


COVER SHEET

Meeting and Date of meeting	Trust Board Meeting Thursday, 28 th September 2023	
Title of paper	Financial Performance Report - 5 months ended 31 st August 2023	
Accountable Director	Name	Catherine Teggart
	Position	Director of Finance, Procurement & Estates
Report Author	Name	Catherine Teggart
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This paper sits within the Trust Board role of:	Accountability	
This paper is presented for:	Approval	
Links to Trust Corporate Objectives	<input type="checkbox"/>	Promoting Safe, High Quality Care
	<input type="checkbox"/>	Supporting people to live long, healthy active lives
	<input type="checkbox"/>	Improving our services
	<input checked="" type="checkbox"/>	Making best use of our resources
	<input type="checkbox"/>	Being a great place to work – supporting, developing and valuing our staff
	<input type="checkbox"/>	Working in partnership

	<p><i>The report author will complete this report cover sheet fully. The Accountable Director must satisfy themselves that the cover sheet is accurate and fully reflects the report. The expectation is that the Accountable Director has read and agreed the content (cover sheet and report).</i></p>
	<p><i>Its purpose is to provide the Trust Board/Committee with a clear summary of the report/paper being presented, how it impacts on the people we serve and the key matters for attention and the ask of the Trust Board/Committee</i></p>

1. Detailed summary of paper contents:

- This report provides SLT with an analysis of the use of the Trust's financial resources, to aid decision-making and to raise an awareness/highlight areas requiring further action.

2. Areas of improvement/achievement:

- The Trust prompt payment performance in the month of August was 95.9% with cumulative position to date of 96.05%. Therefore, the Trust has met its prompt payment target in August and on the cumulative year to date basis.

3. Areas of concern/risk/challenge:

Reported Position as at Month 05 Aug 2023

- For the five months, ending 31st August 2023 the Trust is reporting a deficit of £11.2m.

Table 1 SHSCT Financial Position as at August 2023

	Budget	Actual	Variance	Variance
	£'000	£'000	£'000	%
Pay	255,469	267,561	(12,092)	(5)
Non Pay	144,448	145,851	(1,403)	(1)
Income	(18,232)	(20,503)	2,272	12
Total	381,685	392,909	(11,223)	(2.8)

- Savings targets expected to have been achieved to date have been removed from budget. The remainder will be profiled over coming months.
- The deficit and expenditure trends as reported at Month 5 are higher than anticipated at this stage of the financial year.

- Payroll expenditure totals £268m at month 5 and is £12m over budget. The expenditure trend from 22/23 continues with the main areas of overspend being Medical and Nursing which have expenditure in excess of budget of £7.5m and £6.4m respectively.
- Investment in payroll includes agency, bank, locum, overtime, CSP and additional duty hours. To date these elements have cost £37m. (14% of total payroll spend). In August 2023 the Trust employed a total of 1,602 WTE's on these flexible arrangements. The most significant area of flexible spend is Agency (including Medical Agency & Locum) with a wte of 755 at August 2023 (47% of total flexible wtes) and a cumulative spend of £25m (68% of spend)
- Non-pay expenditure is cumulatively over budget by £1m. The main budget line showing increased expenditure is Medical & Surgical Supplies and equipment overspent at £2.9m.
- Income from Non-RRL sources now totals £20m with an over-recovery at Month 05 of £2.3m.

Forecast Year-End Position

- A Financial Strategy was provided to Trust Board in May giving best estimate of the year-end forecast position based on discussions with SPPG, showing a projected year-end deficit of £47.3m (after having to achieve savings of £26.3m).
- A financial plan was submitted to SPPG at the end of June. After consideration SPPG provided confirmation of further funding. A review of the savings plan was approved at Trust Board and SLT in June and at the subsequent workshop with SLT along with a review of the forecast Covid spend. As a result of these discussions we were anticipating a revised year-end deficit of £24.64m. Further to that the Trust received confirmation of an additional £1.76m for Covid PPE, reducing year end deficit to £22.8m. This deficit includes the Trust unfunded inescapable pressures.
- Of this deficit £4m relates to an anticipated Covid overspend, £8.7m of savings targets that cannot be achieved without potentially requiring high impact measures with the balance relating to underlying deficits of which the most significant are unfunded NMS Key Target areas 6-10 of £2.3m, Winter Pressures of £1.1m, IFRS16 retraction of £1.3m and balances in the main relating to Uncommissioned beds.

- The movement in the anticipated Trust Deficit from May to now is as detailed in the table below:

Table 2 Movement in Forecasted Trust Deficit

	£'000	£'000
Trust Deficit 2023/24 as reported at Trust Board May 2023		47.3
<i>Less Additional Allocation from SPPG:</i>		
PPE	-1.6	
Growth	-6.5	
		-8.1
<i>Less Reduction in Cost Pressures:</i>		
Reduction in IFRS16 pressure	-1.0	
BSO Pressures funded recurrently	-0.6	
WLI Washthrough costs funded via bid to SPPG	-0.5	
Service Pressures in 23/24 that cannot be progressed without specific funding source e.g. Stroke AHP's, Phlebotomy	-2.6	
Pressures expected to reduce via savings plan e.g. 121 support in care homes	-0.3	
Demographic Growth that cannot be progressed without specific funding source (excludes Domiciliary)	-4.1	
Inflationary pressures to be dealt with internally/from Non Pay allocation	-6.2	
Covid - reduction in costs due to PPE Policy change and removal of Covid workforce	-4.6	
MHD expected underspend	-5.0	
		-24.9
<i>Add Savings that cannot be achieved without potential high impact measures</i>		8.7
Additional funding for Covid PPE	-	0.16
Revised Anticipated Trust Deficit as at August 2023		22.8

- Financial targets will be monitored and reported to the Trust Delivery Value Programme Board each month. Monthly Finance focus meetings have now commenced with each Directorate to review achievement of savings targets and the overall financial position of the Directorate.
- Monthly finance reports will be presented to SLT and Trust Board and will be closely monitored by the Finance Department. The Trust is at risk of breaking-even in 2023-24 with impact to service delivery unless the £22.8m deficit is addressed with additional funding from DOH.

4. Impact: Provide details on the impact of the following and how. If this is N/A you should explain why this is an appropriate response.

Corporate Risk Register	Corporate Risk Register Key Risk 5.1 Finance - ability to meet statutory break-even target
Board Assurance Framework	Financial Risk included in Board Assurance Framework
Equality and Human Rights	N/A