



Treasury and  
Exchequer

# HCS Finance Report M8 31<sup>st</sup> August 2023

# Executive Summary – Month 8

The Year-to-date actual vs budget overspend has increased by £2.8m in M8 to £18.9m. The FY23 year-end forecast is a deficit of £29.0m which is an increase of £0.4m vs last month.



HCS Categorisation	Current Month		Year-to-Date			Full Year			Year-to-Date	Full Year
	Budget (£'000)	Actual (£'000)	Budget (£'000)	Actual (£'000)	Variance (£'000)	Budget (£'000)	Actual (£'000)	Variance (£'000)	% Variance	% Variance
Staff Costs	15,104	16,832	129,671	132,880	(3,209)	197,312	202,309	(4,997)	(2.5%)	(2.5%)
Non Pay	8,243	8,310	63,315	76,279	(12,964)	90,795	113,167	(22,372)	(20.5%)	(24.6%)
Income	(2,146)	(934)	(16,751)	(14,046)	(2,705)	(26,207)	(24,576)	(1,631)	16.1%	6.2%
<b>Grand Total</b>	<b>21,201</b>	<b>24,207</b>	<b>176,236</b>	<b>195,113</b>	<b>(18,877)</b>	<b>261,900</b>	<b>290,899</b>	<b>(29,000)</b>	<b>(10.7%)</b>	<b>(11.1%)</b>

The key drivers are:

Year-to-date position:

- **Staff Costs £3.2 million overspend-** Includes significant overspends in Medical Services £6.2 million, Surgical Services £2.0 million, and Women & Children & Family Care £1.1 million, where agency usage (totalling 205 FTE) and other temporary workforce has been used to cover vacant roles and staff absences. This is substantially mitigated by vacancy underspends across other areas in relation to cover of vacant posts (516 FTE).
- **Non-Pay £13.0 million overspend-** This includes £8.5 million part-year effect of the opening pressure. The remaining £4.5 million overspend includes Mental Health on off-Island placements and drugs £2.4 million, Tertiary Care £1.1 million, Social Care on domiciliary care packages £0.8 million, and Surgical Services £0.8 million.
- **Income under-achievement £2.7 million-** Surgical Services has underperformed by £2.2 million against private patient income targets, and there is a £0.4 million underperformance in Social Care (although forecast to achieve target full year).

FY23 year-end forecast:

**Staff Costs are forecast to overspend by £5.0 million** including an £18.2 million underspend on substantive staffing due to vacancies (516 FTE), and a £23.2 million overspend on agency locums (205 FTE). The month-on-month movement is a forecast increase of £0.8 million, driven by an agency expenditure forecast increase of £1.9 million, offset by a substantive staffing forecast reduction.

- **Substantive Pay underspend £18.2 million** is made up of underspends from vacancies in Mental Health £5.9 million, Surgical Services £3.7 million, Medical Director £2.1 million, Women & Children & Family Care £2.1 million, Primary Care & Prevention £1.8 million, Chief Nurse £1.2 million, Non-Clinical Support Services £0.8 million, Estates & Hard FM £0.6 million, Social Care £0.3 million, and Improvement & Innovation £0.2 million. These are offset by a forecast overspend in Medical Services of £2.5 million.
- **Agency overspend £23.2 million** is in Medical Services £6.6 million, Surgical Services £6.5 million, Mental Health £4.1 million, Women & Children's Services £3.3 million, Primary Care £1.2 million, Medical Director £0.4 million, Jersey Care Model and Chief Nurse both £0.3 million.
- **£22.4 million overspend on Non Pay-** £13.9 million financial pressure, remainder across Care Groups, Mental Health £2.8 million, Social Care £1.8 million, Surgical Services £1.7 million, Tertiary Care £1.3 million, Medical Services £0.9 million, Jersey Care Model £0.5 million, Non Clinical Support and Estates both £0.4 million.
- **£1.6 million underachievement of Income-** due to a Surgical Services private patient income under-recovery of £3.4 million, offset by an over-recovery of Long Term Care Benefit income.

# Executive Summary – Month 8 cont.



**Non Pay overspend £22.4 million** £13.9 million relates to the opening budget pressure, with the remaining £8.5 million spread across Care Groups, with Mental Health £2.8 million, Social Care £1.8 million, Surgical Services £1.7 million, Tertiary Care £1.3 million, Medical Services £0.9 million, Jersey Care Model £0.5 million, Non Clinical Support and Estates both £0.4 million.

**Income under-achievement £1.6 million** this is made up of an under-performance in Surgery private patient income of £3.4 million mainly due to a lack of surgical beds capacity from medical outliers and escalation beds. This is offset by over-performance in Mental Health £0.7 million, Intermediate Care £0.4 million, Social Care £0.3 million, and Medical Services £0.2 million.

Service Areas	Current Month		Year-to-Date			Full Year			Year-to-Date	Full Year
	Budget (£'000)	Actual (£'000)	Budget (£'000)	Actual (£'000)	Variance (£'000)	Budget (£'000)	Actual (£'000)	Variance (£'000)	% Variance	% Variance
Chief Nurse	502	479	4,439	3,489	950	6,447	5,587	860	21.4%	13.3%
Director General's Office	(67)	2,236	(330)	7,769	(8,099)	1,219	11,360	(10,140)	(2,454.5%)	(831.7%)
Estates & Hard Facilitie	747	902	7,679	7,636	44	10,669	10,527	142	0.6%	1.3%
Improvement & Innovation	1,146	389	12,663	10,223	2,440	17,245	17,332	(87)	19.3%	(0.5%)
Intermediate Care	696	295	1,377	1,258	120	1,947	1,804	143	8.7%	7.3%
Jersey Care Model	(96)	407	3,463	3,753	(291)	5,193	5,627	(433)	(8.4%)	(8.3%)
Medical Director	751	742	6,007	5,125	882	9,010	7,548	1,462	14.7%	16.2%
Medical Services	4,399	5,649	36,199	42,552	(6,353)	53,794	63,612	(9,818)	(17.5%)	(18.3%)
Mental Health	2,661	3,235	21,276	22,494	(1,218)	31,951	32,319	(368)	(5.7%)	(1.2%)
Non-Clinical Support Ser	1,884	1,667	15,076	14,688	388	22,614	22,224	390	2.6%	1.7%
Primary Care & Preventio	910	833	6,919	6,441	478	9,931	9,324	607	6.9%	6.1%
Social Care	1,717	1,765	14,035	15,125	(1,090)	20,605	21,934	(1,330)	(7.8%)	(6.5%)
Surgical Services	3,343	3,690	26,910	31,897	(4,987)	40,366	48,291	(7,926)	(18.5%)	(19.6%)
Tertiary Care	1,067	375	8,533	9,651	(1,118)	12,799	14,072	(1,273)	(13.1%)	(9.9%)
Women Children & Family	1,542	1,542	11,990	13,012	(1,023)	18,109	19,338	(1,229)	(8.5%)	(6.8%)
<b>Grand Total</b>	<b>21,201</b>	<b>24,207</b>	<b>176,236</b>	<b>195,113</b>	<b>(18,877)</b>	<b>261,900</b>	<b>290,899</b>	<b>(29,000)</b>	<b>(10.7%)</b>	<b>(11.1%)</b>

\*Note: For detailed break-down see Appendices - slides 10-15 for Pay Position, slides 16-17 for Non-Pay Position, and slides 18-19 for Income Position.

# Executive Summary – Month 8 cont.



## Forecast Risks

There are further risks to the year-end forecast which may materialise through the remainder of this year which are as follows:

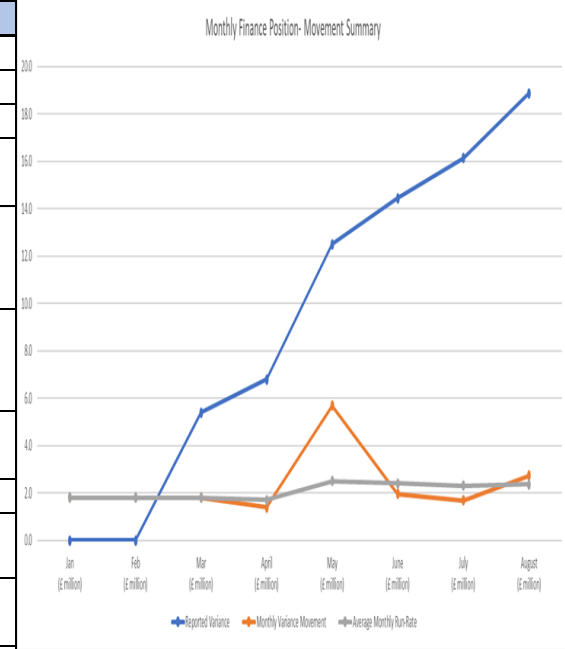
- [Tertiary Care contracts](#) commissioning relating to activity volumes through the Southampton contract which shows an YTD over-performance and if this trend continues would translate into an overspend of £3.2m. The current forecast assumption is based on Tertiary Care contracts to come within budget for the remainder of the year.
- Further substantive recruitment fill without replacing agency.

# Run Rate Analysis



Year-to-date run rate shows £2.3m overspend per month, with projected overspend for remaining periods at just under £2.7m

Monthly Finance Position	Jan (£ million)	Feb (£ million)	Mar (£ million)	April (£ million)	May (£ million)	June (£ million)	July (£ million)	August (£ million)	Sep-Dec (£ million)	Full Year 2023 (£ million)	Explanation
<b>Reported Variance</b>			(5.40)	(6.80)	(12.50)	(14.46)	(16.14)	(18.88)			
<b>Monthly Variance Movement</b>	(1.80)	(1.80)	(1.80)	(1.40)	(5.70)	(1.96)	(1.68)	(2.74)			
<b>Average Monthly Run-Rate</b>	(1.80)	(1.80)	(1.80)	(1.70)	(2.50)	(2.41)	(2.31)	(2.36)			
<b>Adjustments:</b>											
Drugs interface not posted month 4				(1.40)	1.40						
Surgical Services private patient income- reviewed income expectations	(0.14)	(0.14)	(0.14)	(0.14)	0.56						
Non Clinical Support Services- postage and patient travel expenditure processing delays	(0.14)	(0.14)	(0.14)	(0.14)	0.56						
Tertiary Care- variability in payment profile	(0.10)	(0.10)	(0.10)	(0.10)	0.40						
Social Care- catch-up on domiciliary care packages expenditure and Les Amis	(0.10)	(0.10)	(0.10)	(0.10)	0.40						
Accounts receivable error							(0.70)				
Stamp Duty accounting error								1.30			
<b>Adjusted Variance</b>	(2.28)	(2.28)	(2.28)	(3.28)	(2.38)	(1.96)	(2.38)	(1.44)			
<b>Year to Date Cumulative Variance</b>	(2.28)	(4.56)	(6.84)	(10.12)	(12.50)	(14.46)	(16.84)	(18.28)	(10.72)	(29.00)	
<b>Underlying run-rate</b>	(2.28)	(2.28)	(2.28)	(2.53)	(2.50)	(2.41)	(2.41)	(2.29)	(2.68)	(2.42)	





# Substantive vs Agency

- The below table shows Vacancy has increased by 23, Agency has increased by 11 FTE. There has been an increase in forecast agency costs, mainly due to extension of bookings and additional agency staff. The increase of £1.9 million is mainly seen in Women & Children £0.9 million, Medical Services and Surgical Services £0.2 million, and £0.5 million across Jersey Care Model and Intermediate Care (Intermediate Care element previously in Medical Services, JCM not previously forecast as agency expenditure).

Care Group	June	July	August	Difference	June	July	August	Difference	June	July	August	Difference	June	July	August	Difference
	Vacancy	Vacancy	Vacancy		Vacancy covered by Agency	Vacancy covered by Agency	Vacancy covered by Agency		Vacancy NOT covered by Agency	Vacancy NOT covered by Agency	Vacancy NOT covered by Agency		Agency Forecast	Agency Forecast	Agency Forecast	
	FTE	FTE	FTE		FTE	FTE	FTE		FTE	FTE	FTE		Amount (£)	Amount (£)	Amount (£)	
Chief Nurse	16	16	16	0	1	1	2	-1	15	15	14	1	186,079	199,457	251,257	-51,800
Director General's Office - HCS	0	1	12	-11	0	1	0	1	0	0	12	-12	1,093,346	1,070,819	1,097,085	-26,266
Estates & Hard Facilities Management	8.4	8	9	-1	0	0	0	0	8	8	9	-1	0		0	0
Improvement & Innovation	3	9	8	1	0	0	0	0	3	9	8	1	0		0	0
Intermediate Care	0	0	5	-5	0	0	2	-2	0	0	3	-3	0	0	179,588	-179,588
Jersey Care Model	0	0	0	0	0	0	0	0	0	0	0	0	0	0	295,256	-295,256
Medical Director	23	23	27	-4	4	4	4	0	19	19	23	-4	442,468	420,268	420,268	0
Medical Services	87	81	76	5	44	57	59	-2	43	24	17	7	6,243,875	6,858,417	7,034,424	-176,007
Mental Health	122	119	125	-6	39	39	40	-1	83	80	85	-5	3,683,567	4,126,912	4,158,331	-31,419
Non-Clinical Support Services	35	40	37	3	1	0	1	-1	34	40	36	4		0	0	0
Primary Care & Prevention	31	35	36	-1	11	18	18	0	20	17	18	-1	1,171,930	1,184,530	1,150,570	33,960
Social Care	33	29	32	-3	3	3	3	0	30	26	29	-3	116,742	116,742	209,716	-92,974
Surgical Services	89	86	86	0	50	55	52	3	39	31	34	-3	5,602,930	6,765,982	6,920,097	-154,115
Women Children & Family Care	40	46	48	-2	12	16	24	-8	28	30	24	6	2,014,429	2,443,919	3,375,328	-931,409
<b>Grand Total</b>	<b>487</b>	<b>493</b>	<b>516</b>	<b>-23</b>	<b>165</b>	<b>194</b>	<b>205</b>	<b>-11</b>	<b>322</b>	<b>299</b>	<b>311</b>	<b>-12</b>	<b>20,555,366</b>	<b>23,187,046</b>	<b>25,091,920</b>	<b>-1,904,874</b>

# Growth & Covid Reserves Position

Reserves have now been frozen to ring-fence this money to partially mitigate the HCS in-year deficit position.

- Growth Reserves are £0.91m
- Covid Reserves stand at £1.03m
- Capital Reserves stand at £0.99m.



# Summary and Conclusion - Month 8



- The Year-to-date overspend has increased by £2.8m in M8 to £18.9m and the FY23 year-end forecast shows a deficit of £29.0m.
- The monthly headline run-rate of overspend shows a continuation at a monthly average of £2.3m. The run-rate is forecast to average £2.6m for the remaining 4 months of the year.
- There are further risks to the year-end forecast which may materialise through the remainder of this year relating to activity-led Tertiary Care contracts, Mental Health placements, and additional substantive recruitment with delayed agency displacement incurring additional double-running costs.
- Growth Reserves and Covid Reserves stand at £0.91m and £1.03m respectively, which have been ring-fenced for re-purposing against the year-end forecast deficit, subject to Treasury approval. Capital Reserves are £0.99m.