



# Finance Report

Month 5 Aug 2023

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## Financial Position – Outlook at Month 5

1. 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**.
2. 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.
3. Of this deficit £4m relates to an anticipated Covid overspend, projected savings targets of £8.7m 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 relating to Uncommissioned beds.
4. In addition to this deficit the Trust has been set a challenging savings target of **£26.3m** for 23/24. The Trust has identified savings of £17.6m which are considered achievable via low/ medium impact measures.
5. Financial targets are being monitored and reported to the Trust Delivery Value Programme Board each month. Finance focus meetings have now commenced with each Directorate to review achievement of savings targets and overall financial position of the Directorate and will continue on a monthly basis. On Friday 4th of August all budget holders received their Opening Budget Allocations and Directorate share of their savings targets for the year. Its imperative that budget holders understand it is their responsibility to stay within their allocated budgets and avoid any overspend. Budget training will be rolled out within this financial year.
6. 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.

## Financial Position as at Month 05

1. This report presents the Trust's financial position for the period ended 31 August 2023, being Month 5 of the financial year 2023/24.
2. A net income and expenditure deficit (overspend) of £11.223m is reported for the period August 2023 Month 5- see table 1
3. This outturn position has been established measuring actual expenditure to date against RRL confirmations received from SPPG/PHA and indicative allocations informed by SPPG.
4. The cumulative cost of Covid at Month 5 is £4.7m, with £2.6m of this relating to payroll costs. Finance and HR teams have been working with Directorates to reallocate staff recruited under Covid to core funded vacancies within each Directorate which must be completed in full by September at the latest. Covid is currently funded for the year at £2.5m for Long Covid, nMabs and Testing only and just recently an additional £1.76m has been allocated by SPPG as a contribution to PPE costs in year. In addition cost associated with the Covid vaccination booster programme in 23/24 is confirmed to be funded- see table 2
5. The deficit and expenditure trends as reported at Month 5 are higher than anticipated at this stage of the financial year
6. 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 Aug 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 & Locum Agency) with a wte of 755 at Aug 2023 (47% of total flexible wtes) and a cumulative spend of £25m (68% of spend)- see tables 3 and 4
7. 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.

Table 1

	Budget YTD	Actual YTD	Variance YTD	Variance
	£'000	£'000	£'000	%
Income	18,232	20,503	2,272	11%
Expenditure				
Pay Costs	255,469	267,561	- 12,092	-5%
Goods & Services	144,448	145,851	- 1,403	-1%
Depreciation	10,928	10,928	-	-
Total	410,846	424,340	- 13,495	-3%
Adj for non cash costs	- 10,928	- 10,928	-	-
Net Expenditure	381,685	392,909	- 11,223	-3%
Revenue Resource Outturn				
Net Expenditure	- 381,685	- 392,909	11,223	-3%
Revenue Resource Limit	381,685	381,685	-	-
NRR (Retraction)/Support				
Surplus/(Deficit) Against RRL	-	- 11,223	11,223	-
Net Surplus/ (Deficit)	- 11,223			

Table 2

Directorate	Income YTD	Income Variance YTD	Pay Spend YTD	Pay Variance YTD	Non Pay Spend YTD	Non Pay Variance YTD	Total Spend YTD	Total Variance YTD
	£'000		£'000		£'000		£'000	
<b>Acute- MUSC</b>	(389)	100	48,538	(7,893)	18,731	(2,998)	59,087	(10,791)
<b>Acute- SCS</b>	(1,122)	181	60,737	(1,309)	16,647	(806)	75,134	(1,934)
<b>Adult Community Services</b>	(11,562)	1,698	49,787	(2,063)	40,841	(2,532)	78,701	(2,897)
<b>Children &amp; Young People</b>	(235)	35	36,087	(984)	11,887	(1,686)	46,790	(2,635)
<b>Mental Health &amp; Disability</b>	(5,210)	320	40,387	(1,182)	39,764	3,698	74,080	2,836
<b>Corporate Services</b>	(1,986)	(62)	29,423	3,427	15,887	4,090	46,690	7,455
<b>Covid</b>	0	0	2,601	(2,088)	2,093	(1,169)	2,607	(3,257)
<b>Total</b>	<b>(20,503)</b>	<b>2,272</b>	<b>267,561</b>	<b>(12,092)</b>	<b>145,851</b>	<b>(1,403)</b>	<b>383,089</b>	<b>(11,223)</b>

	<b>Bud</b>	<b>Act</b>	<b>Var</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
<b>Income</b>	(289)	(389)	100
<b>Pay</b>	40,645	48,538	(7,893)
<b>Non Pay</b>	15,733	18,731	(2,998)
<b>Total</b>	56,089	66,879	(10,790)

Of the overall directorate variance position of £11.223m, Medicine and Unscheduled Care's variance equates to 96% of the overall variance and the actual spend of £67m YTD is 17% of the overall Trust spend.

**Pay: 65% of overall Trust Pay Variance.**

The greatest area of overspend is Medical at £5.7m YTD. With the need to safely staff rotas there continues to be a requirement to use high cost flexible staff, the areas most reliant on agency being General Medicine and ED

**Non Pay: 21% of overall Trust Non Pay Variance.**

The greatest area of overspend is Medical & Surgical at £2.2m YTD which is arising from increased spend on specialist drugs plus the catheterisation lab.

	<b>Bud</b>	<b>Act</b>	<b>Var</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
<b>Income</b>	(941)	(1,122)	181
<b>Pay</b>	59,427	60,737	(1,309)
<b>Non Pay</b>	15,841	16,647	(806)
<b>Total</b>	74,328	76,262	(1,935)

Of the overall directorate variance position of £11.223m, Surgery and Clinical Care's variance equates to 17% of the overall variance and the actual spend of £76m YTD is 20% of the overall Trust spend.

**Pay: 11% of overall Trust Pay Variance.**

The greatest area of overspend is Nursing & Midwifery at £498k YTD with the main pressure being Band 5 where substantive costs are close to the funded value but there continues to be usage of bank and agency staff at a cost of £3.2m across the staff group.

**Non Pay: 6% of overall Trust Non Pay Variance.**

The greatest area of overspend is Labs at £439k YTD which is arising from inflationary uplifts plus the cumulative effect of growth in regional services for blood and link lab over activity

	<b>Bud</b>	<b>Act</b>	<b>Var</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
<b>Income</b>	(9,864)	(11,562)	1,698
<b>Pay</b>	47,724	49,787	(2,063)
<b>Non Pay</b>	38,309	40,841	(2,532)
<b>Total</b>	76,169	79,066	(2,897)

Of the overall directorate variance position of £11.223m, Adult Community Service's variance equates to 26% of the overall variance and the actual spend of £79m YTD is 21% of the overall Trust spend.

**Pay: 17% of overall Trust Pay Variance.**

The greatest area of overspend is Domcare at £1.27m YTD which is due to commission hours increasing. Also, Nursing is overspent by £1.2m YTD of which non acute hospitals is 1.3m overspent and ICT teams overspent by £418k this is offset by underspend in GPOOH and Specialist Services of £619k.

**Non Pay: 18% of overall Trust Non Pay Variance.**

The greatest area of overspend is Residential, Nursing & Dom Care at £2.16m YTD which is due to over activity and over demand.

	<b>Bud</b>	<b>Act</b>	<b>Var</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
<b>Income</b>	(200)	(235)	35
<b>Pay</b>	35,104	36,087	(984)
<b>Non Pay</b>	10,201	11,887	(1,686)
<b>Total</b>	45,105	47,740	(2,635)

Of the overall directorate variance position of £11.223m, Children and Young People Service's variance equates to 23% of the overall variance. CYPS's actual spend of £48m is 12% of the overall Trust spend.

**Pay: 8% of overall Trust Pay Variance.**

The greatest area of overspend is Social Services at £659k YTD which is due mainly to CWD overspend where short breaks units are now operating on a 24/7 basis.

**Non Pay: 12% of overall Trust Non Pay Variance.**

The greatest area of overspend is Children & Young People at £1.2m YTD this is due to fluctuation depending on need mainly within foster care £713k and children's articles. Also, Medical & Surgical overspend at £566k YTD due to pressures in insulin pump and consumable pressures.

	<b>Bud</b>	<b>Act</b>	<b>Var</b>
	<b>£'000s</b>	<b>£'000s</b>	<b>£'000s</b>
<b>Income</b>	(4,890)	(5,210)	320
<b>Pay</b>	39,205	40,387	(1,182)
<b>Non Pay</b>	43,462	39,764	3,698
<b>Total</b>	<b>77,777</b>	<b>74,942</b>	<b>2,836</b>

Of the overall directorate variance position of £11.223m, Mental Health's variance equates to 25% surplus of the overall variance. MHD's actual spend of £75m is 20% of the overall Trust spend.

**Pay: 10% of overall Trust Pay Variance.**

The greatest area of overspend is nursing at £1.9m YTD which is due to the continuation from last year in terms of Inpatient Services and Medical is also overspent by £307k due to agency locums.

**Non Pay: 26% of overall Trust Non Pay Variance.**

The greatest area of underspend is nursing, residential and domcare of which Mental Health beds and Memory Services is £5.20m and Support and Recovery £.3m.

The table below shows the Off and On Contract Agency and Critical Shift payment expenditure over Months 01 April 2023 to Month 5 Aug 2023. As can be noted from the table cumulatively there is not a sufficient downturn in Off Contract Agency and CSP spend to yield savings.

Table 3

Off Contract Agency - v - CSP	Month 1	Month 2	Movement	Month 03	Movement	Month 4	Movement	Month 5	Movement
	Apr-23	May-23	Apr 23 - May 23	Jun-23	May 23 - Jun 23	Jul-23	Jun 23 - Jul 23	Aug-23	Jul 23 - Aug 23
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Off Contract Agency	2,414	2,007	-407	1,526	-481	556	-970	430	-126
On Contract Agency	2,507	3,093	586	3,039	-54	3,942	903	4,437	495
Critical Shift Payment	714	647	-67	659	12	869	210	802	-67

\* Positive movement is an increase in cost/ Negative movement is a reduction in cost

There is an onus on directors to further **reduce** off contract agency and critical shift payments in the remaining month of the financial year.

It is therefore reiterated that we **must** continue to contain costs and avoid service growth or investment without confirmed funding along with reinforcing the need for robust financial discipline across all teams.

**Key:**

Red	Significant risk of non-delivery. Additional actions need to be urgently pursued.
Amber	Medium risk of non-delivery requires additional management effort.
Green	Low risk of non-delivery – current management effort should deliver success.

## Statutory Financial Performance Targets

### RAG status

### 1. Manage within allocated Revenue Resource Limit (RRL) / Achieve financial break-even

For the 5 months, ending 31st Aug 2023 the Trust is reporting a deficit of £11.2m. This outturn position has been established measuring actual expenditure to date against RRL confirmations received from SPPG/PHA and indicative allocations informed by SPPG. The total annual RRL to date (confirmed RRL and Indicative RRL) is £899m.

Reconciliation to Revenue Resource Limit	RRL from SPPG	RRL from PHA	Total Revenue RRL
	£k	£k	£k
TOTAL CLOSING RRL PER LETTER- Aug 23	871,361	7,392	878,753
Total Assumed Ring Fenced Allocations	2,866	-	2,866
Total Assumed Ear Marked Allocations	16,416	917	17,333
<b>Total Trust RRL</b>	<b>890,643</b>	<b>8,309</b>	<b>898,952</b>

### 2. Manage within allocated Capital Resource Limit (CRL)

As at end of Aug 2023 the Capital Resource budget available to the Trust was c£18.934m. Of this funding £13.214m relates to Specific Ring-fenced Schemes and £5.720m to General Capital. The year to date spend at Month 5 is £1.059m.

Summary of Capital Expenditure YTD	CRL Funding/ Allocation	Total CRL Expenditure YTD	CRL Balance Remaining
	£'000	£'000	£'000
Specific Capital	13,214	371	12,843
General Capital	5,720	688	5,032
Total Capital Expenditure	18,934	1,059	17,875

For the majority of schemes the spend will not accrue until closer to year-end. It is anticipated at this stage that our CRL will be committed more fully over the remaining months in the financial year and that all will be spent in full by year-end but this is being kept under close scrutiny.

## Other Financial Performance Targets

**RAG status**

### 3. Progress against achievement of in year savings targets



Project Categories	Savings Target Full Year													YTD Savings applied to budget mth 5	YTD Savings achieved	
	Corporate											Total	YTD Savings applied to budget mth 5			YTD Savings achieved
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000					
ACUTE-MUSC	ACUTE-SCS	CYPS	MHD	ACS	NMAHP	Finance	P&R	Med Dir	HR	Various	Total	YTD Savings applied to budget mth 5	YTD Savings achieved			
Containment of discretionary spend	175	225	400	475	675	200	225	50	25	50	-	2,500				
Reduction in estates backlog	-	-	-	-	-	-	1,000	-	-	-	-	1,000	417	417		
Other Trust specific items - savings from Invest to Save expenditure	-	-	18	74	111	-	407	5	-	-	-	616	257	257		
MORE Pharmacy savings	634											634	264	264		
Slippage /other non-recurrent measures	99	246	819	459	770	17	55	19	3	10	3	2,500	1,042	1,042		
Potential agency savings over recurrent target- Medical	610	210	56	62	59	-	-	-	-	5	-	1,000				
Potential agency savings over recurrent target-Nursing	980	540	14	401	65	-	-	-	-	-	-	2,000				
Managed Slippage	196	234	141	157	185	50	3	13	7	10	5	1,000				
To contribute to the elimination of off contract agency costs to meet DoH target through use of bank or other lower cost backfill	1,806	736	-	735	67	-	-	-	-	-	-	3,343	200	-		
Further reductions in off contract agency spend through lower cost backfill to contribute to elimination of off contract agency spend.	634	428	-	424	14	-	-	-	-	-	-	1,500				
Improved absence management	17	28	21	28	25	14	3	1	1	1	-	137				
Standardisation of medical locum rates to reduce locum costs	92	88	18	7	20	-	-	-	-	-	-	225				
Procurement Savings	109	114	48	73	104	72	128	24	7	112	9	800				
Reduction in cost of non-emergency ambulance provision- Trust internal arrangements	100	-	-	-	-	-	-	-	-	-	-	100				
Review of job planning to identify opportunities for increased productivity	20	-	-	-	-	-	-	-	-	-	-	20				
Review of care home and community packages to identify opportunities for reduced provision where appropriate and rationalisation of use of equipment	-	-	-	-	150	-	-	-	-	-	-	150				
Other efficiency and productivity initiatives including OP modernisation/theatre utilisation/LOS reductions/increase in ADOS and day case rates/improved discharge	-	100	-	-	-	-	-	-	-	-	-	100				
Balance of recurrent savings target from SPPG without potential savings plans	3,128	1,738	1,063	-	1,790	413	389	93	14	81	11	8,718				
<b>Total Savings</b>	<b>8,598</b>	<b>4,685</b>	<b>2,597</b>	<b>2,894</b>	<b>4,035</b>	<b>766</b>	<b>2,210</b>	<b>205</b>	<b>57</b>	<b>269</b>	<b>28</b>	<b>26,343</b>	<b>2,180</b>	<b>1,980</b>		

Key	
YTD Savings that have not been removed from budget in Mth 5 as savings will be profiled in later months	
YTD Savings that have been removed from budget in Mth 5	

The Trust has prepared a savings plan setting out what realistically can be achieved in-year via low and medium impact measures. This will be a difficult target to attain in-year and is heavily reliant on the achievement of savings from off-contract agency which ceased at the end of August and savings from the new regional agency contract for nursing, with work still progressing on the medical agency contract. It is essential that savings will be generated in future months. Of the £26.3 million target £8.7 million is considered to be unachievable without high impact measures.



## Other financial performance targets

RAG status

### 4. Prompt Payment Target - 95% of suppliers within 30 days



Table 7 Prompt Payment Compliance		This Month (Number)	Cumulative to Date (Number)
1	Total bills paid	26,812	143,162
2	Total bills paid within 30 days of receipt of undisputed invoice	25,706	137,502
3	% bills paid within 30 days of receipt of undisputed invoice	95.9%	96.0%
4	Total bills paid within 10 working days	21,596	115,426
5	% bills paid within 10 working days	80.5%	80.6%

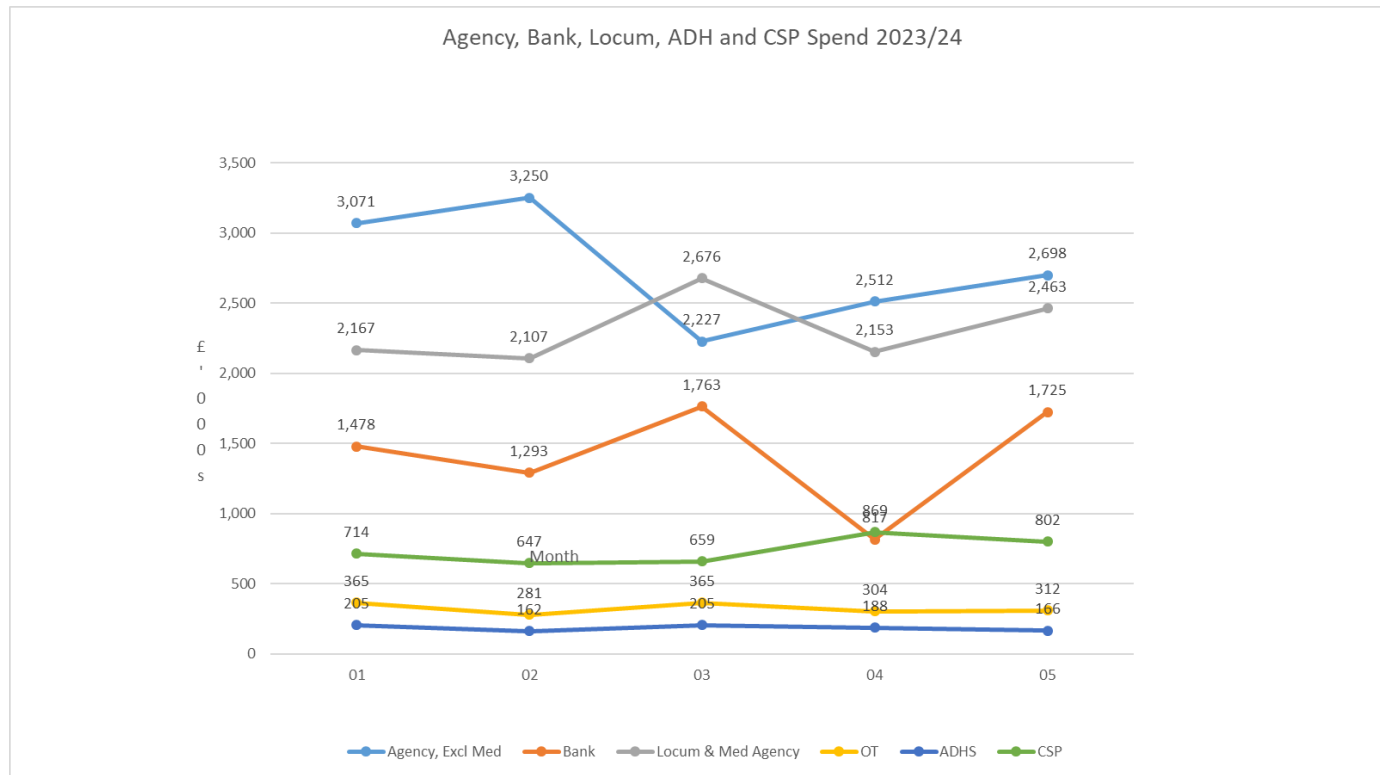
The Trust prompt payment performance in the month of Aug was 95.9% with cumulative position to date of 96.05%. Therefore the Trust has met its prompt payment target in August and on the cumulative year to date basis.

### 5. Manage Non- RRL Income



Income from Non-RRL sources now totals £20m. Mainly derived from Client Contributions of £15m, 75% of total Non – RRL. The remainder is restaurant receipts, boarding and lodgings and other misc. income. Cumulatively £2.3 mill overachievement to date

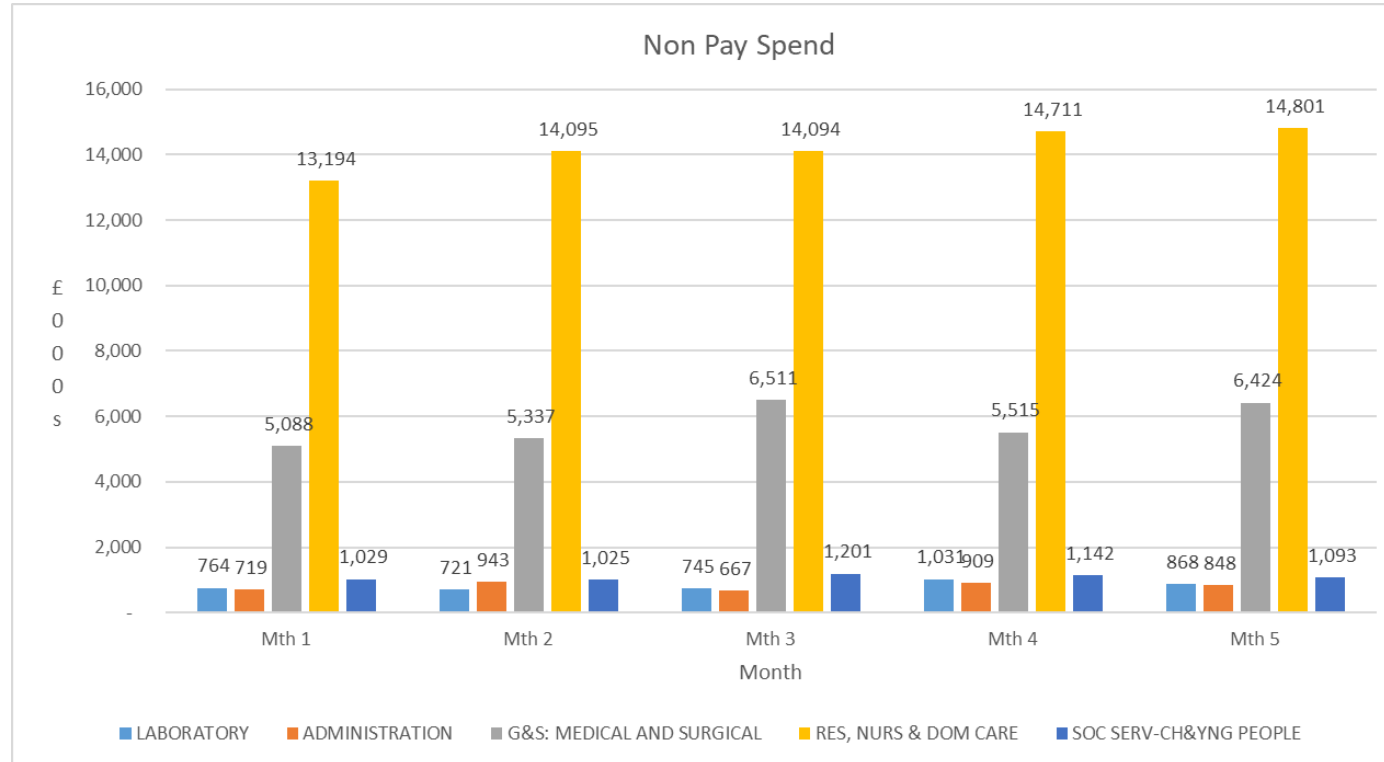
Table 4



The above graph shows the flexible staffing areas spend within the Trust. Total cumulative spend for flexible staffing in Mth 5 is £37m. The main area of spend within the Trust is agency including medical agency and locum which equates to 68% of the overall flexible spend within the Trust.

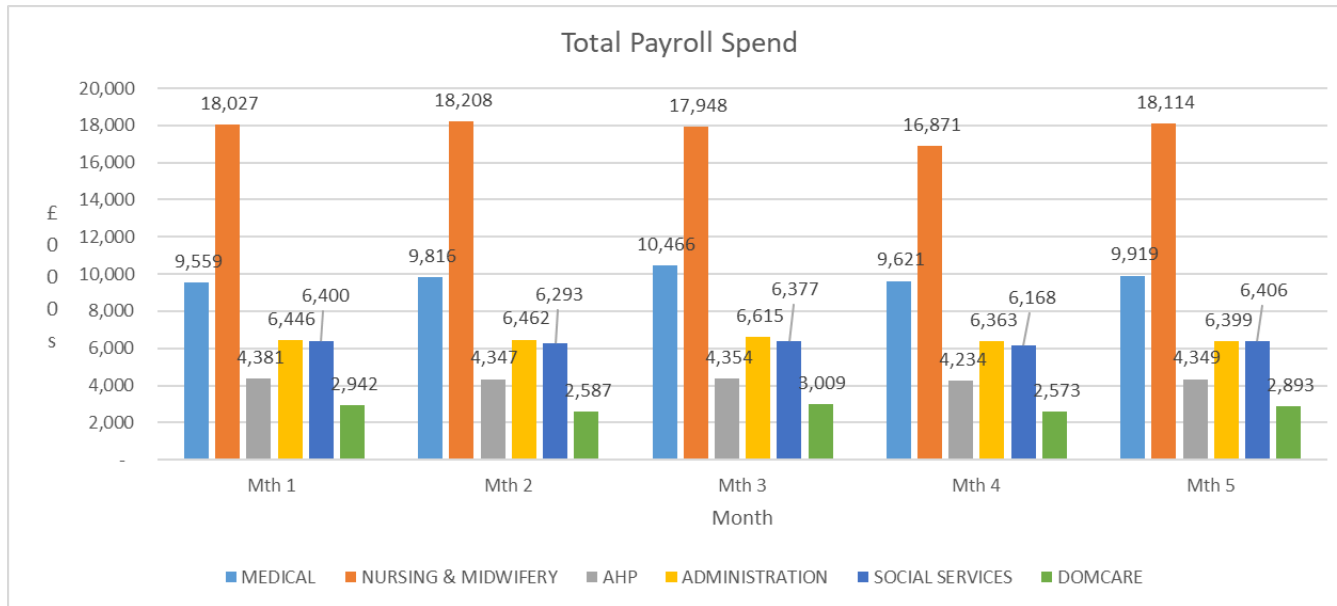
*The graph illustrates the trend in flexible payroll costs for a rolling period of 5 months.*

Table 5



Total cumulative spend for Non Pay in Mth 5 is £146m. The above shows the top 5 areas of spend within the Trust which equates to Almost 80% of the Trust's monthly non pay can be represented in the 5 categories above – monthly trends in this expenditure have remained relatively stable.

Table 6



Total cumulative spend for Payroll in Mth 5 is £268m. The above shows the 6 main areas of payroll spend with in the Trust, monthly trends in this expenditure have remained relatively stable. Payroll spend is impacted by 4 and 5 weekly months (August was a 5 week month, July was a 4 week month)