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# KEY MESSAGES FROM 2018/19 YEAR-END PUBLIC FUND ACCOUNTS

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## MAIN MESSAGE

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- External Audit provides an independent annual opinion on how the Trust has conducted its financial affairs and how it has used its resources. The External Auditor's opinion for 2018/19 is unqualified. This means that the financial statements conform to generally accepted accounting principles and have not hidden any important facts.
- The Trust achieved break-even, posting a marginal surplus of £43k. This represents an underspend of c £118 per day.

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## TECHNICAL PIECE!

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- We are required to ensure our expenditure is kept within the break-even limit of 0.25%, which for the Trust is c£1.7m. The Trust endeavours to ensure that it maximises its public funding to the benefit of our service users by keeping the underspend as low as is possible. The position for 2018/19 was £43k, which equates to 0.01%.
- External Audit did not identify any priority one issues – these being significant issues for the attention of senior management which may have the potential to result in material weakness in internal control
- Depreciation increased by £0.8m when compared to 2017/18. This is primarily as a result of the two new Paediatric Units being fully operational in the reported year.
- Clinical negligence decreased by £7.4m. There are 3 elements to this movement, new and arising cases c £11m, cases settled of c £2.5m and the impact of the discount factor. Discount factors are updated annually and they

are applied to help calculate the value of provision today. It recognises that future cash flows need to be discounted to their present value. When this calculation was applied for the year ended 31<sup>st</sup> March 2019 the valuation of the clinical negligence claims reduced by c £15.7m.

- The Trust is required to pay 95% of Non HSC suppliers within 30 days of receipt of goods or a valid invoice, (whichever is later), the Trust achieved 90.9%, 4.1% short of the target a reduction of 1.3% when compared to prior year.
- Although the target was not achieved, it is important to note that overall the total number of invoices being presented to the Trust for payment increased by 10% year on year, this equates to an increase of 23,277 invoices. 78% of these additional invoices were paid within the 30 day target and totalled £11.1m
- In 2018/19 we paid £50.3m directly to suppliers within the Southern Trust Area.
- A reduction of 0.3% in Trust management costs was reported for the financial year 2018/19.
- Pages 65 to 74 of the Governance Statement identifies a number of control issues that have either now been closed, ongoing or new for the current year of 2018/19. We reported three new control issues, namely:-
  - ✓ the Trust's contribution to the "Home Truths" Report from the Commissioner for Older People in Northern Ireland, (COPNI), on Dunmurry Manor Care Home,
  - ✓ non-compliance with the lease policy, and
  - ✓ the business case approval process for Confidence and Supply funding.

The Trust is actively progressing all relevant recommendations\issues as required

- The total of losses and special payments was £3.3m. £2.7m of this is directly related to special payments largely as a result of clinical negligence.

## WHAT INCOME DID WE GET AND HOW DID WE USE IT?

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### WHAT DID WE GET?

- There are three broad types of income. Income from contracts with customers, which is largely client contributions, Revenue Resource Limit, (RRL), which comes from both HSCB and PHA and then Capital from the DoH.
- Income from contracts with customers and RRL totalled £712m, an increase of £29m or 4% when compared to prior year. This income supports the day to day costs of providing health and social care to all our service users. It gave us the spending capability of £1.95m every day.
- With a total population of 380,312 this allows for approximately £1,874 per person per year.
- Our capital allocation, known as Capital Resource Limit, (CRL), was £17m

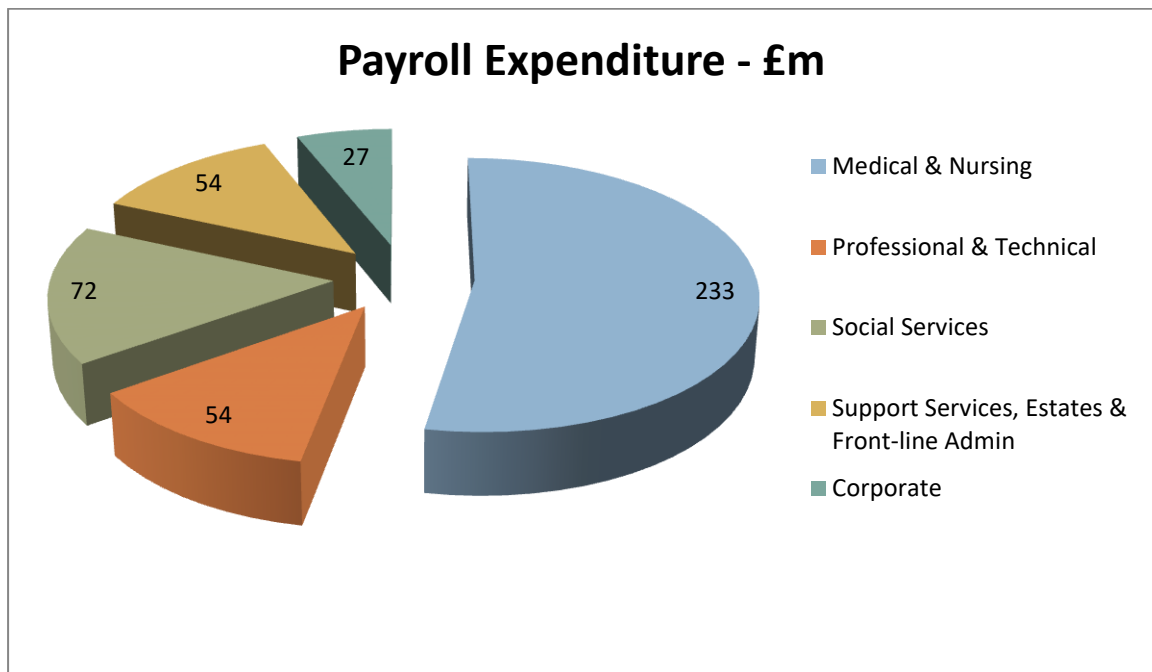
### HOW DID WE USE IT?

#### INVESTMENT IN STAFF

- We spent £440m on employing our staff, this is approximately £1.2m every day. Total expenditure has increased by £33m when compared to prior year.
- The pay award agreed for 2018/19 cost £11.8m
- Our expenditure on Agency, Bank, Locum and overtime increased by £15m when compared to 2017/18. £11m of this increase is solely agency expenditure.
- Overall at the end of March 2018 the average number of whole time equivalent, (WTE), persons employed during the year increased by 352 when compared to 2017/18.
- 134 of this year on year increase was nursing and midwifery.

- We were successful in attracting 72 additional staff within the professional grouping of Professions Allied to Medicine
- Our Medical and Dental workforce increased by 6% when compared to prior year, this equates to 46 Wte additional staff
- A targeted recruitment drive for Domiciliary/Homecare workers was successful in achieving an increase of 2%
- There was an increase in other WTE from 314 in 2017/18 to 398 in 2018/19 and this is also aligned to the increase in agency\locum spend identified above.
- Since March 2016 we have employed an additional 921 WTE, an increase of 9.4%.

***The main components of our Payroll Investment***



- The above chart clearly demonstrates that over half our payroll expenditure is directly related to Medical and Nursing Staff, with a total spend of £233m on staff who have direct contact with our service users on a daily basis.
- When you analyse our total payroll investment of £440m further:-

- ✓ £205m was required to deliver the services at our Acute Hospital Sites Craigavon Area Hospital, Daisy Hill Hospital, including outreach clinics, day procedure services and diagnostic services delivered on South Tyrone Hospital and Lurgan Hospital Sites.
- ✓ £78m was spent on supporting the elderly population. Specialist services such as family planning, continence and GP out of hours and minor injuries units, all aspects of supporting people in the community.
- ✓ £68m was invested to support a wide range of mental health and disability services, including by way of example, social services, community nursing, home treatment and crisis response. Nursing and residential homes, domiciliary, respite and day care services as well as support to tenants who reside in supporting people accommodation.
- ✓ £62m was required to support all health services provided for children and adolescents, including the paediatric wards and special care baby units. Support for children in the community with complex needs was also secured with this spend together with family support, health visiting and school nursing to name a few.

#### **NON PAYROLL EXPENDITURE**

*We spent £180m on the purchase of goods and services – this equates to almost £0.5m per day. The largest areas of spend are as follows:-*

- 61% or £110m of this spend was used to secure residential\nursing placements from the independent sector. This expenditure has increased by £6m or 5.6% when compared to the prior year.
- Day to day clinical supplies cost the Trust £57m in year.
- We spent £6m on general goods and services, which include continence products, catering provisions, bedding and linen etc.
- The Trust's service level agreement with Business Services Organisation cost £5m for all shared services functions.

*Other Expenditure totalled £80m, the main areas of expenditure within this heading are:-*

- £22.5m was spent supporting our population to live at home with the provision of Independent Sector Domiciliary Care support

- We have a large number of contracts with a variety of Voluntary Sector Organisations who continue to provide invaluable support for our patients and clients, this cost £4.2m.
- We spent £7.4m supporting our Children and Young People in the community.
- The Trust's energy bill was £5.7m
- We also have to pay rates and this totalled £3.4m

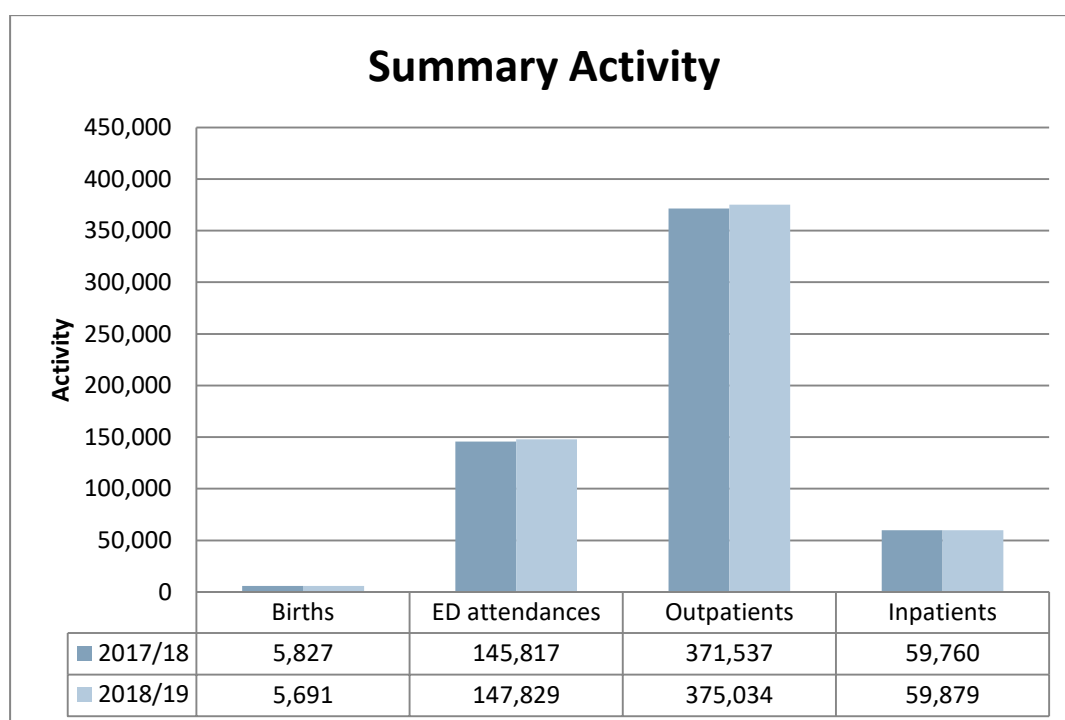
### *CAPITAL INVESTMENT*

- We secured £17.05m from the Department of Health, (DoH), to purchase medical equipment, replace some of our transport fleet, upgrade our estates infrastructure, invest in IT and to build new facilities.
- We were successful in spending all but £19k of this allocation by the 31<sup>st</sup> March 2019. This marginal underspend was caused by last minute price movements.
- £2.8m was spent on the Trust's new Aseptic Suite.
- There was significant investment in Information Technology - £6.4m
- A wide range of essential medical, imaging and diagnostic equipment was purchased costing £2.5m
- A specific transformation capital allocation of £2.3m supported the investment in the Ambulatory Unit at CAH
- The Trust's estate was enhanced using £1.6m
- Expenditure to support the new Cataract Elective Care Centre at South Tyrone Hospital totalled £0.4m
- Our Transport fleet benefited from much needed investment of £0.7m

## WHAT ELSE DO YOU NEED TO KNOW

### THE ACTIVITY

- The chart below demonstrates the change in activity delivered for service users between 2017/18 and 2018/19.



- There was an increase of 2,012 attendances at our Emergency Departments during the year. Craigavon remained consistent with prior year with the increase in activity being experienced at Daisy Hill. This growth represents an increase of 1.38%, this is a decrease from the growth reported in 2017/18 which was 3.3%.
- More people are using our Minor Injuries Unit at South Tyrone Hospital. During 2018/19 37,436 attendances were noted, this is an increase of 2,433 when compared to previous year.
- Our hospitals admitted 119 more than during 2017/18. This was made up of an increase in non-elective admissions of 20 and an increase in elective admissions of 99

- The total number of outpatient attendances increased by 3,497 when compared to last financial year.
- Demand for GP Out of Hours Service, (OOHS), has decreased when compared to 2017/18, with the service receiving 80,693 initial patient calls during 2018/19, this is a decrease of 9,688 calls when compared to 2017/18. A decrease of 10%.

## BUDGET POSITION AND FINANCIAL OUTLOOK

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- The Trust achieved a break-even financial position in the year to 31<sup>st</sup> March 2019, it is important to note that this was achieved following the receipt of significant non-recurring funding support, (c£14m), one off contingency measures and natural slippage of allocations. This natural slippage of allocations was part of the Trust's financial plan for 2018/19, these allocations will be spent in full in 2019/20.
- Whilst the Trust secured £1,874 for every member of its population it is widely recognised and accepted that we should be receiving more than this – the capitation argument. We were successful in negotiating £7.4m reduction in our savings target for 2018/19 and the discussion is ongoing with the DoH and HSCB colleagues for 2019/20. The Trust is hopefully that further capitation funding will be released.
- The outlook for 2019/20 is indicating that the capital and revenue resources will continue to be constrained.
- The Trust has been working closely with the HSCB and DoH to financially plan for 2019/20, this work is continuing. It is expected that the significant financial challenges faced will intensify, however, despite these challenges the Trust remains focused on the delivery of care that is safe, personal and effective and making best use of our resources.