CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD
MONITORING RETURNS – July 2020
FINANCIAL COMMENTARY

Introduction

These returns outline the financial position for Cwm Taf Morgannwg (CTM) UHB for the period ended 31 July 2020.

The tables attached to this commentary **do not** include the income, expenditure and balances of the Welsh Health Specialised Services Committee (WHSSC) or the Emergency Ambulance Services Committee (EASC) which is being financially managed via WHSSC. They do however include the Cwm Taf element of transactions between the parties.

The financial position reported within this monitoring return is consistent with the information being provided to the Board. The M4 Financial Monitoring Return (consisting of the Narrative, Table A, TableA2 and Table B3) will be reported to the next meeting of the Planning, Performance and Finance Committee in September.

1. Financial Plan, Year to Date and Forecast position

Financial Plan for 2020/21

The CTM IMTP for 2020/21 – 2022/23 was approved by the Board on 26 March 2020. Key points to note include:

- The Welsh Government has indicated that it is supportive of the Health Board assuming £5m bridging funding from the WG in 2020/21, and that funding is assumed in this Monitoring Return.
- During 2019/20, the Transformation Team at WG confirmed their agreement to re-profile £2.9m of our Transformation funding between 2019/20 and 2020/21. Following confirmation from WG that the £2.9m has been included in the WG budget for 20/21, this funding is also assumed in this Monitoring Return.
- The Health Board has already received £3.5m of funding for TI support in 2020/21.

Month 3 - Actual Position

The Health Board is reporting a M3 deficit of £5.2m and a M4 YTD deficit of £10.0m. The YTD position includes £10.6m of additional costs attributed to Covid-19 and an under spend of £0.6m for Non Covid:

	(Deficit)/ Surplus	WG Funding	Monthly position	YTD position
	£m	**£m**	**£m**	**£m**
Month 1	6.2	0	6.2	6.2
Month 2	5.6	0	5.6	11.8
Month 3	3.3	(10.3)	(7.0)	4.8
Month 4	5.2	0	5.2	10.0
Total	**20.3**	**(10.3)**	**10.0**	

The M4 actual Covid overspend of £5.2m was £2.7m better than the M4 forecast Covid overspend of £7.9m. The main changes were in the following areas:

(Improvement)/deterioration	**£m**
WG continuing to meet private hospital contract costs at least until 6 September	(1.1)
Slippage in TTP costs	(0.7)
Slippage in forecast IT costs	(0.4)
Lower than planned HCSW fixed term recruitment.	(0.5)
M4 savings better than expected	(0.5)
Medical staff costs lower than the M4 estimate	(0.3)
Primary care prescribing (See Section 3)	1.3
Vale field hospital – decommissioning costs assumed for M5 were recognised in M4	0.3
Other net reductions	(0.8)
Total	**(2.7)**

Month 3 - Forecast position (Table A)

A summary of the M4 forecast position is provided below:

	M3	M3
IMTP / Annual Operating Plan	£m	£m
Additional In Year Identified Savings - Forecast (Positive Value)	(9.5)	(11.4)
Additional In Year Welsh Government Funding Due To Covid-19 (Positive Value)	15.7	10.3
Operational Expenditure Cost Increase Due To Covid-19 (Negative Value)	(80.2)	(75.6)
Planned Operational Expenditure Cost Reduction Due To Covid-19 (Positive Value)	11.7	16.3
Slippage on Planned Investments/Repurposing of Developmental Initiatives Due To Covid-19 (Positive Value)	4.2	4.2

Forecast Outturn attributable to Covid-19 (-Deficit /+ Surplus)	**(58.1)**	**(56.2)**
Forecast Outturn Non Covid-19 (-Deficit /+ Surplus)	0	0
Total	**(58.1)**	**(56.2)**

Please note that this represents a £2.5m improvement from the M4 Day 5 forecast of £60.6m and reflects ongoing work in a number of key areas.

The key changes between the M3 forecast of £56.2m and the M4 forecast of £58.1m are summarised below:

(Improvement)/deterioration	**£m**
PPE costs now being charged to HBs rather than met centrally (See Section 3)	3.4
Estimated additional costs associated with CHC placements (awaiting final WG position)	3.4
Operational expenditure reductions (See Section 3)	3.4
Primary care prescribing (See Section 3)	1.4
Internal capacity (See Section 3)	1.1
Mass vaccination costs	0.5
Contract tracing – LA costs	5.4
Contract tracing – assumed WG funding	(5.4)
Forecast savings increased from £5.0m to £6.8m (See Section 3)	(1.8)
Marsh House and Abergarw nursing homes (See Section 3)	(2.7)
Medical staff costs (See Section 3)	(1.9)
HCSW recruitment (See Section 3)	(2.4)
Private hospital contract costs (See Section 3)	(0.7)
Other net reductions	(1.8)
Total	**1.9**

Further information on the £58.1m forecast additional costs due to Covid-19 is provided in Section 3 below. The key risks to this forecast position are noted in Section 2 below.

Month 3 - Forecast recurrent position (Table A)

The planned recurrent deficit at the end of 20/21 was £13.4m. As at Month 4 we are reporting a forecast recurrent deficit of £23.3m.

Please note that this deterioration only reflects the forecast shortfall in recurring savings delivery of £9.9m (Recurrent savings target £20.6m and forecast recurrent savings £10.7m).

At this stage it is very difficult to estimate the full impact of Covid on the recurrent financial position going into 20/21 and further work is needed to fully understand the impact of Covid 19 and resetting on the underlying cost base.

2. Risk Management (Table A2)

The key financial risks and opportunities for 20/21 are noted in Table A2 and are summarised below:

	Opportunity	Risk
	£k	£k
Primary care prescribing	(1,000)	1,000
Forecast savings of £6.8m		2,000
TTP forecast- Antigen testing platforms		2,000
Additional costs associated with Winter pressures		2,000
Securing Development plan funding that was not received in 20/21 Allocation letter		500
Securing the assumed recurrent allocation for Prevention funding that was received in 19/20.		1,000
TTP forecast – some demand met by PHW	(1,000)	
Forecast Operational expenditure reductions	(2,000)	
Forecast additional costs associated with second peak do not happen in 20/21	(5,200)	
Total	**(9,200)**	**8,500**

3. Additional costs due to Covid -19 (Table B3)

A summary of the additional Revenue costs is provided below:

	Q1	**Q2**	**Q3**	**Q4**	**Total**
Area of cost impact	**£m**	**£m**	**£m**	**£m**	**£m**
Pay	7.3	7.3	10.3	7.1	32.0
Non Pay and Income	10.7	13.8	9.5	14.1	48.1
Impact on savings delivery	4.1	2.2	2.0	1.2	9.5
Operational expenditure reductions	(6.0)	(4.0)	(1.1)	(0.5)	(11.6)

Slippage on planned investments/repurposing of development funding	(1.3)	(1.0)	(1.0)	(0.9)	(4.2)
Sub total	**14.8**	**18.3**	**19.7**	**21.0**	**73.8**
WG funding	**(10.3)**	**0**	**0**	**(5.4)**	**(15.7)**
Total	**4.5**	**18.3**	**19.7**	**15.6**	**58.1**

Further information on the key areas of cost impact noted above are summarised below:

Pay and Non pay

Field hospitals and nursing homes (£7.3m) - The forecast costs of £7.3m includes circa £4.8m of set up and rectification costs and £2.3m of running costs. The latest forecast assumes the Marsh House and Abergarw nursing homes are no longer required after the end of September which has reduced the M3 forecast of £9.7m down to £7.3m.

TTP (Track, Trace & protect including Antigen and Antibody testing (£14.3m) - The revised plan for antigen and antibody testing and the Health Board's contribution to contact tracing and surveillance has a cost of £14.3m. The main changes from the M3 forecast of £9.1m is the inclusion of the estimated LA costs (£5.4m) plus an estimated cost for mass vaccination of £0.5m.

Use of the Vale and Cardiff Bay Nuffield Facilities (£3.5m) – WG has confirmed that they will continue to meet private hospital contract costs at least until 6 September. Taking account of the planned care demand and resetting plans the Health Board has confirmed that it does have a need for ongoing use of the private hospitals for the rest of the financial year. The estimated costs for the period Sept to March is £3.5m compared to the M3 forecast of £4.2m which was for the period July to November.

Additional Non pay costs in Primary Care (£7.7m)

	Q1	**Q2**	**Q3**	**Q4**	**Total**
Area of cost impact	**£m**	**£m**	**£m**	**£m**	**£m**
Primary care prescribing	1.4	2.5	1.3	0	5.7
Investment in Clusters	0.4	0	0.5	0.6	1.5

Other	0.2	0.7	0	0	0.9
Total	**2.0**	**3.2**	**1.9**	**0.6**	**7.7**

Primary care prescribing costs are forecast to be £5.7m over budget as a consequence of the Covid outbreak. Following Month 12 2019/20 costs being £1.3m over budget, Month 1 and Month 2 costs for 2020/21 costs are over budget by £0.8m and £0.85m respectively (both months just over 12%) and a similar level of overspend has been assumed for Months 3 &4. The key ways in which Covid impacts on primary care prescribing include increased volume of scripts, longer scripts, higher prices due to supply constraints and a faster move to more effective but higher cost alternatives which require less face to face healthcare professional input (e.g. faster move from warfarin to DOACs). The £5.7m projection assumes a significant reduction to the rate of spend in Months 5-12 , but given the large degree of uncertainty as regards the ongoing impact, there is a large margin of error around this estimate.

An additional £1.5m investment in various aspects of primary care services as part of the Covid and resetting response is planned. However, as this is planned to be funded through re-purposing of WG primary care cluster funding there is no net cost.

Costs as a result of lost income (£8.4m)

	Q1	**Q2**	**Q3**	**Q4**	**Total**
Area of cost impact	**£m**	**£m**	**£m**	**£m**	**£m**
Loss of dental patient charge income	1.5	1.4	1.4	1.3	5.6
Loss of Bridgend clinic income	0.6	0.8	0.7	0.7	2.8
Total	**2.1**	**2.2**	**2.1**	**2.0**	**8.4**

The above forecast for the loss of dental patient charge income is based on actual income of £80k in Q1 and £40k in M4 and forecast income in the next 3 Quarters of £160k, £240k and £240k.

PPE (£3.7m)

	Q1	Q2	Q3	Q4	Total
Area of cost impact	**£m**	**£m**	**£m**	**£m**	**£m**
PPE	0.4	0.7	1.4	1.2	3.7

The above forecast includes an additional £0.6m of costs for an assumed second peak in Nov, Dec and Jan.

Medical and Dental (£5.0m)

	Q1	Q2	Q3	Q4	Total
Area of cost impact	**£m**	**£m**	**£m**	**£m**	**£m**
Medical staffing	1.5	0.9	1.4	1.2	5.0

The above forecast includes an additional £0.6m of costs for an assumed second peak in Nov, Dec and Jan.

Internal capacity (£2.2m)

	Q1	Q2	Q3	Q4	Total
Area of cost impact	**£m**	**£m**	**£m**	**£m**	**£m**
Internal capacity	0.3	0.3	1.0	0.6	2.2

The above forecast includes an additional £1.0m of costs for an assumed second peak in Nov, Dec and Jan.

Students (£3.8m) and HCSWs (£2.1m)

	Q1	Q2	Q3	Q4	Total
Area of cost impact	**£m**	**£m**	**£m**	**£m**	**£m**
Students	1.7	1.7	0.4	0	3.8

HCSW's Fixed Term recruitment	0	0.5	0.9	0.7	2.1
Total	**1.7**	**3.9**	**2.7**	**0**	**5.9**

The additional cost of HCSW's on temporary contracts has been reduced to £2.1m (M3: £4.5m) based on the 120 WTEs currently going through the recruitment process.

Other pay costs including ward nursing (£17.0m)

	Q1	**Q2**	**Q3**	**Q4**	**Total**
Area of cost impact	**£m**	**£m**	**£m**	**£m**	**£m**
Other pay costs	3.8	3.6	5.5	4.1	17.0

The modelling work on Covid indicates an additional bed requirement for a second peak of circa 300 beds. The above forecast includes an additional £3.0m of costs for an assumed second peak in Nov, Dec and Jan.

Operational expenditure decreases (£11.7m)

	Q1	**Q2**	**Q3**	**Q4**	**Total**
Area of cost benefit	**£m**	**£m**	**£m**	**£m**	**£m**
Operational expenditure reductions due to reduced elective activity	(4.8)	(3.7)	(1.1)	(0.5)	(10.1)
Reduced dental contract payments	(1.1)	(0.5)	0	0	(1.6)
Total	**(5.9)**	**(4.2)**	**(1.1)**	**(0.5)**	**(11.7)**

The actual reduction in clinical consumables and drugs costs from the cessation of routine elective activity in Q1 was £4.8m. These reductions are assumed to largely continue in Q2 with more significant reductions in Q3 and Q4. Recognising that there is a margin of error around the Q3 and Q4 estimates, a potential opportunity of £2.0m has also been included in the M4 risk table.

Dental practices with NHS contracts will receive 90% of their annual contract values for the period 1 July to 30 Sept (Q1 – 80%). Our forecast assumption is that payments will increase to 100% for Q3 and Q4.

Impact on delivery of efficiency savings

The original pre Covid shortfall in projected Savings against the annual target of £20.6m was £4.2m. This was previously incorrectly attributed as relating to Covid but is now being treated as a non- Covid variance. The forecast savings position at M4 is summarized below:

In Year savings	Total	Covid	Non Covid
	£m	£m	£m
Projected savings Pre Covid	20.6	16.3	4.3
Latest forecast savings post Covid	(6.8)	(6.8)	0
Latest forecast savings gap	13.8	9.5	4.3

The forecast position assumes that the £4.3m Non Covid savings gap is managed on a non recurrent basis in 20/21, pending further work on the underlying recurrent position for 21/22.

Recurrent savings	Total	Covid	Non Covid
	£m	£m	£m
Projected savings Pre Covid	20.6	16.3	4.3
Latest forecast savings post Covid	(10.7)	(10.7)	0
Latest forecast savings gap	9.9	5.6	4.3

The forecast recurrent savings gap of £9.9m has been reflected in the forecast recurrent position (See Section 1above).

Slippage on planned investments/repurposing of development funding

An assessment of what existing development funding can be slipped or re-purposed to help meet costs resulting from Covid-19 is provided below:

	M4	M3
	£m	£m
Transformation allocation for Covid -19	1.3	1.3
Cluster funding for 20-21 (the inclusion of this funding has also seen a corresponding increase in Covid related costs)	1.5	1.5
Mental Health funding for 20/21	1.0	1.1
Other	0.1	0
WHSSC Investment Slippage	0.3	0.3
Total	4.2	4.2

Further work is being undertaken to quantify the extent to which staff working on the Transformation project are being redeployed to Covid. Whilst this will increase the £4.2m noted above there will also be a corresponding increase in Covid costs so the impact will be cost neutral.

4. Net Expenditure Profile Analysis (Table B)

The main changes between the M4 actual costs and the forecast costs for M4 are summarised in Section 1.

Future periods have been updated and profiled in line with our best estimates. There continues to be a high level of uncertainty regarding some of the estimated Covid-19 costs for future periods and these risks/opportunities have been captured in Table A2.

5. Ring Fenced Allocations (Tables N&O)

Not required for this return.

6. Saving Plans (Tables C, C1, C2, C3)

Please see Section 3 above.

7. Welsh NHS I&E Assumptions 2020/21 (Tables D & E)

Table D has been completed and agreed with other organisations.

The financial plan also includes provision for additional costs arising from the WRP risk sharing arrangement of £1.6m which is consistent with the information provided by NWSSP. This provision has now been included in Table D.

Table E shows the anticipated allocations assumed within our M4 position.

The Health Board can confirm that all LTA documents have been signed by both parties.

8. Balance Sheet & Aged Welsh NHS Debtors (Tables F,M)

A Balance Sheet is not required for this return.

There are no invoices greater than 11 weeks old outstanding at the 31st July 2020.

9. Cash Flow Forecast (Table G)

Not required for this return**.**

10. Public Sector Payment Compliance (Table H)

Not required for this return.

11. Agency Expenditure (Table B2)

M4 agency expenditure was £3.3m (7.0% of total Pay). The monthly trend is summarised below. The average monthly agency costs for Q4 of 2019/20 was £3.96m:

	M04	**M03**	**M02**	**M01**	**M12**	**M11**	**M10**
	£'m	**£'m**	**£'m**	**£m**	**£m**	**£m**	**£m**
Medical	1.44	1.41	1.30	1.40	1.68	1.50	1.55
Nursing	1.28	1.59	2.26	1.41	2.01	1.38	1.58
Other	0.59	0.40	0.23	0.46	1.02	0.68	0.47
Total	**3.31**	**3.40**	**3.80**	**3.27**	**4.72**	**3.57**	**3.60**

12. Capital Schemes and Other Developments (Tables I &K)

Firm Covid related costs remain planned at £9.9m over the year as previously reported to WG. However, these costs could increase if the necessary separation of Covid and non-Covid patients as elective work is restarted requires further works expenditure, or changes to the role of field hospitals(e.g. regional work) requires further investment.

Additional costs of project delays related to Covid-19 are also estimated at £3.9m. These costs largely relate to a delay in the start of the PCH Phase 2 and delays in PCH Phase 1B neither of which will be incurred in 2020/21. However, part of this estimate is an amount of £0.258m which relates to the replacement of the CT scanner at POW. The costs are now being incurred and represent an overspend against the approved WG allocation. Returns in line with NWSSP-SES requirements have been made confirming these as final costs. As a result this sum has been included as an anticipated allocation in Table E this month.

The M4 CRL value is £32.8m. Additional forecast expenditure of £7.8m has been included in Table I relating to COVID 19 as mentioned above, with a corresponding anticipated allocation included in Table E. As at M4 £10.268m has been charged against the CRL.

It is of note that the M4 expenditure is lower than forecast. Receipts and invoices are being chased up for works as well as equipment. There are significant levels of monitoring and radiology equipment that are still to be received, much of which has had confirmed delivery dates of September. In the interim the HB has been loaning equipment from central stores to mitigate against any risk in the shortfall of equipment especially with return

to normal and resumption of elective activity on sites. Equipment in theatre and day surgery areas had been used during the Covid peak to support monitoring and some imaging requirements. In addition to this it should be noted that the HB has not yet had a confirmed level of equipment supply from IP5 (requests have been made for equipment and not all is confirmed) and has not yet been invoiced for equipment and beds it has received. As final costs are not confirmed and to avoid a cross Wales double count (assuming these are shown in Velindre returns for NWSSP) these are not included on our ledger.

As discussed in our monthly capital review meetings, any planned expansion in the Field Hospital in Bridgend (in line with surge capacity planning) is under review therefore a number of orders have yet to be placed. The forecast outturn position in these areas hase not been adjusted. However, if not required to support the field hospitals, this funding would be required to support other activity and capacity changes and segregation and cohorting works and equipment in the HB main sites. Demands for funding this work are increasing and this is putting pressure on the Health Board's capital funding.

The risk ratings of all schemes have been reviewed and there are 3 schemes which are considered to be medium or high risk as per the table below. The risks described below cover the risk of current year slippage but also additional costs where schemes progress with delays due to complying with revised Government guidelines.

Scheme	**Risk Rating**	**Potential Risk Value £m**	**Description**
PCH G&FF Phase 1b	Medium	2.7m slippage 0.5m additional costs	The phasing of costs is being regularly reviewed and the latest forecast shows £2.7m of expenditure falling into 21/22. This has been discussed with Welsh Government at a number of Capital Review Meetings and a plan to use this slippage has been submitted to WG for approval. The impact of social distancing has led to cost pressures on the G&FF Phase 1B scheme relating to an estimated £0.5m. This figure is being developed with the SCP but is considered unlikely to change significantly.

EDRMS & Digitisation (I2S)	Medium	0.3m additional costs	Due to COVID 19 the project is currently on hold. A revised go live date will need to be set before a reliable profile of spend can be prepared .It is highly likely that additional funding will need to be provided from discretionary capital to support the completion of this scheme.
CT Scanner	Medium	0.446m additional costs	The scheme is anticipated to complete in September and there are some significant cost impacts relating to the delay as mentioned to WG in the monthly CRM. The costs have been split in terms of those that directly relate to the impact of COVID 19 (£0.258m) and those that were inherent in the scheme (£0.187m). As mentioned above the COVID 19 costs have been included as an anticipated allocation this month. The other costs will be funded from the Health Boards discretionary capital.

The performance to date shows a £2m underspend to plan which in the main relates to the COVID spend as described above.

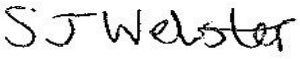
The Health Board is reporting a forecast break even position overall assuming all COVID related expenditure is funded by Welsh Government as per the anticipated allocations included in Table E.

There have been a small amount (£6k) of equipment items disposed so far during 2020-21.

The non cash estimates were updated on the return to WG on the 7th August. These revised estimates have not yet been include in the ledger and hence are not incorporated into the tables this month. This will be updated for month 5 to reflect the latest estimated position.

13. Other Issues

14. Authorisation



S Hopkins
Interim Chief Executive

S Webster
Director of Finance

Date: 13th Aug 2020

Action Points arising from Month 3 Response

Action Point	WG Comment	CTM Response
3.1a	I have received confirmation that the following allocations made by WG were intended to fund additional Covid-19 costs. Please include these amounts on Table A on line 22 (WG Funding due to Covid-19), remove any "repurposing" from Table B3 - section D and ensure any associated costs are included in Table B3 - section A. Mental Health Service Improvement Fund 2020-21 - £564,500 – Mental Health allocations remain ring-fenced; however, it is recognised that this funding (representing the first six months) will be used to respond to Mental Health pressures arising from the pandemic. Please confirm in your narrative, that this funding is offsetting additional MH cost pressures that are recorded in Table B3.	Actioned Please see Section 3- Slippage on Planned investments/re-purposing of development funding. £1.0m of the £1.1m funding for MH is being used to offset additional Covid costs in Table B3.
3.1b	TF Optimise Flow and Outcomes - £1,340,282 – if an element of this funding is being utilised with the Local Authority, then please ensure these payments are recorded on free text Line 95 (which we are now dedicating to 'Local Authority spend' – please use this narrative on the template) of Table B3. The balance of funding will be offsetting NHS Covid-19 costs recorded in Table B3.	Please see Section 3- Slippage on Planned investments/re-purposing of development funding. All of this funding is being used to offset additional Covid costs in Table B3.
3.1c	All Wales Easter Bank Holiday DES (GMS) – £177,712 – any associated costs should be recorded in Table B3 and clarified in your narrative.	Actioned

3.1d	Contact Tracing - £5.4m – All Health Boards have received funding confirmation letters on the 6th July from the Policy Lead. I wish to clarify that payments made to the Local Authorities for reimbursement should be shown on free text line 95 on Table B3 (use your narrative to provide a breakdown of what has been include on line 95). An equivalent amount of the total Contact Tracing costs can be anticipated as 'WG Funding due to Covid-19; up to the maximum allocated funding of £5.4m.	Actioned
3.2	There are number of issues with the data in your table, which has created monthly planned deficits and surpluses, which I believe in turn has led to you include items in an attempt to force the data to match the position which is truly related to the Covid-19 monthly deficit. These relate to the following: • Lines 28 & 29 of Table A appear to have been used as a balancing adjustment to ensure that the monthly positions reported between Table A and B are consistently reported; and to reflect the impact of £4.285m of planned cost pressures not materialising, but unfortunately the profile does not match the savings no longer required (non-covid related), hence why the profile is incomprehensible on these lines. • Line 11 of Table A shows a profile of savings yet to be finalised at Month 1, but because these have not been phased to match the profile of the cost pressure, it is contributing to planned monthly deficit\surplus (net nil over the year) on Line 12 which also links to balancing items on lines 28\29). • Line 7 of Table shows planned Accountancy Gains (which did not get released as planned), but because the profile	The new tables have been completed in M4 which should have addressed all these points.

	does not match when the cost pressure occurs, this contributes to the planned monthly deficit\surplus on Line 12. Linked to Table B (SoCNE), when you release Accountancy Gains you do not report a monthly surplus, instead you flex the RRL, to smooth the impact. Therefore your methodology is not consistent between Table A and B. It also leads to the use of the 'balancing' lines. • You are reporting a saving underachievement of £0.036m on line 16 'Additional In Year Identified Savings', yet this should only be used to report actual /forecast delivery i.e. it is not a variance line. • As reported in Table A you have fully phased the issued Covid-19 pay funding of £7.875m into June, even though Table B3 (Line 56) reports that the year to date Covid-19 pay spend is lower at £7.320m. Again, this links to the 'balancing' figure being used. The difference should have been phased into July. I have provided screenshots of Table A, Table B and Table B3 which shows a possible solution to correct as much as possible, whilst retaining the bottom line values as reported at April, May and June (as these cannot be retrospectively changed) and ensuring that the YTD and Forecast deficit agrees to data in Table B3 as at Month 3. Please ensure sufficient time is allocated to correcting all of these issues before the Month 4 submission. If you require any assistance, please contact me as soon as possible.	
1.1	I refer to your response to Action Point 1.1 which clarifies the Accountancy Gains included within your Opening Financial Plan are still not in an identified / finalised. The response also states the release profile is now different from plan, with £2.300m in July	The Balance sheet at 31 March 2020 includes a number of accruals and provision balances where estimates have been

	and £2.000m in September. From Month 4, the Accountancy Gain data will be fed into Table A via the Tracker, which will cause a variance (due to the profiles of the plan and actual being different) in the in-year section of Table A. You will be aware that only items which meet the Green or Amber criteria, can form part of your overall forecast position (if your Planned Accountancy Gains do not meet that criteria, this will cause other issues which we will have to discuss). In addition, the corresponding detail of your Gains is now being requested by Alan Brace, therefore please provide comprehensive analysis of the SoFP releases being reported as Accountancy Gains and explain the circumstances which has led to their availability and how this correlates to the latest release profile.	made due to uncertainty over the actual liability facing the Health Board. As part of our financial planning for 20/21 we undertook a review of the balance sheet and formed a judgement that £4.3m would be able to be released from the Balance sheet in 20/21. As in previous years our approach is to review our original assessment at the end of Q1 and Q2. Following our Q1 review £2.3m was written back in M4 and the balance of £2.0m will be written back in M6. All items within the £2m satisfy the green/amber criteria.
2.2	You are again reporting the year to date savings achievement against the identified savings plan as a negative achievement of £0.040m. Your response states that the savings plan includes performance against Income Generation. You will recall that Income Generation is reported separately to Savings schemes and when you complete the Tracker at Month 4, this will ensure the two are reported separately. Only the non achievement (due to C19) of savings schemes are to be shown in section B of Table B3. If you are stating that the Planned Income Generation (£0.226m)	Revised tables with full Savings Schedule now completed and flowing into Table A.

	is not being fully achieved due to Covid-19, then record this pressure on Table B3 on line 65. The Tracker will automatically feed through to Table A that there is a pressure caused by under-delivery. To remove the double count (if due to Covid-19), then use a free text line on Table A 'removal of double count of non delivery of IG due to C19).	
2.3	Your narrative again confirms that a forecast underlying position has not been provided due to difficulties in assessing the impact of Covid-19 and providing a robust estimate will continue to be difficult in the coming months. Although I acknowledge that you will need to undertake a review of your assumptions and elements may remain fluid during the year, it is important that all Health Boards provides estimates, at the very least, whilst plans mature. You can use your narrative to describe the process you are undertaking and any risk related to the current assumptions. I trust that you will be in a position to provide a forecast carried forward underlying position from Month 4.	Actioned. Please see Section 1.
3.3	I note that you still have two unquantified risks relating to uncertainty of Covid-19 data in Q2-Q4 and Prescribing. Please provide an update in your Month 4 narrative, so that we can undertake an assessment of your blended forecast in Table B3.	Actioned. Please see Section 2 and Table A2.
2.6	Based on straight 12ths, the Revenue Resource Limit appears to be under phased by c. £12.000m. This may be partially corrected however (see the screen shot of Table B above), when you correct all the other phasing issues. Please ensure you provide a monthly explanation of material deviations from a straight twelfths profile of your YTD RRL, in future narratives.	Noted.
3.4	I note that you are projecting a step up in spend totalling c. £9.000m in March which is across a number of categories (e.g.	Actioned.

	non pay and CHC), please provide details of the corresponding items where spend will not be incurred until March.	
3.5	The Health Board has not populated the forecast columns as requested for Month 3; please ensure this is actioned from Month 4 onwards. In addition, please ensure your narrative provides supporting explanation for any key pay expenditure assumptions reported in future months (e.g. reliance on agency).	Noted.
3.6	All Health Boards are being requested to confirm that they have undertaken a technical assessment of the accounting treatment of the Field Hospital costs, including those relating to Decommissioning, in terms of Revenue or Capital classification and as per that assessment, costs are accrued. This is particularly important if the period for which the Field Hospital is to be held is greater than 12 months. Health Boards should ensure that only those costs assessed as Revenue are included in Table B3, with Capital costs recorded in Table I. If revenue funding has been sought and received for costs now classified and recorded as Capital, then this must be declared in the submission.	A technical assessment of the accounting treatment has been undertaken in terms of revenue /capital split. Our current assumption is that the field hospital will not be in place for longer than 12 months. On this basis the Health Board is content with the current treatment of the works costs being Revenue. The decommissioning costs are being treated as Revenue in 20/21 on the basis that this meets the criteria for a provision. A risk assessment will be undertaken to assess the

		implications if the current planning assumption changes.
3.7	Please provide further details of the applicable income items described as 'Provisional assessment from other development funding streams' totalling £1.100m which are reported within Line 128 'funding slippage'.	Please see Section 3- Slippage on Planned investments/re-purposing of development funding. £1.0m of the £1.1m funding for MH is being used to offset additional Covid costs in Table B3.
3.8	I note that the total operational expenditure reduction (Section C) amount has increased by c. £7.4m since Month 2, please ensure that descriptions (e.g. reduced dental contract payments) are provided for all expenditure reductions reported in this section.	Actioned
1.6	I highlighted (AP 1.6) at Month 2 Table B3 (line 116) suggested that elective activity non pay cost reductions will remain until Month 9, this appears to have been revised again and is now forecast to continue for the remainder of the year which was the position reported at Month 1. Please confirm your latest elective activity assumptions within your future narrative submissions.	An update is provided at Section 3- Operational expenditure decreases.
2.8	Following on from Action Point 2.8, please confirm that any running costs associated with the Field Hospitals are being reported against the designated categories within Section A and not on the 'Additional costs in Temporary Hospital Capacity - Set Up Costs e.g. Field Hospitals' line 61.	Actioned
3.9	Please review the presentation and format of the Table within the 'Impact on delivery of efficiency savings' section of your narrative to ensure it highlights that c. £4.285m of original savings target is no longer required.	Reviewed and updated.

3.10	Please review the correlation between the pay expenditure profiles and WTEs (e.g. Students WTE reduces in June but spend has increased).	Noted.
3.11	I have been informed by my colleague, Julie Broughton, that the anticipated 'Additional Pharmacy funding' of £0.241m should be removed from your income assumptions.	Actioned.
3.12	The DEL non cash annual charge (Table B Line 22) of £24.100m is £0.017m lower than DEL Baseline depreciation funding of £24.117m, please ensure any DEL non cash adjustments are reported in future Table E submissions.	DEL Baseline corrected to £24.117m. Non cash adjustments will be updated in the month 5 return to reflect the most recent return.
3.13	Please provide further details on the specific actions being undertaken to improve the current payment performance of NHS invoices (61.5%). I acknowledge that performance of non-NHS invoices is only slightly below 95% at 94.3%. In addition, please ensure the 'Year to date' column is populated within future quarterly returns.	The Local P2P group (NWSSP, Finance, Systems & Procurement) reconvened in July to review NHS compliance figures & identify actions needed to improve the NHS PSPP performance. This includes: • Identifying the causes of the delays in processing and determining the most appropriate & efficient way forward for the various groups of transactions. • Clearly defined roles & responsibilities across NWSSP, Finance & the service.

		• Raising advance orders if appropriate. • Consider the implementation of No PO No Pay policy for NHS. • Developing 'how to' guides for users. • Raising the issue through the AW P2P group to gain consistency across Wales. Noted -The 'year to date' column will continue to be populated in future returns
3.14	I refer to the email dated 24th July, from Alison Ramsey (NWSSP). This states that the original share of the £13.799m pressure has changed and for your Health Board this is now £1,635,194. I note this a slight reduction from what you had planned for in your IMTP (£1.7m). However, the email also refers to a higher overall forecast outturn following an assessment at Month 3, although NWSSP state this will be treated as a Risk (with an opportunity relating to higher income to be received from the Health Boards) at Month 4. Therefore, Health Boards are expected to record their share of this revised assessment as a risk in Table A2. This potential additional pressure should not form part of the monthly Income and expenditure assumptions exercise with NWSSP (both organisations exclude, as currently only a risk).	NWSSP have advised that this risk has now been removed for M4 reporting.
Table A	I note that the reported Day 9 forecast year end deficit of £56.162m is £0.307m lower than the position provided at Day 5. It is expected that any movement would be acknowledged in your	Noted

	narrative and explained in your supplementary narrative (even if this was brief, due to the value).	
3.15	During your population of the Month 3 return with data, the validations in Table B have been broken, possibly due to values being dragged from one position to another. Fortunately an updated template is being issued for completion from Month 4, which will rectify the problem. Please ensure you take care to not hinder the integrity of the template, as this causes internal consolidating issues and may also have impacted on the quality of your submission (i.e. validations not highlighting errors). If you notice any of the validations not performing as they should, please get in touch immediately as we may be able to fix the problem before your formal submission.	Noted
3.16	Please ensure that the 'Capital Donation / Govt grant income' value on Line 2 of Table B is consistent with the corresponding values reported in Tables E and I.	Noted and corrected
3.17	Please ensure the Field Hospital templates total values are accurate and that they reconcile to the corresponding amounts reported within the Major Projects section (A1) of Table B3.	Actioned
2.17	The anticipated income items have been shared with colleagues for review\comment; however, as requested at Month 2 please ensure that a WG contact is provided against all anticipated income items.	Noted