

**Financial Performance Report
For the 6 Months Ended 30th September 2019**

Key Contact:
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Executive Summary – Corporate Position

At the half way point in the financial year the Trust is reporting a cumulative deficit of £1.7m, with a marginal in-month deficit of £8k for the month of September.

This outturn position has been established measuring actual expenditure to date against all revenue resource limit confirmations, (RRL), received from both HSCB/PHA and all other income received outside of HSCB/PHA funding.

The summary cumulative variances for each Directorate are demonstrated in the table below:-

Directorate	Income £'000s	Payroll £'000s	Non Pay £'000s	Total £'000s
OPPCS	321	1,857	(288)	1,889
CYPS	(1)	18	(43)	(26)
Acute	58	(5,606)	(1,726)	(7,275)
MHD	384	154	3,049	3,586
Corporate	43	602	(521)	124
Total	804	(2,976)	471	(1,701)

As members will be aware, income from Non-RRL sources is subject to fluctuations throughout the financial year. Currently we have received £804k more than expected at this stage in the reporting period. Without this the reported deficit would have been £2.5m. It is important to note that the Trust is confident this level of increased non-rrl will not continue.

The Trust submitted a balanced Trust Delivery Plan after securing both additional funding from HSCB/DoH and agreement to a number of measures to address the remaining

gap. The majority of these measures are due to take effect during the second half of the financial year and as a direct result the Trust was expecting to be reporting a budget deficit as at 30th September 2019 of c £1m. However, the extent of increased expenditure has both eroded the expected benefits from the natural slippage of allocations and increased the deficit being reported to date. The main contributory factors continue to be:-

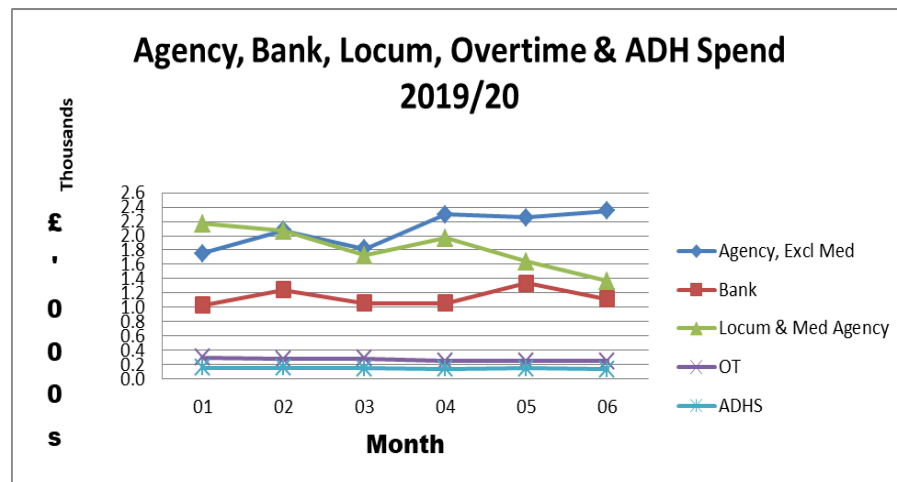
- Transformation - work continues with DoH, HSCB and project owners in relation to the funding to support all transformational projects. Progress has been made in month with the release of £594k for the Mental Health Liaison Service. Whilst the Trust remains confident that full funding will be secured for all outstanding initiatives, at month 6 expenditure has exceeded funding by c£260k.
- During the Winter 2018/19 the Trust opened additional beds on 3 north; these were funded until the 31st March 2019. The pressures being experienced within the unscheduled care environment is relentless and the Trust has had no other option other than to keep these beds open. This has created an overspend of £653k. A bid regarding this pressure has been made to the commissioner as part of the Winter Resilience plan.
- The remaining contributory factors include increased expenditure in our Emergency Departments and that directly associated with the agency staff, particularly off-contract.

PAYROLL

We have spent £237m on pay costs year to date creating an overspend of £3m. The main areas of pressure continue to be Medical and Nursing which have expenditure in excess of budget of £2.4m and £4.1m respectively.

Expenditure on payroll includes spend on agency, bank, locum, overtime and additional duty hours. To date the Trust has incurred £32.8m, some £7.7m more than the same period last financial year. In September the Trust employed a total of 1,158 Wte's on these flexible arrangements a decrease of 8 Wte's when compared to the prior month.

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



GOODS & SERVICES

Non-pay expenditure in total is under budget by £471k. Within this there continue to be a number of expenditure lines over budget, including Medical and Surgical (£0.7m over budget) and Laboratory expenditure (£0.5m over budget).

KPI's

Table 7 Prompt Payment Compliance		This Month (Number)	Cumulative to Date (Number)
1	Total bills paid	20,296	132,774
2	Total bills paid within 30 days of receipt of undisputed invoice	18,464	120,240
3	% bills paid within 30 days of receipt of undisputed invoice	91.0%	90.6%
4	Total bills paid within 10 working days	15,756	100,415
5	% bills paid within 10 working days	77.6%	75.6%

The prompt payment performance was 91% in month bringing the cumulative to 90.6%. This is an improved position in performance from August of just over 1%.

The main areas of non-compliance continue to be agency, pharmacy, catering and estates. However, it is important to note that even though the number of invoices received in the first six months of this financial year has increased by 15% or 16,596 when compared to the same period 2018/19, the percentage paid within 30 days has remained constant, with 90.7% being reported in September 2018.

All managers responsible for invoice approval are continually reminded of their role in ensuring the swift payment of invoices to our suppliers.

FINANCIAL PLAN, ESTIMATED YEAR END FORECAST and 2019/20

The Trust opened with a recurrent financial deficit of £14.8m, before taking into account cost pressures. Carried forward cost pressures, (some of which were funded non-recurrently in 2018/19) increased the deficit to £17.6m.

As noted above after assessment of indicative allocations against expected spend and after securing additional in-year funding, along with internal Trust savings measures, we predict to break-even at year-end.

As a Trust we have continually stated that we appreciate the achievement of break-even will be a challenge and to that end it remains incumbent on all Directors to critically review current expenditure and identify areas for potential cost containment\ reduction to ensure we balance at year end.

For the second successive financial year, Finance is currently in the process of preparing a mid-year hard close. This is not only good practice but will ensure a robust platform for financially planning the second half of the financial year.