Northern Health and Social Care Trust

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TRUST BOARD

FINANCIAL POSITION REPORT – JULY 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 Financial Plan submitted to SPPG on the 30th June 2023, this has further been updated.	
2. Achieve in-year break-even outturn within allocated Revenue Resource Limit (RRL)	**R**
The Projected outturn at month 4 is in line with the adjusted submitted plan of 30th June 2023 of £21.9m. 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 £23.6m, to date £10.7m 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 July 2023 almost 95.26% 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. This has included submission of draft plans from January 2023 and adjustments to those plans following further analysis, additional information and indicative allocations notified to the Trust via SPPG letters from the Chief Executive and Director of Finance.

As part of those letters the SPPG have set the Trust a savings target of £29.4m, this target has been retracted from the Trusts budget.

Following a letter from Sharon Gallagher, Deputy Permanent Secretary at SPPG, the Trust submitted a 2023/24 Financial plan on the 30th June 2023. This included identified savings opportunities of £23.6m, of these £17.2m would have little or no service impact, but £6.4m may have some service impact.

Further adjustments to this financial plan have been actioned in June & July – these include:

1. Confirmation of further £1.99m funding towards PPE consumables;
2. Confirmation of £20,000 funding for SAS leads;
3. Reduction of cost estimate on Nmabs by £150,000 following introduction of Community based model effective 1st July 2023.

Based on these meetings, letters and indicative allocations and July adjustments 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	(9,385)
Less Recurring Deficit funding per SPPG DoF Letter	(34,480)
Plus 2023/24 Savings Target Retractions	29,379
Less 2023/24 Savings Plans	(23,606)
Plus 2023/24 Covid Essentials & PPE	6,782
Less 2023/24 Covid Support Funding	(4,390)
Plus Service Pressures 2023/24	23,679
Less Additional Support funding SPPG 27 June 23	(1,370)
Less Additional support funding per CE SPPG Letter	(12,774)
SUB-TOTAL DEFICIT	**21,891**

Assumptions

1. That all assumed funding is released to the Trust by SPPG;
2. That current expenditure trends remain as projected;
3. That Energy Pressure will be fully funded;
4. That all RCCE funding (including 48 Beds) will be received;
5. That all identified savings are achieved;
6. This assumes that estimated High Cost Drugs costs in 2023/24 of £4.0m and Senior Executives Pay Award costs of £0.2m will be funded as indicated as plan in S Gallagher letter of 14th June 2023.
7. That all costs incurred in respect of New Entrants into Northern Ireland will be fully funded;
8. This excludes any additional costs associated with new Job Evaluations.
9. That there will be no additional costs because of ESF cessation and move to UK Prosperity fund;
10. This excludes any additional costs for additional IS packages, particularly in MHLD – where there are 18 patients delayed (potential cost of £3.2m).

Section 3: Financial Position at July 2023

The Income and Expenditure position at July 2023 is:

Table 2: 2023/24 Month 4 (July 23) Income & Expenditure

	Actual Expenditure (Mth 4) £'000
Income	338,438
Total expenditure	345,424
Pay	214,810
Non-Pay	130,614
(Surplus)/Deficit at July 2023	6,986
Projected (Surplus)/Deficit at July 23	21,891
% (Surplus)/Deficit against RRL	2.06%

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 £345,424.

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

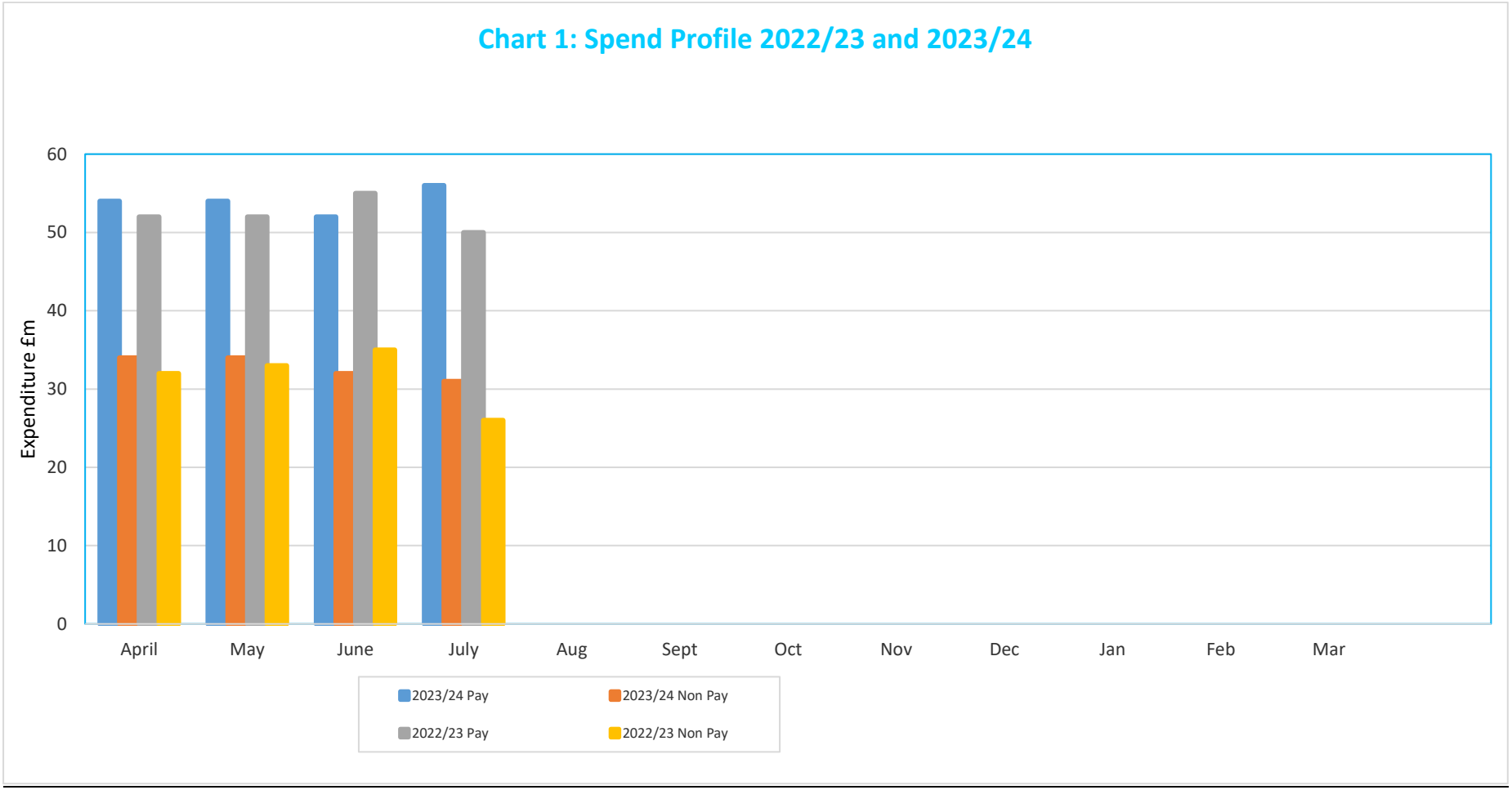
Division/Directorate	Budget £'000	Expenditure £'000	Mth 4 Variance £'000	Projected Outturn May 2023 £'000
Medicine & Emergency Medicine	39,883	44,446	4,563	
Surgical & Clinical Services	52,133	54,067	1,934	
Community Care	66,287	69,412	3,125	
Children & Young People	28,778	29,972	1,194	
Mental Health, Learning Disability & CW	67,983	70,793	2,810	
Medical & Governance	6,597	6,536	(61)	
Nursing, Paediatrics, Women & Corporate Services	31,850	32,503	653	
Strategic Planning, Performance & ICT	3,599	3,599	0	
Infrastruture & Capital	4,835	4,634	(201)	
Corporate Overheads	5,833	6,235	402	
Finance	3,973	3,881	(92)	
Prototype	778	796	18	
Human Resources, OD & Corp Comms	2,281	2,368	87	
Chief Executive & Trust Board	152	141	(11)	**£21.9M**
Corporate/Cost Pressures (including PPE expenditure)	23,476	16,041	(7,435)	**DEFICIT**
Totals	**338,438**	**345,424**	**6,986**	

Key Drivers of Variances are:

- Medicine & Emergency Medicine – total deficit is £13.7m projected less £4.3m of costs included in financial plan or Covid deficit. This deficit remains one of the key areas of financial risk. The Director has developed a recovery plan and is implementing this within her divisions. Key Drivers of variances include Medical Locums, Nurse Agency and 1:1's. NMS investment, is expected to reduce the use of agency staff with Antrim and Causeway ED. Recruitment is already proceeding with these new permanent posts. Continued pressure in both ED's due to ambulance arrivals and decisions to admit has meant that costs in respect of Winter run through haven't stood down and are a financial pressure.

- Surgical & Clinical Services – total deficit is £5. m 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. The Director is currently assessing, the underlying reasons for the key deficits, in particular the use of agency nursing. Finance are completing a detailed analysis of the key deficit areas, in conjunction with the service, to aid developing plans for reducing overspends.
- Community Care – total deficit is £9.4m projected less financial plan deficits of £3.7m. 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. The use of Independent Sector care beds for Intermediate Care and Contingency to aid Acute discharge continues to be a financial risk to the division. In particular the delayed discharge following completion of pathway for initial admission. At July 23 there were circa 31 more beds in use (Rehab & Assessment and Contingency) than there were at July 22.
- Children & young People – total deficit is £3.6m projected less financial plan deficits of £2.9m. There continues to be pressures on the Corporate Parenting side of the Division, but these are being partially off-set by surpluses due to vacant posts in the rest of the Division, in particular in CAMHS. Pressures over the last 2 months has driven cost increases in Foster Care Agency and LAC costs as well as Article spend.
- Mental Health, LD & CW – total deficit is £8.4m less £10.4m 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. Note also that some of the bed pressure in CCD relate to service users who are managed by MHLDCW, Dementia in particular, and these costs are not recharged. This is especially relevant where there is enhanced supervision in place.
- Nursing, PWCS – total deficit is £2.0m projected less £0.3m included in financial plan. The key driver of this deficit is Medical and Nursing costs in O&G and Paediatrics. High use of agency staff in domestic services remains a concern, which we are taking forward with the directorate.
- 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 Directorates – 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 4 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 £23.6m leaving a gap of £5.8m 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 planned £23.6m 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 and additional paybill savings. These paybill savings may have service impacts, particularly with discharge and flow in both Acute Hospitals.

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. To date a projected £10.7m of savings have been achieved.

Table 4: Savings Plans 2023/24

Scheme	**£'000**
2023/24 Savings Retraction by SPPG	29,379
Savings Achieved	
Technical Adjustments N/R	(1,100)
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 /Single Employer N/R	(117)
Further Technical Adjustments N/R	(2,750)
Non Pay Efficiencies N/R	(160)
Delayed Procurement N/R	(1,324)
Sub-total Net Position on Savings	**18,662**

Planned Savings – low Risk to achievement	
Further More Savings	(383)
Planned Savings – Medium to high Risk of achievement	
Medical Agency Savings	(1,200)
Nurse Agency Savings	(2,179)
Further Agency & Absence Savings Management	(1,096)
Reduction of Acute 1:1's	(581)
Reduction of community & MHLDCW 1:1s	(1,000)
Winter – Release of Winter funding	(3,000)
Paybill Management	(3,450)
Grand total Net position forecast on savings	**5,773**

Section 5: Flexible Staff Costs as at 31st July 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

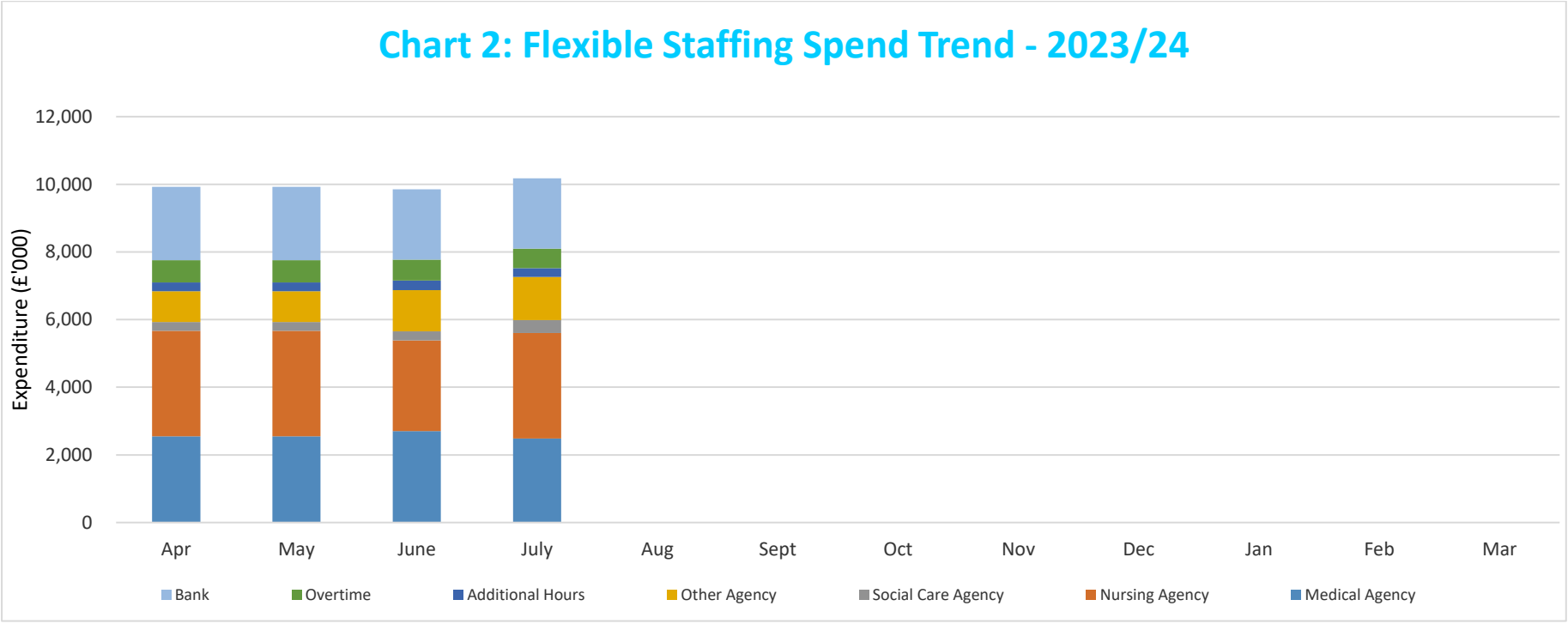
Overall the total Agency spend at 31st July 2023 was £27.8m, of this 62% (£17.1m) was on off-framework Agencies. Nursing and Medical Locum Agency spend represent 80% of this total Agency spend and 87% of the total off-framework spend. Note that the majority of the expenditure incurred to date on Nursing off-framework agencies is before the introduction of the new framework, this mix will change over the next number of months as the new framework rolls out.

b) Total Spend on Flexible Staffing

The total spend in these areas is summarised below:

Table 4: Flexible Spend at July 2023

Division/Directorate	Cum to July 2023						Cum to July 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	5,152	6,756	1,182	177	34	13,301	10,773	2,528	23
Surgical & Clinical Services	2,806	2,966	767	703	184	7,426	5,367	2,059	38
Community Care	0	1,376	2,493	528	212	4,609	3,829	780	20
Children & Young People	0	908	531	575	101	2,115	2,443	(328)	(13)
Mental Health, LD & CWD	810	2,636	1,596	187	95	5,324	4,469	855	19
Medical & Governance	0	105	16	26	21	168	195	(27)	(14)
Nursing, Paeds, Women's & Corp Serv.	1,168	1,757	1,257	145	382	4,709	3,725	984	26
Others	342	1,030	658	161	34	2,225	5,569	(3,344)	(60)
TOTALS	**10,278**	**17,534**	**8,500**	**2,502**	**1,063**	**39,877**	**36,370**	**3,507**	**10**



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 £18.1m cumulative to July 2023 and projects to £54.2m for the financial year. However the main spend is directly linked to agency spend (as opposed to Bank, Overtime and Additional Hours) which is £12.0m cumulative of July 2023 (Projecting to £36.1m).

Total flexible staffing expenditure is 19% of the total payroll costs at July 2023.

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 STEVIE TO UPDATE

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	1,824	1,634	131	113	36	1,914	90
Estates	175	158	2	5	6	171	(4)
Medical & Dental	737	357	33	137	-	527	(210)
Nursing & Midwifery	3,761	3,456	78	410	206	4,150	389
Professional/Technical	1,689	1,551	91	74	73	1,789	100
Social Services	2,765	2,277	106	88	269	2,740	(25)
Support Services	953	777	17	132	68	994	41
TOTALS	**11,904**	**10,210**	**458**	**959**	**658**	**12,285**	**381**

Currently the Trust has in the region an additional 381 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 July 2023 almost 95.26% of invoices have been paid.

Section 7: Debtors Position – July 2023

Credit control for social care payments is managed by the Financial Support Services team. The Accounts Receivable Shared Services (ARSS) team in BSO provide a credit control function for all other Trust debtors, with performance overseen by the Financial Accounting team. Payroll overpayment recovery is managed in the first instance by Payroll Shared Services but falls to the Trust when staff have left or refuse a repayment plan.

Active cases are subject to ongoing recovery actions through the issue of 3 Dunning letters after which cases under £5k are referred to the Small Claims Court. DLS are engaged in respect of higher value debt recovery and where possible the Trust will secure debt against property, though the application of an Order Charging Land.

Table 6: Breakdown of Debtors July 23

Category	At March22		At March23		At Jul23	
	£'000s	No of Invoices	£'000's	No of Invoices	£'000's	No of Invoices
Independent Homes	14,020	3,852	15,823	4,684	16,117	4,733
Direct Payments	105	128	110	139	202	159
Staff Related Debt	391	1,440	427	1,696	504	1,884
Health Centre/GP Charges	66	77	111	99	285	120
Inter NHS/Government Bodies	325	92	620	154	696	125
Private Patients	85	54	101	54	91	50
Other **	257	458	536	339	173	275
Total	**15,249**	**6,101**	**17,728**	**7,165**	**18,068**	
Debt related to social care payments					£16,319	**4,892**
Other debt					£1,749	**2,454**

Key points to note:

- Independent Homes – in July 23 DLS cases resulted in £149k payments received:
    - 5 clients debt fully paid £113k
    - 5 clients debt partially paid £29k
    - 21 clients entered into a payment plan £7k
- Independent Homes – year to date, as at 31 July 13 clients pending write-off approval of £85k
    - April 23 - 4 clients £26k
    - June 23 - 3 clients £21k
    - July 23 - 6 clients £38k
- Staff Related Debt has increased since March 2022, however 63% of the debt relates to overpayments detected since 1 April 2022 (and 50% of total debt is from 1 April 2023);
- Health Centre/GP Charges – This increase is due to an ongoing dispute regarding annual CPI increases currently under discussion and
- Inter NHS and Government Bodies – 87% of debt is less than 3 months
- Other – includes 2 large receipts £250K on account for Client Meals/Services.

Section 8: 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 still less than the Trust's current estimate of expenditure for 2023/24.

Overall the Trust expects to spend in 2023/24 £6.8m, most of which will be on PPE consumables, against funding of £4.4m (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 7: Forecast Covid Expenditure at July 2023

Classification	**Projected Expenditure £000's**
Staffing Costs (incl. Long Covid)	500
Loss of Income	200
Equipment & Warehousing hire	132
Lab Testing	1,000
Nmabs	450
PPE Consumables	4,500
Total	**6,782**

Section 9: 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 £23.6m of savings, of which £12.5m relate to reduction of Paybill, 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 7.56% as at 30th June 2023. The DoH target for 2023/24 is 7.30% (a 7.50% reduction on 2022/23 position of 7.89%). The Trust does not have a break-even Financial Plan for 2023/24

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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Telephone: 028 9442 4655

Northern Health and Social Care Trust

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