Northern Health and Social Care Trust

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TRUST BOARD

FINANCIAL POSITION REPORT – OCTOBER 2022

Prepared & Issued by Finance Department – 22nd November 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. There have been 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. 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)	26.27
Less Assumed Energy Funding	(10.52)
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)
	0.81
Plus Covid Net Deficit	0
Remaining Potential Gap	**0.90**

This assumes indicative funding for full PPE and Covid essentials costs in 2022/23. The Trust will continue to engage with SPPG on the remaining Covid deficit of £0.90m. It also assumes indicative funding for:-

- 2021/22 Growth funding £3.7m
- High cost Drug funding £3.8m
- Costs resolution on NMS £1.4m

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.

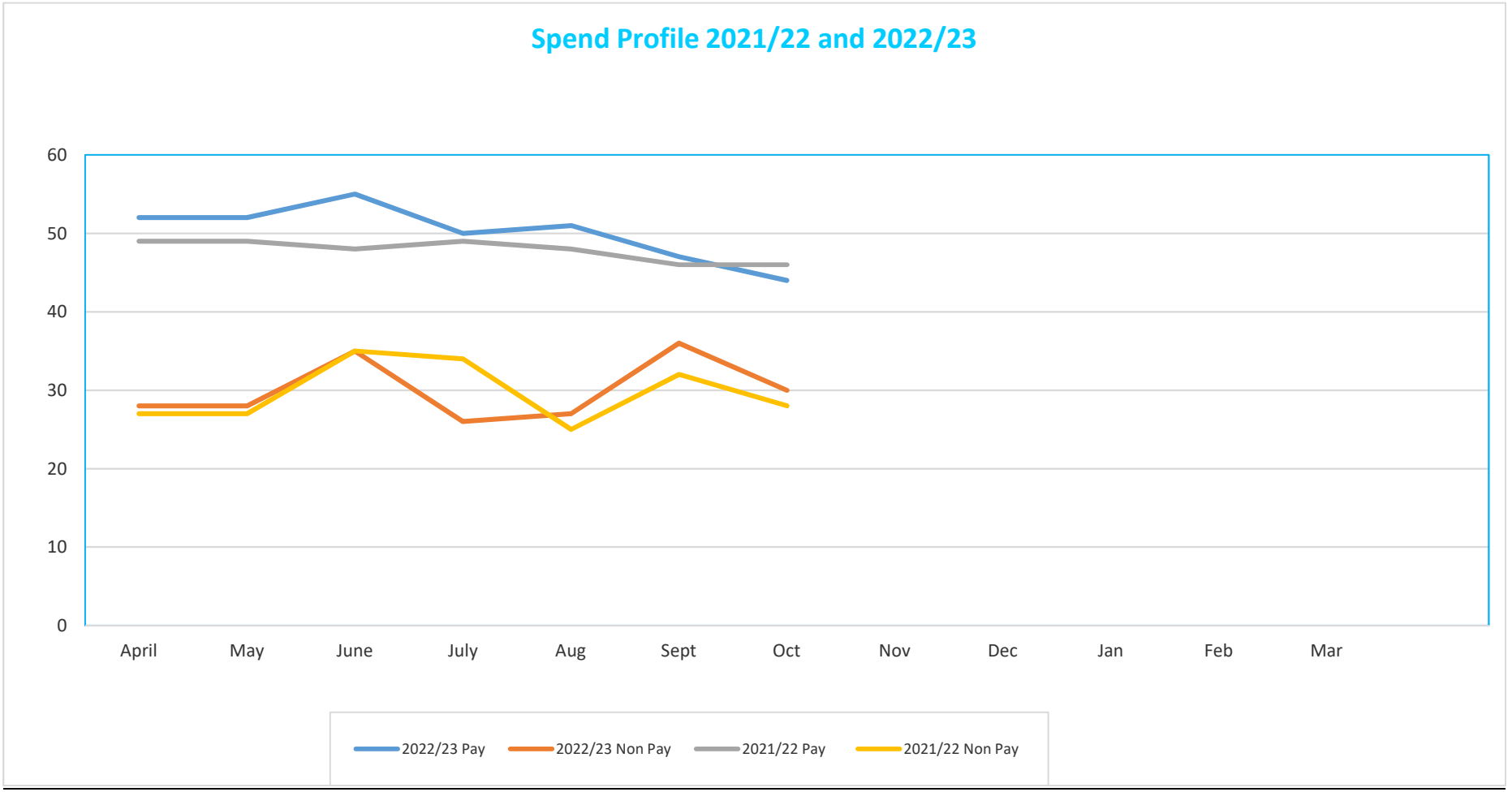
The Trust's financial plan excludes regional pressures, including Clinical Excellence and Holiday sick pay as these are being addressed in common with the regionally agreed position.

This financial plan still leaves a small deficit to be managed. The Trust will continue to work closely with SPPG and DoH over the coming months.

Section 2: Financial Position at October 2022

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

	Actual Expenditure (Mth 7) £'000
Income	561,609
Total expenditure	562,133
Pay	351,567
Non-Pay	40,565
(Surplus)/Deficit	524
% (Surplus)/Deficit against RRL	0.09%



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 October 2022

This section details the projected outturn as at 31st October 2022, 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 7 Variance £'000	Projected outturn March 2023 £'000
Medicine/Emergency Medicine	63,242	69,349	6,108	
Surgical & Clinical Services	86,372	87,537	1,165	
Community Care	108,657	110,068	1,411	
Women, Children's & Families	53,496	54,861	1,365	
Mental Health/Learning Disability & CW	111,137	112,781	1,643	
Medical & Governance	10,633	10,282	(351)	
Nursing User Experience	45,801	46,875	1,075	
Strategic Development & Business Services	6,393	6,393		
Estates	10,458	10,308	(150)	
Corporate Overheads	14,255	14,362	107	
Finance	6,449	6,391	(58)	
Prototype	1,123	1,373	250	
Human Resources, OD & Corp Comms	3,776	3,772	(4)	
Chief Executive & Trust Board	266	248	(18)	
Corporate/Cost Pressures (including Covid expenditure)	39,809	27,791	(12,018)	
Totals	**561,610**	**562,138**	**525,000**	**DEFICIT £0.90m**

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 7 variance above does not reflect the full extent of the deficit portrayed in the financial plan.

Acute Division

(a) Medicine & Emergency Medicine

The projected position at October 2022 for this division is a £10.470m deficit. The deficit includes projected expenditure of £500,000 associated with continuing non-recurring schemes, for which funding has not yet been allocated. The key areas are:

- **Salaries £9.856m deficit**
  - **Nursing salaries £6.801m 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 £3.074m deficit**
    The deficit reflects locum costs associated with absence cover.
- **Non-Payroll costs £700,000 deficit**
  - **Pharmacy supplies £905,000 deficit**
  - **Training £110,000 surplus**
  - **Travelling & subsistence £174,000 surplus**

(b) Surgical & Clinical Services

The projected position at October 2022 for this division is a £2.0m deficit. The surplus includes projected expenditure of £1.986m associated with continuing COVID, Transformation and other schemes, for which funding has not yet been allocated. The key areas are:

- **Salaries £583,000 surplus**
  - **Nursing £899,000 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 £2.943m deficit**
  The deficit reflects locum costs associated with absence cover.
- **Laboratory staffing £983,000 surplus**
- **Radiography staffing £386,000 surplus**
- **Administration £1.178m surplus**
- **Allied Health £1.118m surplus**

- **Non-Payroll costs £2.685m deficit**
  - **Diagnostics £430,000 deficit**
  - **Laboratory supplies £1.008m deficit**
  - **Medical & Surgical Equipment £223,000 deficit**

Community Care

The Division projected year-end position is a deficit of £2.419m. Key financial issues are:

- Purchased Social Care:
  - IS Domiciliary Care – overspend of £1.9m due to activity being in excess of SBA.
  - 1:1 Bespoke Packages / Intermediate Care beds – overspend of £3.7m – due to enhanced supervision and support following discharge from Acute/Community Hospitals.
  - Nursing & Residential Placements – underspend of £800,000 due to bed days based on April-August 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 £2.34m.

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 £1.5m. 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 £1.5m due to Agency Locums to cover vacant posts and sickness absence.

- Drugs and Pharmacy Supplies are reporting a deficit of £510,000.

Mental Health, LD & CWB

The Division projected year-end position is a deficit of £2.817m. 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 £1.3m.
- Deficit in Statutory Supported living of £500,000 – 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 £2.8m – 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

Corporate overheads are projecting to be £0.2m overspent. This is after non-recurrent inflationary pressure funding from SPPG, the most significant of which was £10.2m for 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 31st October 2022

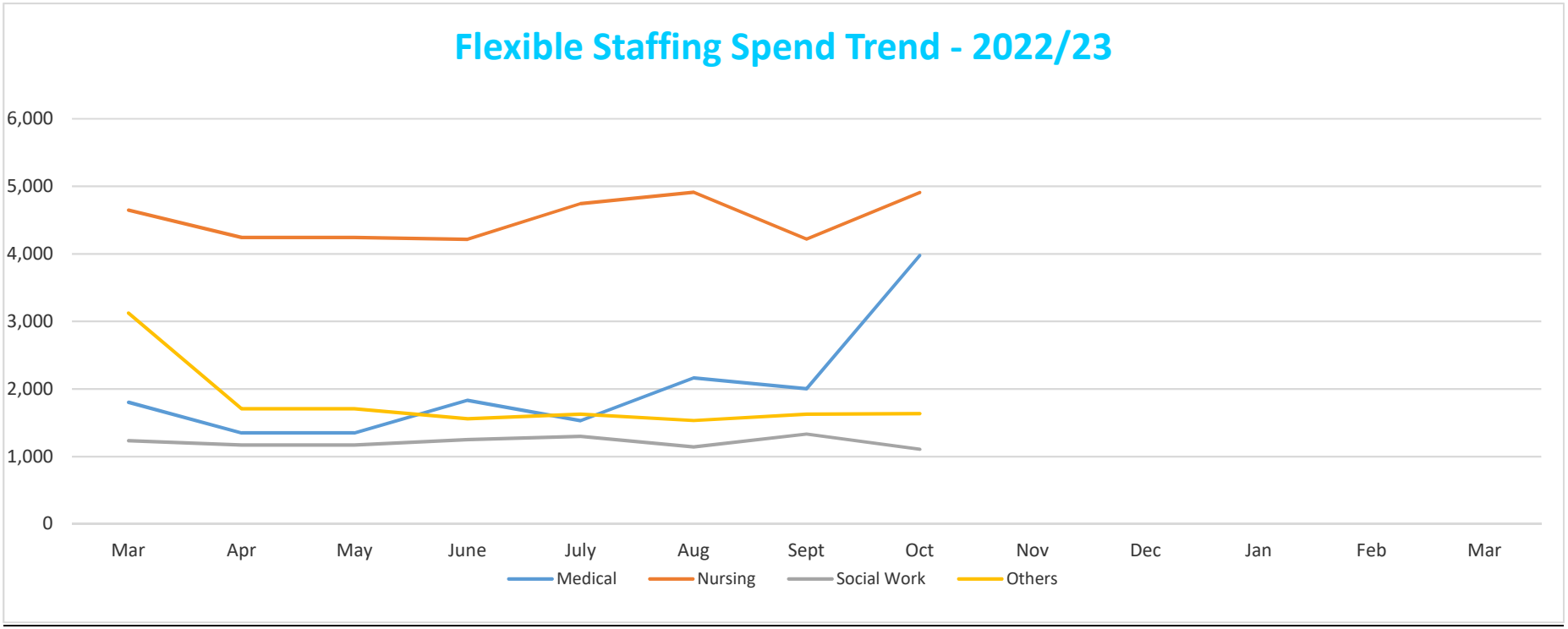
A significant factor for the Trust in recent years has been our reliance on flexible staffing. This can be analysed into two categories.

A) Agency/Locum/Enhanced Hours

The total spend in these areas is summarised below:

Division/Directorate	Cum to October 2022						Cum to Oct 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	6,346	10,317	1,958	335	61	19,018	16,142	2,876	18
Surgical & Clinical Services	3,364	3,937	1,273	1,082	343	9,999	8,194	1,805	22
Community Care		1,564	4,077	876	352	6,869	5,473	1,396	26
Children & Young People		2,121	1,124	658	228	4,131	5,958	(1,827)	(31)
Paed, Women's Serv & Corp Support	1,583	2,317	1,811	228	594	6,533	3,753	2,780	74
Mental Health/Learning Disability & CW	1,529	4,530	2,539	281	128	9,007	6,929	2,078	30
Medical & Governance		233	46	39	32	350	395	(45)	(11)
Strategic Planning & Business Services		251	2	13	6	272	254	18	7
Estates		151	65	150	28	395	474	(79)	(17)
Finance		181	10	14	19	224	124	100	81
Human Resources, OD & Corp Comms	23	42	2	6	29	102	150	(48)	(32)
Others	1,360	4,747	2,176	367	14	8,665	18	8,647	0

TOTALS	**14,206**	**30,391**	**15,083**	**4,051**	**1,836**	**65,566**	**47,864**	**17,702**	**37**



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 £31.5m cumulative to October 2022 and projects to £53.4m for the financial year. However the main spend is directly linked to agency spend (as opposed to Bank, Overtime and Additional Hours) which is £20.7m cumulative at October 2022 (Projecting to £35.4m).

International Nurse Recruitment - current position at October 2022

The current position in relation to the INRS in the Trust indicates we have successfully recruited 158. 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	165	7	158
Totals	**172**	**14**	**158**

Non Contract Agency Spend

A monthly analysis is sent to Directorates identifying spend on agencies split between contracted (regional tendered) and off-contract companies. £8.7m has been spent on off-contract agencies for agency Medical locum while, for the same period, £18.9m has been spent on Non-medical agencies in relation to Non-Contract Agency for all other professions.

Consequently total non-contract spend of £27.6m which represents 61.9% of the overall total spend in these two categories of Temporary staff (ie of £44.6m spend).

Projected total agency and locum spend on a straightline basis is £76.5m.

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 7 £000's	% of total 22/23 spend
Band 1-4	7,316	6,739	31
Band 5-7	10,889	10,350	48
Band 8+	1,288	1,441	7
Non AFC Bands – Medical & Dental **	3,086	2,972	14
Total	22,759	21,502	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 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 £1.08m.

The 2022/23 spend represents 3.6% 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	1,810	1,578	132	111	44	1,865	55
Estates	176	145	4	2	5	156	(20)
Medical & Dental	725	358	26	140	0	524	(201)
Nursing & Midwifery	3,656	3,377	87	403	211	4,078	422
Professional/Technical	1,672	1,537	95	66	68	1,766	94
Social Services	2,764	2,202	90	118	245	2,655	(109)
Support Services	952	765	21	120	71	977	31
TOTALS	**11,736**	**9,926**	**460**	**960**	**644**	**12,021**	**266**

Currently the Trust has in the region an additional 266 WTE staff over the funded staffing level. A range of transformation posts is 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 because 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
Medicines Optimisation Efficiency	1,172
2022/23 Savings Targets	**1,172**

Savings Proposals 2022/23 Per update from MORE Project Board October 2022	£000's
Medicine Optimisation Efficiency	829
2022/23 Savings Proposals	**829**

Achieved to date (projected) £000's	Recurrent Achievement Expected £000's
515	941
515	**941**

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.

Seven MH schemes £1.8m (FYE) are now funded recurrently. There are nine 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 £6.9m. There are a further nine 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 £2.9m and estimated projected CYE spend of £5m (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.

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 October 2022 are:

Classification	**Expenditure £000's**
Additional staff (Workforce)	2,483
Service Delivery	823
Infrastructure	0
Equipment and Supply (incl PPE)	8,396
Digital and communications	0
Corporate (incl loss of income)	569
Others (includes Nightingale)	3,238
Total	**18,768**

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 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. 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.
- 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 is 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.
- 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 is reporting a cumulative average absence rate of 6.89% as at September 2022. 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 October 2022 almost 84.44% 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 £562.1m.

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:
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Northern Health and Social Care Trust

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