Northern Health and Social Care Trust

INVESTORS IN PEOPLE | Accredited Until 2021

TRUST BOARD

FINANCIAL POSITION REPORT – JULY 2022

Prepared & Issued by Finance Department – 23rd August 2022

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. To support this the SPPG have issued a detailed Financial Planning letter containing their 2022/23 planning assumptions and indicative allocations.

Following this and after further discussions with SPPG colleagues, the Trust submitted on 11th August 2022 updated 2022/23 projected financial plan with a deficit of £43.10m – set out below:

	£m
Net Opening Deficit	43.76
Less Reductions to projections, funding and current savings	(17.20)
Plus New Pressure (Net of indicative allocations)	16.47
Less Deficit funding	(8.70)
Plus Pharmacy savings target	1.17
Less Pharmacy saving identified	(0.82)
Less Savings opportunities	(7.90)
Plus Covid costs (net of indicative allocations)	10.70
Plus Nightingale cost (net of indicative allocations)	0
Plus No more Silos (net of indicative allocations)	3.99
Plus High cost Drug pressure (net of indicative allocations)	1.63
Remaining Potential gap 2022/23	**43.10**

This assumes indicative funding for full PPE costs in 2022/23 at 2021/22 outturn level and funding only for Q1 Covid essentials. It also assumes indicative funding for:-

- Non-specific Deficit funding £8.70m
- Energy deficit £11.0m
- 2021/22 Growth funding £3.5m
- High cost Drug funding £3.3m

This plan assumes full funding from SPPG for 2022/23 Pay award and non Pay inflation. SPPG have 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.

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.

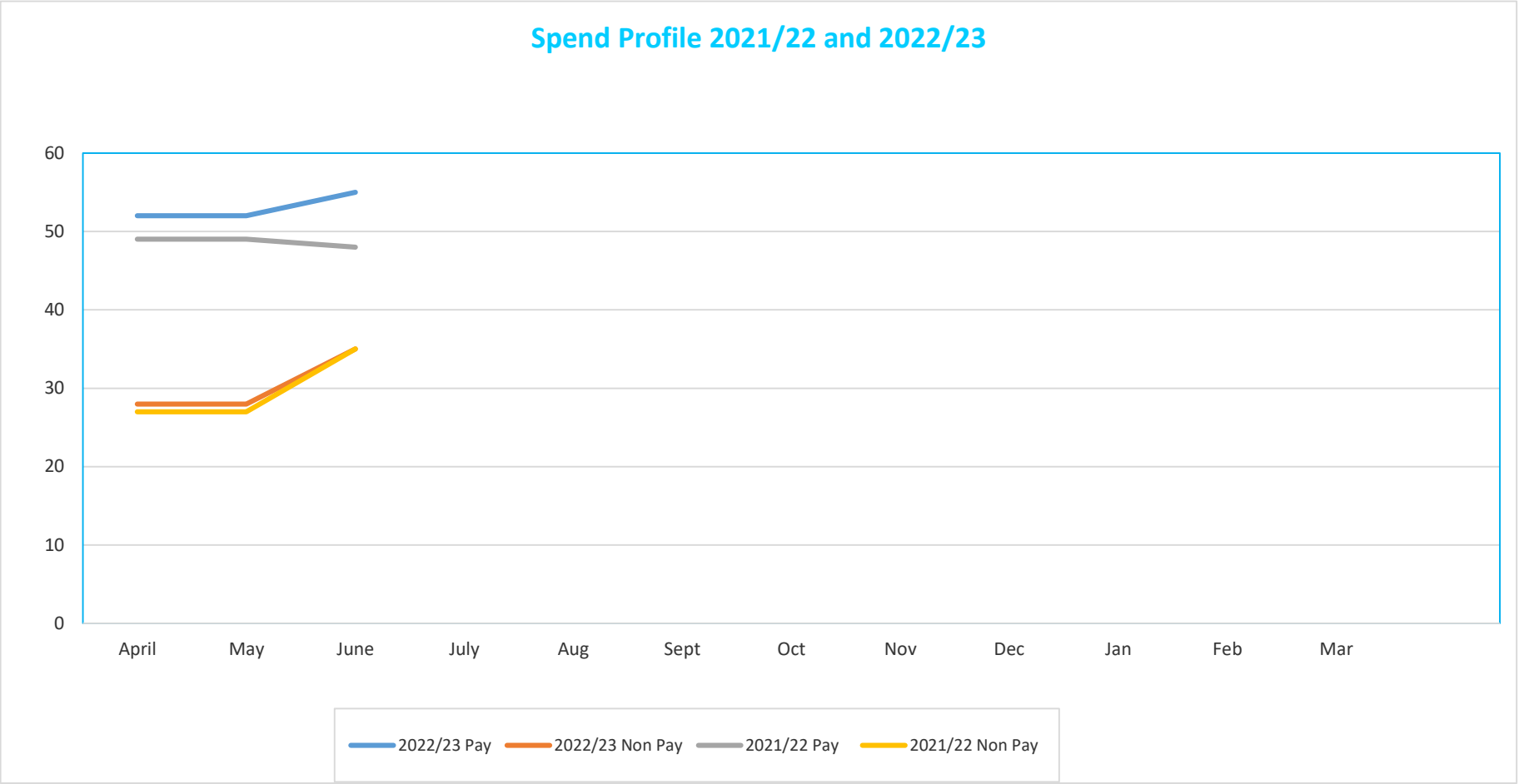
The Trust is facing a financial challenge to achieve breakeven in 2022/23, and is seeking engagement at Executive level with SPPG to clarify the funding strategy in both covid and core service areas. The Trust will continue to work closely with SPPG and DoH over the coming months.

Section 2: Financial Position at July 2022

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

	Actual Expenditure (Mth 4) £'000
Income	N/A
Total expenditure	N/A
Pay	N/A
Non-Pay	N/A
(Surplus)/Deficit	N/A
% (Surplus)/Deficit against RRL	N/A

Due to System Outage this information is NOT available for Month 4



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

Due to System Outage Month 4 (July 2022) information is not available in the above table.

Section 3: Financial Position by Directorate as at 31st July 2022

Due to System Outage this section details the projected outturn as at 31st July 2022, plus any known movements available before systems became unavailable, 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 4 Variance £'000	Projected outturn March 2023 £'000
Medicine/Emergency Medicine	36,073	39,175	3,102	
Surgical & Clinical Services	48,965	49,204	239	
Community Care	61,438	62,354	916	
Women, Children's & Families	30,297	31,322	1,025	
Mental Health/Learning Disability & CW	62,918	63,042	125	
Medical & Governance	6,013	6,185	172	
Nursing User Experience	25,602	26,878	1,275	
Strategic Development & Business Services	3,479	3,413	(67)	
Estates	5,308	5,417	109	
Corporate Overheads	5,260	7,960	2,700	
Finance	3,706	3,706	0	
Prototype	717	752	35	
Human Resources, OD & Corp Comms	2,144	2,206	62	
Chief Executive & Trust Board	152	139	(13)	
Corporate/Cost Pressures (including Covid expenditure)	34,515	31,469	(3,046)	**DEFICIT**
Totals	**326,588**	**333,223**	**6,635**	**£43.10m**

The indicative funding has NOT been included in the figures above.

A number of areas have not yet incurred expenditure – this is expected in later months. Consequently the Month 4 variance above does not reflect the full extent of the deficit portrayed in the financial plan.

Due to System Outage, some assumptions on budget and cost have been made based on Month 3 position.

Acute Division

(a) Medicine & Emergency Medicine

The projected position at July 2022 for this division is a £9.305m deficit. The deficit includes projected expenditure of £1.56m associated with continuing COVID and non-recurring schemes, for which funding has not yet been allocated. The key areas are:

- **Salaries £8.871m deficit**
  - **Nursing salaries £5.483m 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 £3.374m deficit**
    The deficit reflects locum costs associated with absence cover.
  - **All other areas £14,000 deficit**
- **Non-Payroll costs £440,000 deficit**
  - **Pharmacy supplies £555,000 deficit**
  - **All other areas £115,000 surplus**

(b) Surgical & Clinical Services

The projected position at June 2022 for this division is a £718,000 deficit. The deficit includes projected expenditure of £1.073m associated with continuing COVID and Transformation schemes, for which funding has not yet been allocated. The key areas are:

- **Salaries £1.482m surplus**
  - **Nursing £395,000 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 £1.983m deficit**
    The deficit reflects locum costs associated with absence cover.
  - **Laboratory staffing £874,000 surplus**

    - **Radiography staffing £428,000 surplus**
    - **Administration £1.119m surplus**
    - **Allied Health £1.004m surplus**
    - **All other areas £435,000 surplus**
- **Non-Payroll costs £2.158m deficit**
    - **Diagnostics £1.069m deficit**
    - **Laboratory supplies £927,000 deficit**
    - **Medical & Surgical Equipment £314,000 deficit**

Community Care

The Division projected year-end position is a deficit of £2.7m. Key financial issues are:

- Purchased Social Care:
    - IS Domiciliary Care – overspend of £1.5m due to activity being in excess of SBA.
    - 1:1 Bespoke Packages / Intermediate Care beds – overspend of £2.1m – due to enhanced supervision and support following discharge from Acute/Community Hospitals.
    - Nursing & Residential Placements – underspend of £600,000 due to bed days based on April-July usage being below SBA.

- Deficit of £900,000 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 £3m.

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 £1.8m. The main contributing factors are additional staffing to support complex needs and sickness absence cover.
- Foster Care Agency payments are reporting £1.1m overspend.

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 Paediatrics, Women's and Corporate Services Division.

- Medical Services are reporting a deficit of £1.1m due to Agency Locums to cover vacant posts and sickness absence.
- Antrim Obs & Gynae Nurse staffing is reporting an overspend of £91,000 and Pharmacy Supplies an overspend of £248,000.

Mental Health, LD & CWB

The Division projected year-end position is a deficit of £374,000. Key financial issues are:

- Deficit on Mental Capacity Act – expenditure of £800,000.
- 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) – deficit £1.5m.

- Deficit in Medical Staffing due to number of locums are in place in vacant posts as well as some sick and maternity leave cover – deficit £900,000.

- Deficit in Statutory Supported living of £600,000 – primarily driven by under-recovery of income in the Brook due to voids.

- Purchased Social Care:
    - IS Domiciliary Care – underspend of £500,000 due to activity being in below SBA.
    - Direct Payments – surplus in Dementia of £400,000 – this is a continuation
    - 1:1 Bespoke Packages – overspend of £2.2m – 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

Projected deficit is £8.1m of which £6.9m relates to energy pressures (assumed to be funded), Clinical waste increase in regional contract of £500,000 and inflationary pressures.

Other Directorates

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

Section 4: Flexible Staff Costs as at 31st July 2022.

This section is not available due to System Outage.

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 July 2022	£000's	Achieved to date (projected) £000's	Recurrent Achievement Expected £000's
Medicines Optimisation Efficiency	1,172	Medicine Optimisation Efficiency	819	515	941
2022/23 Savings Targets	**1,172**	**2022/23 Savings Proposals**	**819**	**515**	**941**

The Trust is currently reviewing potential procurement savings with the lead pharmacist.

Section 6: NDNA Transformation Proposals Rachel

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 7 schemes that are no longer to be included as transformation schemes. There are now 31 schemes under the banner of BAU Transformation with an estimated projected CYE spend of £7.2m. 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 £1.6m and estimated projected CYE spend of £5.1m (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 in the current year 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.

Summarised areas of spend at July 2022 are:

Classification	**Expenditure £000's**
Additional staff (Workforce)	2,997
Service Delivery	0
Infrastructure	75
Equipment and Supply (incl PPE)	5,515
Digital and communications	0
Corporate (incl loss of income)	325
Others (includes Nightingale)	3,297
No More Silos (NMS)	2,196
Total	**14,405**

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.

Due to the System Outage, which occurred during the financial reporting period for Month 4, a large number of assumptions and forecasts have been made in the production of this month's report. These are primarily based on the outturn at month 3 but there is risk associated with this approach.

- An additional 1.25% employer related National Insurance tax was introduced in April 2022. The Trust assumes this is fully funded by SPPG.

- The Trust has been instructed to proceed with the commissioning and implementation of Abortion services over the coming months. Recurrent funding has not yet been identified. The Trust will proceed at risk to establish service.
- A non-consolidated uplift was announced by the Health Minister in respect of 2021/22 pay funding settlements. Unfortunately this has not yet been processed for payment due to pressures on payroll shared services.
- The Trust actioned a voluntary buy-back of unused annual leave relating to 2021/22 (within certain legal restrictions) and the requests have been actioned during April and May 2022. A year-end accrual was prepared for 2021/22 which will cover all of the costs.
- Recognition by SPPG/DoH as to the scale of the pressures including COVID and Transformation, has not been fully confirmed on a non recurrent basis (with the exception of PPE). In relation to transformation related proposals, in the region of £4.6m of recurrent funding confirmation remains outstanding and is included in the financial plan.
- 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.
- 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 2022/23. The Trust continues to liaise with the BSO Customer Forum to drive these issues forward.
- The Trust is reporting a cumulative average absence rate of 6.84% as at June 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 July 2022 almost 90.80% of invoices have been paid.

Section 9: In Year Position

Due to System Outage there is no monitoring returns for July 2022 (Month 4). The estimated total spend is £333.2m.

Section 10: Recurrent Position

The recurrent position of the Trust is under review pending the submission of the draft financial plan for 2022/23.

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 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:
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