
- The Trust is reporting a cumulative average absence rate of 7.76% as at January 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 95.79% of invoices have been paid.

Section 9: In Year Position

The year to date net expenditure position for the purpose of the Trust monitoring returns is £913,429.

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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