Annex 3

The Belfast HSC Trust

Budgetary Plan

2022/23

Contents

Budgetary Plan
2022/23 Financial Year

1. Introduction

1.1 The budget setting process for 2022/23 is set in the context of the Trust's draft financial plan for the year.

1.2 The budget information pack is designed to enhance the participation of budget holders in the setting and control of budgets. Effective financial management will only be achieved through strong involvement by service managers in the budgetary control process, particularly in the increasingly challenging financial climate.

1.3 The total Trust budget and, by implication, your directorate budget, is based on the draft Trust financial plan that has been shared with SPPG in June 2022 for consideration and feedback. The plan details how the Trust has reduced the net opening deficit of £125m, prior to new investments and savings, to a net deficit position of £51m on the basis of indicative SPPG allocations and assumptions around in-year non-recurrent measures. In terms of addressing the residual gap, the Trust has made significant savings in previous years and the identification of recurrent savings is becoming more difficult. However, the Trust will continue to explore all opportunities for efficiency and productivity savings or cost containment in conjunction with DOH and SPPG colleagues to identify any additional income towards cost pressures, further additional potential slippage at Trust or HSC level and other HSC system wide opportunities or solutions. **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**.

1.4 The deficit is currently held centrally by the Trust so that directorate budgets are achievable subject to further emerging inescapable pressures. The Trust is currently developing a Financial Stability, Efficiency & Productivity Plan 2022/23 to 2024/25. However, whilst the plan aims to implement a number of short and long term productivity initiatives, it is not anticipated that this will generate substantial cash releasing savings in 2022/23.

2. Financial Context

2.1 The significant contextual factors that will influence the Trust and the budget setting process in 2022/23 are:

- the continuing importance of complying with the Trust's statutory financial duties, specifically the requirement to achieve breakeven on income and expenditure and remain within the capital resource limit set by DoH;

- the maintenance of target workforce management savings and the reduction of off-contract agency costs as vacancies fall;

- the Trust's requirement to provide agreed levels of service activity within available resources. All members of staff are required to contribute towards ensuring the provision of safe and effective services whilst also ensuring financial viability;

- budget holders' accountability for financial performance within their delegated limits. Full participation by budget holders in the establishment and ownership of budgets is of prime importance in striving for financial stability.

2.2 It is recognised that the devolved collective leadership management structure within the Trust needs to be supported by regular, accurate and timely management information on expenditure, savings, income and activity. This is discussed in more detail below.

3 Expenditure Budgets 2022/23

3.1 Opening expenditure budgets for pay and goods & services are based on 2021/22 budgets as clarified and amended during 2021/22 and adjusted to account for:

- changes in national insurance

- agreed goods and services contractual price increases where funding has been provided

- the full year effect of <u>approved and funded</u> development expenditure commenced in 2021/22 or due to commence in 2022/23

- expenditure and income allocated on a non-recurrent basis in 2022/23

3.2 The Trust has made further significant budgetary contributions to cost pressures and bridging of savings gaps in the last few years, including funding the collective leadership model. Most new pressures funded within your budget for 2022/23 have been validated and submitted to SPPG as commissioning cost pressures albeit the full funding requirements may not have been met which has contributed to the Trust's forecast deficit in 2022/23. Nonetheless, many cost pressures have been funded at directorate level to allow directorates to be able to compare actual expenditure to budgets which more closely reflect expected spend. ***Any residual unfunded pressures are expected to be addressed and managed by directorates.***

3.3 In the case of some new developments, including for example high cost/NICE drugs, the actual level of in-year funding for 2022/23 has not been confirmed by the SPPG. For investment spend likely to be approved by SPPG, budget will be provided when funding is confirmed and the investment commenced. In a limited number of cases, where staff have already been appointed on the basis of assumed recurrent funding, budget has been allocated this year to aid budget management. Recurrent funding will be subject to the release of recurrent income by SPPG.

3.4 Opening pay budgets are set at 2021/22 levels with an uplift for 2022/23 new national insurance rates. Budgets have not yet been uplifted for a 2022/23 pay award as this has not yet been agreed or funded.

3.5 At present, SPPG has provided some elements of non-recurrent elective care funding. This funding will be applied during the year as the work and costs are incurred. SPPG has given details of assumed recurrent funding for transformation projects, albeit there is a shortfall in many of the schemes' funding. Directorate budgets have been uplifted for the full costs of the schemes with the deficit being held centrally, until further work is completed with SPPG.

3.6 COVID-19 funding has been agreed for Quarter 1 only and funding will be applied to budgets as and when spend is incurred. There is limited funding after quarter 1 for COVID costs and rebuild schemes.

3.7 The Trust has received its capital resource limit for 2022/23 which includes an amount for general capital. This has recently been allocated to directorates through the Capital Evaluation Team. The Co-director of Commissioning, Costing and Capital Planning will update directorates if further allocations become available.

4 Budget Setting Process

4.1 Budgets have been set at directorate level based on the rolled forward 2021/22 position adjusted for any agreed opening budget changes including the allocation of cost pressure funding and assumed recurrent funding. There are residual unmet savings targets and unfunded cost pressures which the Trust hold centrally. There is a new MORE Pharmacy savings target of £3.8m in 2022/23. The current financial plan assumes £27m of non recurrent savings, through one-off investment slippage, accounting adjustments and downturn in BAU whilst services increase to pre COVID-19 levels of activity. Any downturn in BAU will be non-recurrently removed from directorate budgets and held centrally. It is critical that any underspend in the early part of the year is not committed against increased elective work throughout the later part of the year. Pharmacy savings are forecast to be £3.6m in year, leaving a shortfall of £1.6m against the cumulative unmet pharmacy savings target.

5. Budgetary Control Requirements

5.1 The £1.9bn expenditure used in the budget setting process reflects the Trust's draft TDP. The Trust is currently projecting a £51m net deficit which we will continue to work with SPPG and DoH to eliminate in order to achieve a break even position, although the deficit is being held centrally. It is therefore vital that directorates are rigorous in their application of budgetary control procedures to ensure that 2022/23 budgets are not exceeded and the deficit added to further.

5.2 Budget holders should continue to be aware that new services or practices must not be introduced unless associated expenditure has been approved and demonstrably funded by additional contract income from the SPPG or other funding sources. Any services which were non recurrently funded in 2021/22 and are no longer funded in 2022/23 need to be stood down including COVID-19 services.

5.3 Budget holders and finance staff must agree the availability of funding, net of their savings targets across the directorate, before recruitment request forms are approved and submitted to directorate and then central scrutiny for final approval.

5.4 In terms of non-pay, compliance with eprocurement processes, particularly the timely receipting and payment approval of goods, is imperative to enable the finance directorate to monitor financial viability on an on-going basis and to accurately project the year-end position. In addition, the Trust relies on this in order to meet its prompt payment legislative requirements and avoid late payment penalties.

5.5 Budget holders are required to contain expenditure within budgeted levels, taking cognisance of savings targets, and to maximise income to at least target levels and beyond if possible.

5.6 Directorates should ensure that staff drill-down reports are reviewed in detail to ensure that staff names and details are correct for the period reviewed. These reports should be formally signed off by directorates on a quarterly basis with any amendments required/anomalies sent to the HR OM team. **This is a fundamental control in relation to budgetary management and will be monitored through QMS.**

5.7 The timeliness and accuracy of monthly financial reports is crucial in the management of budgetary variances. Availability of directorate budget reports by the 11th working day of the following month will facilitate timely monitoring of variances to ensure corrective action is taken to address adverse variances. These reports should be accessed by budget managers directly from the financial systems. Adherence to this practice is variable at present. If there are training needs in your directorate which are preventing budget holders from accessing and reviewing their reports, please advise your directorate accountant who will ensure that appropriate training is facilitated.

5.8 To enable the finance directorate to assess and explain Trust performance against plan, it is imperative that directorates provide sufficient information to enable the directorate accountants and their teams to produce the following which will used to inform the Finance Director's monthly finance report:

- **Directorate Variance Analysis,** showing an overall summary position and highlighting areas of particular concern which directorates should follow up and resolve

5.9 The variance analysis summary, which will normally be supported by discussion with budget holders and discussed regularly at senior team meetings, should explain any variations against budget and against previous period expenditure. To facilitate the preparation of the above, all budget holders at both specialty and co-director level should produce a detailed variance report for the appropriate directorate manager, including explanations and actions required on a monthly basis. In the absence of this, and as a minimum, budget holders are required to review the information provided by finance business support teams, share with relevant staff, and develop corrective action plans to ensure that budgetary balance is achieved.

5.10 Key variances should be followed up by directorate managers and action plans developed to allow the directorate to bring expenditure back into line with budget. The actions to be taken are particularly important given that additional funding will not be available in-year to cover pressures arising and it is crucial that we do not add to the already significant anticipated deficit.

5.11 The directorate finance report should also include an estimate of the directorate's likely outturn position for the year highlighting material movements against the opening budget and forecast. It is crucial that any planned changes which will have an effect on the year-end position, for example changes to medical rotas or skill mix or increases in drugs usage, are communicated to and agreed by Finance on a prospective basis and built into forecasts. Financial forecasting is an area in which the finance directorate wishes to achieve continuous improvement. For this reason, a summary highlighting the importance of effective forecasting and proposed arrangements is included as Appendix 2.

5.12 Directorates should respond promptly to queries regarding non-contract income and should have procedures in place to ensure they raise invoices on a timely basis. The same control needs to be applied to this area as expenditure reporting.

5.13 Directorate accountants will work closely with the directorate to produce the various variance and workforce reports within 6 to 8 working days of the monthly report being issued to directorates in order to inform HSCB monitoring and Trust Board reports. It must be stressed that whilst the reports might ultimately be coordinated and submitted by directorate accountants, **the reports and any actions required to improve the financial position will be the responsibility of the directorate and will be used to assess the directorate's financial performance in QMS/MORE review meetings.**

5.13 In view of the substantial amount of elective care access target work expected in year, it is crucial that each directorate manages this activity and funding, including the bidding for any in-house or IS work and the monitoring of actual activity on PAS and associated expenditure against plan on a regular basis.

6. Financial Systems (BSTP)/Financial Management Training

6.1 The Trust began the implementation of its new financial system during 2012/13 and HRPTS, the HR and payroll system, was implemented during 2013/14. These systems facilitate more detailed reporting and allow budget holders to directly access reports and drill down to source information which should enhance budgetary control. Training has been and continues to be provided to budget holders on the systems where required to maximise the benefits of the systems. Regular review and analysis by directorates will undoubtedly improve user knowledge and provide greatest benefit.

6.2 The finance directorate, in conjunction with SPPG and other Trusts, has implemented a finance e-learning package to complement budgetary training provided through workshops or one to one training sessions in previous years. One of the modules covers financial management and budgetary control. Collective leadership teams and other key budget holders are expected to have completed this on-line training module to support them in their budget management roles.

7. Savings Progress Reporting

7.1 Budgets have been reduced in previous years to reflect the removal of funding in relation to savings. The Trust is holding centrally any unmet savings targets from previous years and the new pharmacy savings target.

7.2 Directorates must ensure that there is no slip against workforce targets. The finance directorate will report on financial performance including backfill through finance dashboards included in QMS Monitoring Report.

8. Budget Agreement (Sign-off)

8.1 Directors are required to sign Appendix 1 (attached), confirming their acceptance of the principles laid out in this budget information pack and their agreement to undertake responsibility for managing their directorate budgets.

8.2 Completed forms should be returned to Claire Corry, Co-Director of Financial Management, by 22 July 2022.

Appendix 1

Budget Agreement Form

DIRECTORATE

Mental Health, Intellectual Disability & Psychological Services

I have received the directorate budget pack for 2022/23 and accept the arrangements as described therein.

***Moira Kerney** will be the officer responsible for ensuring that budget holders carry out their financial management duties to enable directorate accountants to produce a timely and accurate monthly financial statement for the co-director of Financial Management as part of the Trust's performance management framework.

Moira Kearney.

Directors

01 August 2022

Date

* If a number of individuals will carry out this function within a directorate please identify each and their specific area of responsibility within the directorate.

DIRECTORATE :	**Menntal Health & Intellectual Disability**					
	S&W TYE	**S&W FYE**	**G&S TYE**	**G&S FYE**	**Total TYE**	**Total FYE**
R/F Budgets	119,999,049	119,999,049	65,631,032	65,631,032	185,630,081	185,630,081
					0	0
Adjustments					0	0
					0	0
Recharges	203,016				203,016	0
QUB Academic Lectureships	41,284					
National Insurance	765,574	764,293			765,574	764,293
Infected Blood Inquiry (Psychology posts)	76,543		0		76,543	0
Infected Blood Inquiry 21/22 PA 3%	2,280				2,280	0
20/21 EHWB (Psychology) Autism	211,474	211,474	31,292	31,292	242,766	242,766
EHWB 21/22 PA 3% Autism	6,300	6,300			6,300	6,300
19/20 LD Community infrastructure Crisis OoHs	66,511	66,509	2,286	2,286	68,797	68,795
LD Comm Infra 21/22 PA 3%	1,941	1,941			1,941	1,941
Transformation Chronic Disease Paeds (Psychology)	39,374	39,374			39,374	39,374
Transformation Suicide Prevention MATT	59,986	59,989	1,778	1,778	61,764	61,767
Suicide Prevent 21/22 PA 3%	1,825	1,825			1,825	1,825
					0	0
Learning Dis Pressures 22/23:					0	0
MAH specialing cost pressure/constant supervision (to meet full LD pressure in 14/15)	1,199,737	1,199,737			1,199,737	1,199,737
MAH Resettlement Team (n/r for a few yrs until all resettled)	397,526	397,529			397,526	397,529
LD Daycare	387,816	387,807			387,816	387,807
ART Band 8A Community Integration LD MAH	58,390	58,376			58,390	58,376
x OT Posts Band 7	97,587	97,585			97,587	97,585
MAH Bridging	658,884	658,882			658,884	658,882
LD Advocacy			45,000	45,000	45,000	45,000
LD Resettlement Pressure (Remainder of £2,178,000)			100,000	100,000	100,000	100,000
LD Transitions Pressure (Remainder of £388,700)			180,000	180,000	180,000	180,000
LD Resettlements funds against transition for JB (use of comm funds JB) (£1,129,000)			344,000	344,000	344,000	344,000
LD Resettlements (use of comm funds given - not used)			279,000		279,000	0
MAH Deficit	5,000,000				5,000,000	0
					0	0
Independent Sector Tariff uplift 22/23 :					0	0
Nursing home tariff increase 22/23 (3.2% rec)			430,713	430,713	430,713	430,713
Nursing home tariff increase 21/22 (0.8 % non rec now Rec)			98,786	98,786	98,786	98,786
Nursing Self funders tariff increase 22/23 (3.2% rec)			206,662	206,662	206,662	206,662
Nursing Self Funders tariff increase 21/22 (0.8% non rec now Rec)			48,174	48,174	48,174	48,174
Residential home tariff increase 22/23 (4.6% rec)			305,695	305,695	305,695	305,695
Residential Self funders 22/23 (4.6% rec)			203,978	203,978	203,978	203,978
Dom Care Providers uplift 22/23 (14.8%)			539,005	539,005	539,005	539,005
Supported Living uplift 22/23 (4.6%)			811,258	811,258	811,258	811,258
					0	0
Demographic Funding :					0	0
20/21 Demography LD B8a PSW x 1.00 wte	62,672	62,673	2,584	2,584	65,256	65,257
LD B8a PSW PA 3%	1,865	1,865			1,865	1,865
					0	0
Safe Staffing/Delivering Care					0	0
LD 1wte B8B Consultant Nurse (travel required 5 day service)	77,191	77,191	1,895	1,895	79,086	79,086
LD B7 Epilepsy Nurse Specialist	61,681	61,681	2,225	2,225	63,906	63,906
LD B7 Acute Liaision Nurse	61,681	61,681	2,225	2,225	63,906	63,906
		0			0	0
Sub Total	9,541,138	4,216,712	3,636,556	3,357,556	13,136,410	7,574,268
Revised Budget	129,540,187	124,215,761	69,267,588	68,988,588	198,766,491	193,204,349

Appendix 2

Financial Forecasting

Being able to produce an accurate operational and financial plan and then to estimate how the organisation will perform in financial terms against that plan is a key responsibility of NHS finance directors. The Trust's TDP provides details of the Trust's financial plan for the year, including key risks and assumptions. Budgets are prepared in line with the plan and performance against that budget is monitored on a monthly basis. Regular finance reports are provided by the Director of Finance to Executive team, Trust Board, SPPG and DoH to assess performance against the financial plan on a cumulative basis and to provide an assessment of the likely year-end position.

The Importance of Accurate Forecasting

A financial forecast is a prediction of what the financial performance or position of the organisation is going to be at some determined point in the future. It is distinct from a budget - a quantified plan for where an organisation wants to go. A forecast is the indication of where it is actually going in financial terms. It is important that organisations compare their forecast position on an ongoing basis against their financial plans and report on any risks and/or variances.

Whilst we have always undertaken financial forecasting in the Belfast Trust, and have been successful in that area at a high level, we believe that given the increasingly precarious financial climate we face we should formalise the process and prepare forecasts at an even more detailed level than before.

It is clear that in this environment of financial pressure and the proposed move to longer term planning, a robust and methodical approach to financial forecasting is becoming increasingly more important.

Financial Forecasting Arrangements

Financial forecasts must be credible and based on an impartial consideration of all known factors. Forecasts must be grounded in some factual data. This could be:

- Actual financial performance to date (probably the most commonly used)
- Historical performance over the previous year or more than 1 year
- Actual activity information
- Actual population profile data
- Agreed revenue budgets for new developments
- Detailed costing information particularly where the impact of new or different service arrangements are under consideration.

The best forecasts will use a mixture of all of this factual data.

It is crucial that financial forecasting is completed in collaboration with clinical and other operational staff, for example HR and estates staff. They should understand the forecast and how it has been derived and have input into the assumptions and risk factors considered. A financial forecast derived entirely by a finance team working in isolation of the rest of the organisation lacks both credibility and organisational context.

The Trust's financial forecast will be determined on the basis of the following process:

- The general ledger actual reported position to date will be used is used as the starting point for forecasting at directorate level

- This high level forecast will be amended to reflect any recent material changes in run rate expenditure, for example falling energy prices, increased charges
- The forecast will be amended for known future changes in run rate spend or savings, for example winter pressure escalation activities, the downturn of beds in the summer months
- The forecast will be adjusted for new/emerging pressures. These will be discussed and agreed with operational managers to ensure full ‘buy-in’ to the figures being included
- The forecast expenditure position will be adjusted to reflect anticipated new savings which will have been profiled into budgets or anticipated reductions or increases in planned savings.
- The directorate forecast will be discussed on a monthly basis with operational teams and directorate accountants will agree a reported position with the directorate
- Monthly forecasts will be compared with financial forecasts made at the beginning of the year and any slippage reported as part of the monthly reporting cycle
- Directorate forecasts will be aggregated at an organisation level by the Head of Management Accounts and Co-director of Financial Management to determine a high level Trust wide forecast for inclusion in finance reports to Executive Team, Trust Board and HSCB/DoH
- Trust finance reports will include key risks to the financial forecast position and key assumptions made in arriving at the figure.