Northern Health and Social Care Trust

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TRUST BOARD

FINANCIAL POSITION REPORT – MAY 2023

Prepared & Issued by Finance Department

Contents

Section 1: Financial Performance 2023/24

Financial Performance Targets	RAG STATUS
1. Agree in-year break-even financial plan agreed with SPPG and DoH	R
The Trust has worked with SPPG to produce An outline draft Financial Plan; this is set out in section 2. A formal draft is to be submitted to SPPG by 30th June 23. Current estimate is for a Financial Plan deficit of £43.3m.	
2. Achieve in-year break-even outturn within allocated Revenue Resource Limit (RRL)	R
The Projected outturn at month 2 is in line with the draft Financial Plan and a deficit of ££43.3m. This is set out in section 3.	
3. Achieve 2023/24 Savings Target	R
The SPPG has set the Trust a savings target of £29.4m. The Trust has identified savings plans of £16.1m, to date £5.8m projected of these have been achieved. This is set out in section 4.	
4. Reductions to Agency Spend **a) Cease all off Framework Social Work Agency 01/04/23 and all Social Work Agency from 01/07/23** **b) Cease all off Framework Nurse Agency Spend by 15th August 2023**	N/A
Social Work Agency off Framework has only commenced and due to timing of invoices there will still be some costs incurred. The cessation of Off Framework Agency will not start until later in the Financial Year.	
5. Prompt Payment Target - 95% of suppliers within 30 days	G
Trust performance measure indicates that for May 2023 almost 94.98% of invoices have been paid per prompt payment target.	

Section 2: Financial Plan 2023/24

The Trust has engaged over the last number of months with SPPG finance colleagues to develop a Financial Plan. To inform that plan the Trust submitted a draft position on 23rd January 2023 that set out the Trusts opening Roll Forward deficit, Covid Essentials & PPE deficit, new 2023/24 pressures and indicative savings scenarios.

Following that submission the Director of Finance at SPPG wrote to the Trust on 21st April 2023 setting out the pressures that SPPG would fund, the Indicative Allocations that would be available and setting out Trust Savings Target of £29.4m. The Trust had identified £16.1m of savings opportunities against this target that could be achieved with little or no service impact.

Further discussions between Finance departments has continued and the Trusts deficit and pressures has been further refined. On the 14th June 2023 Sharon Gallagher, Deputy Permanent Secretary at SPPG wrote to the Trust setting out further allocation assumptions. This letter also requests submission of formal Financial Plan from the Trust by 30th June 2023.

Based on these meetings, letters and indicative allocations the current draft Financial Plan for 2023/24 is set out below:

Table 1: 2023/24 Draft Financial Plan

	£'M
Deficit Reported to Permanent Secretary May 22	64,444
Less Energy, Allocations plus FYE tails	(94)
Less recurrent funding agreed in 2022/23	(16,294)
Less Recurrent Adjustments & Allocations 2023/24	(6,058)
Less Recurring Deficit funding per SPPG DoF Letter	(34,480)
Plus 2023/24 Savings Target Retractions	29,379
Less 2023/24 Savings Plans	(16,056)
Plus 2023/24 Covid Essentials & PPE	11,900
Less 2023/24 Covid Support Funding	(2,400)
Plus Service Pressures 2023/24	24,728
Less Additional support funding per Sharon Gallagher SPPG Letter	(11,773)
SUB-TOTAL DEFICIT	**43,296**

Assumptions

1. This is based on estimates and forecasts of spend to 31st March 2023, this assumes that these patterns of expenditure will be consistent through 2023/24 financial year.
2. This assumes funding from SPPG set out in letters from DoF and Deputy Permanent Secretary at SPPG.
3. This assumes, per S Gallagher letter of 14th June 2023 that all 2023/24 High Cost Drug and Senior Executive Pay Award pressures will be funded.
4. Estimates and projections will continue to be reviewed and refined as we progress through this financial year.

Section 3: Financial Position at May 2023

The Income and Expenditure position at May 2023 is:

Table 2: 2023/24 Month 2 (May 23) Income & Expenditure

	Actual Expenditure (Mth 2) £'000
Income	168,370
Total expenditure	175,586
Pay	107,585
Non-Pay	68,001
(Surplus)/Deficit at May 23	7,216
Projected (Surplus)/Deficit at May 23	43,296
% (Surplus)/Deficit against RRL	4.3%

The projected outturn as at 31st March 2023 is set out in Table 3 below and includes an analysis of the main over/underspends by Division. Note that funding from SPPG towards the deficit as set out in the Financial Plan has not yet been allocated to Divisions and is included as part of Corporate Cost/Pressures.

Also included in Corporate Cost/Pressures are other central costs such as Waiting List Initiative, PPE, Surestart as well as Service Developments not yet started.

In Year Position

The Year to date expenditure position per the Trust Monitoring Returns is £107.6m.

Recurrent Position

The Recurrent positon continues to be under review pending the final submission of the 2023/24 Financial Plan and agreement on funding streams.

Division Financial Position

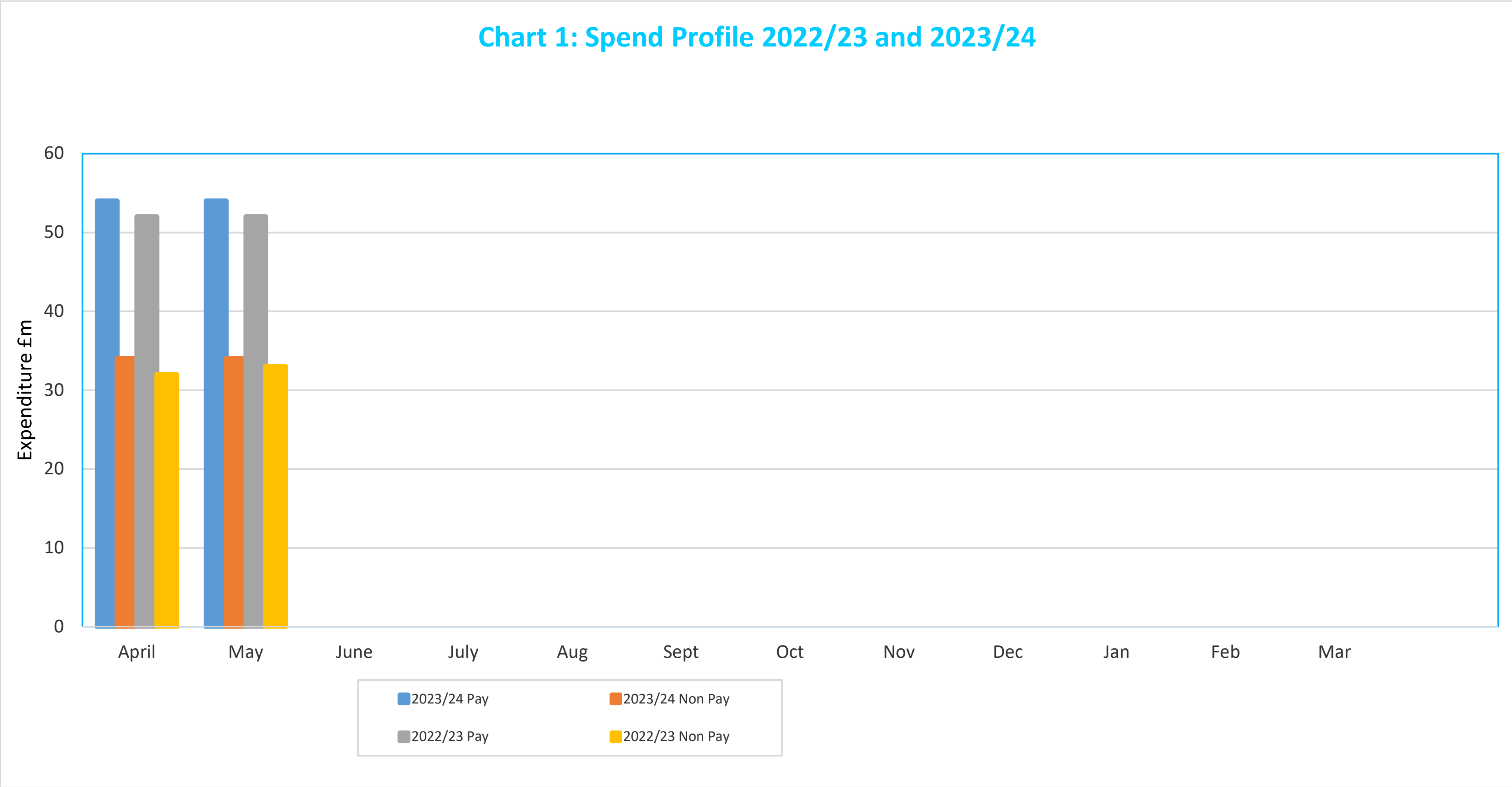
Table 3: 2023/23 Projected Outturn by Division

Division/Directorate	Budget £'000	Expenditure £'000	Mth 2 Variance £'000	Projected Outturn May 2023 £'000
Medicine & Emergency Medicine	19,809	22,275	2,466	
Surgical & Clinical Services	25,332	26,196	864	
Community Care	33,131	34,014	883	
Children & Young People	14,071	14,534	463	
Mental Health, Learning Disability & CW	33,552	34,795	1,243	
Medical & Governance	3,246	3,248	2	
Nursing, Paediatrics, Women & Corporate Services	15,782	16,045	263	
Strategic Planning, Performance & ICT	1,789	1,728	(61)	
Estates	2,393	2,293	(100)	
Corporate Overheads	2,760	2,813	53	
Finance	1,926	1,879	(47)	
Prototype	375	406	31	
Human Resources, OD & Corp Comms	1,127	1,219	92	
Chief Executive & Trust Board	76	70	(6)	**£43.3M**
Corporate/Cost Pressures (including PPE expenditure)	13,001	14,071	1,070	**DEFICIT**
Totals	**168,370**	**175,586**	**7,216**	

Key Drivers of Variances are:

- Medicine & Emergency Medicine – total deficit is £14.8m projected less £4.8m of costs included in financial plan or Covid deficit. This deficit remains one of the key areas of financial risk. The Director is keen to develop a financial recovery plan and we have started to work with her on that. However many of their issues relate to those areas that the Trust is looking at as part of overall Financial Stability – that is Medical Locums, Nurse Agency and 1:1's.
- Surgical & Clinical Services – total deficit is £5.2m less £1.3m of costs included in the financial plan or Covid deficit. This position has deteriorated from roll forward – primarily in Nursing Costs, Medical Costs, Pharmacy Costs and Pathology and Radiology.
- Community Care – total deficit is £5.3m projected less financial plan deficits of £3.2m. The biggest issues in this Division remain 1:1's / Bespoke, but the position on District Nursing and Community Hospitals Nursing pay staff has deteriorated. There is also an over spend on IS Domiciliary Care and Direct Payments – but this is offset by an underspend in MHLDCW in the same categories – re-aligning these budgets might be something that RIG wants to consider.
- Children & young People – total deficit is £2.8m – but that is all included within the Financial Plan. There continues to be pressures on the Corporate Parenting side of the Division, but these are being off-set by surpluses due to vacant posts in the rest of the Division, in particular in CAMHS.
- Mental Health, LD & CW – total deficit is £7.5m less £9.0m of costs in financial plan. While this leaves core position in an underspend there are still some concerning deficit areas including the continued nursing pressures in Acute Inpatients (including in Inver 4), Bespoke 1:1 packages and discharges/resettlements from Holywell. There is also a large underspend in IS Domiciliary Care and Direct payments (see note under Community Care) and also there continues to be vacant posts throughout the Division.
- Nursing, PWCS – total deficit is £1.6m projected less £0.4m included in financial plan. The key driver of this deficit is Medical and Nursing costs in O&G and Paediatrics, although there is also pressure in Catering/Domestics that we are reviewing.
- Corporate Overheads – there continues to be global price pressures on HLP, Water and Fuel, however SPPG has released non-recurrent funding to cover the deficit projected.
- Other Directorate – the other Directorate are under-spent overall, these continued to be monitored and discussed with Directorates.

The profile of the expenditure in the Trust on Pay and Non-Pay cumulatively to Month 2 for 2022/23 and 2023/24 is set out below in Chart 1.



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

Section 4: Savings Target 2023/24

The Trust has been set a savings target of £29.4m by DoH/SPPG and have had funding retracted at that level. As part of the Trusts overall contribution to savings we have developed a savings plan that will have no or minimal service impact. The total of this plan comes to £16.1m leaving a gap of £13.3m between the retracted savings target and the identified plans, this gap is presented in the Trusts financial forecast as part of the underlying in-year deficit.

The identified £16.1m of savings plans are made up of non-recurrent elements delivered in previous years that can be delivered again in 2023/24, one-off achievable savings that are not deliverable in future years, recurrent Pharmacy Savings and savings on Agency staffing and 1:1's.

The savings plan and the savings achieved to date are set out in table 4 below. These savings are monitored (including agreement on baseline) and will be reported to the Trusts Delivering Value group.

Table 4: Savings Plans 2023/24

Scheme	£'000
2023/24 Savings Retraction by SPPG	29,379
Savings Achieved	
Technical Adjustments N/R	(500)
Continuation of Savings Achieved Previous Years N/R	(1,020)
Apprentice Levy N/R surplus	(500)
Service Development Slippage N/R	(1,216)
Personality Disorders Slippage N/R	(200)
Pharmacy Posts N/R	(75)
Travel Savings N/R	(1,508)
MORE Savings	(747)
Pharmacy Rebates N/R	(65)
Sub-total Net Position on Savings	**23,548**
Planned Savings – low Risk to achievement	
Further Technical Adjustments N/R	(2,750)
Non Pay Efficiencies N/R	(160)
Delayed Procurement N/R	(1,259)
Planned Savings – Medium to high Risk of achievement	
Medical & Nurse Agency Savings	(3,379)

Further Agency & Absence Savings Management	(1,096)
Reduction of Acute 1:1's	(581)
Reduction of community & MHLDCW 1:1's	(1,000)
Grand total Net position forecast on savings	**13,323**

Section 5: Flexible Staff Costs as at 31st May 2023

The Trust continues to have a high level of spend on Flexible Staffing. A significant proportion of the Trust's expenditure is on Agencies and on off Framework Agencies. There is now regional focus on reducing Agency spend and in particular reducing off Framework spend, this has commenced in Social Worker and Nursing Agency staff.

This section of the report is therefore split into a) Monitoring the targets set for Agency across Social Work and Nursing Agency and b) presenting the position on overall flexible staffing and c) Total Trust WTE including estimated flexible staffing WTE against FSL.

a) Regional Initiatives for Agency Staffing

As part of the Regional work on Agency Staffing there has been 2 initiatives for removing off Framework and over all Agency expenditure. A range of employer's statements to staff and DoH press releases have supported these initiatives. These 2 initiatives are:

- Social Worker: From the 1st of April 2023 all off framework social worker agency utilisation ceased across the HSC including NHSCT;
- Social Worker: By the 1st of July 2023 all Social Worker Agency utilisation is due to cease across the HSC [except in exceptional situations which will be defined by the escalation process being worked up by the social worker task and finish group];
- Nursing: By the 15th August 2023 there should be no further off-framework Nursing Agency utilisation across the HSC.

These initiatives will form part of the delivery of savings in Agency schemes. Any savings that they contribute to will be shown as part of the savings section. Note that a reduction in spend as a result of success in these initiatives will not correlate to a saving of equal value – as part of the plan to reduce Agency staffing may for example include recruiting staff – therefore savings would only be marginal cost difference.

These initiatives are only just starting and there is not sufficient information to report, however from next month we will include monitoring information to highlight progress on an expenditure basis.

Non Contract Agency Spend

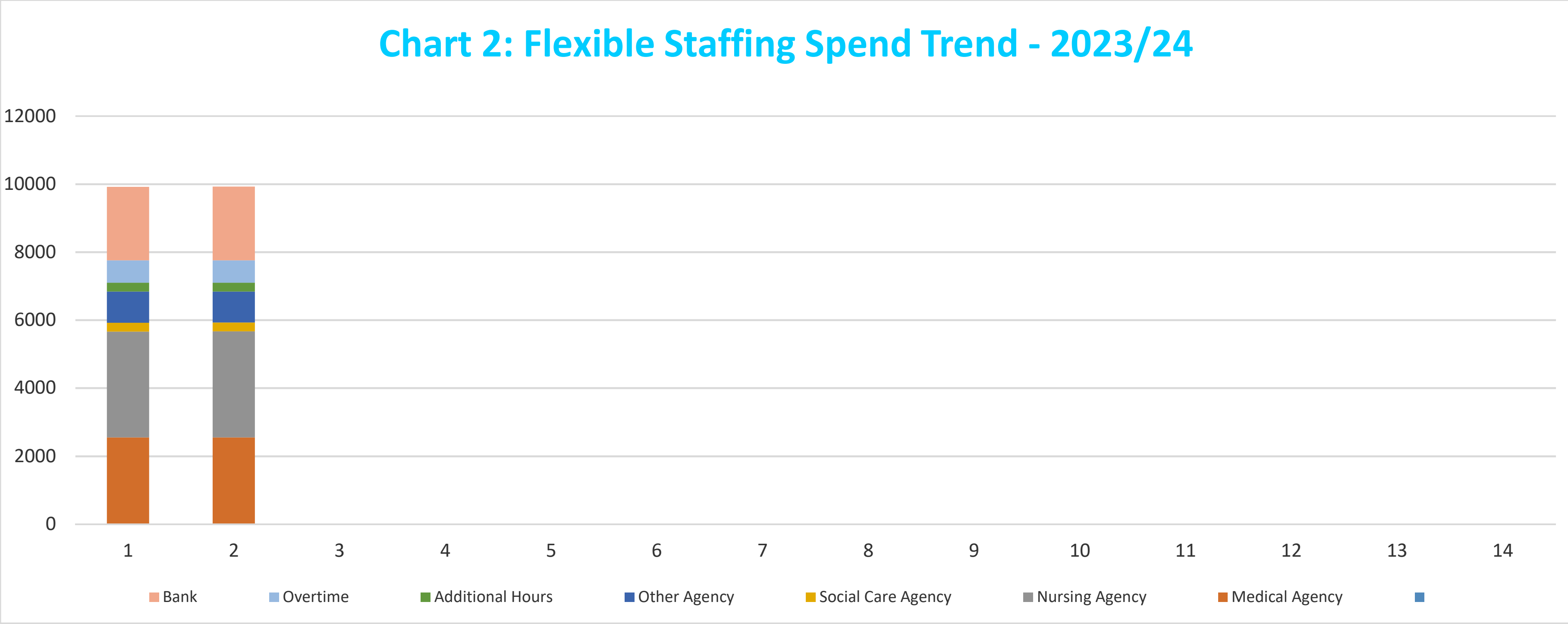
Overall the total Agency spend at 31st May 2023 was £13.7m, of this 61% (£9.6m) was on off-framework Agencies. Nursing and Medical Locum Agency spend represent 73% of this total Agency spend and 89% of the total off-framework spend.

b) Total Spend on Flexible Staffing

The total spend in these areas is summarised below:

Table 4: Flexible Spend at May 2023

Division/Directorate	Cum to May 2023						Cum to May 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	2,609	3,310	613	86	17	6,635	5,615	1,020	18.2%
Surgical & Clinical Services	1,384	1,526	412	346	92	3,760	2,686	1,074	40.0%
Community Care	-	689	1,365	250	101	2,405	2,101	304	14.5%
Children & Young People	-	419	254	308	52	1,034	2,020	-986	-48.8%
Mental Health, LD & CWD	344	1,280	849	116	38	2,628	2,844	-216	-7.6%
Medical & Governance	-	46	9	15	11	81	104	-23	-22.1%
Nursing, Paeds, Women's & Corp Serv.	576	779	739	72	192	2,358	1,262	1,096	86.8%
Others	177	536	93	120	17	943	1,249	-986	-48.8%
TOTALS	**5,090**	**8,585**	**4,334**	**1,313**	**521**	**19,844**	**17,881**	**1,963**	**11.0%**



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 £9.3m cumulative to May 2023 and projects to £55.8m for the financial year. However the main spend is directly linked to agency spend (as opposed to Bank, Overtime and Additional Hours) which is £2.8m cumulative of May 2023 (Projecting to £16.6m).

Total flexible staffing expenditure is 18% of the total payroll costs at May 23.

c) Funded Staff Establishments

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, and 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.

Table 5: FSL against Indicative total 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	1,814	1,616	122	93	39	1,870	56
Estates	175	154	1	3	7	165	(10)
Medical & Dental	737	364	28	165	-	557	(180)
Nursing & Midwifery	3,750	3,439	81	425	208	4,153	403
Professional/Technical	1,691	1,554	84	62	76	1,776	85
Social Services	2,765	2,266	88	78	277	2,709	(56)
Support Services	953	784	14	116	67	981	28
TOTALS	**11,885**	**10,177**	**418**	**942**	**674**	**12,211**	**326**

Currently the Trust has in the region an additional 326 WTE staff over the funded staffing level.

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:

- career breaks or peripatetic appointments
- Advancement appointment where funding has not yet been received from the Commissioner but is confirmed (timing delay).

Section 6: Prompt Payment

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 May 2023 almost 94.98% of invoices have been paid.

Section 7: Covid Cost Implications

The Trust expects to continue to incur costs on Covid Essentials and PPE in 2023/24. Due to changes in guidance this will be at a much reduced level compared to previous years. However the level of funding that is available from SPPG is at a significantly reduced level compared to previous years and the Trusts cost estimates.

Overall the Trust expects to spend in 2023/24 £12.9m, half of which will be on PPE, against funding of £2.4m (excluding vaccinations which we expect to be fully funded). While we continue to review cost estimates and stand down schemes that no longer meet guidance, this is a financial risk.

Table 6: Forecast Covid Expenditure at May 2023

Classification	**Projected Expenditure £000's**
Staffing Costs (incl. Long Covid)	2,818
Loss of Income	200
Equipment Hire	166
Lab Testing	1,000
Nmabs	1,170
PPE (Consumables & Staffing)	6,546
Total	**11,900**

Section 8: Key Assumptions and Risks

A number of financial assumptions and risks were made in relation to the Financial Plan for 2023/24 and also with regard to the overall financial position.

- Financial Plan and Forecast are based on a number of expenditure assumptions and income assumptions all of which continue to be reviewed with SPPG.
- The Trust is forecasting and therefore assuming full delivery of £16.1m of savings, of which £6.1m relate to reduction of Agency and 1:1 Bespoke packages.
- 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 2023/24. A range of Trust and Regional initiatives are underway to mitigate these pressures including the management of the new Regional Frameworks, recruitment drives and reviews of agency and locum utilisation, including a medical scrutiny committee and Trust Agency Utilisation Group. The Trust continues to review, monitor and drive down costs where applicable.
- 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, but NLW uplifts have been applied to Nursing & Residential, Community & Voluntary and Supported Living Providers.
- A number of job evaluations are pending and will if successful impact on both the Trust recurrent position and the provision of arrears. From 2022/23 it has been agreed regionally that the PSNI holiday and sickness accrual will now be recognised in the Trust Accounts as a provision.
- 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. 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 7.82% as at March 2023. The DoH target for 2023/24 is still to be confirmed.
- The Trust does not have a break-even Financial Plan for 2023/24 and therefore there is a risk that Statutory Break-even is not achievable.

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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Northern Health and Social Care Trust

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