



TRUST BOARD

MEETING	Trust Board	Ref No. 7.1
DIRECTOR	Director of Finance	Date: 7 July 2022
2022/23 Month 2 Finance Report		
Purpose	<ul style="list-style-type: none">• Finance performance report for (April-May 2022)• Update on 2022/23 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 May 2022• An update on the financial position for 2022/23	
Recommendations/Actions	This report is for discussion and noting.	

Trust Board Financial Planning 2022/23

1. Executive Summary

- 1.1 The Belfast Trust will begin the financial year with an opening gross deficit of £125m prior to any 2022/23 budgetary allocation. This deficit comprises unmet savings of £48.3m and unfunded inescapable pressures of £76.7m from both previous financial periods and new 2022/23 pressures.
- 1.2 In the absence of a functioning Executive to sign off the 2022/23 Budget and given the scale and complexity of HSC's financial environment, the Minister has approved a limited number of allocations to support this year's financial planning. This facilitated the issuing of an allocation letter in June 2022, which included a new annual pharmacy savings target along with a range of assumptions around funding for energy and other inescapable pressures as well as providing a contribution to Trust underlying deficits. The allocation also provided additional funding for new costs or service enhancements such as Cancer Strategy, No More Silos and National Living Wage which did not form part of the Trust's opening deficit.
- 1.3 Whilst no additional general savings target was imposed, the Strategic Performance and Planning Group (SPPG) have made an assumption that the Trust can at least repeat the level of savings achieved in 2021/22 in 2022/23. This represents non-recurrent savings of £27m, although this may be revised upwards following the final budget settlement. The working assumption that these savings can be delivered in full presents considerable risk given the one-off nature of savings made last year and the lack of new investment in 2022/23 which reduces the potential for non-recurrent slippage. However, the Trust is committed to working with SPPG and DoH to present a realistic and consistent forecast and at this stage have agreed to seek to secure savings of this level in 2022/23.
- 1.4 There has been a further MORE pharmacy savings target of £3.8m in 2022/23. It should be noted that after years of sustained significant savings in high cost

drugs, the Trust was unable to achieve its MORE pharmacy savings target in 2021/22. Planned pharmacy savings of £3.2m in 2022/23 will be used initially to meet last year's savings shortfall and have a small impact on this year's target.

- 1.5 On the basis of the above assumptions, the Trust is anticipating a deficit of £51m in its financial plan. The Trust's draft financial plan will be submitted to SPPG at end June 2022. The high level financial plan is shown in Appendix A.
- 1.6 The Month 2 position is a £8.7m deficit and the forecast for the year is a deficit of £51m in line with the draft 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, including medical and nursing pay costs. 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.

2.2022/23 Recurrent Opening Deficit

- 2.1 The Trust began the year with an underlying recurrent opening deficit (before any pay and price inflation and other significant cost pressures in 2022/23) of circa £125m, which has built up over the last few years from undelivered savings and unfunded inescapable pressures (for example pressure caused by superannuation auto enrolment, energy pressures, high cost placement of children, LD transitioning to adulthood) as follows:

Brought Forward Recurrent Deficit from 2021/22

	2021/22	
	CYE	
	£'m	£'m
Residual opening deficit 2018/19		1.4
2018/19 General Savings Target shortfall	8.5	
2019/20 General Savings Target shortfall	18.6	
2020/21 General Savings Target shortfall	18.4	
2021/22 MORE Savings Target shortfall	1.4	
2018/19 unfunded pressures	11.3	

2019/20 unfunded pressures	8.2	
2020/21 unfunded pressures	1.2	
2021/22 unfunded pressures	5.7	
2022/23 opening pressures	50.2	
Gross Opening Deficit for 2022/23		125

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 and workforce shortages etc) and other, often fortuitous, non-recurrent measures. The scale of reliance on non-recurrent measures over the last two years is summarised below:

Reliance on non-recurrent measures to breakeven 2019/20 to 2021/22

	2019/20 £m	2020/21 £m	2021/22 £m
N/R savings/slippage on investments	25	29	27
N/R funding	20	3	61
N/R transformation	19	14	
Savings from COVID-19-related downturn in activity		29	11
TOTAL	64	75	99

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 £310m 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 Included in the opening recurrent deficit is a transformation deficit of £3.5m relating to schemes which have not been fully funded in 2022/23. There are three schemes which have received no funding at all and a further eight schemes which received an assumed recurrent amount less than the running costs of the schemes, which had previously been funded in full. 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.
- 2.6 The Trust has assumed that there is no pressures in relation to COVID-19. At this time other than PPE and vaccinations, DoH have advised that the COVID-19 funding is limited to quarter 1 only.

3. Detailed breakdown of 2022/23 Financial Position

- 3.1 The SPPG 2022/23 allocation, issued in June 2022, allowed some working assumptions to be made on the opening 2022/23 opening position, for example the Trust has been advised to assume that energy pressures will be funded in full. There was funding for some specific cost pressures and SPPG also indicated a contribution of £15.6m non recurrent funding towards the Trust's underlying deficit.
- 3.2 No general efficiency savings target has been imposed this year although there is a further MORE pharmacy savings target of £3.8m. It should be noted that after years of sustained significant savings in high cost drugs, the Trust was unable to achieve its MORE pharmacy savings target in 2021/22. Planned pharmacy savings of £3.2m in 2022/23 will be used initially to meet last year's savings shortfall and have a small impact on this year's target.
- 3.3 Whilst no recurrent savings target has been set, SPPG have assumed in their financial planning that the Trust will deliver, as a minimum, the same level of savings/cost reductions achieved in 2021/22, excluding any business as usual

savings. The resultant in-year savings target is therefore £27m. SPPG have advised that this may be revised upwards dependent upon the final Budget settlement. The working assumption that this level of savings is achievable presents a significant risk given the one-off nature of savings made last year and the lack of new investment (including the absence of any funding for non-pay inflation) which reduces the potential for non-recurrent slippage. However, the Trust is committed to working with SPPG and DoH to produce realistic and consistent forecasts and at this stage is content to set a target of circa £27m for non-recurrent savings which will be achieved through a combination of in-year slippage on investments, rebates and accounting adjustments.

3.4 The residual initial deficit, after accounting for assumed income and savings, is £51m. Further details on the financial position can be found in Appendix A.

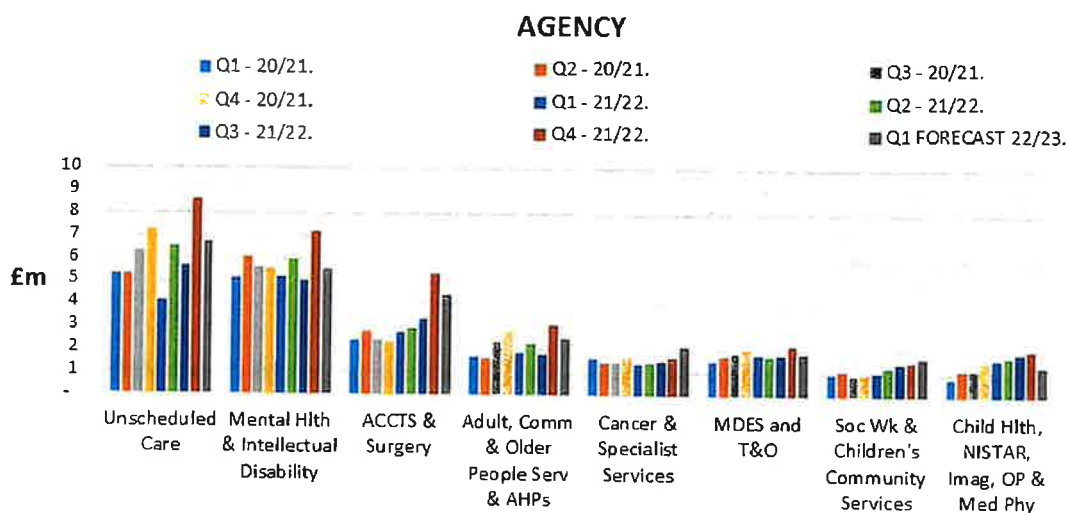
3.5 As part of its plan, the Trust is anticipating additional costs this year including, but not necessarily limited to:

- 2022/23 demography pressures associated with the ageing population
- LD transitions and resettlements (significant in previous years)
- New high cost cases (for example complex children) and fostering pressures
- Increases in energy prices
- Additional high cost drugs and therapies for new patients
- COVID-19 costs – we are assuming this will be fully funded
- EU Exit/NI Protocol consequential pressures

3.6 The Trust has not received any indicative funding as yet for non pay inflationary pressures other than those associated with price increase for residential, nursing homes and domiciliary care. The Trust is being made aware of a significant number of suppliers who are notifying PALS of intention to increase prices which will add a significant pressure to the Trust. The Trust is working with PALS to attempt to quantify these pressures. At this stage no pressure has been included in the financial plan for these.

4. Financial Performance at 31 May 2022

- 4.1 At the end of May 2022, the Trust is showing a £8.7m deficit, which pro-rated gives a deficit of £52m forecast at year end which is in line with the draft financial position.
- 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 total underspend for the first two months is circa £400k. However, this underspend is likely to be masking overspends due to price increases- there have been a significant number of notifications of inflationary increases which the Trust is working with BSO to capture and quantify. There is a large overspend in non pay in mental health and intellectual disability care management of approximately £1m at month 2. This relates mainly to children transitioning into adulthood and has been raised with SPPG as an inescapable pressure.
- 4.3 Pay pressures are also evident in the unscheduled and acute care directorate which is £2.2m overspent at end month 2. This is in relation to nursing and medical overspends where backfill is exceeding the level of vacancies. In general, the ongoing pressure in relation to workforce continues in 2022/23. Agency expenditure is £3.8m (27%) higher than the first two months of last year, of which £2.8m relates to nursing. The graph below shows agency costs for quarter 1, 2, 3, and Q4 2020/21 & 2021/22 against the forecast Q1 2022/23.



4.5 The financial position at 31 May 2022, by directorate, is shown below:

Summary Position by Directorate at end May 2022

Directorate	Budget £'000	Expenditure £'000	Variance £'000
Maternity, Dental, ENT & Sexual Hlth & T&O	23,015	23,130	115
Child Hlth & NISTAR PC	23,625	23,810	185
Adult, Comm & Older People Serv & AHPs	47,955	47,690	(265)
Mental Health & Intellectual Disability	32,343	32,933	590
Cancer & Specialist Services	28,076	28,060	(16)
Unscheduled Care	35,600	38,019	2,419
ACCTSS & Surgery	35,916	35,971	55
Soc Wk & Children's Community Services	15,542	15,567	25
Finance, Estates & Capital Development	6,328	5,922	(406)
Nursing & User Experience	16,816	17,092	276
Other including Corporate Directorates	15,995	21,379	5,384
Total	281,211	289,573	8,362

Note: There is also a small income deficit of £347k which, added to the deficit above, gives a deficit of £8.7m

5. Financial Stability, Efficiency & Productivity Plan

- 5.1 In view of the significant anticipated deficit, the Trust has developed a financial stability, efficiency and productivity plan, aimed at rebuilding financial control, containing costs and improving efficiency and productivity across the Trust. This plan will build on the workforce plans and controls initiated in 2021/22, focusing on reducing vacancies and managing rosters and backfill more effectively. A particular focus will be placed on reducing and ultimately eliminating off-contract agency spend.
- 5.2 Outpatient reform work will be developed further and work will begin at directorate level to improve the Trust's performance across a range of productivity measures such as length of stay and discharge in response to the recent CHKS review.
- 5.3 At the same time, the Trust will continue to work with SPPG to secure funding for historic and new inescapable pressures including high cost cases which appear to be a growing issue. To avoid further deterioration in the financial position and to comply with DoH guidance, the Trust will not initiate new services without the requisite recurrent funding.
- 5.4 Budgetary control management and implementation of the Trust's financial stability, efficiency and productivity plan, will be regularly monitored through the QMS and MORE frameworks.

6. Summary Capital Position

- 6.1 The Trust's latest Capital Resource Limit (CRL) issued by the Department of Health for 2022/23 is dated 16 June 2022.
- 6.2 The total capital allocation is £50m. This consists of ring-fenced schemes totalling £33.3m and a general capital allocation of £16.7m.

6.3 The Trust's projected capital outturn position for 2022/23 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.

Summary High Level Opening Gap 2022/23 after savings

APPENDIX A

	22/23		22/23	
	CYE		FYE	
	£'k	£'k	£'k	£'k
Residual opening deficit	1,433		1,433	
2018/19 General Savings Target shortfall	8,500		8,500	
2019/20 General Savings Target shortfall	17,650		17,650	
2019/20 Car parking savings target shortfall	947		947	
2020/21 General Savings Target shortfall	18,446		18,446	
21/22 MORE pharmacy savings shortfall	1,399		1,399	
		48,375		48,375
Gross Opening Deficit 2022/23 before pressures		48,375		48,375
Inescapable & unfunded 18/19 pressures	11,336		11,336	
Inescapable & unfunded 19/20 pressures	8,230		8,230	
Inescapable & unfunded 20/21 pressures	1,159		1,159	
Inescapable & unfunded 21/22 pressures	5,718		5,718	
Inescapable & unfunded 22/23 pressures	50,243		56,422	
		76,686		82,865
Gross Opening Deficit 22/23		125,061		131,240
Recurrent pharmacy savings 22/23	3,758		3,800	
		3,758		3,800
Gross Opening Deficit after saving target in 2022/23		128,819		135,040
Adjustments by SPPG:				
Additional funding as per draft letter 10/5/22				
Demography 22-23	(3,055)			
Contribution to Deficit funding	(15,600)			
Energy	(25,700)			
nimda	(256)			
Childrens High cost cases	(300)		-782	
LD resettlements	(1,000)			
NI Protocol	(703)			
MAH Inquiry	(135)			
BSO legal MAH inquiry	(438)			
		(47,187)		
Adjusted deficit to allow for adjustments by SPPG/Income		81,632		135,040
Non recurrent slippage opportunities	(27,000)			
Recurrent MORE Pharmacy savings	(3,167)		(3,529)	
		(30,167)		(3,529)
Revised Deficit 22/23		51,465		131,511

TABLE 1 NET EXPENDITURE ACCOUNT May-22	Year to Date		
	Budget	Actual	Variance
	£'000	£'000	£'000
Expenditure:			
Staff costs	187,576	188,963	1,387
Depreciation:	12,140	12,140	0
Other expenditure	93,635	100,610	6,975
Total expenditure	293,351	301,713	8,362
Income:			
Income from activities	8,409	8,170	(239)
Other income	9,243	9,135	(108)
Total income	17,652	17,305	(347)
Net expenditure	275,699	284,408	8,709
Less adjustments:			
Profit / (loss) on disposal of fixed assets	0	0	0
Depreciation	(10,916)	(10,916)	0
Amortisation	(1,224)	(1,224)	0
Impairments	0	0	0
Total adjustments	(12,140)	(12,140)	0
Net resource outturn	263,559	272,268	8,709
Calculation of Revenue Resource Limit (RRL)			
Allocation from HSCB	256,383	256,383	0
Allocation from PHA	3,330	3,330	0
DHSSPS non-cash RRL issued	0	0	0
SUMDE & NIMDTA (now only NIMDTA-SUMDE under HSCB RRL)	3,846	3,846	0
Revenue Resource Limit	263,559	263,559	0
Surplus / deficit against RRL	0	(8,709)	(8,709)

TABLE 2 - BALANCE SHEET		Actual 01/04/22	Actual YTD	Forecast 31/03/23	Original plan 31/03/23
		£k	£k	£k	£k
FIXED ASSETS					
Tangible assets					
1.1	- Land	111,919	111,918	111,919	111,919
1.2	- Buildings, installations and fittings	1,053,292	1,046,678	1,074,625	1,074,625
1.3	- Computer equipment	26,040	24,640	26,790	26,790
1.4	- Other equipment	93,583	90,680	104,749	104,749
1.5	- Assets under construction	134,806	136,509	142,125	142,125
1.6	Total tangible assets	1,419,640	1,410,425	1,460,208	1,460,208
1.7	Intangible assets	25,486	24,263	25,493	25,493
1.8	Financial assets	-	-	-	-
1.9	Total non-current assets	1,445,126	1,434,688	1,485,701	1,485,701
CURRENT ASSETS					
2.1	Stocks and work in progress	21,632	29,364	21,110	21,110
2.2	Debtors: amounts falling due within one year	56,997	59,221	56,900	56,900
2.3	Debtors: amounts falling due after more than one year	-	-	-	-
2.4	Short term investments	-	-	-	-
2.5	Cash at bank and in hand	17,931	48,092	15,600	15,600
2.6	Total current assets	96,560	136,677	93,610	93,610
3.0	CREDITORS: amounts falling due within one year (-)	- 341,881 -	- 295,954 -	- 336,050 -	- 336,050
4.0	NET CURRENT ASSETS / (LIABILITIES)	(245,321)	(159,277)	(242,440)	(242,440)
5.0	TOTAL ASSETS LESS CURRENT LIABILITIES	1,199,805	1,275,411	1,243,261	1,243,261
6.0	CREDITORS: amounts falling due after more than one year (-)	- 10,899 -	- 9,884 -	- 9,884 -	- 9,884
7.0	PROVISIONS FOR LIABILITIES AND CHARGES (-)	- 173,220 -	- 178,486 -	- 172,371 -	- 172,371
8.0	TOTAL ASSETS EMPLOYED	1,015,686	1,087,041	1,061,006	1,061,006
FINANCED BY:					
9.0	Revaluation reserve	413,813	413,813	413,813	413,813
10.0	Donation reserve	-	-	-	-
11.0	Other reserves	-	-	-	-
12.0	General fund	601,873	673,228	647,193	647,193
		1,015,686	1,087,041	1,061,006	1,061,006

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	1,015,686	1,061,006	1,038,346
	less:			
14.0	Donation reserve (-)	0	0	0
	plus:			
15.0	Interest Bearing Debt (NIAS only)	0	0	0
16.0	Relevant Net Assets	1,015,686	1,061,006	1,038,346
17.0	FORECAST COST OF CAPITAL AT 3.5%			36,342

Table 3

Belfast Trust

Salaries & Wages Supplementary Schedule

Pay Cumulative to the end of	May 22		
	Cumulative Budget £'000	Cumulative Expenditure £'000	Cumulative Variance £'000
Directorate			
Maternity, Dental, ENT & Sexual Hlth and T&O	17,199	17,422	223
Child Hlth & NISTAR PC	16,744	16,364	(380)
Adult, Comm & Older People Serv & AHPs	24,813	24,386	(427)
Mental Hlth & Intellectual Disability	21,591	21,122	(469)
Cancer & Specialist Services	21,881	21,866	(15)
Unscheduled Care	22,978	25,255	2,277
ACCTSS & Surgery	26,290	26,452	162
Soc Wk & Children's Community Services	9,833	9,768	(65)
Finance, Estates & Capital Development	4,626	4,201	(425)
Nursing & User Experience	13,177	13,352	175
Other Pay including Corporate Directorates	8,444	8,775	331
Total Salaries & Wages	187,576	188,963	1,387

Table 4

Belfast Trust

Goods & Services Supplementary Schedule

Goods Cumulative to the end of	May 22		
	Cumulative Budget £'000	Cumulative Expenditure £'000	Cumulative Variance £'000
Directorate			
Maternity, Dental, ENT & Sexual Hlth and T&O	5,816	5,708	(108)
Child Hlth & NISTAR PC	6,881	7,446	565
Adult, Comm & Older People Serv & AHPs	23,142	23,304	162
Mental Hlth & Intellectual Disability	10,752	11,811	1,059
Cancer & Specialist Services	6,195	6,194	(1)
Unscheduled Care	12,622	12,764	142
ACCTSS & Surgery	9,626	9,519	(107)
Soc Wk & Children's Community Services	5,709	5,799	90
Finance, Estates & Capital Development	1,702	1,721	19
Nursing & User Experience	3,639	3,740	101
Other G&S including Corporate Directorates	7,551	12,604	5,053
Clinical Negligence	0	0	0
Total Goods & Services	93,635	100,610	6,975

TABLE 5

CAPITAL EXPENDITURE (excluding donated assets)

	Project Business Case Status	Scheme Description	Actual Capital	Forecast Total	Notified CRL	Variance
			Expenditure to date 2021/22	Expenditure 2021/22	2021/22	against Notified CRL
			£k	£k	£k	£k
Major capital and other specifically funded schemes	Approved schemes	RVH Maternity New Build	883,606	9,000,000	9,000,000	0
		RVH - Regional Children's Hospital Enabling and Ener	48,836	3,700,515	3,700,515	0
		RVH - Children's Hospital Site Infrastructure	116,918	435,870	435,870	0
		RGH Energy Centre	130,912	987,985	987,985	0
		Belfast Trust R&D Commercial Income Spend	937,982	6,000,000	6,000,000	0
		Glenmona Resource Centre	695	1,877,572	1,877,572	0
		100,000 Genomes R&D	0	0	0	0
		100,000 Genomes Capital Items	0	0	0	0
		GP Improvement Scheme Trust Owned	0	0	0	0
		Regional Radio-pharmacy Facility	0	316,718	316,718	0
		ICT	0	4,916,662	4,916,662	0
		0	0	0	0	0
		0	0	0	0	0
		0	-	-	-	0
Sub total			2,118,949	27,235,322	27,235,322	0
			0	-	-	0
			0	-	-	0
Delegated schemes funded from general capital and other local resources			0	-	-	0
			0	-	-	0
			0	-	-	0
			0	-	-	0
			0	-	-	0
Sub total			0	0	0	0
Total			2,118,949	27,235,322	27,235,322	0
(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