

FINANCE REPORT: 2020/2021 BUDGET SETTING BY DIRECTORATE

INTRODUCTION

This report looks at the budgets for Directorates post CIP, but pre agreements around contracts with Commissioners and agreements on cost pressure and development funding and other plan items. It will highlight areas where final decisions are required, risks and opportunities.

Detailed analysis of the move from 2019-2020 rollover budgets is available in the sub-appendices.

BACKGROUND

The CIP requirement identified within the Financial Plan was broken down as follows

2020/2021 CIP PLAN	Target £000's	Pay £000's	Non Pay £000's	Income £000's	tbc £000's
Corporate	3,362	817	1,722	519	304
Patient Transport	1,400	1,959	1,093	-1,651	0
Medicines Management	1,500		1,500		0
Procurement	2,588		2,588		0
Pay	9,661	9,661			0
	18,511	12,437	6,903	-1,132	304

Executive Directors have led the Corporate CIP work-stream and Patient Transport, responsible to the CEO. The Chief Finance Officer has led on the Medicines Management and Procurement work-stream. Clinical Groups have led on the Pay CIP work-stream, accountable to the COO and CEO.

Since the plan outlined was published, splits have altered as plans have developed. The Pay requirement was split between requirements for post reductions, and a vacancy factor.

The rest of this report will go through each of these themes, identify delivery, gaps and further work.

CIP delivery in the Directorate tables is shown in the extant taxonomy of the Trust

COMPARISON OF PROPOSED BUDGETS TO BOARD SUBMISSION

	PRI £000s	Other Income £000s	Pay £000s	Non Pay/NON OPEX £000s	Total £000s
BOARD PAPER	471,002	51,858	(328,810)	(192,887)	1,163
PMC PAPER	469,352	52,768	(328,535)	(192,422)	1,163
MOVEMENT	(1,651)	910	276	464	(1)

The above table compares the plan submitted to the Board and this paper. The main driver of the difference is the treatment of the PRI element of the Patient transport CIP.

CORPORATE AND PATIENT TRANSPORT

Schemes to the value of the Corporate Target have been identified. In order for a balanced Operations position, £200 of the Patient transport savings is allocated to their plan, creating a shortfall within the Patient Transport work-stream. Currently the assumption within the Appendices is that this will be delivered from reserves.

Delivery of these will be monitored via Corporate reviews and there is a track record of delivery. The unknown element that needs to be assessed is the impact of the Covid-19 pressure. Whilst the planning guidance is suggesting a suspension of national CIP until July 31st, the Trust has a significant local CIP requirement, and as the Trust moves back to business as usual, the organisation needs to understand what elements of the CIP plan might have to be delayed to help the Trust recover.

RAG RATING: GREEN

MEDICINES MANAGEMENT

This work-stream is of concern. To date no specific schemes have been identified. The values against each directorate, is based on a fair share of rollover budget against non-pass-through and pass-through drugs. In order to achieve the latter the Trust will need to negotiate a deal with commissioners to share savings.

Some work-streams are showing potential and involve working across the whole health economy.

The CEO is to meet with the Head of Pharmacy, the COO and the CFO to progress.

RAG RATING: RED

PROCUREMENT

The Procurement team have identified a plan. This identified a plan to the value of £1.887 million.

This has been reviewed by the Financial Management function, and a significant number of schemes have been removed. This has taken the identified value down to £1.133 million. Due to work pressures, discussion with the Procurement team has not occurred, and there may be an upside to the identified amount.

The issues with the identified amount are:

- Sign off with procurement and groups on validity and split.
- All schemes within the £1.133m are identified as work in progress or pipeline, and therefore delivery is uncertain. The meeting with Procurement to do an assessment of likelihood has not been able to take place. Pressure on the Procurement department at the current time and the wider economy means progress is likely to be difficult.
- A number of the identified schemes are within Corporate areas. The assumption is that these are above their current schemes. It is not clear how these should be treated. If they are to be part of delivering the Corporate CIP target then the unidentified value will increase.

The Procurement target is £2.588m. Therefore there is £1.455m unidentified at this stage. This has been apportioned based on influencable expenditure of around £75m. The issues with this are:

- Population of a plan to deliver given pressures on Groups and Procurement.
- The split has resulted in some of the challenge being shown against Corporate Directorates. If this is not correct then this will increase the challenge on Clinical Groups. If and when schemes are identified they will in all likelihood deliver savings in Corporate areas.

RAG RATING: RED/AMBER

PAY CIP (Clinical Groups)

The Pay CIP has been split into two main strands, a Pay CIP (posts out) and a vacancy factor. The CEO has led meetings with the Medicine and Surgical Services Groups, and the CFO has led meetings with the other Groups to deliver the Pay CIP element.

The vacancy factor share-out is awaiting final agreement from the CEO.

The operationalisation of these schemes will be under the remit of the HRBPs.

Underpinning the plan is a very significant reduction in agency expenditure, to around £7m from a month 6 forecast £17.34m and a year-to-date expenditure at Month 11 of £17.088m

The result of the various meetings has been a mix of schemes, some groups have achieved their plans by being allowed to substitute small amounts of income (PCCT and Imaging), and non-pay schemes (PCCT, Women's & Child Health, Imaging). Some Groups have addressed gaps through vacancy factor, whilst further reviews are taking place. (Women's, PCCT, Imaging). These need to be actioned urgently.

The CEO has also agreed with Imaging to reduce their requirement by £84k to address as Medical Staffing issue within Breast Screening.

The risks to delivery include:

- Impact of current situation on the medium term. For example as we come out of the pandemic, will some of the schemes currently be proposed be paused as the Trust seek to return to Business as Usual?
- The unidentified CIP and vacancy factor (£990k and £3.012m respectively)

RAG RATING: AMBER

CONCLUSION

Significant risk remains within the CIP plan, progress will be hampered by the current national situation as capacity is diverted.

Whilst there are proposals around funding for the period to 31 July 2020, if these only negate the National CIP element then the Trust could potentially face a financial pressure, because of the considerable element of local CIP within the Trust plan.

Progress on the Medicines Management and Procurement front is vital. Progression on the latter may be very quick once Finance can get time with the department to validate the schemes they have discounted at the moment. Given the pressure the system is currently under, the organisation needs to identify how delivery is secured.

Assuming that the Trust can get the settlement outlined within the plan, there is further opportunity of uplifting Other Income budgets by around £790k. This could mitigate in part slippage in other areas.

APPENDIX 1: NET I&E BY DIRECTORATE

GROUP	DIRECTORATE	M9 Rollover Budgets £000's	M10-11 Budget Changes £000's	CIP £000's	2020/2021 Rollover Budgets post CIP £000's
Medicine & Emergency Care	Emergency Care	23,174	0	1,044	24,218
Medicine & Emergency Care	Admitted Care	20,416	0	2,927	23,343
Medicine & Emergency Care		43,590	0	3,971	47,561
Surgical Services	General Surgery	22,968	0	1,076	24,044
Surgical Services	Specialist Surgery	20,956	0	495	21,451
Surgical Services	Theatres	-24,470	-404	919	-23,955
Surgical Services	Anaesthetics, Pain Management and Critical Care	-9,520	0	607	-8,913
Surgical Services	Ophthalmology	15,055	259	1,128	16,442
Surgical Services		24,990	-145	4,225	29,070
Women & Child Health	Gynaecology, Gynae-Oncology	4,546	-12	310	4,844
Women & Child Health	Maternity & Perinatal Medicine	10,510	0	904	11,414
Women & Child Health	Acute & Community Paediatrics	4,910	0	658	5,568
Women & Child Health		19,966	-12	1,871	21,826
Primary Care, Community and Therapies	iBeds	-4,915	0	429	-4,486
Primary Care, Community and Therapies	Ambulatory Therapies	-1,065	0	394	-671
Primary Care, Community and Therapies	iCares	4,366	0	464	4,830
Primary Care, Community and Therapies	Community Medicine	6,152	0	810	6,962
Primary Care, Community and Therapies		4,538	0	2,097	6,636
Imaging	Breast Screening	1,586	0	53	1,639
Imaging	Diagnostic Radiology	-1,098	-700	617	-1,182
Imaging	Interventional Radiology	1,085	0	54	1,139
Imaging	Nuclear Medicine	-196	0	138	-58
Imaging	Black Country Pathology	-3,968	12	0	-3,957
Imaging		-2,592	-688	862	-2,417
Corporate	Strategy and Governance	-28,131	0	904	-27,227
Corporate	Finance	-4,450	0	234	-4,217
Corporate	Medical Directors Office	-2,360	284	156	-1,919
Corporate	Operations	-18,738	0	2,225	-16,513
Corporate	People & Organisation Development	-6,847	0	405	-6,442
Corporate	Estates & New Hospital Project	-17,378	0	1,042	-16,335
Corporate	Corporate Nursing Services	-12,843	0	342	-12,501
Corporate		-90,746	284	5,308	-85,155
Central	Central	-26,070	404	0	-25,666
Central	Income	16,831	-542	0	16,289
Central	Reserves	-7,855	700	175	-6,980
Central		-17,094	562	175	-16,357
Grand Total		-17,348	0	18,511	1,163

APPENDIX 2: PATIENT RELATED INCOME BY DIRECTORATE

GROUP	DIRECTORATE	M9 Rollover Budgets £000's	M10-11 Budget Changes £000's	Patient Transport £000's	2020/2021 Rollover Budgets post CIP £000's
Medicine & Emergency Care	Emergency Care	65,679	0		65,679
Medicine & Emergency Care	Admitted Care	90,975	0		90,975
Medicine & Emergency Care		156,653	0	0	156,653
Surgical Services	General Surgery	48,154	0		48,154
Surgical Services	Specialist Surgery	37,698	0		37,698
Surgical Services	Theatres	0	0		0
Surgical Services	Anaesthetics, Pain Management and Critical Care	13,080	0		13,080
Surgical Services	Ophthalmology	41,262	0		41,262
Surgical Services		140,194	0	0	140,194
Women & Child Health	Gynaecology, Gynae-Oncology	13,076	0		13,076
Women & Child Health	Maternity & Perinatal Medicine	41,515	0		41,515
Women & Child Health	Acute & Community Paediatrics	24,698	0		24,698
Women & Child Health		79,290	0	0	79,290
Primary Care, Community and Therapies	iBeds	8,527	0		8,527
Primary Care, Community and Therapies	Ambulatory Therapies	12,498	0		12,498
Primary Care, Community and Therapies	iCares	18,068	0		18,068
Primary Care, Community and Therapies	Community Medicine	27,374	0		27,374
Primary Care, Community and Therapies		66,468	0	0	66,468
Imaging	Breast Screening	3,868	0		3,868
Imaging	Diagnostic Radiology	4,538	-817		3,722
Imaging	Interventional Radiology	400	0		400
Imaging	Nuclear Medicine	353	0		353
Imaging	Black Country Pathology	10,422	0		10,422
Imaging		19,581	-817	0	18,765
Corporate	Strategy and Governance	4,471	0		4,471
Corporate	Finance	0	0		0
Corporate	Medical Directors Office	0	0		0
Corporate	Operations	3,416	0	-1,651	1,765
Corporate	People & Organisation Development	48	0		48
Corporate	Estates & New Hospital Project	0	0		0
Corporate	Corporate Nursing Services	1,902	0		1,902
Corporate		9,836	0	-1,651	8,185
Central	Central	-202	0		-202
Central	Income	0	0		0
Central	Reserves	0	0		0
Central		-202	0	0	-202
Grand Total		471,819	-817	-1,651	469,352

APPENDIX 3: OTHER INCOME BY DIRECTORATE

GROUP	DIRECTORATE	M9 Rollover Budgets £000's	M10-11 Budget Changes £000's	Corporate CIP £000's	Pay CIP £000's	2020/2021 Rollover Budgets post CIP £000's
Medicine & Emergency Care	Emergency Care	52	0			52
Medicine & Emergency Care	Admitted Care	709	0			709
Medicine & Emergency Care		760	0	0	0	760
Surgical Services	General Surgery	1,264	0			1,264
Surgical Services	Specialist Surgery	115	0			115
Surgical Services	Theatres	204	0			204
Surgical Services	Anaesthetics, Pain Management and Critical Care	53	0			53
Surgical Services	Ophthalmology	791	259			1,050
Surgical Services		2,428	259	0	0	2,687
Women & Child Health	Gynaecology, Gynae-Oncology	153	0			153
Women & Child Health	Maternity & Perinatal Medicine	37	0			37
Women & Child Health	Acute & Community Paediatrics	638	0			638
Women & Child Health		828	0	0	0	828
Primary Care, Community and Therapies	iBeds	9	0			9
Primary Care, Community and Therapies	Ambulatory Therapies	236	0			236
Primary Care, Community and Therapies	iCares	99	0		180	279
Primary Care, Community and Therapies	Community Medicine	601	0		50	651
Primary Care, Community and Therapies		945	0	0	230	1,175
Imaging	Breast Screening	709	0		31	740
Imaging	Diagnostic Radiology	89	0		0	89
Imaging	Interventional Radiology	0	0		0	0
Imaging	Nuclear Medicine	1,883	0		47	1,930
Imaging	Black Country Pathology	6,350	0		0	6,350
Imaging		9,031	0	0	78	9,109
Corporate	Strategy and Governance	31	0	25		56
Corporate	Finance	82	19			101
Corporate	Medical Directors Office	1,809	284	150		2,243
Corporate	Operations	2,868	0			2,868
Corporate	People & Organisation Development	1,783	0	194		1,977
Corporate	Estates & New Hospital Project	4,176	0	175		4,351
Corporate	Corporate Nursing Services	599	0	39		638
Corporate		11,348	303	583	0	12,234
Central	Central	9,742	0			9,742
Central	Income	16,775	-542			16,233
Central	Reserves	0	0			0
Central		26,517	-542	0	0	25,975
Grand Total		51,858	19	583	308	52,768

APPENDIX 4: PAY BY DIRECTORATE

GROUP	DIRECTORATE	M9 Rollover Budgets £000's	M10-11 Budget Changes £000's	Pay CIP - Identified £000's	Pay CIP - Unidentified £000's	Additional Vacancy Factor - Identified £000's	Additional Vacancy Factor - Unidentified £000's	Patient Transport	CEO Adjustments £000's	2020/2021 Rollover Budgets post CIP £000's
Medicine & Emergency Care	Emergency Care	-34,219	0	295	202		409			-33,313
Medicine & Emergency Care	Admitted Care	-49,476	0	1,212	291		591			-47,382
Medicine & Emergency Care		-83,696	0	1,507	493	0	1,000	0	0	-80,696
Surgical Services	General Surgery	-21,737	0	622	62		253			-20,800
Surgical Services	Specialist Surgery	-13,772	0	130	50		202			-13,391
Surgical Services	Theatres	-11,399	0	230	34		137			-10,998
Surgical Services	Anaesthetics, Pain Management and Critical Care	-21,187	0	250	61		248			-20,628
Surgical Services	Ophthalmology	-17,038	0	522	40		160			-16,316
Surgical Services		-85,133	0	1,753	247	0	1,000	0	0	-82,133
Women & Child Health	Gynaecology, Gynae-Oncology	-6,918	-12	180			44			-6,706
Women & Child Health	Maternity & Perinatal Medicine	-21,483	0	391		125	282			-20,685
Women & Child Health	Acute & Community Paediatrics	-18,777	0	230		145	232			-18,170
Women & Child Health		-47,178	-12	801	0	270	558	0	0	-45,561
Primary Care, Community and Therapies	iBeds	-12,517	0	0	250	91	64			-12,112
Primary Care, Community and Therapies	Ambulatory Therapies	-9,314	0	0		67	47			-9,199
Primary Care, Community and Therapies	iCares	-11,123	0	0		80	57			-10,986
Primary Care, Community and Therapies	Community Medicine	-10,176	95	121		74	52			-9,836
Primary Care, Community and Therapies		-43,129	95	121	250	312	220	0	0	-42,132
Imaging	Breast Screening	-2,455	0	0		0	46		-84	-2,494
Imaging	Diagnostic Radiology	-10,819	0	111		133	144		0	-10,431
Imaging	Interventional Radiology	-413	0	8		12	10		0	-383
Imaging	Nuclear Medicine	-1,660	0	29		0	33		0	-1,598
Imaging	Black Country Pathology	-176	0	0		0	0		0	-176
Imaging		-15,524	0	148	0	145	234	0	-84	-15,081
Corporate	Strategy and Governance	-10,610	0	14						-10,596
Corporate	Finance	-3,528	-19	50						-3,497
Corporate	Medical Directors Office	-3,845	0							-3,845
Corporate	Operations	-18,603	0	452				1,959		-16,192
Corporate	People & Organisation Development	-6,884	0	140						-6,744
Corporate	Estates & New Hospital Project	-5,328	0							-5,328
Corporate	Corporate Nursing Services	-12,969	0	161						-12,808
Corporate		-61,767	-19	817	0	0	0	1,959	0	-59,010
Central	Central	-1,779	0							-1,779
Central	Income	0	0							0
Central	Reserves	-2,118	0						-25	-2,143
Central		-3,897	0	0	0	0	0	0	-25	-3,922
Grand Total		-340,323	64	5,146	990	727	3,012	1,959	-109	-328,535

APPENDIX 5: NON PAY AND NON OPERATIONAL EXPENDITURE BY DIRECTORATE

GROUP	DIRECTORATE	M9 Rollover Budgets £000's	M10-11 Budget Changes £000's	Procurement CIP - Identified £000's	Procurement CIP - Unidentified £000's	Pharmacy Savings £000's	Corporate CIP £000's	Patient Transport	Patient Transport - Operations impact	Pay CIP £000's	2020/2021 Rollover Budgets post CIP £000's
Medicine & Emergency Care	Emergency Care	-8,337	0	19	76	43					-8,199
Medicine & Emergency Care	Admitted Care	-21,791	0	223	192	418					-20,958
Medicine & Emergency Care		-30,128	0	242	268	461	0	0	0	0	-29,157
Surgical Services	General Surgery	-4,713	0	77	40	22					-4,573
Surgical Services	Specialist Surgery	-3,085	0	80	25	9					-2,972
Surgical Services	Theatres	-13,275	-404	230	261	27					-13,161
Surgical Services	Anaesthetics, Pain Management and Critical Care	-1,466	0	9	19	20					-1,419
Surgical Services	Ophthalmology	-9,960	0	2	20	384					-9,553
Surgical Services		-32,500	-404	398	366	462	0	0	0	0	-31,678
Women & Child Health	Gynaecology, Gynae-Oncology	-1,765	0	5	24	8				49	-1,679
Women & Child Health	Maternity & Perinatal Medicine	-9,559	0	23	24	37				22	-9,454
Women & Child Health	Acute & Community Paediatrics	-1,650	0	5	20	25					-1,599
Women & Child Health		-12,974	0	33	68	70	0	0	0	71	-12,732
Primary Care, Community and Therapies	iBeds	-934	0	3	17	5					-910
Primary Care, Community and Therapies	Ambulatory Therapies	-4,486	0	2	89	1				188	-4,206
Primary Care, Community and Therapies	iCares	-2,678	0	93	53	1					-2,531
Primary Care, Community and Therapies	Community Medicine	-11,647	-95	9	21	484					-11,228
Primary Care, Community and Therapies		-19,745	-95	107	179	491	0	0	0	188	-18,875
Imaging	Breast Screening	-535	0	33	13	0				15	-475
Imaging	Diagnostic Radiology	5,094	117	9	76	13				130	5,438
Imaging	Interventional Radiology	1,098	0	21	3					0	1,122
Imaging	Nuclear Medicine	-772	0	0	28	1				0	-743
Imaging	Black Country Pathology	-20,565	12		0					0	-20,553
Imaging		-15,680	128	63	119	14	0	0	0	145	-15,211
Corporate	Strategy and Governance	-22,022	0	18	144		703				-21,158
Corporate	Finance	-1,004	0	0	14		170				-820
Corporate	Medical Directors Office	-324	0	0	6						-317
Corporate	Operations	-6,419	0	28	47		498	1,093	-200		-4,954
Corporate	People & Organisation Development	-1,793	0	18	35	2	16				-1,722
Corporate	Estates & New Hospital Project	-16,226	0	181	161		525				-15,359
Corporate	Corporate Nursing Services	-2,375	0	45	47		50				-2,233
Corporate		-50,164	0	290	454	2	1,962	1,093	-200	0	-46,563
Central	Central	-33,830	404	0	0						-33,426
Central	Income	56	0	0	0						56
Central	Reserves	-5,738	700	0	0					200	-4,838
Central		-39,511	1,104	0	0	0	0	0	0	200	-38,207
Grand Total		-200,702	734	1,133	1,455	1,500	1,962	1,093	-200	603	-192,422