


TRUST BOARD COVER SHEET

Meeting and Date of meeting	Trust Board Thursday 26 th October 2023	
Title of paper	Financial Performance Report - 6 months ended 30 th September 2023	
Accountable Director	Name	Catherine Teggart
	Position	Director of Finance, Procurement & Estates
Report Author	Name	Carol Cassells
	Email	Carol.cassells@southerntrust.hscni.net
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 Sept was 94.6% with cumulative position to date of 95.8%. Therefore the Trust did not meet its prompt payment target in Sept due to a backlog in Agency Invoices, it has still met the target of 95% on a cumulative year to date basis.

3. Areas of concern/risk/challenge:

Reported Position as at Month 06 September 2023

- For the six months, ending 30th September 2023 the Trust is reporting a deficit of £14.2m.

Table 1 SHSCT Financial Position as at September 2023

	Budget	Actual	Variance	Variance
	£'000	£'000	£'000	%
Pay	307,515	321,430	(13,915)	(4)
Non Pay	173,615	176,027	(2,413)	(1)
Income	(21,837)	(23,952)	2,115	9
Total	459,293	473,505	(14,213)	(3)

- The Trust prepared a savings plan of £17.6m 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. The £8.7m has not been taken out of budget to date.

- The deficit and expenditure trends as reported at Month 6 are higher than anticipated at this stage of the financial year.
- Payroll expenditure totals £321m at month 6 and is £14m 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 £9m and £8.6m respectively.
- Investment in payroll includes agency, bank, locum, overtime, CSP and additional duty hours. To date these elements have cost £44m. (14% of total payroll spend). In September 2023 the Trust employed a total of 1,402 WTE's on these flexible arrangements. The most significant area of flexible spend is Agency (including Medical Agency & Locum) with a wte of 675 at September 2023 (48% of total flexible wtes) and a cumulative spend of £30m (68% of spend)
- Non-pay expenditure is cumulatively over budget by £2.4m. The main budget line showing increased expenditure is Medical & Surgical Supplies and equipment overspent at £3.5m.
- Income from Non-RRL sources now totals £24m with an over-recovery at Month 06 of £2.1m.

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.

- At the end of September the Trust provided a revised deficit position of £29.68m, an increase of £6.8m, this relates to further pressures to include:
- £3.00m DHH Stabilisation
- £0.80m International Doctors recruitment
- £1.00m Costs due to Restructuring of Acute Services
- £2.00m Expected price increase in regional contracts
- Of the £29.68m deficit, in addition to the increased areas of pressure noted above, the remainder relates to a deficit of £4m for Covid spend, 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.
- 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><u>Less Reduction in Cost Pressures:</u></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
<u>Add £6.8m New Cost Pressures notified on 25th Sept 2023</u>			
DHH Stabilisation	3.00		
International Doctors Recruitment	0.8		
Restructuring of Acute Services	1.0		
Price increases in regional contracts	2.00		
Total Additional cost pressures / increase in deficit			6.80
Additional funding for Covid PPE		-	0.16
Revised Anticipated Trust Deficit as at September 2023			29.68

On 18 October, SPPG informed SHSCT that an additional £10m will be allocated non-recurrently from savings largely relating to decreased energy costs to decrease the deficit. The deficit will therefore decrease to £19.68m. SLT will determine where best to allocate this additional funding.

- 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.
- It is imperative that budget holders understand it is their responsibility to stay within their allocated budgets and avoid any overspend. Budget holders should not be spending at risk outside of budget control areas as this will increase the spending deficit.
- Budget holders must ensure that spending controls are in place to achieve savings targets. SHSCT is not on target to achieve £17.6m, £3.3m savings achieved at month 6 for low/medium measures. Budget holders should address and work to achieve targets in full and if these savings are not achieved there is a considerable risk of the deficit increasing. **Directors to urgently address achievement of targets.**

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