

# Finance Report

Month 9 December 2024

Finance Department

- 
- |   |               |
|---|---------------|
| 1. Financial Performance targets at December 2024 | slide 3       |
| 2. Financial Plan 2024-25                         | slide 4       |
| 3. Financial position at December 2024            | slide 5-7     |
| 4. Flexible Staff Costs as at December 2024       | slide 8-9     |
| 5. Savings target 2024-25                         | slide 10-12   |
| 6. Forecasted Plan 2024-25                        | slide 13 - 14 |
| 7. Capital (CRL) at December 2024                 | slide 15      |
| 8. Risks to Delivery of Plan and Proposed Actions | slide 16-17   |

# 1. Financial Performance Targets at December 2024

Financial Performance Targets	Year to Date	Year-end Forecast
<b>1. Achieve financial plan in 2024-25</b>	<b>Surplus £650k (Control v Actual)</b>	<b>Breakeven with control total spend £1,029m</b>
<p>The Trust is reporting a surplus of £650k at month 9 against control total, due to overachievement of savings at Month 09 and partly due to the underspend in winter pressures of c£435k at month 9 due to recruitment timelines but it is expected that funding for Winter Plan will be spent in full by year-end. The Trust view is that break-even can be achieved by year-end due the benefit of Growth funding from SPPG and more positive movement on savings targets, in particular the overachievement in Nursing saving target.</p>		
<b>2. Achieve 2024-25 savings target</b>	<b>Overachieved by £106k or 0.8%</b>	<b>£22m</b>
<p>The Trust Savings target is £22m including £5m additional target retracted from Month 07 onwards. Of the savings target of £13.76m at month 9, £13.87m has been achieved with an overachievement of £106k or 0.8% of the target to date. The main area of overachievement in Mth 9 is Flex Agency- Nursing agency and Bank at £.1.5m. The main area of underachievement is within Medical Locum Conversion with underachievement at Mth 9 of £1.9m; however, it is anticipated that the full savings target of £22m can be achieved due in the main to overachievement in other savings targets.</p>		
<b>3. Achieve in year break even outturn within Capital Resource Limit (CRL)</b>	<b>£12.06m</b>	<b>£32.56m</b>
<p>As at month 9 £12.06m has been spent. The Trust is forecasted to spend a further £20.5m, £4.96m in General Capital and £15.49m in Specific Capital schemes. This is normal for this time of year, schemes are anticipated to complete in latter months.</p>		
<b>4. Prompt Payment Target - 95% of suppliers within 30 days</b>	<b>97.1%</b>	<b>96.4%</b>
<p>The Trust prompt payment performance in the month of December was 97.1% with cumulative position to date of 96.4%. Therefore, the Trust met its prompt payment target in December and on the cumulative year to date position is on target. 36,176 invoices were paid in month.</p>		

## 2. Financial Plan 2024-25

The Trust is forecasting a break-even position with remaining pressures (being Encompass and Pension Flexibility) being covered due to additional growth funding from SPPG. Breakeven is forecasted with underspends being covered by overspends in MUSC by corridor beds and 2 South. It is now expected that the Encompass pressure will be lower than the £880k originally anticipated with a forecast spend now of c£500k. In addition, there is also a lower than expected spend to date in winter pressures of c£435k at month 9 largely due to timing of recruitment and availability of staffing however it is expected that the funding for Winter Plan will be expended in full by year-end. It is expected that underlying expenditure trends remain stable and within control totals and that the full £22m Low/Medium Impact savings plans will be achieved due to the continued positive movement in savings targets reported at Month 09, in particular the overachievement in Nursing saving target.

	<b>Forecast (Month 09)</b>
	<b>£'m</b>
Income RRL (per SPPG, PHA, NIMDTA)	1,025
RRL Expected not yet received	5
<b>Expected Income RRL</b>	<b>1,030</b>
Pressures (Encompass, Pension Flexibility)	(0.6)
<b>Forecast Plan 2024-25 at month 09</b>	<b>1,029</b>
<b>Forecast at December 2024</b>	<b>0.0</b>

Key: brackets denotes an overspend

### 3. Financial position at December 2024

The table below shows Pay, Non-Pay and Income variances year to date for each Directorate. The second last column shows control totals variance at month 9 in thousandths (£650k surplus to date).

Deficit Funding continues to be reflected at Directorate level at month 9 with the Budget and Control Total now the same. The Trust continues to anticipate that a break-even position will be achieved by year-end.

Directorate	Pay			Non Pay			Income			Total	Forecast
	Control Mth 9	Actual Mth 9	Variance	Control Mth 9	Actual Mth 9	Variance	Control Mth 9	Actual Mth 9	Variance	Control Variance Mth 9	Control Total
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'000	£'m
Medicine and Unscheduled Care	94.5	97.7	(3.2)	35.5	36.6	(1.1)	(0.5)	(0.7)	0.2	(4,075)	175
Surgery and Clinical Services	117.4	116.6	0.8	30.7	31.0	(0.3)	(1.7)	(1.7)	(0.0)	513	197
Children and Young People Services	69.4	69.0	0.5	23.3	23.5	(0.2)	(0.2)	(0.4)	0.1	417	123
Mental Health and Disability	76.0	75.4	0.5	79.3	79.0	0.3	(9.3)	(8.9)	(0.4)	385	195
Finance, Procurement and Estates	9.4	9.7	(0.3)	28.4	28.0	0.4	(1.5)	(1.7)	0.2	297	47
Adult Community Services	94.4	94.1	0.3	78.5	80.0	(1.5)	(21.1)	(23.3)	2.3	1,037	207
Human Resources and Org Dev	5.4	5.2	0.1	1.7	1.3	0.3	(0.1)	(0.1)	0.0	480	10
Medical Director	4.3	4.5	(0.3)	0.3	0.3	(0.0)	(0.0)	(0.0)	0.0	(261)	6
Performance, Planning and Informatics	7.6	7.1	0.5	1.7	1.3	0.4	(1.6)	(1.6)	0.0	873	11
Transformation and Improvement	3.0	2.9	0.1	0.2	0.1	0.1	0.0	0.0	0.0	156	4
Nursing, Midwifery and AHPs	26.5	25.3	1.1	3.4	4.2	(0.8)	(2.8)	(3.5)	0.7	1,050	35
Chief Executive	0.9	1.1	(0.2)	0.1	0.1	(0.0)	0.0	0.0	0.0	(252)	2
Covid	1.3	1.2	0.0	2.6	2.6	(0.0)	(0.0)	0.0	(0.0)	31	6
Trust Unallocated	(0.8)	0.0	(0.8)	0.8	0.0	0.8	0.0	0.0	0.0	0	10
<b>Directorate Total</b>	<b>509.03</b>	<b>509.93</b>	<b>(0.90)</b>	<b>286.54</b>	<b>288.12</b>	<b>(1.58)</b>	<b>(38.76)</b>	<b>(41.89)</b>	<b>3.13</b>	<b>650</b>	<b>1,029</b>

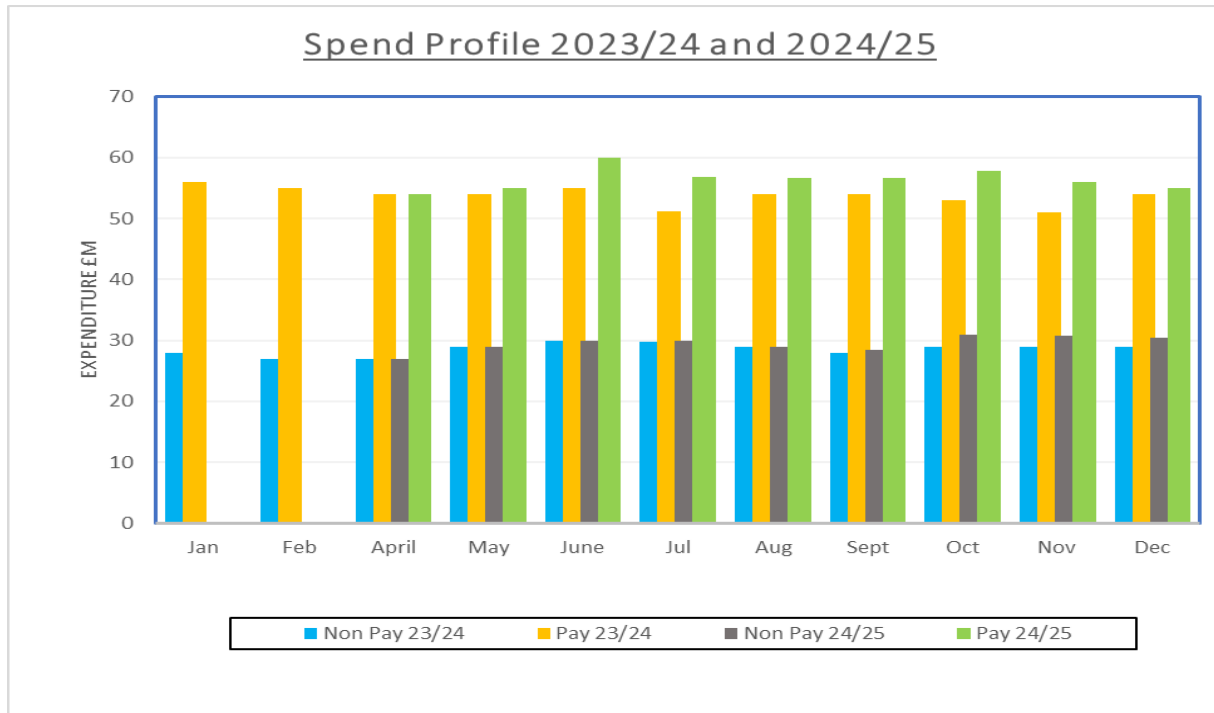
A figure in brackets represents an overspend.

#### Explanations for main variances are as follows:

- Payroll is over budget by £900k the main area of pressure is Medicine & Unscheduled Care (MUSC). MUSC is overspent by £3.2m largely due to non-achievement of medical locum savings target and an overspend in medical pay predominately due to an increase in spend in DHH Stabilisation, ED Pressures and bed escalations. This reported position is after application of additional funding for Unscheduled Care and Bed Pressures (from Trust Unallocated) and increase of savings target for Nursing Agency spend (part of £5m additional savings)
- There is also a lower than expected spend to date in winter pressures of c£435k at month 9 largely due to timing of recruitment and availability of staffing, however it is expected that the funding for Winter Plan will be expended in full by year-end.
- The remaining balance of £10m in Trust Unallocated reflects £5.5m for Year-end Contingency/Accruals, £3m Contribution to Savings Targets and £2m for Medical and other Equipment purchase which will be allocated to Directorates as expenditure accrues over the remainder of the financial year.
- Non-Pay is now reporting a cumulative overspend at month 9 of c£1.6m in the main due to spend within Independent Sector provision but this is partially abated with the over-recovery in Client Contribution income noted below.
- Income is over-recovered by £3.1m, in the main due to over-recovery of Client Contribution income.

### 3. Financial position at December 2024

The profile of the expenditure in the Trust on Pay and Non-Pay rolling 12 months 2023/24 and 2024/25 is set out below. Pay in December 2024 has decreased when compared to November 2024 by c£1m from £55.9m to £54.9m (in the main likely to be due to the impact of earlier payroll closedown in December and some allowances and 2 Bank Holidays not paid until January budgeted for in full. Pay has increased by c£5.5m compared to same period last year due to impact of DHH Stabilisation in later months. Non-Pay in December has decreased by £242k compared to November however has increased by £1.7m compared to the same period last year, in the main due to tariff increases on independent sector service provision.



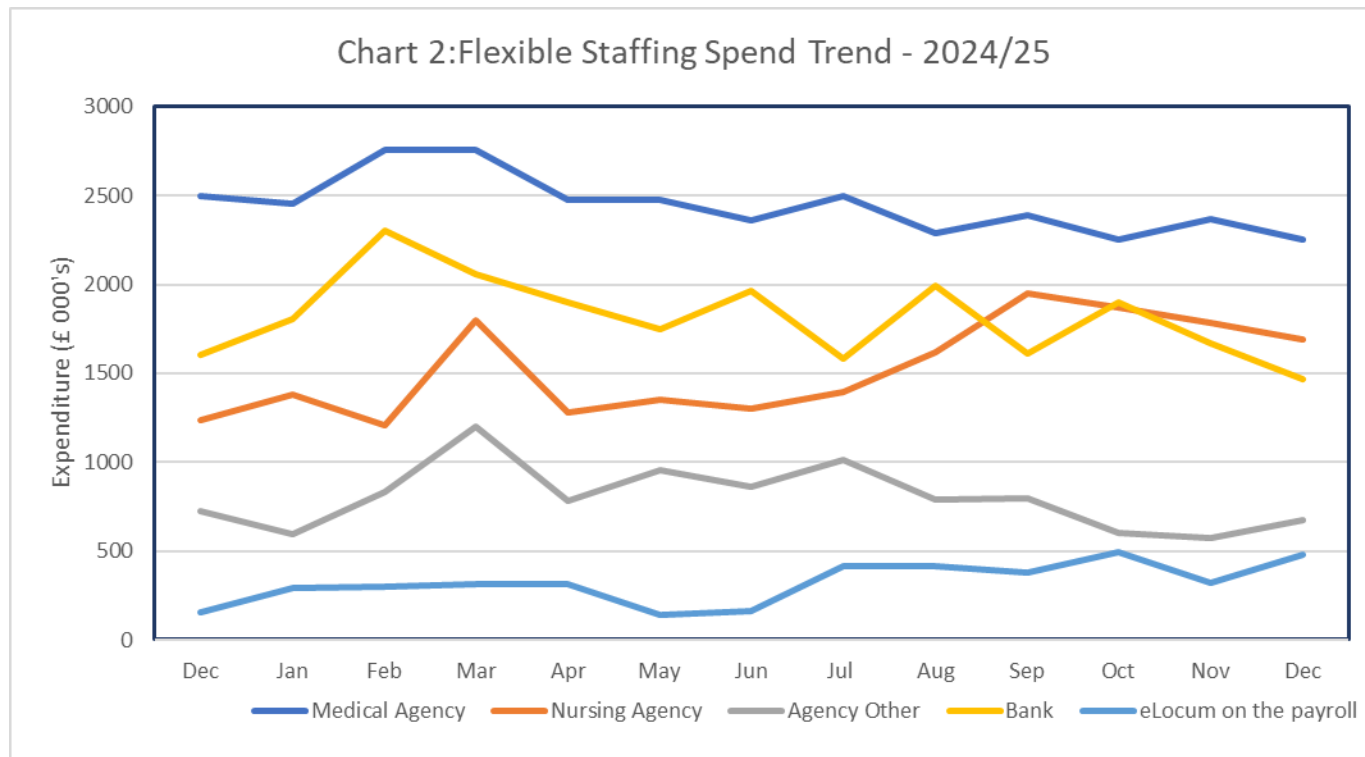
Notes: The pay segment is impacted by the number of weeks which fall within the reporting month.  
June 2024/25 includes the 2023/24 pay award

## 4. Flexible Staff Costs as at December 2024

The chart below shows Flexible Staffing Spend Trend rolling 12 months 2023/24 and 2024/25.

Medical Agency has decreased in December by £112k when compared to November, with the average monthly spend in first 9 mths of 24-25 (£2,374k) marginally lower than that compared to last 9 months of 23-24 (£2,375k). ELocum spend has increased by £156k however, cumulatively medical locum reduction savings are not being met as in total terms Medical spend (substantive and flexible) has increased compared to last year.

Nursing Agency has decreased in month 9 by £94k, bank has also decreased by £203k and cumulatively in total terms nursing spend (substantive and flexible) has decreased, however, this may have also have been impacted by earlier payroll closedown in December.



\*Excludes Additional Duty Hours and Overtime

## 4. Flexible Staff Costs as at December 2024

The table above shows the flexible staffing by Directorate YTD December 2024. The total cumulative spend for flexible staffing in Mth 09 is £66.304m (13% of total payroll spend) with 1,331 WTE's employed on these flexible arrangements.

Directorate	Cumulative to December 2024							Cum to NOV 2024 £000's	Cum to NOV 2023 £000's	Movement	
	Medical Agency £000's	Nursing Agency £000's	Agency Other £000's	Bank £000's	Locum on the payroll £000's	Overtime £000's	Additional Duty Hours £000's			£000's	%
Medical and Unscheduled Care	15,223	7,824	78	2,992	579	443	94	27,232	24,967	2,265	9%
Surgery and Clinical Services	2,815	2,386	449	2,785	889	774	204	10,302	12,069	-1,767	-15%
Children and Young People	521	65	314	1,472	189	569	129	3,258	4,468	-1,210	-27%
Mental Health and Disability	1,191	3,039	142	4,490	147	507	83	9,600	10,247	-647	-6%
Adult Community Services	1,461	881	178	3,531	1,315	250	673	8,289	7,062	1,227	17%
Finance, Procurement and Estates	10	0	137	30	0	149	11	337	408	-71	-17%
Human Resources & Org	82	0	91	4	0	10	2	189	231	-43	-18%
Medical Director	0	0	30	0	0	1	4	35	76	-41	-54%
Nursing, Midwifery and AHP	0	46	5,290	352	0	283	349	6,320	5,942	378	6%
Performance and Reform	0	0	0	-0	0	92	9	100	81	19	24%
Trust Unallocated	0	0	145	0	0	0	0	145	0	145	
Covid 19	-1	0	68	171	0	4	2	243	1,530	-1,286	-84%
Chief Executive	0	0	54	-7	0	9	1	57	195	-139	-71%
Transformation & Improvement	64	0	68	13	0	18	34	197	18	179	990%
<b>Totals</b>	<b>21,365</b>	<b>14,241</b>	<b>7,044</b>	<b>15,833</b>	<b>3,119</b>	<b>3,109</b>	<b>1,593</b>	<b>66,304</b>	<b>67,294</b>	<b>-991</b>	<b>-1%</b>

The most significant area of flexible spend is Medical Agency £21.365m YTD. Overall flexible spend has decreased by £138k in month when compared to prior month. Significant movements below:

- Medical Agency decreased spend of £112k
- Nursing Agency decreased spend of £94k
- Other Agency increased spend of £105k
- Bank decreased spend of £203k
- eLocum on the payroll increased spend of £156k

Flexible staffing has decreased by £0.991m when compared to the equivalent period in 2023/24 however, Medical Agency has increased by £2.3m when compared to the same period last year with the movement wholly within MUSC. The increase in Adult Community Services is due to additional spend on regional eLocums.

## 5. Savings target 2024-25

Of the £22m Savings Targets, £13.76m has been retracted from budgets as at Month 09 (representing 62.5% of the overall target), £13.87m savings has been achieved to date with an overachievement of £106k against the target at Month 09. Details of the achievement against each of the 41 savings proposals is included in Table 6. After review it is anticipated that the following proposals will have limited or no achievement by year-end:

- Proposal 27- Flex Spend- Other Agency & Bank £553k
- Proposal 29- Internal Locum Conversion £2.799m
- Proposal 37- Review Continuation of Long Covid Rehab Team £350k
- Proposal 40 - Ending rental agreement SHSCT staff in GP Federation Premises £60k

Whilst the above schemes are expected not to achieve savings by year-end it is anticipated that any under-achievement can be addressed via over-achievement on other savings proposals and with the £3m Contribution to Savings Targets from Trust Unallocated that the full £22m forecast savings will be achieved (please see Table 6 below). The additional £5m savings targets effective from October 2024 has been applied as follows:

£2m Nursing (added to Proposal 26 and applied across Directorates) , £250k travel (added to Proposal 1 and applied across Directorates) and £2.750m other staff efficiencies due to positive benefit of unallocated adjustments (added to Proposal 5).

Savings plans will be monitored and reported on at January RISE programme board with a focus on plans required to address underachievement of Proposal 27 Flex Spend - Other Agency & Bank and Proposal 29- Internal Locum Conversion .

## 5. Savings target 2024-25

Table 6: Low & Medium Impact Savings Plan 2024/25

LOW & MEDIUM IMPACT SAVINGS PLAN 2024/25	Expected Saving to Date Mth 09 (£)	Achieved Saving to Date Month 09 (£) RAG Status	Variance Month 09 YTD £	Expected Saving Full Year (£)
<b>Low</b>				
01 - Reduction in staff travel by 31st March 2025. Starting 1st April 2024.	871,900	1,584,603	712,703	1,250,000
02 - Reduction in Transport costs, review being undertaken by Transport group by 30th September, implemented by 31st March 2025.	156,785	75,000	(81,785)	215,579
03 - Reduction in discretionary spend across Directorates – main area: Advertising, IT Consumables, Furniture & Fittings, training and stationery. Starting 1st April 2024.	225,000	445,950	220,950	300,000
04 - Invest to save Energy Estates projects, starting 1 April 2024 (6mth, 10 mth and 12 mth implementation date).	433,889	280,854	(153,035)	619,842
05 - Other Staff Efficiencies outside of flexible spend. Starting 1st April 2024.	2,530,000	2,730,000	200,000	4,400,000
06 - Day Clinical Centre (DCC) move from STH to CAH, starting on 1 December 2024 (4 months savings).	21,875	46,796	24,921	87,500
07 - Sur & OP Div: Implementation of Envoy Text Messaging System, starting on 1 July 2024	68,367	-	(68,367)	102,550
08 - Sur & OP Div: Cessation of Drive Through Phlebotomy Service, St Luke's Hospital site, starting 1 July 2024	152,170	157,244	5,074	228,255
09 - Sur & OP Div: EIDO Electronic Information Library for Patients, starting 1 April 2024.	15,000	-	(15,000)	20,000
10 - CYP Residential Services, Staffing model and associated support services from 1st April 2024	262,500	346,013	83,513	350,000
11 - Children social work – Provision of Summer Schemes and other activities starting 1st April 2024.	37,500	37,500	0	50,000
12 - Social Workforce training and development from 1st April 2024.	37,500	37,500	0	50,000
13 - Acute Paediatrics Medical Agency from 1st April 2024.	90,000	104,470	14,470	120,000
14 - Children's Community Nursing, starting 1st October 2024.	8,750	-	(8,750)	17,500
15 - Saturation Probes – Acute Paediatrics , starting from 1st October 2024.	5,000	-	(5,000)	10,000
16 - Service realignment to release commissioned activity, starting 1st July 2024.	27,000	19,591	(7,409)	40,500
17 - Ending of GPOOHs Dalriada Telephone support Contract, starting 1 April 2024.	45,000	45,000	0	60,000
18 - Implement Care Line Live in Trust Home Care. savings will increase efficiency and ensure maximisation of resources and equip the service to be more effective and flexible in meeting demands. Starting 1 April 2024	179,200	23,370	(155,830)	256,000
19 - Block Booked Beds, reduction in rates, starting 1 July 2024	20,000	46,520	26,520	30,000
20 - Step down of Patient Feedback service, utilising Care Opinion and other patient feedback mechanisms, starting 1 May 2024.	39,113	39,113	(0)	53,781
21 - Reduce spend in bereavement service, reduction in seconded staff, starting 1 April 2024.	44,003	44,008	5	58,671
22 - Reduce spend in Nursing education, workforce and training, cessation of unfunded posts (1 May 2024)	31,604	31,605	1	43,456
23 - Food Waste Reduction, electronic menu system being installed will reduce food waste, starting 1 August 2024	79,505	79,505	0	127,208
24 - Review of Laundry shift patterns, reduction in night cover, starting 1 August 2024	44,305	44,305	0	70,888
25 - ICT Software savings, downturn of contracts, reduction in support, starting 1 April 2024	113,731	113,732	1	151,641
26 - Flex spend - Nursing Agency & Bank, equates to c10% of 23-24 spend, through review of nursing utilisation, filling vacant posts, level of recruitment for enhanced care, starting 1 July 2024	1,940,621	3,450,000	1,509,379	3,405,633
27 - Flex spend - Other agency & bank equates to c10% of 23-24 spend, through review of agency utilisation, filling vacant posts, level of recruitment for at risk posts, starting 1 July 2024	368,612	-	(368,612)	552,918
28 - International Medical Recruitment – c70 International Drs recruited in 23-24 and 24-25, reduction in medical locum, starting 1 April 2024.	822,999	618,750	(204,249)	1,324,500
29 - Internal Locum conversion c10% of 23-24 spend. A medical locum review group has been established, review of utilisation, filling vacant posts, level of recruitment for at risk posts, starting 1 July 2024	1,865,986	-	(1,865,986)	2,798,979
<b>Total Low Impact Savings</b>	<b>10,537,916</b>	<b>10,401,429</b>	<b>(136,487)</b>	<b>16,795,401</b>



## 6. Forecasted Plan 2024-25

The table below sets out the potential Best, Base (Plan) and Worst Case Scenarios based on current run rates, pressures and achievement of savings in month 9.

	Best Case	Base Case	Worst Case
	£'000	£'000	£'000
Forecast (Control)	(1,027,442)	(1,029,442)	(1,029,442)
Encompass	(500)	(500)	(500)
Pension Flexibility	(58)	(58)	(58)
Run Rate over Control Total			(2,000)
Income	1,030,000	1,030,000	1,030,000
(Deficit)/ Surplus	2,000	0	(2,000)

The run rate over control total relates to on-going bed pressures and a risk that the cost of Winter Pressures will outstrip available Winter Plan funding. This risk could be exacerbated by the continued need to open uncommissioned beds that were previously closed due to unscheduled care demand.

## 6. Forecasted Plan 2024-25 – Scenarios - basis of assumptions

**Best Case Scenario:** Assumes full achievement of £22m Low/Medium impact savings plans, additional pressures of c£600k will be addressed due to availability of additional growth funding from SPPG and that the Trust will underspend on control total by £2m. In addition, it assumes very limited need for bed escalation.

**Base Case Scenario:** Assumes full achievement of £22m Low/Medium impact savings plans, additional pressures of c£600k will be addressed due to availability of additional growth funding from SPPG and Trust will breakeven. In addition is assumes that bed escalation will be limited to that only required to address the most critical need.

**Worst Case Scenario:** Assumes full achievement of £22m Low/Medium impact savings plans, additional pressures of c£600k will be addressed due to availability of additional growth funding from SPPG but that the Trust will spend £2m over control total as Medicine & Unscheduled Care will not recoup overspend and bear further cost due to unscheduled care demand and associated continued need for bed escalation without any associated bed reduction for the remainder of the year and spend will increase over winter period across all Directorates (over the funding envelope for Winter Pressures).

## 7. Capital (CRL) at December 2024

The table below show Capital (CRL) spend against budget at Month 9

Scheme Description	Expenditure to Date		CRL Funding Notified		CRL Balance Remaining	
	Specific Schemes £'000s	General Capital £'000s	Specific Schemes £'000s	General Capital £'000s	Specific Schemes £'000s	General Capital £'000s
ICT	257		858		602	
LOW VOLTAGE ELECTRICAL INFRASTRUCTURE	1,617		2,250		633	
BACKLOG MAINTENANCE	1,289		2,750		1,461	
ENCOMPASS	5,273		10,346		5,074	
GP IMPROVEMENT SCHEME(TRUST OWNED)	498		1,144		647	
DRUMALANE - FIBRE - WORKS	-		-		-	
INVEST TO SAVE - ENERGY EFFICIENCY	907		4,614		3,706	
RAPID DIAGNOSIS CENTRE (STH)	521		2,915		2,394	
REGIONAL MAMMOGRAPHY	572		577		5	
CAR PARKING - HOSPITAL PARKING CHARGES ACT	27		165		138	
IMAGING DIAGNOSTICS	4		235		231	
ELECTIVE CARE EQUIPMENT & MINOR WORKS	8		612		604	
MEDICAL EQUIPMENT		179		2,390		2,211
INFORMATION TECHNOLOGY		508		1,321		814
TRANSPORT		-		234		234
ESTATES - GENERAL CAPITAL		397		1,992		1,595
SHORTFALL OF CREDITORS		-		16		16
FINANCE CONTINGENCY		-		50		50
CONTINGENCY		-		35		35
<b>Total</b>	<b>10,973</b>	<b>1,083</b>	<b>26,466</b>	<b>6,038</b>	<b>15,493</b>	<b>4,955</b>

As at month 9 £12.056m has been spent. The Trust is forecasted to spend a further £20.45m, £4.96m in General Capital and £15.49m in Specific schemes. This is normal for this time of year as schemes are anticipated to complete in latter months.

## 8. Risks to Delivery of Plan and Proposed Actions

**Risk 1** - To achieve the forecasted position costs must be contained within forecasted spend. The Trust is running at a surplus of £650k at Month 09 (control v actual) however Medicine & Unscheduled Care is over by £4.1m mainly payroll due to non-achievement of medical agency target and increased medical pay costs and this will likely increase further over the winter period due to temporary opening of additional beds (the reported overspend is after building in additional financial contingency in recognition of bed pressures from Month 08 onwards). MUSC has spent c£3m more than the same period last year.

Proposed Action:

MUSC with support from the Medical Workforce Group, chaired by the Medical Director, continues to urgently review and ensure financial controls in place to address the increase in medical locum usage and non-achievement of medical agency target, in particular in DHH and in ED and over the remaining winter months to contain spend.

Nursing Workforce groups to continue to review agency and bank spend and implement actions to further reduce/stop agency in agreed areas.

MUSC is to address the recommendations made in the external MUSC review.

All Directorates avoid incurring spend that could give rise to a pressure or at risk spend.

**Risk 2** - Savings targets not being met in full by Directorates and overachievements not sufficient to balance any underachievement in particular that associated with medical locum conversion and delay in Bluestone staffing conversion.

Proposed Action:

Directorates to ensure robust plans are implemented to fully achieve all £22m savings targets. RISE to challenge and monitor non-achievement of targets. Medical workforce group to report on medical locum target.

## 8. Risks to Delivery of Plan and Proposed Actions

---

**Risk 3** – Further pressures arise during the year which are unfunded.

Proposed Action:

No spend to be incurred without funding in place. Any unforeseen pressures to be reported to Finance and SPPG immediately.

**Risk 4** - There is a specific potential major financial and governance control risk associated with the need to extend the agreed opening of uncommissioned beds due to unscheduled care demand and that the impact of same will result in additional cost that outstrips available Winter Plan funding.

Proposed Action:

There must be strict agreement at SLT for any continued bed escalation to meet demand with specific authorisation and financial controls in place regarding same. Whilst we have built in contingency this needs closely managed between now and year-end. SLT also to closely monitor the outcomes and benefits of the Winter Plan including in particular planned costs associated with Timely Care.