

**Financial Performance Report  
For the Period Ending 28th February 2019**

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## 1 Executive Summary – Corporate Position

At the end of February, (month 11), the Trust is reporting a deficit of £623k. The cumulative main variances for each Directorate are:

Directorate	Income £'000s	Payroll £'000s	Non Pay £'000s	Total £'000s
OPPCS	951	3,944	(385)	4,510
CYPS	81	(30)	(940)	(889)
Acute	749	(8,315)	(4,411)	(11,977)
MHD	(413)	1,543	6,595	7,725
Corporate	(54)	1,080	(1,018)	8
<b>Total</b>	<b>1,315</b>	<b>(1,779)</b>	<b>(158)</b>	<b>(623)</b>

An in month surplus of £262k in February has reduced the Trust's cumulative deficit to £623k. It is also worth noting that at this point in the financial year 2017/18 the Trust had reported a cumulative deficit of £1.1m.

Whilst there is only one month of the financial year left, and we are anticipating to break-even, there still needs to be a continued focus on containing costs for the remainder of the financial year.

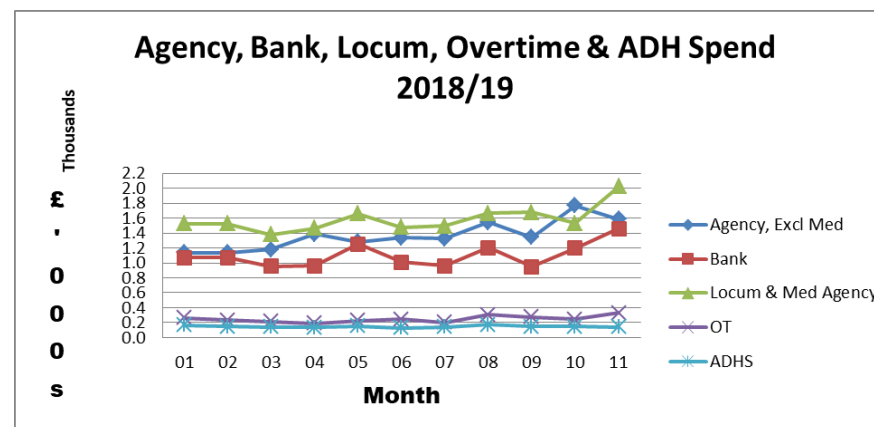
## PAYROLL

Payroll expenditure is over budget by £1.8m at the end of February. As has been the trend the main areas of overspend are Medical and Nursing which are now overspent by £4.0m and £4.9m respectively.

During the month of February we paid for 44 Wte's more than during the month of January. When compared to February 2018 there has been an increase of 456 Wte's employed, of which 316 Wte were Staff in post, the balance being Agency/Locum and Bank staff.

Trust Board members will be aware that expenditure on payroll includes spend on agency, bank, locum, overtime and additional duty hours, (flexible spend). To date the Trust has incurred £48.9m on these flexible arrangements, an increase of £12m or 32% when compared to the same period last year. The overall spend of £48.9m equates to a total of 1,032 Wte's, an decrease of 33 Wte's when compared to December.

The graph below identifies the expenditure trend in-year on flexible workforce:-



## GOODS & SERVICES

Non Pay expenditure is over budget by £158k. The main expenditure pressure areas continue to be Medical & Surgical and Laboratory. As previously reported, £1.1m of the medical and surgical overspend to date is directly linked to the Trust's inability to secure the full medicines optimisation savings target. This overspend was anticipated and built into the Trust's financial plan as part of the overall financial strategy as agreed by Trust Board.

## NON RRL

Income from non-RRL is in total £1,315k more than anticipated. The main cumulative positive variance is directly associated with income recovery from Client Contributions.

## RRL

As members will be aware the Trust receives its main income under the Revenue Resource Limit, (RRL), process. All RRL received to date has been factored into the outturn being reported and all RRL agreed but outstanding has been factored into the year-end forecasted position and agreed with the HSCB.

## KPI's

### Prompt Payment Compliance as at February 2019

Table 7 Prompt Payment Compliance		This Month (Number)	Cumulative to Date (Number)
1	Total bills paid	20,580	224,115
2	Total bills paid within 30 days of receipt of undisputed invoice	18,480	203,737
3	% bills paid within 30 days of receipt of undisputed invoice	89.8%	90.9%
4	Total bills paid within 10 working days	15,138	174,899
5	% bills paid within 10 working days	73.6%	78.0%

Further to the pressures highlighted last month, as expected the prompt payment performance fell to 89.8% in month bringing the cumulative to 90.9%.

The top two areas missing the prompt payment performance were Agency and Estates with 76% and 71% being achieved respectively.

Back logs in invoices for both the medical and nurse agencies have been processed in month, reducing the prompt payment performance.

Estates performance has been impacted by large volumes of small invoices from one supplier being processed. The AD Estates is working with suppliers and staff to review processes and bring improvements in this area but this work will take a period of time to complete.

## **ESTIMATED YEAR END FORECAST 2018/19 and Planning for 2019/20**

The Trust commenced the new financial year with a significant recurrent deficit against which the HSCB provided funding support leaving the Trust with a residual deficit of £0.7m before taking into account any new savings requirements.

The Trust received an additional savings requirement of £1.9m for medicines optimisation and £0.3m for Community and Voluntary Sector.

These were addressed in the Trust's financial strategy, which consists of 3 elements and totals £2.9m.

- Remaining opening gap - £0.7m
- Medicines optimisation - £1.9m
- Community & Voluntary Sector - £0.3m

The Trust's financial plan addressed the above and all evidence to date demonstrates that financial break-even will be secured in-year.

In accordance with the agreed financial strategy, Finance completed a mid-year hard close and the results of this were factored into a year-end forecasted position.

Finance has now switched their focus to planning for the new financial year 2019/20 and we continue to work closely with HSCB/DOH colleagues. Whilst at this stage the Trust does not have an indicative allocation for the new year, what we do know is that we will commence the new financial year with a recurrent deficit of c£12m. This reflects the magnitude of non-recurrent financial support received during 2018/19.