Northern Health and Social Care Trust

INVESTORS IN PEOPLE | Accredited Until 2021

TRUST BOARD

FINANCIAL POSITION REPORT – MARCH 2022

Prepared & Issued by Finance Department – 26 April 2022

Contents

Section 1: Financial Plan 2021/22

The Trust Finance Department have been liaising with HSCB finance colleagues regarding the 2021/22 financial plan. A draft financial plan was submitted to HSCB on 27th May 2021 where the opening deficit position of the Trust was a deficit of £43.762m. This Opening position, when the scale of new and emergent pressures were reviewed and associated indicative allocations were included, was adjusted to £68.585m. Further reviews of expenditure by the Trust and reassessment of funding by HSCB have reduced the in year position to **BREAKEVEN.**

A further £5.765m of accounting issues are being reviewed separately by DoH and HSCB and consequently are not currently included in the Trust's financial plan submission for 2021/22.

Following a request by the Commissioner, an initial 2022/23 Financial Plan projection was submitted on 2nd February 2022. This equated to £129.198m and is analysed as follows:-

	£m (fye)
• Core	61.003
• Transformation	6.052
• Savings	(3.073)
• BAU downturn	(1.650)
• Accounting entries	5.912
• COVID	24.842
• PPE	21.644
• Nightingale	5.468
• NMS	9.000

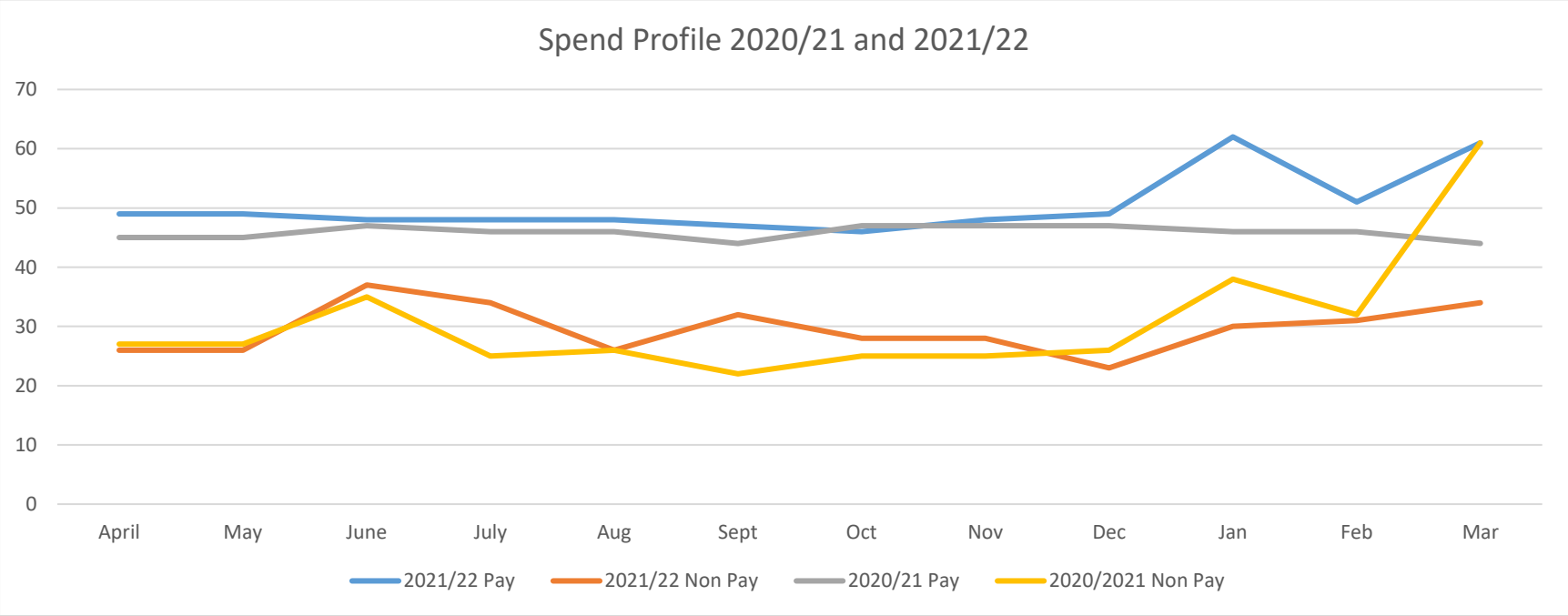
There has been no confirmation of a 2022/23 savings target.

Included in the Trust's 2020/21 position is a range of recurrent and non-recurrent saving proposals. The Trust has submitted £8.970m of downturn on business as usual activities.

Section 2: Financial Position at March 2022

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

	Outturn Position March 2022 £'000
Income	(961,476)
Total expenditure	961,429
Pay	606,320
Non-Pay	355,156
(Surplus)/Deficit with ring fenced included	(47)
% (Surplus)/Deficit against RRL	0
(Surplus)/Deficit without ring fenced	(5)
% (surplus)/deficit against RRL	0



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 March 2022

This section details the projected outturn at 31st March 2022 and includes an analysis of the main reasons for any over/underspends by divisions.

Division/Directorate	Budget £'000	Expenditure £'000	Mth 12 Variance £'000
Medicine/Emergency Medicine	107,268	112,091	4,823
Surgical & Clinical Services	143,688	143,149	(539)
Community Care	174,750	175,622	872
Women, Children's & Families	131,328	134,534	3,206
Mental Health/Learning Disability & CW	180,570	179,684	(886)
Medical & Governance	18,188	17,987	(201)
Nursing User Experience	36,671	36,507	(164)
Strategic Development & Business Services	10,773	10,733	(40)
Estates	19,648	19,898	250
Corporate Overheads	17,779	18,350	571
Finance	10,834	10,661	(173)
Prototype	2,137	2,275	138
Human Resources, OD & Corp Comms	6,443	6,437	(6)
Chief Executive & Trust Board	454	397	(57)
Corporate/Cost Pressures (including Covid expenditure)	100,945	93,104	(7,841)
Totals	**961,476**	**961,429**	**(47)**

Expenditure includes Transformation schemes, which is in the region of £10m. Expenditure in relation to COVID, NMS, Nightingale and other core pressures highlighted in the financial plan are included in the figures above, within the corporate/core pressures.

Excluding the ring-fenced expenditure items, the Trust is reporting an unaudited surplus of £5,000.

Acute Division

(a) Medicine & Emergency Medicine

The actual position at March 2022 for this division is a £4.823m deficit. The key areas are:

- **Salaries £4.890m deficit**
  - **Nursing salaries £4.102m deficit**
    The deficit is attributable to agency costs incurred to cover staff absence and sickness, increased patient acuity, and continuing COVID spend. There continues to be significant reliance on non-contract agencies, which incur a premium and accounts for 83% of payments.
  - **Medical salaries £1.317m deficit**
    The deficit reflects locum costs associated with absence cover.
  - **All other areas £529,000 surplus**
- **Non-Payroll costs £40,000 surplus**
  - **Pharmacy supplies £31,000 deficit**
  - **Medical & Surgical equipment £26,000 surplus**
  - **Travelling & subsistence £109,000 surplus**
  - **Training £79,000 surplus**
  - **All other areas £143,000 deficit**

(b) Surgical & Clinical Services

The actual position at March 2022 for this division is a £539,000 surplus. The key areas are:

- **Salaries £857,000 surplus**
  - **Nursing £920,000 deficit**
    The deficit is attributable to the agency costs incurred to cover staffing absence and sickness, increased patient acuity, and continuing COVID spend. There continues to be significant reliance on non-contract agencies, which incur a premium and accounts for 90% of payments.

    - **Medical £900,000 deficit**
      The deficit reflects locum costs associated with absence cover.
    - **Laboratory staffing £325,000 surplus**
    - **Radiography staffing £293,000 surplus**
    - **Administration £948,000 surplus**
    - **Allied Health £654,000 surplus**
    - **All other £457,000 surplus**
- **Non-Payroll costs £403,000 deficit**
    - **Diagnostics £444,000 deficit**
    - **Laboratory supplies £412,000 deficit**
    - **Pharmacy Supplies £551,000 surplus**

Community Care

The Division year-end position was a **deficit of £0.9m**. Key financial issues are:

- Purchased Social Care:
    - IS Domiciliary Care – overspend of £0.9m due to activity being in excess of SBA.
    - Direct Payments – overspend of £153,000 due to activity being in excess of SBA.
    - 1:1 Bespoke Packages / Intermediate Care beds – overspend of £2.8m – mostly due to isolation costs following discharge from Acute/Community Hospitals.
    - Nursing & Residential Placements – underspend of £1.4m due to bed days based on April-February usage being below SBA.

- Deficit of £1m in Statutory Residential Homes due to an under-receipt of income due to reduced Permanent and Temporary residents and pay over-spends.

- Pay underspends due to vacancies and favourable incremental progressions, the largest of which are Acute OT and Recovery and IH Domiciliary Care.

Women & Children's

The outturn position at March 2022 for this division is a deficit of £3.206m.

The main deficit areas are:

- Residential Units are reporting a deficit of £1.1m. The main contributing factors are additional staffing to support complex needs and sickness absence cover.
- Forecast Care Agency payments are reporting £847,000 overspend.
- Medical Services are reporting a deficit of £1.1m due to Agency Locums to cover vacant posts and sickness absence.

Other areas of underspend within the Division are abating the position.

Mental Health, LD & CWB

The Division year-end position was a **surplus of £0.9m**. Key financial issues are:

- Deficit on Mental Capacity Act – expenditure of £0.4m.
- 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 £0.5m.
- 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 £1.2m.
- Deficit in Statutory Supported living of £0.6m – primarily driven by under-recovery of income in the Brook due to voids.
- Purchased Social Care:
    - IS Domiciliary Care – overall in break-even.
    - Direct Payments – surplus in Dementia of £378,000 – this is a continuation of reduction in costs in 20/21.

    - 1:1 Bespoke Packages – overspend of £2.8m – mostly due to isolation costs following discharge from Acute/Community Hospitals.
    - Nursing & Residential Placements – underspend of £1.9m due to bed days usage being below SBA.

- Pay underspends which are due to both posts that have been hard to fill and the 'churn' as vacant and new posts are filled by internal appointees whose posts are then vacant.

- Cost reductions in services where costs have not returned to pre-pandemic levels due to reduced activity levels – in particular in Adult Centres.

Nursing and User Experience

The year-end position is a surplus of £164,000.

The loss of income relating to car parking and canteen takings are included in this figure – this loss in the region of £930,000 and has been fully funded through COVID funding.

Other Directorates

The remaining directorates will with the outstanding transformation and COVID funding result in breakeven positions in line with roll forward projections.

Section 4: Flexible Staff Costs as at 31st March 2022

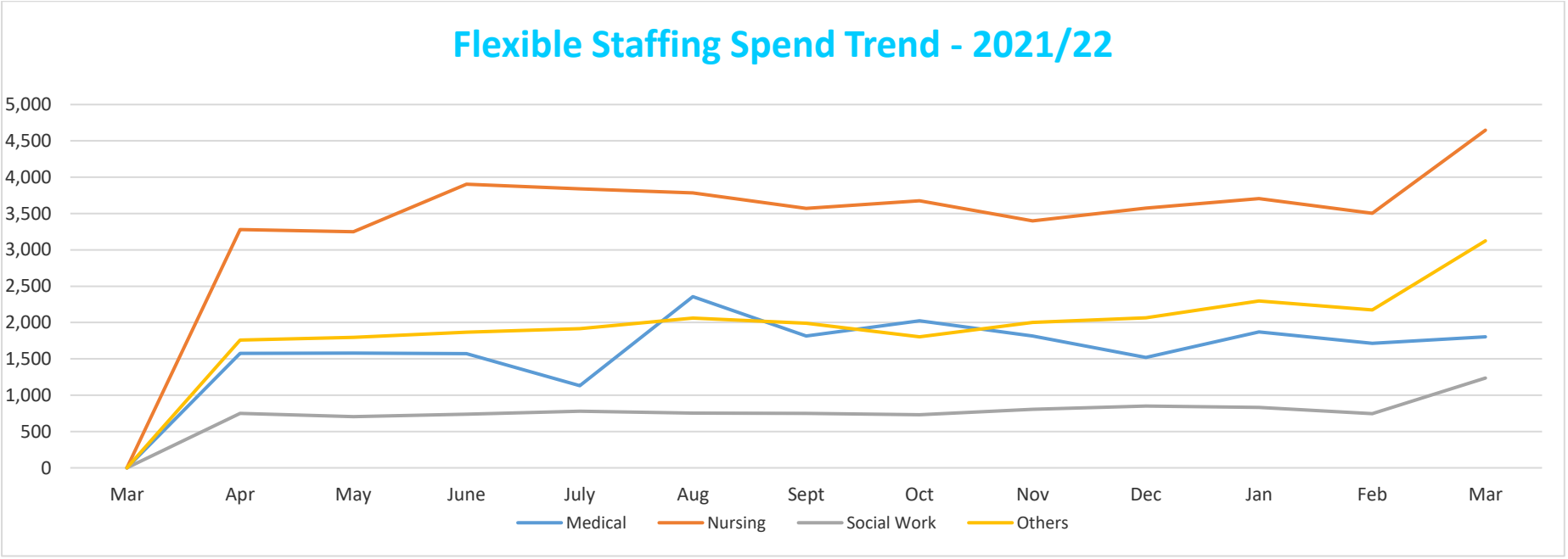
A significant factor for the Trust in recent years has been our reliance on flexible staffing. This can be analysed into two categories.

A) Agency/Locum/Enhanced Hours

The total spend in these areas is summarised below:

Division/Directorate	Cum to March 2022						Cum to March 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	9,986	12,266	3,298	574	124	26,248	23,632	2,616	11
Surgical & Clinical Services	3,388	6,380	1,922	1,845	515	14,050	11,189	2,861	26
Community Care		1,531	6,406	1,358	607	9,902	8,532	1,370	16
Women, Children's & Families	2,621	3,585	2,781	1,095	355	10,437	8,769	1,668	19
Mental Health/Learning Disability & CW	2,362	3,751	4,914	473	154	11,654	9,522	2,132	23
Medical & Governance		319	132	101	90	642	794	(152)	(19)
Nursing & User Experience		3,108	1,791	380	1,032	6,311	5,788	523	9
Strategic Planning & Business Services		404		57	3	464	367	97	26
Estates		477	83	236	46	842	939	(97)	(10)
Finance		190	20	44	14	268	349	(81)	(23)
Human Resources, OD & Corp Comms	63	167	19	26	42	317	270	47	17
Others		43		18	2	63	73	(10)	(14)
TOTALS	**18,420**	**32,221**	**21,366**	**6,207**	**2,984**	**81,198**	**70,224**	**10,974**	**16**

Expenditure of £18.5m relating to Covid /winter pressures is excluded from the above



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 £44m cumulative to March 2022. However the main spend is directly linked to agency spend (as opposed to Bank, Overtime and Additional Hours) which is £26.4m cumulatively to March 2022.

Locum expenditure is projected to be £20.7m a movement of £3m on the 2020/21 outturn position.

Non Contract Agency Spend

A monthly analysis is sent to Directorates identifying spend on agencies split between contracted (regional tendered) and off-contract companies. £12m has been spent on off-contract agencies for agency Medical locum while, for the same period, £23.4m has been spent on Non-medical agencies in relation to Non-Contract Agency for all other professions.

Consequently total non-contract spend of £35.4m which represents 55.39% of the overall total spend in these two categories of Temporary staff (ie of £64.4m spend).

Note total agency and locum spend in 2020/21 was £50.4m.

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.

It should be noted that these costs include 2020/21 Winter Pressure/COVID-19 actions, which have run through to 2021/22; and Transformation Expenditure.

International Nurse Recruitment - current position at March 2022

Classification	**Total of Int Nurses Recruited**	**Resigned/ Terminated**	**Total residing in Trust**
European	7	7	0
Non-European	146	4	142
Totals	**153**	**11**	**142**

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	20/21 £000's	20/21 Restated for Pay Award uplift 21/22	21/22 At Month 12 £000's	% of total 21/22 spend
Band 1-4	9,166	9,441	7,316	32
Band 5-7	8,902	9,169	10,888	48
Band 8+	985	1,014	1,288	6
Non AFC Bands – Medical & Dental **	2,590	2,667	3,086	14
Total	21,643	22,291	22,578	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 projected spend for 2021/22 in comparison to the 2020/21 outturn position (and restated to reflect 2021/22 AFC and Medical/Dental pay awards of 3%), has increased by £287,000.

Bands 1-4 temporary spend has decreased by £2.125m (22.5%) on 2020/21 whilst the projected spend for Bands 5-7 has increased by 18.7% (£1.719m).

Medical/Dental spend has also increased by £419,000 (16%).

The 2021/22 spend represents 3.7% 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 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	1,788	1,562	153	154	56	1,925	137
Estates	174	161	4	9	6	180	6
Medical & Dental	701	356	24	119	0	499	(202)
Nursing & Midwifery	3,655	3,401	95	347	234	4,077	422
Professional/Technical	1,623	1,521	138	67	78	1,804	181
Social Services	2,742	2,211	106	106	267	2,690	(52)
Support Services	948	767	27	142	79	1,015	67
TOTALS	**11,631**	**9,979**	**547**	**944**	**720**	**12,190**	**559**

Currently the Trust has in the region an additional 559 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.

The Trust also employs a headcount of approximately 6,000 staff on Bank contracts. Some of these staff will already be holding substantive contracts with the Trust and these substantive staff are included in the figures above. Bank staff as they are zero hours contracts are not included.

The variance of 559 WTE will reduce once the funded allocation for Transformation posts is released by HSCB.

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 2021/22.

Classification	£000's	Savings Proposals 2021/22 As outlined in financial plan July 2021 (cye)	£000's	Achieved to date (projected) £000's	Recurrent Achievement Expected £000's
Medicines Optimisation Efficiency	1,172	Medicine Optimisation Efficiency	(625)	(876)	(923)
2021/22 Savings Targets	**1,172**	**2021/22 Savings Proposals**	**(625)**	**(876)**	**(923)**

Section 6: NDNA Transformation Proposals

The Trust is progressing a range of proposals now under the banner of NDNA Transformation schemes and BAU Transformation schemes.

Seven MH schemes £1.8m (FYE) are now funded recurrently. There are a further 11 schemes that are no longer to be included as transformation schemes. The Trust has completed financial monitoring returns reporting full year spend of £11.1m (at 20/21 rates) against all remaining transformation schemes in year. Comparing this full year spend to funding received there was a significant shortfall however in year slippage on RRL allocations have been used to address the in-year shortfall as per agreement with HSCB. The Trust also continues to communicate with Commissioners in order to agree actions going forward into the next financial year. This is in respect of schemes where there are shortfalls compared to assumed recurrent funding allocations advised.

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 are:

Classification	**Expenditure £000's**
Additional staff (Workforce)	16,591
Service Delivery	13,004
Infrastructure	413
Equipment and Supply (incl PPE)	21,507
Digital and communications	50
Corporate (incl loss of income)	1,575
Others (includes Nightingale)	13,008
Total	**66,148**

NB: £2.280m of NMS now classified as COVID

Section 8: Key Assumptions and Risks

A number of financial assumptions and risks were made in relation to the Financial Plan for 2021/22 and with regard to the overall financial position.

The DoH/HSCB have introduced a new funding term in 2021/22; where a range of developments (including transformation proposals) have secured in year funding; however whilst the recurrent funding source has not been confirmed, the Trust is permitted to progress these schemes recurrently. Until a recurrent funding source is known, this will increase the Trust's overall financial deficit into 2022/23. The full impact of this has not yet been confirmed as DoH/HSCB continue to advise on classification of allocations.

- An Agenda for Change pay award of 3% was paid in January 2022. The Circular in respect of Medical/Dental staff has also been received (3% uplift) and was paid in March 2022. Senior executives pay award remain outstanding.
- A non-consolidated uplift has also been announced by the Health Minister. This is unlikely to be paid until April 2022.
- The Trust is undertaking a survey in respect of untaken annual leave in 2021/22. This will form the basis of the year-end accrual. Formal notification has been sent to staff to consider annual leave buy-out. Requests are underway.
- Recognition by HSCB/DoH as to the scale of the emerging pressures including COVID and Transformation has not been fully confirmed on a recurrent basis.
- 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 2021/22. 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.
- 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 affect 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 2021/22. 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 7.00% as at March 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 March 2022 almost 92.77% of invoices have been paid.

Section 9: 2021/22 Out-turn Position

The unaudited outturn position is £47,000 surplus. Excluding ring-fenced funding the surplus is £5,000 on core baseline funds.

Section 10: Recurrent Position

The recurrent position of the Trust is under review pending the submission of the draft financial plan for 2022/23. The indicative recurrent deficit is estimated to be £129.198m.

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 Commissioning sources.

Our Vision

To deliver excellent integrated services in partnership with our community

If you would like to give feedback on
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Northern Health and Social Care Trust

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