



TRUST BOARD

MEETING	Trust Board	Ref No. 7.1
DIRECTOR	Director of Finance	Date
2021/22 Month 6 Finance Report		
Purpose	<ul style="list-style-type: none">• Finance performance report for (April-September 2021)• Update on 2021/22 financial planning	
Corporate Objective	<ul style="list-style-type: none">• Delivery of all corporate objectives, including statutory duty to breakeven	
Key areas for consideration	This paper provides: <ul style="list-style-type: none">• a report on the Trust's actual performance at the end of September 2021• An update on the financial position for 2021/22	
Recommendations/Actions	This report is for discussion and noting.	

Trust Board Financial Planning 2021/22

1. Executive Summary

- 1.1 The DoH opening allocation for 2021/22 includes additional funding of £495.2m, however only £52.1m of this represents recurrent mainstream funding which is to cover the Agenda for Change (AFC) pay increase in 2021/22.
- 1.2 The Trust began the year with an underlying recurrent opening deficit (before any pay and price inflation and other cost pressures in 2021/22) of £69.1m, which had built up over the last few years from undelivered savings and unfunded inescapable pressures.
- 1.3 For the last number of years the Trust has only been able to achieve financial balance because of substantial non-recurrent monies, obtained through a combination of additional Monitoring Round monies, in-year slippage on investments and other, often fortuitous, non-recurrent measures.
- 1.4 The HSCB indicative 2021/22 allocation, issued in May 2021, did not include any recurrent or non-recurrent funding to address prior year unmet savings targets or prior year unfunded inescapable pressures. DoH, through HSCB, also levied a new MORE pharmacy savings target, amounting to £3.8m, against which the Trust anticipates savings of £2.1m.
- 1.5 The Trust's draft financial plan, submitted at the end of May 2021, identified an anticipated deficit of £90m for 2021/22. This comprises the opening deficit (£69m), 2021/22 inescapable pressures net of anticipated income (£17.1m), Transformation and COVID-19 pressures (£16m), No More Silos pressures (£5.3m) and a shortfall on MORE pharmacy savings (£1.7m). The resultant financial gap has been reduced to reflect anticipated non-recurrent slippage on investments and accounting adjustment savings of £14.6m and savings in relation to downturn in elective care/other 'business as usual' spend due to COVID-19 of £4.7m.

- 1.6 In June, HSCB advised the Trust of some additional funding and agreed a number of planning assumptions around income and expenditure. They determined that No More Silos services would have to live within available funding of £2.7m, requiring a reduction of services within the urgent care centre and the deferral of planned community initiatives. HSCB also asked the Trust to assume that COVID-19 response costs would be funded in full and confirmed that transformation scheme surpluses could be offset against any transformation deficits. At the same time the Trust reviewed and revised its estimates in relation to in-year slippage and other non-recurrent cost reduction measures. In September the HSCB allocated £9m non recurrent funding for energy and other pressures. The resulting deficit has been reduced to £46m.
- 1.7 No further income has been assumed in terms of additional non-recurrent funding from in-year Departmental Monitoring Rounds or further additional centrally held slippage which have both provided significant in-year monies in previous years and have been a major factor in achieving breakeven in the HSC and the Belfast Trust in the past. At this point, unless additional funding is received, the Trust is clear that financial balance could not be achieved through efficiency alone and a breakeven plan would require savings to be generated from service downturn.
- 1.8 The Month 6 position is a £24.9m deficit and the forecast for the year is a deficit of £46m in line with the revised financial plan. Whilst it is too early in the year to identify any changing trends, there are some concerning areas of expenditure compared with the same period last year, where pay spend has increased by circa £15m compared to last year and the pay variance has worsened by £5m. This is attributable in the main to backfill for rising vacancies and sickness absence. It is important that budget holders continue to monitor spend against budgets and take early action where variances are emerging and spend run rates are rising.

2. 2021/22 Recurrent Opening Deficit

2.1 The Trust had an underlying recurrent opening deficit (before any pay and price inflation and other cost pressures in 2021/22) of £69.1m, which had built up over the last few years from undelivered savings and unfunded inescapable pressures, including pressures relating to superannuation auto enrolment, energy price increases, high cost placement of children and LD transitioning to adulthood. This can be summarised as follows:

	2021/22	
	£'m	£'m
Residual opening deficit 2018/19		1.7
2018/19 General Savings Target shortfall	9.7	
2019/20 General Savings Target shortfall	18.6	
2020/21 General Savings Target shortfall	18.4	
2018/19 unfunded pressures	11.2	
2019/20 unfunded pressures	8.2	
2020/21 unfunded pressures	1.3	
		67.4
Gross Opening Deficit for 2021/22		69.1

2.2 For the last number of years the Trust has only been able to achieve financial balance because of substantial non-recurrent monies, obtained through a combination of additional Monitoring Round monies, in-year slippage on investments (where planned investments have not started on time due to longer lead in times, workforce shortages etc) and other, often fortuitous, non-recurrent measures. In 2020/21, there were additional one-off underspends associated with the downturn in elective care/other 'business as usual' spend as a result of COVID-19. The scale of reliance on non-recurrent measures over the last two years is shown below:

	2019/20	2020/21
	£m	£m
N/R savings/slippage on investments	25	29
N/R funding	20	3
N/R transformation	19	14
Savings from COVID-related downturn in activity		29
TOTAL	64	75

- 2.3 The Trust cannot continue to manage its finances with such heavy reliance on non-recurrent funding and without the assurance of a fully funded recurrent baseline.
- 2.4 It should be noted that the Trust has made cash releasing and productivity savings in excess of £300m over the past 12 years. However, given the scale of savings achieved in that time against a background of an increasingly elderly population and associated health and social care needs, rising bed occupancy levels and recruitment difficulties which necessitates the use of high cost backfill, the opportunities for cash savings have reduced significantly. The Trust continues to seek and exploit any opportunities available, for example in high cost drugs, but has been unable to meet the circa £20m of additional savings per year required by DOH in the last three years.
- 2.5 In addition to the £69.1m opening recurrent deficit, there are other costs which had been funded non-recurrently in 2020/21 and before, which the Trust has committed to this year with DoH knowledge; these will require ongoing financial support on a recurrent basis to sustain, otherwise they will have to be stood down which will have service implications. For the first year in a number of years, Trusts have not received new demography monies despite continued demographic growth. Furthermore, anticipated additional funding in relation to the FYE of 2020/21 demography funding was significantly reduced to recurrently fund a range of regional transformation projects which has reduced the amount available to fund demographic growth pressures. Moreover, the Trust appears to have been disproportionately affected- whilst we identified transformation projects totalling £1.3m to be funded from top-

sliced demography funding, the Belfast Trust's share of demography funding was reduced by circa £3m.

3. Detailed breakdown of 2021/22 Financial Position

- 3.1 The DoH opening allocation for 2021/22 includes additional funding of £495.2million; however only £52.1million of this represents recurrent mainstream funding which is to cover the Agenda for Change (AFC) pay increase in 2021/22. The remaining allocation is non recurrent and is planned to be used to fund COVID-19 expenditure tails, COVID-19 rebuild costs, COVID vaccination deployment, NDNA initiatives, other inflationary uplifts and limited demography and transformation investment.
- 3.2 Although the Belfast Trust ended the 2020/21 financial year in a balanced financial position, this was only achieved, as was the case in previous financial years, through a combination of substantial non-recurrent funding from HSCB, one-off accounting measures, and both internal and HSCB slippage on a number of service developments and downturn in elective care/other business as usual spend due to COVID-19. The year-end outturn position does not therefore adequately reflect the severe financial challenges encountered in 2020/21 which have had to be factored into the recurrent underlying position.
- 3.3 The HSCB indicative 2021/22 allocation, issued in May 2021, did not include any recurrent or non recurrent funding to address previous year unmet savings targets or historical inescapable pressures. At the same time, no additional efficiency savings target was imposed this year with the exception of a MORE pharmacy savings target of £3.76m. After years of sustained significant savings, this will be the first year that the Trust expects not to be able to achieve its full pharmacy savings target with forecast savings of £2.06m. The resulting residual initial deficit was £89.7m.

3.4 In late June 2021, HSCB issued further guidance regarding income and expenditure assumptions. At the same time, the Trust reviewed its estimate of further non-recurrent savings in relation to new investment slippage. As a result, the financial position has been revised to £46m. Annex A gives a detailed breakdown of the deficit. It should be stressed that the Trust has been advised to assume that COVID-19 response costs will be met in full, that transformation slippage can be offset against transformation deficits and that No More Silos services can be reduced to the funding provided of £2.7m, with the exception of the GP Out of hours cost pressure. The Trust has also been told to assume that projected costs in relation to holiday pay and sick pay overtime can be maintained at 2020/21 accrued levels. A summary of the revised financial position is below:

Residual Deficit after income and savings

	£'m
Residual opening deficit 2018/19	1.7
2018/19 General Savings Target shortfall	9.7
2019/20 General Savings Target shortfall	18.6
2018/19 unfunded pressures	11.2
2019/20 unfunded pressures	8.2
2020/21 General Savings Target shortfall	18.3
2020/21 unfunded pressures	1.3
2021/22 opening pressures	20.78
Opening deficit 2021/22	89.78
Income for pressures	(20.22)
COVID-19 pressure	0.0
Transformation pressure	1.67
NMS pressure	0.95
2021/22 MORE pharmacy shortfall	1.89
2021/22 savings	(27.7)
Revised deficit 2021/22	46.37

3.5 The 2021/22 savings of £27.7m include £5.1m of savings in relation to downturn in elective care/other 'business as usual' spend due to COVID-19 in the context of services returning to normal levels of activity. The actual level of savings in relation to this may exceed £5.1m, however the Trust is experiencing other pressures in relation to LD and LAC and it is awaiting

confirmation that additional income will be given non recurrently to address these pressures before increasing the savings figure. There are a range of other recurrent and non recurrent saving measures, as summarised in table below:

Recurrent and non recurrent savings	2021/22
In year demography slippage	0.50
Procurement rebates	0.50
Research & Development I&E change in accounting treatment	0.85
Other investment slippage	7.12
Recurrent savings	0.65
Other non-recurrent accounting measures	9.00
Non rec savings re rebates	4.00
	22.62

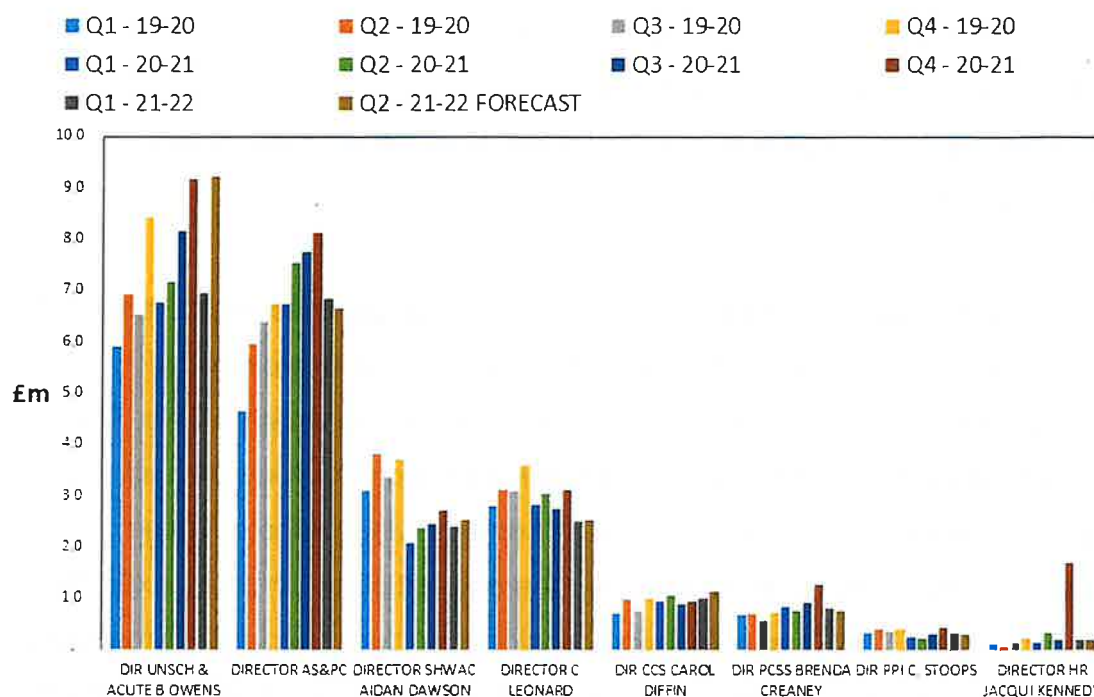
- 3.7 Nothing has been assumed in terms of additional non-recurrent funding from in-year Departmental Monitoring Rounds which have provided significant in-year monies in previous years and have been a major factor in achieving breakeven in the HSC and the Belfast Trust in the past. The Trust has been advised that the Executive has yet to agree October Monitoring, however the DoH bid for £260m, although they do not anticipate receiving this full allocation. It is understood that any amount received by DOH would include additional funding representing our share of monies provided recently for the NHS. There may be additional funding associated with Health and Social Care Levy for Northern Ireland but this funding will not be available until 2024/25.
- 3.8 Beyond the efficiencies identified above and the work already progressed through the Trust's MORE programme, the only other options available to significantly reduce the residual deficit are likely to have significant local and regional service impact. The Trust acknowledges that it has a statutory obligation to deliver a breakeven position each year. At this point, unless additional funding is received, the Trust is clear that financial balance could not be achieved through efficiency alone and a breakeven plan would require savings to be generated from service downturn.

4. Financial Performance at 30 September 2021

- 4.1 At the end of September 2021, the Trust is showing a £24.9m deficit, which is in line with the forecast deficit position of £46m.. Spend this year to date on COVID-19 is £41m, including £16.3m PPE, £7.7m additional staffing costs and £7.9m service delivery costs. The spend on transformation projects is £8.7m including £1.6m on mental health transformation, FYE forecast is £18.2m, excluding £335k for the four projects which were previously transformation.
- 4.2 The underspends being seen within G&S in the large acute directorates due to the underperformance against funded activity have decreased in comparison to last year as expected due to increasing activity levels. The underspends for the first six months totalled £4.2m. This underspend is primarily being offset against prior year unmet savings targets. These underspends for the year may exceed the amount of £5.1m projected in the financial plan. The Trust is realising considerable cost pressures in respect of energy, further EU Exit pressures, private fostering places and LD community placements and any further increase in underspends will initially be set against these pressures. Spend in relation to domiciliary care has also significantly increased, including rapid response and self direct support payments. Currently underspends in the nursing and residential home spend are offsetting an element of this domiciliary care pressure.
- 4.3 The ongoing pressure in relation to workforce continues in 2021/22. Although agency spend is on par with last year's costs the nursing position is concerning. The nursing sickness (non COVID) has increased by 1.72% compared to pre Covid levels and the Covid related absence is circa 1.5%. For every 1% additional absence of nursing staff it is estimated the cost in backfill is circa £5m per annum based on premium rate backfill. This increased absence therefor represents a cost of £16m FYE if e rates remain at this level. This pressure is somewhat masked by the closure of acute beds within hospital sites and the use of these staff, although a pressure in agency is likely to arise over the winter months. The graph below shows agency costs

for quarter 1, 2, 3, and Q4 2019/20 & 2020/21 against Q1 and forecast Q2 2021/22.

Agency spend by Directorate



4.5 The financial position at 30 September 2021, by directorate, is shown below:

Summary Position by Directorate at end September 2021

Directorate	Budget £'000	Spend £'000	Variance £'000
Specialist Hospitals & Women's Health	104,742	108,139	3,397
Adult Social & Primary Care	212,190	215,217	3,028
Surgery & Specialist Services	167,513	167,937	424
Unscheduled & Acute Care	205,039	207,125	2,086
Children's Community Services	44,828	45,518	689
Finance, Estates & Capital Development	21,281	20,430	(851)
Nursing & User Experience	44,159	43,554	(605)
Other including Corporate Directorates	65,823	82,606	16,783
Total	865,575	890,527	24,952

5. Summary Capital Position

- 5.1 The Trust's latest Capital Resource Limit (CRL) issued by the Department of Health for 2021/22 is dated 8 October 2021.
- 5.2 The total capital allocation is £75.47m. This consists of specific schemes totalling £35.03m and a general capital allocation of £40.44m.
- 5.3 Recent changes to the CRL comprise a further General Capital allocation of £9.37m, a reduction of £40k for the Glenmona Resource Centre scheme and reductions of £700k and £290k for Invest to Save schemes and dentistry schemes respectively.
- 5.4 The Trust's projected capital outturn position for 2021/22 is breakeven. The progress of schemes throughout the year will be monitored each month and should there be any changes identified to the annual spend profiles, these will be highlighted.

TABLE 1 NET EXPENDITURE ACCOUNT Sep-21	Year to Date		
	Budget	Actual	Variance
	£'000	£'000	£'000
Expenditure:			
Staff costs	533,853	539,558	5,705
Depreciation:	27,901	27,901	0
Other expenditure	331,722	350,969	19,247
Total expenditure	893,476	918,428	24,952
Income:			
Income from activities	24,436	24,452	16
Other income	34,631	34,666	35
Total income	59,067	59,118	51
Net expenditure	834,409	859,310	24,901
Less adjustments:			
Profit / (loss) on disposal of fixed assets	0	0	0
Depreciation	(25,136)	(25,136)	0
Amortisation	(2,765)	(2,765)	0
Impairments	0	0	0
Total adjustments	(27,901)	(27,901)	0
Net resource outturn	806,508	831,409	24,901
Calculation of Revenue Resource Limit (RRL)			
Allocation from HSCB	785,125	785,125	0
Allocation from PHA	10,053	10,053	0
DHSSPS non-cash RRL issued	0	0	0
SUMDE & NIMDTA (now only NIMDTA-SUMDE under HSCB RRL)	11,330	11,330	0
Revenue Resource Limit	806,508	806,508	0
Surplus / deficit against RRL	0	(24,901)	(24,901)

TABLE 2 - BALANCE SHEET	Actual 01/04/21	Actual YTD	Forecast 31/03/22	Original plan 31/03/22
	£k	£k	£k	£k
FIXED ASSETS				
Tangible assets				
1.1 - Land	111,919	111,918	111,918	111,918
1.2 - Buildings, installations and fittings	1,018,748	1,000,037	1,029,089	1,029,089
1.3 - Computer equipment	24,611	21,489	33,423	33,423
1.4 - Other equipment	85,528	76,896	96,756	96,756
1.5 - Assets under construction	109,557	128,031	134,596	134,596
1.6 Total tangible assets	1,350,363	1,338,371	1,405,782	1,405,782
1.7 Intangible assets	24,875	23,400	25,124	25,124
1.8 Financial assets	-	-	-	-
1.9 Total non-current assets	1,375,238	1,361,771	1,430,906	1,430,906
CURRENT ASSETS				
2.1 Stocks and work in progress	20,604	21,443	20,100	20,100
2.2 Debtors: amounts falling due within one year	56,862	54,227	50,750	50,750
2.3 Debtors: amounts falling due after more than one year	-	-	-	-
2.4 Short term investments	-	-	-	-
2.5 Cash at bank and in hand	13,272	51,039	15,500	15,500
2.6 Total current assets	90,738	126,709	86,350	86,350
3.0 CREDITORS: amounts falling due within one year (-)	- 334,589	- 260,808	- 304,500	- 304,500
4.0 NET CURRENT ASSETS / (LIABILITIES)	(243,851)	(134,099)	(218,150)	(218,150)
5.0 TOTAL ASSETS LESS CURRENT LIABILITIES	1,131,387	1,227,672	1,212,756	1,212,756
6.0 CREDITORS: amounts falling due after more than one year (-)	- 10,598	- 9,850	- 9,850	- 9,850
7.0 PROVISIONS FOR LIABILITIES AND CHARGES (-)	- 129,544	- 131,252	- 122,417	- 127,814
8.0 TOTAL ASSETS EMPLOYED	991,245	1,086,570	1,080,489	1,075,092
FINANCED BY:				
9.0 Revaluation reserve	364,486	364,487	364,205	364,205
10.0 Donation reserve	-	-	-	-
11.0 Other reserves	-	-	-	-
12.0 General fund	626,759	722,083	716,284	710,887
	991,245	1,086,570	1,080,489	1,075,092

TABLE 2(a) - CALCULATION OF AVERAGE RELEVANT NET ASSETS AND COST OF CAPITAL CHARGE	0	0	0
	£k	£k	£k
13.0 Total capital and reserves	991,245	1,080,489	1,035,867
less:			
14.0 Donation reserve (-)	0	0	0
plus:			
15.0 Interest Bearing Debt (NIAS only)	0	0	0
16.0 Relevant Net Assets	991,245	1,080,489	1,035,867
17.0 FORECAST COST OF CAPITAL AT 3.5%			36,255

Table 3

Belfast Trust

Salaries & Wages Supplementary Schedule

Pay Cumulative to the end of	Sep 21		
	Cumulative Budget £'000	Cumulative Expenditure £'000	Cumulative Variance £'000
Directorate			
Specialist Hospitals & Women's Health	76,493	78,935	2,442
Adult Social & Primary Care	112,347	113,783	1,436
Surgery & Specialist Services	96,008	96,447	439
Unscheduled & Acute Care	146,070	149,147	3,077
Children's Community Services	27,761	27,690	(71)
Finance, Estates & Capital Development	14,261	13,066	(1,195)
Nursing & User Experience	35,669	35,327	(342)
Other Pay including Corporate Directorates	25,244	25,163	(81)
Total Salaries & Wages	533,853	539,558	5,705

Table 4

Belfast Trust

Goods & Services Supplementary Schedule

Goods Cumulative to the end of Directorate	Sep 21		
	Cumulative Budget £'000	Cumulative Expenditure £'000	Cumulative Variance £'000
Specialist Hospitals & Women's Health	28,249	29,204	955
Adult Social & Primary Care	99,843	101,434	1,592
Surgery & Specialist Services	71,505	71,490	(15)
Unscheduled & Acute Care	58,969	57,978	(991)
Children's Community Services	17,067	17,828	760
Finance, Estates & Capital Development	7,020	7,364	344
Nursing & User Experience	8,490	8,227	(263)
Other G&S including Corporate Directorates	40,579	57,443	16,864
Total Goods & Services	331,722	350,969	19,245

TABLE 5

CAPITAL EXPENDITURE (excluding donated assets)

	Project Business Case Status	Scheme Description	Actual Capital Expenditure to date 2021/22	Forecast Total Expenditure 2021/22	Notified CRL 2021/22
			£k	£k	£k
Major capital and other specifically funded schemes	Approved schemes	RVH Maternity New Build	6,794,409	12,183,724	12,183,724
		RVH - Regional Children's Hospital Enabling and En	1,556,267	4,964,515	4,964,515
		RVH - Children's Hospital Site Infrastructure	946,827	5,224,101	5,224,101
		RGH Energy Centre	668,364	3,252,245	3,252,245
		Belfast Trust R&D Commerical Income Spend	3,482,721	6,000,000	6,000,000
		Glenmona Resource Centre	0	301,572	301,572
		100,000 Genomes R&D	0	0	0
		100,000 Genomes Capital Items	211,619	211,619	211,619
		GP Improvement Scheme Trust Owned	7,790	280,000	280,000
		Regional Radio-pharmacy Facility	96,000	369,883	369,883
		Invest to Save	36,660	460,000	460,000
		ICT	6,370,887	8,245,339	8,245,339
		0	0	0	0
		0	-	-	-
0	-	-	-		
Sub total			20,171,544	41,492,998	41,492,998
		0	-	-	-
Delegated schemes funded from		0	-	-	-
general capital and other local resources		0	-	-	-
		0	-	-	-
		0	-	-	-
		0	-	-	-
		0	-	-	-
Sub total			0	0	0
Total			20,171,544	41,492,998	41,492,998
(Over)/Underspend against the CRL					

Project Business Case Status : Approved Schemes are classified as schemes for which business case approval has been confirmed by the Planning and Performance Management Directorate. Unapproved schemes are classified as schemes for which business case approval has not been confirmed by the Planning and Performance Management Directorate.

**Please provide an explanation of any variance included in column G on a scheme by scheme basis

Table 5(a) Details of Trust Asset Disposal and Re-investment	Year to Date £k	Forecast 2019/20 £k
	0	0
	0	0
	0	0
	0	0
	0	0

