

AGENDA ITEM

3.4.3

CTM BOARD

FINANCE UPDATE – MONTH 5 of 2020/21

| | |
|---|--|
| Date of meeting | 30/09/2020 |
| FOI Status | Open/Public |
| If closed please indicate reason | Not Applicable - Public Report |
| Prepared by | Mark Thomas, Deputy Director of Finance |
| Presented by | Steve Webster, Director of Finance & Procurement |
| Approving Executive Sponsor | Executive Director of Finance & Procurement |
| Report purpose | FOR DISCUSSION / REVIEW |

| Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group) | | |
|---|-------------|----------------|
| Committee/Group/Individuals | Date | Outcome |
| Welsh Government | 11/09/2020 | NOTED |

| ACRONYMS | | | |
|-----------------|-----------------------------------|------|-----------------------------------|
| A&C | Administration & Clerical | I&E | Income & Expenditure |
| AWCP | All Wales Capital Programme | LTA | Long Term Agreement |
| AME | (WG) Annually Managed Expenditure | M1 | Month 1 (M2 Month 2 etc) |
| CHC | Continuing Healthcare | PCMH | Primary Community & Mental Health |
| COO | Chief Operating Officer | PCH | Prince Charles Hospital |
| CRES | Cash Releasing Efficiency Savings | POW | Princess of Wales Hospital |
| CRL | Capital Resource Limit | RGH | Royal Glamorgan Hospital |

| | | | |
|------|--------------------------------------|-------|---|
| FNC | Funded Nursing Care | PSPP | Public Sector Payment Policy |
| HCHS | Healthcare & Hospital Services | WG | Welsh Government |
| IHI | Institute of Healthcare Improvements | WHSSC | Welsh Health Specialised Services Committee |
| IMTP | Integrated Medium Term Plan | YTD | Year to Date |

FINANCE REPORT – MONTH 5 of 2020/21

1. SITUATION/BACKGROUND

The purpose of this report is to highlight the key messages in relation to the current month, year to date and forecast year-end financial position of Cwm Taf Morgannwg (CTM) University Health Board as at Month 5 (M5).

This report should be read in the context of the CTM Integrated Medium Term Plan for 2020/21 to 2022/23 which is available on the website. The IMTP was approved by the Board on 26 March 2020. The following key issues are highlighted in relation to the financial plan for 2020/21:

- 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 financial report.
- 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 assumed in this financial report.
- The Health Board has received £3.5m of funding for TI support in 2020/21.
- The impact of Covid-19 has had a significant impact on the financial plan for 20/21.

The following sections are included in this report:



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2. KEY RISKS/HEADLINE MESSAGES

2.1 Headline Messages - Month 5

The reported position for Month 5 is an in month over spend of £3.6m and a YTD overspend of £13.6m:

| | Month 5 | | | | Month 5 YTD | | |
|---|-------------------|-------------------|-----------------------|--|-------------------|-------------------|-----------------------|
| | Total Variance | Covid position | Non Covid position | | Total Variance | Covid position | Non Covid position |
| | £k | £k | £k | | £k | £k | £k |
| Pay | 1,754 | 1,424 | 330 | | 11,219 | 11,233 | (13) |
| Non Pay | (934) | (171) | (763) | | 890 | 3,132 | (2,243) |
| Income | 996 | 517 | 478 | | 5,013 | 4,552 | 461 |
| CRES | 563 | 563 | 0 | | 5,411 | 5,411 | 0 |
| Total Delegated | 2,379 | 2,334 | 45 | | 22,533 | 24,328 | (1,795) |
| | | | | | | | |
| Total Non Delegated | 2,050 | 1,102 | 948 | | 2,004 | (182) | 2,186 |
| | | | | | | | |
| WG COVID funding | (793) | (793) | 0 | | (10,906) | (10,906) | 0 |
| | | | | | | | |
| Grand total | 3,636 | 2,643 | 993 | | 13,631 | 13,241 | 391 |
| | | | | | | | |
| Forecast as at M5 | 56,287 | 56,287 | 0 | | | | |
| Forecast as at M4 | 58,061 | 58,061 | 0 | | | | |
| | | | | | | | |
| Forecast recurrent position as at M5 | 30,200 | 16,800 | 13,400 | | | | |
| Forecast recurrent position as at M4 | 23,300 | 9,900 | 13,400 | | | | |

The Health Board is reporting a M5 deficit of £3.6m and a M5 YTD deficit of £13.6m. The YTD position includes £13.2m of additional costs attributed to Covid-19 and an under spend of £0.4m 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 |
| Month 5 | 4.4 | (0.8) | 3.6 | 13.6 |
| Total | 24.7 | (11.1) | 13.6 | |

The WG Funding of £11.1m includes £10.9m which is shown as 'Non delegated funding' (see page 5) plus £0.2m shown as 'Delegated funding'.

During M5, as requested by WG, £1.9m of funding previously treated as 'Re-purposing funding' was reclassified as 'WG funding'. The £0.8m noted above represents 5/12ths of the £1.9m.

The M5 actual overspend of £3.6m was £2.7m better than the M5 forecast overspend of £4.5m:

| | M5 forecast | M5 Actual | Variance |
|--------------|----------------|------------|--------------|
| | £m | £m | £m |
| Covid | 4.5 | 2.8 | (1.7) |
| Non Covid | 0 | 0.8 | 0.8 |
| Total | 4.5 | 3.6 | (0.9) |

The M5 actual Covid overspend of £2.8m was £1.7m better than the M5 forecast Covid overspend of £4.5m. The main changes were in the following areas:

| | £m |
|--|--------------|
| Slippage in forecast TTP costs | (0.4) |
| M5 savings better than expected | (0.2) |
| Medical staff costs lower than the M5 estimate | (0.4) |
| Other net reductions | (0.7) |
| Total | (1.8) |

The non Covid overspend of £0.8m includes a provision of £0.8m for additional costs not included in the Delegated position.

Whilst the financial position has started to stabilise in M5, the outlook for the coming months is uncertain as we move into the winter period, second peak and mass testing etc.

2.1.1. Covid-19 forecasts

It is important that the Health Board properly identifies the additional costs relating to care for Covid patients and providing healthcare for all patients in a Covid environment. A summary of the forecast additional revenue costs as at Month 5 is provided below. A more detailed breakdown is included at Section 3.2, including the key changes from the M4 forecast of £58.1m.



| | Q1 | Q2 | Q3 | Q4 | Total |
|--|---------------|--------------|--------------|--------------|---------------|
| Area of cost impact | £m | £m | £m | £m | £m |
| Pay | 7.3 | 6.6 | 11.7 | 8.0 | 33.6 |
| Non Pay and Income | 9.5 | 11.6 | 9.5 | 12.4 | 43.1 |
| Impact on savings delivery | 4.1 | 2.1 | 2.1 | 1.8 | 10.0 |
| Operational expenditure reductions | (4.8) | (3.0) | (0.7) | (0.4) | (8.9) |
| Slippage on planned investments/repurposing of development funding | (1.3) | (0.1) | (0.5) | (0.5) | (2.4) |
| Sub total | 14.8 | 17.2 | 22.2 | 21.2 | 75.4 |
| WG funding | (10.3) | (4.3) | (0.5) | (4.0) | (19.1) |
| Total | 4.5 | 12.9 | 21.7 | 17.2 | 56.3 |

The Welsh Government is supportive of the measures all Health Boards have taken to respond to Covid-19, and has indicated that it will provide financial support for this (both capital and revenue). However, the costs across Wales are very significant and at this stage the Welsh Government cannot confirm that all forecast costs will be able to be funded. There is therefore a risk that the organisation's operational revenue costs of addressing the pandemic cannot be contained within available revenue funding, resulting in an unplanned I&E deficit in 2020/21, and a parallel risk of unfunded additional capital costs resulting in the Capital Resource Limit being exceeded in 2020/21.

2.1.2. Non Covid position

A summary of the Non Covid variances by area and by expenditure category is provided in Sections 3.1 below.

2.1.3. Non Delegated position

The key reasons for the Month 5 and Month 5 YTD overspends are as follows:



| | Month 5 | | | | Month 5 Year to date | | |
|---|-------------------|-------------------|-----------------------|--|----------------------|-------------------|-----------------------|
| | Total Variance | Covid position | Non Covid position | | Total Variance | Covid position | Non Covid position |
| | £k | £k | £k | | £k | £k | £k |
| Shortfall v CRES target of £4.2m | 361 | 0 | 361 | | 1,800 | 0 | 1,800 |
| Shortfall v non recurrent slippage/Non pay expenditure reduction targets of £4m | 416 | 0 | 416 | | 1,667 | 0 | 1,667 |
| Slippage on planned investments /repurposing of development funding | 1,102 | 1,102 | 0 | | (182) | (182) | 0 |
| Provision for additional costs not included in the Delegated position. | 800 | 0 | 800 | | 1,800 | 0 | 1,800 |
| Other variances | (629) | | (629) | | (3,081) | 0 | (3,081) |
| Total | 2,050 | 1,102 | 948 | | 2,004 | (182) | 2,186 |

2.1.4. Savings

The original split of the annual savings target of £20.6m was £19.0m Delegated and £1.6m Non Delegated. For 2020/21 this split has now been changed to £16.4m Delegated and £4.2m Non delegated so that the Pre Covid savings gap of £4.2m is now all shown as Non Delegated and is this is being shown as a non-Covid variance.

The Delegated savings target of £16.4m represents a monthly target of circa £1.3m. The reported shortfall at M5 is £5.4m which represents Month 5 year to date savings of circa £1.4m. The M5 YTD and forecast savings are summarised below.

| | Month 5 | | | Month 4 | | |
|--|------------|-------------|-------------|------------|-------------|------------|
| | YTD | 19/20 | Recurring | YTD | 19/20 | Recurring |
| | £m | £m | £m | £m | £m | £m |
| Delegated Savings targets | 6.8 | 16.3 | 19.0 | 5.4 | 16.3 | 19.0 |
| Forecast Savings – excluding Red schemes | (1.4) | (6.3) | (8.9) | (0.5) | (6.8) | (10.7) |
| Forecast shortfall | 5.4 | 10.0 | 10.1 | 4.9 | 9.5 | 8.3 |
| Non Delegated Savings target | 1.8 | 4.3 | 1.6 | 1.4 | 4.3 | 1.6 |
| Total | 7.2 | 14.3 | 11.7 | 6.3 | 13.4 | 9.9 |

- Actual savings in M5 was £0.8m (M4: £0.5m)
- Forecast In year savings has reduced by £0.5m in M5 and forecast recurrent savings has reduced by £1.8m.
- The latest risk assessment on the Amber schemes within the forecast In year savings of £6.3m is £1.3m.
- Further details of savings performance by area is provided in Section 3.3

The Health Board needs to increase the focus and traction on savings plans and delivery in order to help minimise the financial impact of Covid-19 in 2020/21, but very importantly, also to limit the recurrent impact going into 2021/22.

2.1.5. Forecast recurrent position

The planned recurrent deficit at the end of 20/21 was £13.4m. As at Month 5 we are reporting a forecast recurrent deficit of £30.2m which includes two specific issues:

| | £m |
|--|-------------|
| Planned recurrent deficit | 13.4 |
| Forecast shortfall in recurring savings delivery | 11.6 |
| Initial estimate of the forecast recurrent shortfall in dental patient charge based on the Q4 forecast for 20/21 | 5.2 |
| | |
| M5 Forecast | 30.2 |

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. The above forecast will be updated in November following the submission of the Qtr3&4 plan in October.

2.1.5. Public Sector Prompt Payment (PSPP) Performance

The Month 5 YTD cumulative percentage for the number of non- NHS invoices paid within the 30 day target was 91.7%. The 95% PSPP target was achieved for May, June, July and August but for the month of April the percentage was only 76.6%. This was in part due to COVID supplier relief arrangements which allowed 1029 queried invoices to be released which accounted for 5.5%. Other contributing factors are being investigated to understand the root causes for the low performance in April and to put correct processes in place going forward.

As a consequence of the low percentage performance in April, there is a high risk that the Health Board will not achieve the 95% target for 20/21.

2.2 Key actions

2.2.1. The appropriateness of increased pay costs (Key action from M2)

Pay expenditure within ILGs has increased significantly above pre-Covid levels in Q1 and the M5 YTD position is £5.9m above budget (see Section 3.1). This is at the same time as the level of unscheduled care patient demand is low, bed utilisation is low (critical care and general acute) and planned care activity is very low. Some of the key questions considered are:

- Are we fully assured that all the staffing deployed is fully required?
- If so, what is driving the higher levels of staffing against much lower levels of activity?
- To what extent is high absence driving higher staff levels, and what is that level of absence across different clinical areas?
- What is the level of redeployment of staff and is there scope for more redeployment from where staff are under-utilised to areas where more staff are required, including staff shielding at home who potentially could be undertaking other roles from home?

The drivers for increased pay costs have been discussed with ILGs at the recent round of performance meetings. The actions to address these drivers and the expected impacts on workforce plans and financial plans/forecast will be followed up in monthly finance meetings with each ILG.

2.2.2. Savings delivery (Key action from M2)

The Health Board needs to increase the focus and traction on savings plans and delivery in order to help minimise the financial impact of Covid-19 in 2020/21, but very importantly, also to limit the recurrent impact going into 2021/22. Actions taken to re-start savings plans in ILGs and centrally managed services will be followed up in the monthly finance meetings.

As regards central enabling schemes, work on the medical staff efficiencies programme is being re-started, and the patient care administration scheme is being included in the scope of the “new ways of working” workstream. Further discussions are needed around re-starting the nursing efficiencies scheme and the scheme to reduce delayed discharges/improve flow.

2.2.3 Updating the financial forecast to reflect service and workforce planning (Key action from M2)

The figures shown in the Covid cost projection in Section 3.2 above are based on top down estimates of ongoing reactive costs taking account broadly of projected Covid and non-Covid demand, plus the impact of the specific planned changes such as TTP.

Bottom up forecasting has started in each ILG and for centrally managed services, but this will need to be refined based on agreed shared assumptions on the key drivers of expenditure, including the following:

- Sampling and testing demand and capacity put in place
- Projected covid-19 and non-Covid demand, with associated workforce and financial implications
- Plans for re-introducing planned care activity, and the associated activity levels, capacity provided, workforce and costs
- Decisions on retaining/stopping/phasing out special arrangements during Covid which are not directly linked to Covid-19 demand
- Plans for re-starting work on efficiency, productivity and pathway re-design schemes
- Absence rates to sickness and self-isolation or shielding.

One of the key challenges for the Health Board is to quantify the requirements and impacts of the Q3 and Q4 plans on activity and capacity requirements and thus the workforce requirements and financial impacts. The aim from a financial perspective is to draw up proposed Q3 and Q4 financial plans which are driven by the operating plans, and then subject to Welsh Government funding, to reflect these plans in ILG and other budgets.

2.2.4 Continuing Healthcare (CHC) (Key action from M2)

We have paid nursing homes on a historical activity level basis through the period April to July to help their cash flow through the Covid period. The WG has recently announced funding of £22.4m for adult care providers for the 6 month period to 30 Sept 2020, which includes financial support for residential and domiciliary care providers. The WG guidance indicates that the funding will support temporary uplifts to the weekly rates paid to care providers and to support eligible voids where the LA are not commissioning. The Health Board's allocation is £3.4m and work is ongoing to process the appropriate payments to providers.



3. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

3.1 Revenue Performance by Area and by Expenditure category- Month 5

The following points are highlighted from the two tables below which show the Month 5 position (Covid and Non Covid) and the Month 5 YTD position (Covid and Non Covid):

- The Month 5 In month over-spend was £3.6m and £2.6m of this overspend is attributable to Covid – 19. The Non Covid position is showing an over spend of £1.0m.
- The Month 5 YTD overspend is £13.6m and £13.2m of this overspend is attributable to Covid -19. The Non Covid position is showing a small YTD over spend of £0.4m.
- The Delegated YTD overspend of £22.5m includes a Covid overspend of £25.0m and a Non Covid underspend of £2.5m. The Delegated Covid overspend of £22.5m is discussed further in Section 3.2.
- The Non Delegated YTD overspend of £2.8m includes a provision of £1.8m for additional costs not included in the Delegated position.



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| M5 | Current Period - Ledger | | | | | | COVID Reported Costs M5 | | | | | | NON COVID M5 | | | | | |
|---|-------------------------|--------------|-------------|--------------|--------------|----|-------------------------|--------------|------------|--------------|--------------|----|--------------|--------------|-------------|-------------|--------------|----|
| | PAY | NON PAY | INCOME | CRES | TOTAL | | PAY | NON PAY | INCOME | CRES | TOTAL | | PAY | NON PAY | INCOME | CRES | TOTAL | |
| | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k |
| Integrated Locality Groups | | | | | | | | | | | | | | | | | | |
| Bridgend ILG | 199 | (321) | 316 | 511 | 705 | | 34 | (565) | 252 | 511 | 232 | | 165 | 244 | 64 | 0 | 473 | |
| Merthyr & Cynon ILG | 108 | (82) | 5 | 263 | 293 | | 158 | 67 | 46 | 204 | 475 | | (50) | (149) | (41) | 59 | (182) | |
| Rhondda & Taff ILG | 408 | (201) | 16 | 223 | 447 | | 66 | (61) | 70 | 223 | 298 | | 342 | (140) | (54) | 0 | 148 | |
| Total Integrated Locality Groups | 715 | (604) | 337 | 997 | 1,444 | | 258 | (559) | 368 | 938 | 1,006 | | 457 | (46) | (32) | 59 | 439 | |
| Delivery Executive | | | | | | | | | | | | | | | | | | |
| Facilities | 29 | 217 | 36 | (8) | 274 | | 17 | 251 | 0 | 51 | 319 | | 12 | (34) | 36 | (59) | (45) | |
| Mental Health | 19 | (11) | (1) | (0) | 7 | | 4 | 2 | 0 | (0) | 6 | | 15 | (13) | (1) | 0 | 1 | |
| Medicines Management | (33) | 32 | 37 | (564) | (528) | | 14 | 608 | (309) | (564) | (251) | | (47) | (576) | 346 | 0 | (277) | |
| Primary Care | 54 | (1,104) | 462 | 25 | (563) | | 103 | (912) | 451 | 25 | (333) | | (49) | (192) | 11 | 0 | (230) | |
| COVID Planned Projects | 212 | 600 | 0 | 0 | 812 | | 123 | 464 | 0 | 0 | 586 | | 90 | 136 | 0 | 0 | 226 | |
| Other | (99) | (7) | 3 | (2) | (106) | | 0 | 0 | 0 | (2) | (2) | | (99) | (7) | 3 | 0 | (104) | |
| Total Delivery Executive | 183 | (274) | 536 | (550) | (105) | | 261 | 413 | 142 | (491) | 324 | | (78) | (687) | 394 | (59) | (429) | |
| Corporate Executives | | | | | | | | | | | | | | | | | | |
| Patient Care & Safety | 16 | 88 | 0 | (1) | 104 | | 0 | 0 | 0 | (1) | (1) | | 16 | 88 | 0 | 0 | 105 | |
| Corporate Development | 6 | 28 | 1 | 2 | 36 | | 14 | 0 | 0 | 2 | 16 | | (8) | 28 | 1 | 0 | 21 | |
| Chief Executive | 5 | 4 | 0 | 1 | 11 | | 0 | 0 | 0 | 1 | 1 | | 5 | 4 | 0 | 0 | 10 | |
| Finance | (7) | (32) | (5) | 7 | (37) | | 5 | 0 | 0 | 7 | 12 | | (12) | (32) | (5) | 0 | (49) | |
| Public Health | 35 | 16 | (4) | 0 | 46 | | 0 | 0 | 0 | 0 | 0 | | 35 | 16 | (4) | 0 | 46 | |
| ICT | 42 | (91) | 37 | (2) | (14) | | 135 | 9 | 0 | (2) | 142 | | (93) | (100) | 37 | 0 | (156) | |
| Medical Director | 20 | (1) | 0 | 7 | 25 | | 0 | 0 | 0 | 7 | 7 | | 20 | (1) | 0 | 0 | 18 | |
| National Imaging Academy | 6 | 0 | (2) | 0 | 4 | | 0 | 0 | 0 | 0 | 0 | | 6 | 0 | (2) | 0 | 4 | |
| Commissioning | (14) | (0) | 4 | 0 | (10) | | 0 | 0 | 0 | 0 | 0 | | (14) | (0) | 4 | 0 | (10) | |
| Planning & Partnership | (18) | 0 | 43 | 5 | 30 | | 5 | 0 | 0 | 5 | 10 | | (23) | 0 | 43 | 0 | 20 | |
| Performance & Information | (15) | (1) | 0 | 2 | (13) | | 0 | 0 | 0 | 2 | 2 | | (15) | (1) | 0 | 0 | (15) | |
| Research & Development | (0) | 4 | (0) | 0 | 4 | | 0 | 0 | 0 | 0 | 0 | | (0) | 4 | (0) | 0 | 4 | |
| Estates | 17 | 189 | 6 | 36 | 248 | | 0 | 18 | 0 | 36 | 54 | | 17 | 171 | 6 | 0 | 194 | |
| Therapies & Healthcare Sciences | 3 | (5) | 0 | 1 | (1) | | 0 | 0 | 0 | 1 | 1 | | 3 | (5) | 0 | 0 | (2) | |
| Transformational Project | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | |
| Workforce & OD | 761 | (34) | 34 | (8) | 752 | | 747 | 13 | 0 | (8) | 752 | | 14 | (47) | 34 | 0 | (0) | |
| Total Corporate Executives | 857 | 163 | 114 | 50 | 1,185 | | 906 | 40 | 0 | 50 | 996 | | (49) | 123 | 114 | 0 | 188 | |
| Contracting & Commissioning | 0 | (219) | 8 | 65 | (145) | | 0 | (65) | 7 | 65 | 7 | | 0 | (154) | 1 | 0 | (152) | |
| DELEGATED | 1,755 | (934) | 996 | 563 | 2,379 | | 1,424 | (171) | 517 | 563 | 2,334 | | 330 | (763) | 478 | 0 | 46 | |
| Non Delegated | | | | | | | | | | | | | | | | | | |
| Capital Charges | 0 | (0) | 0 | 0 | (0) | | 0 | 0 | 0 | 0 | 0 | | 0 | (0) | 0 | 0 | (0) | |
| Control & Reserves | (25) | 1,759 | (45) | 360 | 2,050 | | 0 | 1,102 | 0 | 0 | 1,102 | | (25) | 657 | (45) | 360 | 948 | |
| WG COVID Funding | 0 | (793) | 0 | 0 | (793) | | 0 | (793) | 0 | 0 | (793) | | 0 | (793) | 0 | 0 | (793) | |
| Allocations | 0 | (27) | 0 | 0 | (27) | | 0 | 0 | 0 | 0 | 0 | | 0 | (27) | 0 | 0 | (27) | |
| Non Cash Limited | 0 | 27 | 0 | 0 | 27 | | 0 | 0 | 0 | 0 | 0 | | 0 | 27 | 0 | 0 | 27 | |
| Total Non Delegated | (25) | 966 | (45) | 360 | 1,257 | | 0 | 309 | 0 | 0 | 309 | | (25) | 657 | (45) | 360 | 948 | |
| Grand Total | 1,730 | 32 | 951 | 923 | 3,636 | | 1,424 | 138 | 517 | 563 | 2,643 | | 306 | (106) | 434 | 360 | 993 | |



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| YTD - M5 | Cumulative Period to Date - Ledger | | | | | | COVID Reported Costs YTD | | | | | | NON COVID YTD | | | | | |
|---|------------------------------------|-----------------|--------------|--------------|----------------|----|--------------------------|-----------------|--------------|--------------|-----------------|----|---------------|----------------|--------------|--------------|----------------|----|
| | PAY | NON PAY | INCOME | CRES | TOTAL | | PAY | NON PAY | INCOME | CRES | TOTAL | | PAY | NON PAY | INCOME | CRES | TOTAL | |
| | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k | £k |
| Integrated Locality Groups | | | | | | | | | | | | | | | | | | |
| Bridgend ILG | 2,526 | (2,151) | 1,347 | 1,576 | 3,298 | | 1,978 | (1,936) | 1,301 | 1,576 | 2,919 | | 548 | (215) | 46 | 0 | 379 | |
| Merthyr & Cynon ILG | 1,453 | (1,530) | 111 | 1,188 | 1,222 | | 2,212 | (1,148) | 200 | 1,188 | 2,452 | | (759) | (382) | (89) | 0 | (1,231) | |
| Rhondda & Taff ILG | 1,974 | (1,519) | 399 | 1,247 | 2,101 | | 1,496 | (1,298) | 465 | 1,247 | 1,910 | | 478 | (221) | (66) | 0 | 191 | |
| Total Integrated Locality Groups | 5,953 | (5,200) | 1,857 | 4,011 | 6,621 | | 5,686 | (4,382) | 1,966 | 4,011 | 7,281 | | 267 | (818) | (109) | 0 | (660) | |
| Delivery Executive | | | | | | | | | | | | | | | | | | |
| Facilities | 134 | 1,709 | 150 | 226 | 2,218 | | 84 | 1,725 | 0 | 226 | 2,035 | | 50 | (16) | 150 | 0 | 183 | |
| Mental Health | 48 | 46 | (6) | (0) | 87 | | 17 | 44 | 0 | (0) | 61 | | 31 | 2 | (6) | 0 | 27 | |
| Medicines Management | 55 | 1,931 | 150 | 266 | 2,402 | | 104 | 2,303 | 0 | 266 | 2,673 | | (49) | (372) | 150 | 0 | (271) | |
| Primary Care | 23 | (1,461) | 2,466 | 127 | 1,154 | | 387 | (1,355) | 2,459 | 127 | 1,618 | | (364) | (106) | 7 | 0 | (464) | |
| COVID Planned Projects | 864 | 5,804 | 0 | 0 | 6,668 | | 864 | 5,672 | 0 | 0 | 6,536 | | 0 | 132 | 0 | 0 | 132 | |
| Other | (20) | (8) | 22 | 6 | (0) | | 0 | 0 | 0 | 6 | 6 | | (20) | (8) | 22 | 0 | (6) | |
| Total Delivery Executive | 1,104 | 8,020 | 2,781 | 625 | 12,529 | | 1,456 | 8,389 | 2,459 | 625 | 12,929 | | (352) | (369) | 322 | 0 | (400) | |
| Corporate Executives | | | | | | | | | | | | | | | | | | |
| Patient Care & Safety | 106 | (19) | 2 | 36 | 125 | | 0 | 2 | 0 | 36 | 38 | | 106 | (21) | 2 | 0 | 86 | |
| Corporate Development | 28 | 36 | 3 | 11 | 78 | | 62 | 2 | 0 | 11 | 75 | | (34) | 34 | 3 | 0 | 4 | |
| Chief Executive | (36) | 69 | 0 | 4 | 37 | | 0 | 0 | 0 | 4 | 4 | | (36) | 69 | 0 | 0 | 34 | |
| Finance | (76) | (46) | (36) | 37 | (121) | | 24 | 0 | 0 | 37 | 61 | | (100) | (46) | (36) | 0 | (182) | |
| Public Health | 103 | 5 | (11) | 0 | 97 | | 0 | 0 | 0 | 0 | 0 | | 103 | 5 | (11) | 0 | 97 | |
| ICT | 283 | (425) | 75 | 46 | (21) | | 140 | 41 | 0 | 46 | 227 | | 143 | (466) | 75 | 0 | (248) | |
| Medical Director | 22 | 22 | 0 | 9 | 54 | | 0 | 0 | 0 | 9 | 9 | | 22 | 22 | 0 | 0 | 44 | |
| National Imaging Academy | 24 | 1 | (10) | 0 | 15 | | 0 | 0 | 0 | 0 | 0 | | 24 | 1 | (10) | 0 | 15 | |
| Commissioning | (61) | (1) | (6) | 2 | (66) | | 0 | 0 | 0 | 2 | 2 | | (61) | (1) | (6) | 0 | (68) | |
| Planning & Partnership | (39) | 97 | 39 | 35 | 132 | | 38 | 134 | 0 | 35 | 207 | | (77) | (37) | 39 | 0 | (75) | |
| Performance & Information | (26) | (4) | 0 | 11 | (18) | | 24 | 0 | 0 | 11 | 35 | | (50) | (4) | 0 | 0 | (54) | |
| Research & Development | 0 | 18 | (0) | 0 | 18 | | 0 | 0 | 0 | 0 | 0 | | 0 | 18 | (0) | 0 | 18 | |
| Estates | 63 | 261 | (25) | 182 | 481 | | 45 | 81 | 0 | 182 | 308 | | 18 | 180 | (25) | 0 | 173 | |
| Therapies & Healthcare Sciences | 5 | (8) | 0 | 8 | 5 | | 0 | 0 | 0 | 8 | 8 | | 5 | (8) | 0 | 0 | (3) | |
| Transformational Project | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | |
| Workforce & OD | 3,766 | (264) | 216 | 67 | 3,785 | | 3,758 | 114 | 0 | 67 | 3,939 | | 8 | (378) | 216 | 0 | (154) | |
| Total Corporate Executives | 4,163 | (257) | 246 | 448 | 4,600 | | 4,091 | 374 | 0 | 448 | 4,913 | | 72 | (631) | 246 | 0 | (313) | |
| Contracting & Commissioning | 0 | (1,673) | 129 | 327 | (1,217) | | 0 | (1,249) | 127 | 327 | (795) | | 0 | (424) | 2 | 0 | (421) | |
| DELEGATED | 11,219 | 890 | 5,013 | 5,411 | 22,533 | | 11,233 | 3,132 | 4,552 | 5,411 | 24,328 | | (13) | (2,243) | 461 | 0 | (1,795) | |
| Non Delegated | | | | | | | | | | | | | | | | | | |
| Capital Charges | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | |
| Control & Reserves | (9) | 218 | (4) | 1,799 | 2,004 | | 0 | (182) | 0 | 0 | (182) | | (9) | 400 | (4) | 1,799 | 2,186 | |
| WG COVID Funding | 0 | (10,905) | 0 | 0 | (10,905) | | 0 | (10,905) | 0 | 0 | (10,905) | | 0 | 0 | 0 | 0 | 0 | |
| Allocations | 0 | 266 | 0 | 0 | 266 | | 0 | 0 | 0 | 0 | 0 | | 0 | 266 | 0 | 0 | 266 | |
| Non Cash Limited | 0 | (266) | 0 | 0 | (266) | | 0 | 0 | 0 | 0 | 0 | | 0 | (266) | 0 | 0 | (266) | |
| Total Non Delegated | (9) | (10,687) | (4) | 1,799 | (8,901) | | 0 | (11,087) | 0 | 0 | (11,087) | | (9) | 400 | (4) | 1,799 | 2,186 | |
| Grand Total | 11,210 | (9,797) | 5,009 | 7,210 | 13,631 | | 11,233 | (7,955) | 4,552 | 5,411 | 13,241 | | (23) | (1,842) | 457 | 1,799 | 391 | |



3.2 Covid costs and forecast position

The Month 5 forecast position is summarised below:

| | As at M5 | As at M4 |
|--|-------------|-------------|
| | £m | £m |
| Additional in year identified savings shortfall | 10.0 | 9.5 |
| Additional in year WG funding due to Covid-19 | (19.1) | (15.7) |
| Covid cost increases | 76.7 | 78.2 |
| Cost reductions due to Covid-19 | (8.9) | (9.7) |
| Slippage on planned investments/repurposing of development initiatives due to Covid-19 | (2.4) | (4.2) |
| Forecast Outturn | 56.3 | 58.1 |

The key changes between the M4 forecast of £58.1m and the M5 forecast of £56.3m are summarised below:

| | £m |
|---|-------------|
| M4 Forecast | 58.1 |
| Reduction in expected operational expenditure reductions | 0.6 |
| Forecast savings reduced from £6.8m to £6.3m | 0.5 |
| Additional fit out costs for BG Field hospital | 0.8 |
| Mass vaccination costs increased from £0.5m to £2.1m | 1.6 |
| Estimated costs of extending Flu to 50+ age group | 1.0 |
| CHC funding | (3.3) |
| Reduction in forecast additional medical staff costs | (1.4) |
| Reduction in private hospital contract costs due to Sept-Dec costs being met by WHSSC | (2.0) |
| Other net increases | 0.4 |
| M5 Forecast | 56.3 |

A detailed breakdown of the M5 forecast additional costs of £56.3 is shown below:

| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Total YTD | Forecast year-end position |
|-------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Vale Field Hospital | 1,536 | 183 | 191 | 458 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,368 | 2,368 |
| Bridgend Field Hospital | 951 | 984 | 350 | (43) | 36 | 82 | 932 | 82 | 82 | 82 | 82 | 632 | 2,278 | 4,252 |
| Marsh House Nursing Home | 47 | 140 | 78 | 138 | 51 | 38 | 33 | 33 | 33 | 0 | 0 | 0 | 454 | 591 |
| Abergarw Nursing Home | 55 | 138 | 112 | 197 | 56 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 558 | 558 |
| Internal Capacity | 71 | 79 | 134 | 114 | 51 | 111 | 111 | 411 | 511 | 411 | 111 | 111 | 449 | 2,227 |
| Operational Expend. Reduction | (726) | (1,816) | (2,211) | (1,347) | (1,089) | (630) | (380) | (230) | (130) | (130) | (130) | (130) | (7,188) | (8,948) |
| Private Patient Income | 160 | 244 | 149 | 213 | 181 | 190 | 190 | 190 | 190 | 190 | 190 | 189 | 947 | 2,276 |
| PPE | 96 | 131 | 188 | 208 | 243 | 230 | 330 | 530 | 530 | 530 | 330 | 330 | 866 | 3,676 |
| Med Staff | 380 | 347 | 717 | 329 | (35) | 180 | 179 | 379 | 379 | 379 | 179 | 179 | 1,738 | 3,592 |
| Free Food | 225 | 230 | (207) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 248 | 248 |
| Essential Services Backlog | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CHC | 0 | 0 | 0 | 0 | 0 | 3,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,400 |
| Staff Welfare | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 15 | 36 |
| PC Prescribing | 0 | 0 | 1,371 | 1,772 | 549 | 300 | 300 | 300 | 300 | 300 | 300 | 300 | 3,692 | 5,792 |
| Primary Care | 339 | 247 | 585 | 678 | 152 | 478 | 708 | 674 | 681 | 680 | 678 | 791 | 2,001 | 6,691 |
| Flu Expansion | 0 | 0 | 0 | 0 | 0 | 0 | 600 | 600 | 0 | 0 | 0 | 0 | 0 | 1,200 |
| IT | 40 | 60 | 61 | (106) | 171 | 109 | 50 | 67 | 0 | 0 | 0 | 0 | 226 | 452 |
| Project Management | 0 | 41 | 27 | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 89 | 89 |
| Antigen testing | 0 | 61 | 60 | 209 | 338 | 371 | 371 | 371 | 371 | 371 | 371 | 371 | 668 | 3,265 |
| AntiB testing | 0 | 0 | 0 | 0 | 348 | 209 | 106 | 106 | 106 | 106 | 106 | 106 | 348 | 1,193 |
| Hospital Based Testing | 0 | 77 | 153 | 141 | 159 | 117 | 404 | 404 | 404 | 404 | 404 | 404 | 530 | 3,071 |
| Contact Tracing | 0 | 0 | 0 | 0 | 0 | 76 | 76 | 76 | 77 | 77 | 77 | 3,077 | 0 | 3,536 |
| Mass Vaccination | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 1,100 | 500 | 0 | 0 | 0 | 2,100 |
| Excess Deaths | 30 | 0 | 15 | 15 | 23 | 15 | 0 | 0 | 0 | 0 | 0 | 0 | 83 | 98 |
| Students | 0 | 815 | 893 | 1,002 | 543 | 418 | 400 | 0 | 0 | 0 | 0 | 0 | 3,253 | 4,071 |
| HCSW FT Recruitment | 0 | 0 | 0 | 216 | 223 | 200 | 310 | 310 | 310 | 310 | 230 | 110 | 439 | 2,219 |
| Private Hospitals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500 | 500 | 500 | 0 | 1,500 |
| Other | 1,535 | 2,195 | 454 | 1,210 | 667 | 1,249 | 1,249 | 2,438 | 2,408 | 2,264 | 1,264 | 1,264 | 6,062 | 18,198 |
| SUBTOTAL | 4,742 | 4,161 | 3,123 | 5,428 | 2,669 | 7,146 | 5,972 | 7,244 | 7,355 | 6,977 | 4,695 | 8,237 | 20,123 | 67,751 |
| Undelivered Savings | 1,554 | 1,901 | 600 | 792 | 563 | 700 | 700 | 700 | 700 | 600 | 600 | 590 | 5,410 | 10,000 |
| Slippage/Repurposing | (273) | (269) | (752) | (318) | 403 | (167) | (167) | (167) | (168) | (167) | (167) | (168) | (1,209) | (2,380) |
| WG COVID Funding | 0 | 0 | (10,289) | 0 | (794) | (3,549) | (159) | (159) | (158) | (159) | (159) | (3,658) | (11,083) | (19,084) |
| TOTAL | 6,023 | 5,793 | (7,318) | 5,902 | 2,841 | 4,130 | 6,346 | 7,618 | 7,729 | 7,251 | 4,969 | 5,001 | 13,241 | 56,287 |

Further information on the key areas of forecast additional costs are summarised below:

Field hospitals and nursing homes (£7.7m) - The forecast costs of £7.7m includes circa £5.6m of set up and rectification costs and £2.1m of running costs. The M4 forecast of £7.3m has increased by £0.4m to £7.7m. This includes additional fit out costs of £0.8m offset by reduced running costs of £0.4m.

TTP (Track, Trace & protect including Antigen and Antibody testing (£13.2m)) - The revised plan for antigen and antibody testing and the Health Board's contribution to contact tracing and surveillance has a cost of £13.2m. The main changes from the M4 forecast of £14.3m is a reduction of the estimated LA costs for Contact tracing (£2.4m), a reduction in HB costs of £0.3m plus an additional estimated cost for mass vaccination of £1.6m.

Use of the Vale and Cardiff Bay Nuffield Facilities (£1.5m) – The latest forecast assumes a cost of £1.5m for the period Jan to March 2021. The M4 forecast of £3.5m also assumed a charge of £2.0m for the period Sept to Dec but this has now been removed from the forecast on the basis that the costs for this period will be borne by WHSSC.

Primary Care Prescribing (£5.8m)

| | Q1 | Q2 | Q3 | Q4 | Total |
|----------------------------|-----------|-----------|-----------|-----------|--------------|
| Area of cost impact | £m | £m | £m | £m | £m |
| Primary care prescribing | 1.4 | 2.4 | 0.9 | 0.9 | 5.8 |

Primary care prescribing costs are forecast to be £5.8m over budget as a consequence of the Covid outbreak. Following Month 12 2019/20 costs being £1.3m over budget, the actual overspend for Qtr1 was £2.5m (12.3%) and a similar level of overspend has been assumed for Months 4 and 5. 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 £5.8m projection assumes a significant reduction to the rate of spend in Months 6-12, but given the large degree of uncertainty as regards the ongoing impact, there is a large margin of error around this estimate (see risk table).

Additional costs in Primary Care (£6.7m) plus extended Flu programme (£1.2m)

| | 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 |
| Reduced dental contract payments | (1.1) | (0.5) | 0 | 0 | (1.6) |
| Dental sub total | 0.4 | 0.9 | 1.4 | 1.3 | 4.0 |
| Investment in Clusters | 0.4 | 0 | 0.5 | 0.6 | 1.5 |
| Other (including GP Hub and Enhanced services) | 0.4 | 0.4 | 0.2 | 0.2 | 0.9 |
| Estimated costs of extending Flu to 50+ age group | 0 | 0 | 1.2 | 0 | 1.2 |
| Total | 1.2 | 1.3 | 3.3 | 2.1 | 7.9 |

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

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. An initial estimate has been included in the forecast to extend the flu vaccination programme to the 50+ age group.

PPE (£3.7m)

| | Q1 | Q2 | Q3 | Q4 | Total |
|---------------------|-----|-----|-----|-----|-------|
| Area of cost impact | £m | £m | £m | £m | £m |
| PPE | 0.4 | 0.8 | 1.3 | 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 (£3.6m)

| | Q1 | Q2 | Q3 | Q4 | Total |
|---------------------|-----|-----|-----|-----|-------|
| Area of cost impact | £m | £m | £m | £m | £m |
| Medical staffing | 1.5 | 0.5 | 0.9 | 0.7 | 3.6 |

The above forecast includes an additional £0.6m of costs for an assumed second peak in Nov, Dec and Jan. These costs include the impact of new Welsh Government guidance (relating to consultants, SAS, doctors and junior medical staff) on claims for additional medical staff hours. A breakdown of the Q1 and the M4& M5 costs is provided below:

| | Q1 | M4 | M5 | M5 YTD |
|---------------------|--------------|------------|-------------|--------------|
| | £k | £k | £k | £k |
| Bridgend ILG | 713 | 244 | (16) | 941 |
| Merthyr & Cynon ILG | 534 | 71 | (4) | 601 |
| Rhondda & Taf ILG | 198 | 14 | (15) | 197 |
| Total | 1,445 | 329 | (35) | 1,739 |

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 (£4.1m) and HCSWs (£2.2m)

| | Q1 | Q2 | Q3 | Q4 | Total |
|-------------------------------|------------|------------|------------|------------|------------|
| Area of cost impact | £m | £m | £m | £m | £m |
| Students | 1.7 | 2.0 | 0.4 | 0 | 4.1 |
| HCSW's Fixed Term recruitment | 0 | 0.6 | 0.9 | 0.7 | 2.2 |
| Total | 1.7 | 2.6 | 1.3 | 0.7 | 6.3 |

The additional cost of HCSW's on temporary contracts is based on the 120 WTEs currently going through the recruitment process.

Other reactive costs including ward nursing (£18.2m)

| | Q1 | Q2 | Q3 | Q4 | Total |
|----------------------|-----|-----|-----|-----|-------|
| Area of cost impact | £m | £m | £m | £m | £m |
| Other reactive costs | 4.2 | 3.0 | 6.2 | 4.8 | 18.2 |

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. A breakdown of the M5 YTD costs is provided below:

| | BG | MC | RT | Other | Total |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| | M5 YTD | M5 YTD | M5 YTD | M5 YTD | M5 YTD |
| | £k | £k | £k | £k | £k |
| Registered nursing | 609 | 446 | 581 | 34 | 1,670 |
| Add Clinical services | 270 | 556 | 556 | 26 | 1,407 |
| A&C | 80 | 3 | 18 | 292 | 393 |
| Other pay | 52 | 158 | 144 | 236 | 590 |
| Non pay & income | 212 | 259 | 123 | 1,432 | 2,026 |
| Total | 1,223 | 1,421 | 1,422 | 1,996 | 6,062 |

The Non pay & income overspend with 'Other' of £1,432k includes :

- Laundry Services - £626k
- M&S Consumables - £351k
- Loss of SLA Income - £124k

Operational expenditure decreases (£8.9m)

| | Q1 | Q2 | Q3 | Q4 | Total |
|---|-------|-------|-------|-------|-------|
| Area of cost benefit | £m | £m | £m | £m | £m |
| Operational expenditure reductions due to reduced elective activity | (4.8) | (3.0) | (0.7) | (0.4) | (8.9) |

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.

A breakdown of the Q1 and the M4 & M5 costs is provided below:

| | Q1 | M4 | M5 | M5 YTD |
|-----------------------------|----------------|----------------|----------------|----------------|
| | £k | £k | £k | £k |
| Bridgend ILG | (1,142) | (208) | (525) | (1,875) |
| Merthyr & Cynon ILG | (948) | (394) | (46) | (1,388) |
| Rhondda & Taf ILG | (931) | (581) | (86) | (1,598) |
| Medicines Mgt | (1,017) | (122) | (250) | (1,389) |
| Contracting & Commissioning | (714) | (42) | (182) | (938) |
| Total | (4,752) | (1,347) | (1,089) | (7,188) |

- The Medicine Mgt under spend of £1.4m includes reductions in NICE expenditure £0.3m and other drugs expenditure of £0.4m.
- The Contracting & Commissioning underspend of £0.9m mainly relates to WHSSC together with NICE expenditure reductions at C&V and Velindre.

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 | (6.3) | (6.3) | 0 |
| Latest forecast savings gap | 14.3 | 10.0 | 4.3 |

The latest risk assessment on the amber schemes within the forecast total savings of £6.3m is £1.3m.

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 | (8.9) | (8.9) | 0 |
| Latest forecast savings gap | 11.7 | 7.4 | 4.3 |

The forecast recurrent savings gap of £11.7m 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:

| | M5 | M4 |
|--|------------|------------|
| | £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 | 0.9 | 1.0 |
| Other | 0.1 | 0 |
| WHSSC Investment Slippage | 0.4 | 0.3 |
| Sub total | 4.3 | 4.2 |
| Reclassified as WG income in M5: | | |
| Transformation allocation for Covid -19 | (1.3) | 0 |
| Mental Health funding for 20/21 | (0.6) | 0 |
| | | |
| Total | 2.4 | 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 £2.3m noted above there will also be a corresponding increase in Covid costs so the impact will be cost neutral.

3.3 Savings performance by area

An analysis of the forecast savings (In year and recurring) by area is provided below. The forecasts excluding red schemes is £6.3m in year and £8.9m recurring:

| Area | In year Savings Target £000 | Green | Amber | Red | Current In Year Forecast | % of Current Year Forecast to Target |
|-----------------------------|-------------------------------|--------------|--------------|----------|----------------------------|---|
| Bridgend ILG | 3,822 | 252 | 790 | | 1,043 | 27.3% |
| Merthyr & Cynon ILG | 3,588 | 1,019 | 317 | | 1,336 | 37.2% |
| Rhondda & Taf ILG | 3,458 | 832 | 627 | | 1,459 | 42.2% |
| Medicines Management | 2,903 | 1,590 | 278 | | 1,868 | 64.3% |
| Primary Care | 306 | 13 | | | 13 | 4.1% |
| Contracting & Commissioning | 784 | | | | 0 | 0.0% |
| Corporate Directorates | 1,411 | 477 | 131 | | 607 | 43.1% |
| Grand Total | 16,272 | 4,182 | 2,143 | - | 6,325 | 38.87% |
| | | | | | | |
| | | | | | | |
| Area | Recurrent Savings Target £000 | Green | Amber | Red | Forecast recurrent savings | % of Forecast recurrent savings to Target |
| Bridgend ILG | 5,258 | 174 | 1,648 | | 1,822 | 34.7% |
| Merthyr & Cynon ILG | 4,035 | 877 | 814 | | 1,690 | 41.9% |
| Rhondda & Taf ILG | 3,941 | 1,097 | 1,310 | | 2,408 | 61.1% |
| Medicines Management | 2,903 | 1,539 | 876 | | 2,415 | 83.2% |
| Primary Care | 306 | 11 | | | 11 | 3.6% |
| Contracting & Commissioning | 899 | | | | 0 | 0.0% |
| Corporate Directorates | 1,610 | 343 | 185 | | 528 | 32.8% |
| Grand Total | 18,950 | 4,041 | 4,833 | - | 8,875 | 46.83% |

3.4 Key Risks and Opportunities

The key risks highlighted are summarised below:

| | Month 5 | | | Month 4 | |
|--|--------------|-------------|--|--------------|------------|
| | Opportunity | Risk | | Opportunity | Risk |
| | £m | £m | | £k | £k |
| | | | | | |
| Primary care prescribing | (1.0) | 2.0 | | (1.0) | 1.0 |
| Forecast savings | | 1.3 | | | 2.0 |
| TTP forecast- Antigen testing platforms | | 1.0 | | | 2.0 |
| TTP forecast – some demand met by PHW | (1.0) | | | (1.0) | |
| Forecast Operational expenditure reductions | (2.0) | | | (2.0) | |
| Forecast additional costs associated with Winter pressures and 2 nd peak £5.2m | (2.0) | 2.0 | | (5.2) | 2.0 |
| Securing Development plan funding that was not received in 20/21 Allocation letter | | 0.5 | | | 0.5 |
| Securing the assumed recurrent allocation for Prevention funding that was received in 19/20. | | 1.0 | | | 1.0 |
| Securing the assumed £5m bridging funding from WG | | 5.0 | | | |
| | | | | | |
| Total | (6.0) | 12.8 | | (9.2) | 8.5 |

4. IMPACT ASSESSMENT

| | |
|---|---|
| Quality/Safety/Patient Experience implications | There are no specific quality and safety implications related to the activity outlined in this report. |
| Related Health and Care standard(s) | Governance, Leadership and Accountability |
| Equality impact assessment completed | Not required |
| Legal implications / impact | There are no specific legal implications related to the activity outlined in this report. |
| Resource (Capital/Revenue £/Workforce) implications / Impact | Yes (Include further detail below) |
| | The paper is directly relevant to the allocation and utilisation of resources. |
| Link to Main Strategic Objective | To provide strong governance and assurance |
| Link to Main WBFG Act Objective | Service delivery will be innovative, reflect the principles of prudent health care and promote better value for users |

5. RECOMMENDATION

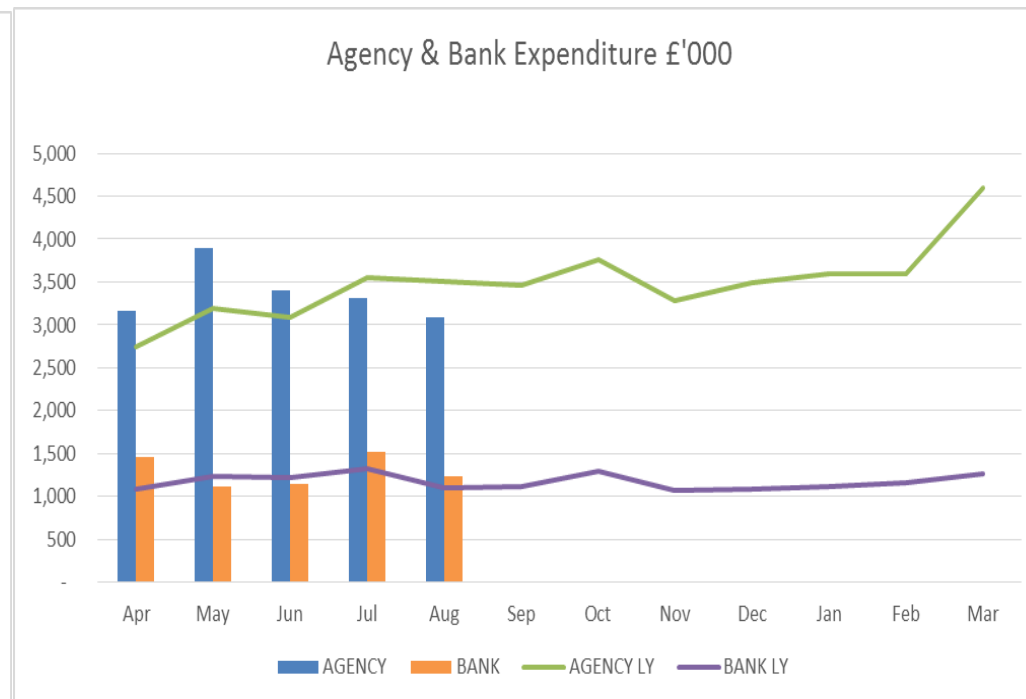
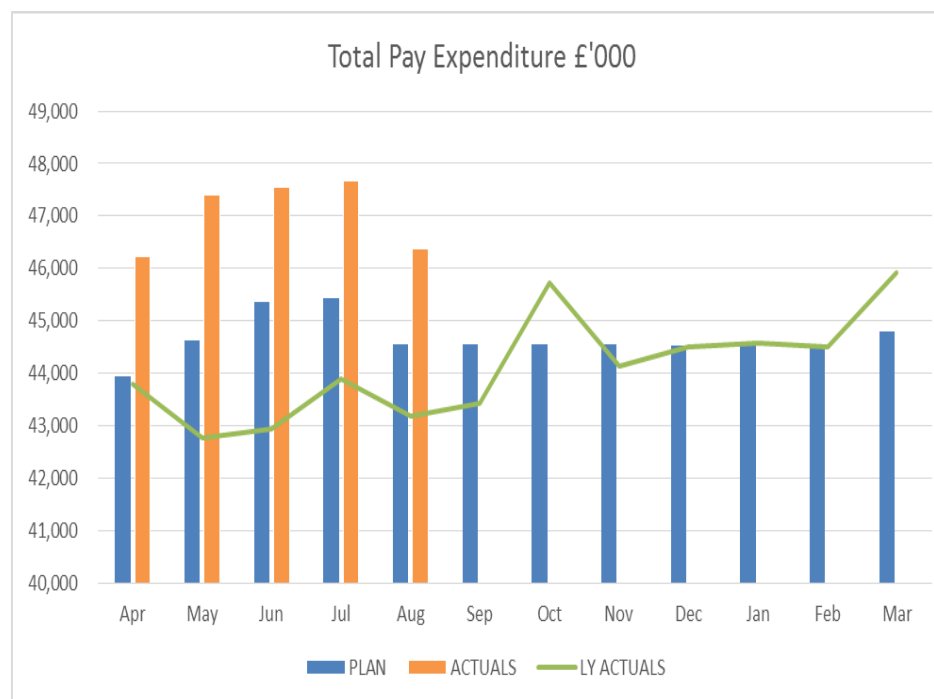
The Board is asked to:

- **DISCUSS** the contents of the Month 5 Finance report for 2020/21.



APPENDIX A

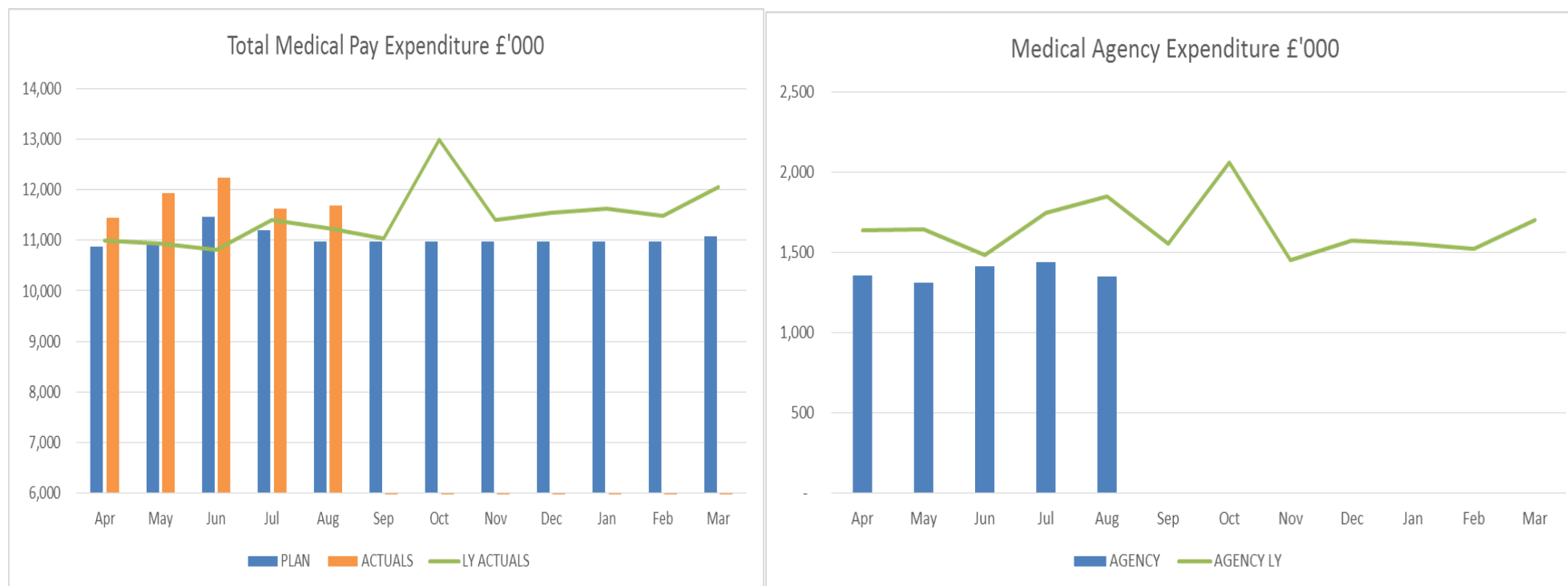
TREND ANALYSIS – TOTAL PAY





APPENDIX B

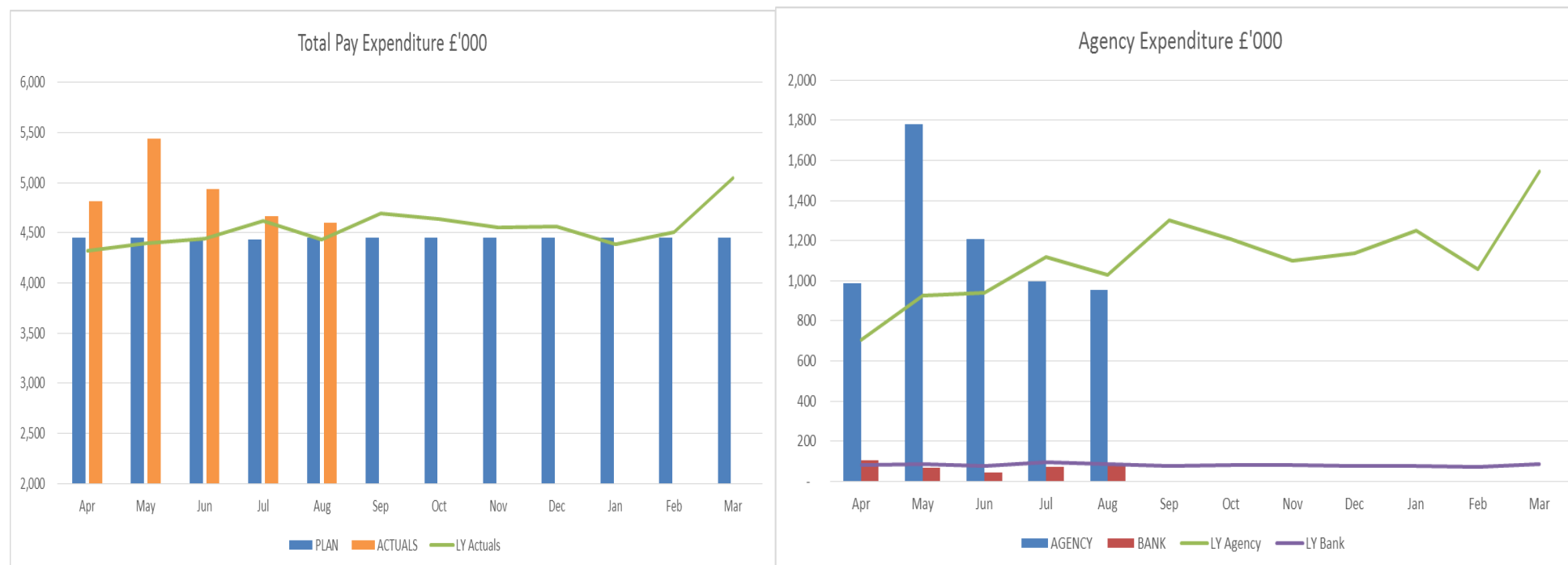
TREND ANALYSIS – MEDICAL PAY





APPENDIX C

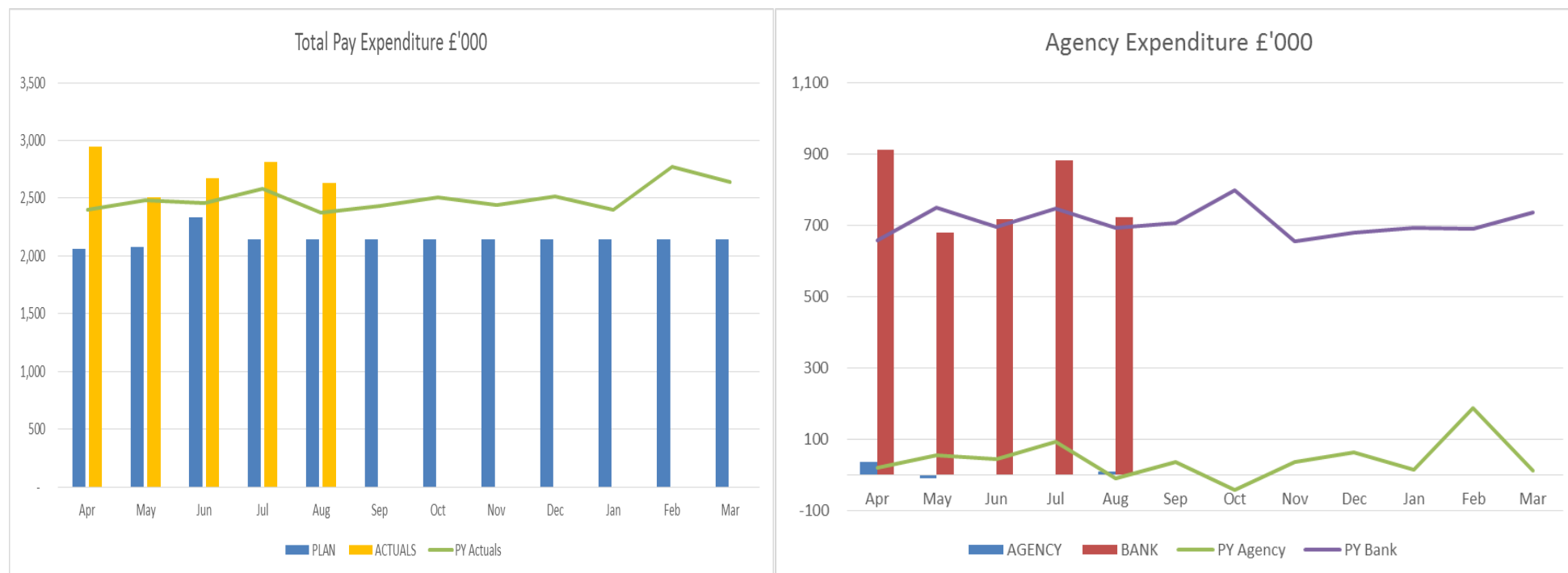
TREND ANALYSIS – REGISTERED NURSING (WARDS and A&E)





APPENDIX D

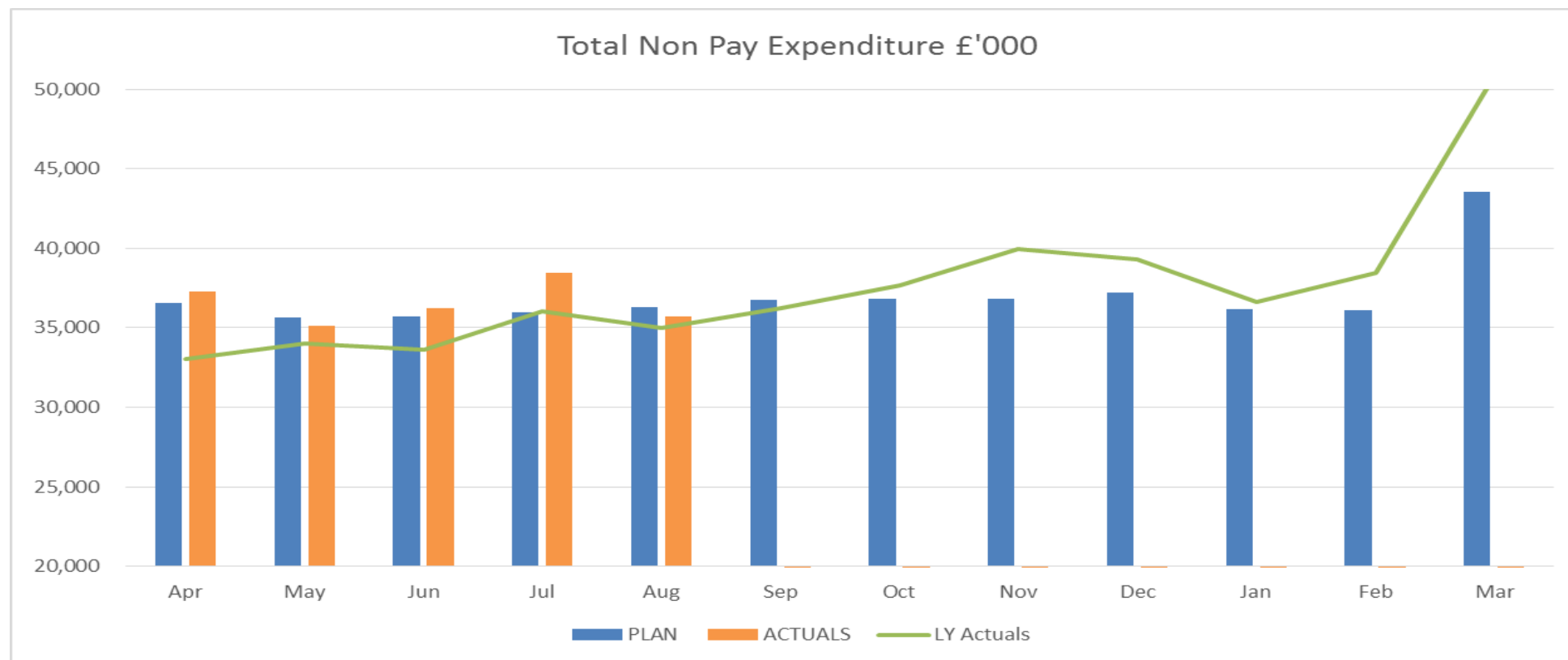
TREND ANALYSIS – ADDITIONAL CLINICAL SERVICES (WARDS and A&E)





APPENDIX E

TREND ANALYSIS – NON PAY



APPENDIX F

ANTICIPATED FUNDING

| | Annual Budget |
|---------------------|------------------|
| | £k |
| Confirmed funding | 1,073,338 |
| Unconfirmed funding | 35,110 |
| TOTAL | 1,108,448 |

Key Issues

The most significant anticipated allocations include:

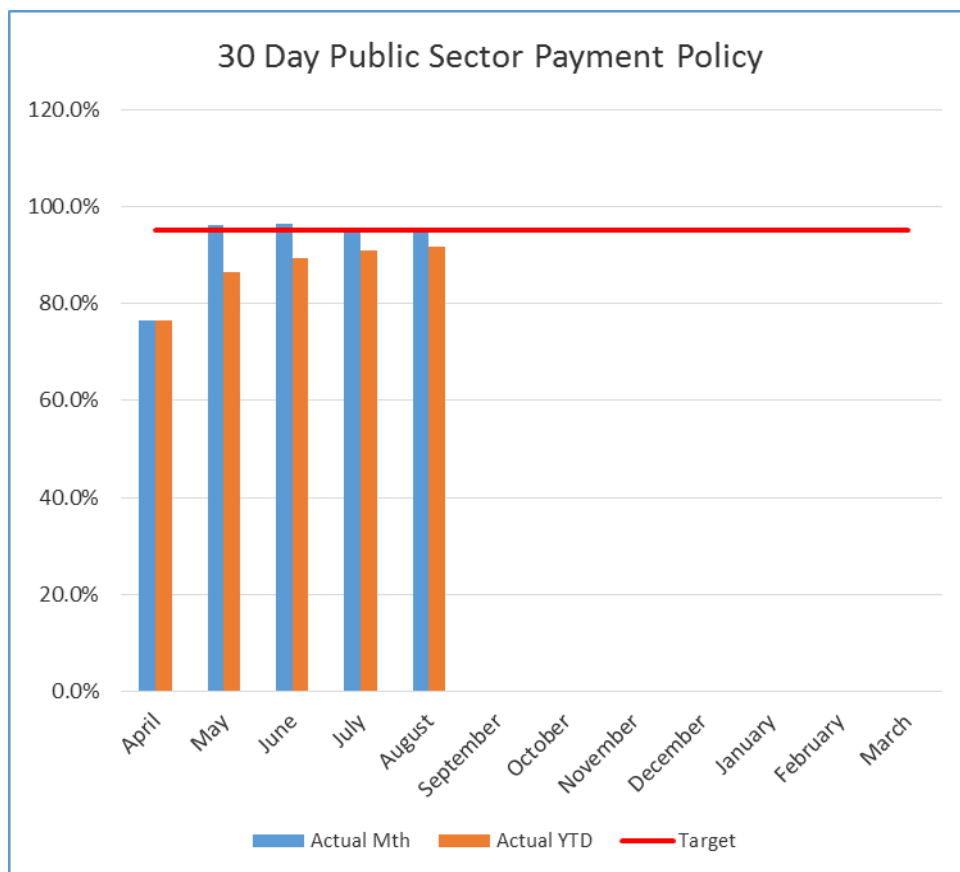
- Transformation Fund - £15.0m
- TTP – Covid - £3.5m
- Bridging funds - £5.0m
- Substance Misuse - £3.5m
- Treatment Fund - £1.4m
- Anticipated DDRB Pay award - £1.8m
- Dental VT Funding - £1.7m
- I2S Overseas Nursing - £1.0m
- Prevention Funding - £1.0m



APPENDIX G

Public Sector Prompt Payment (PSPP) Performance

The Health Board's monthly performance against the 95% public sector payment target is detailed in the graph below:



Key Issues:

- The cumulative percentage for the number of non- NHS invoices paid within the 30 day target for the year to date is 91.7%.
- The PSPP target has been achieved for all months Between May and August, with the August performance reporting 95.6%.
- However for the month of April the percentage was only 76.6%. This was in part due to COVID supplier relief arrangements which allowed 1029 queried invoices to be released which accounted for 5.5%.
- Other contributing factors are being investigated to understand the root causes for the low performance in April and to put correct processes in place going forward.
- As a consequence of the low percentage performance in April, there is a high risk that the Health Board may not achieve the 95% target for 20/21.

APPENDIX H

Balance Sheet

| Balance Sheet | Opening Balance £'000 | Closing Balance (M5) £'000 | Movement £'000 |
|--------------------------------------|-----------------------------|----------------------------------|-------------------|
| Non Current Assets | | | |
| Property, Plant & Equipment | 532,624 | 535,414 | 2,790 |
| Intangible Assets | 3,631 | 3,631 | 0 |
| Trade and Other Receivables | 50,069 | 50,069 | 0 |
| Total Non-Current Assets | 586,324 | 589,114 | 2,790 |
| Current Assets | | | |
| Inventories | 6,071 | 5,974 | (97) |
| Trade and Other Receivables | 101,242 | 119,603 | 18,361 |
| Cash and Cash Equivalents | 376 | 2,993 | 2,617 |
| Total Current Assets | 107,689 | 128,570 | 20,881 |
| Current Liabilities | | | |
| Trade and Other Payables | 133,114 | 147,753 | 14,639 |
| Provisions | 38,844 | 51,758 | 12,914 |
| Total Current Liabilities | 171,958 | 199,511 | 27,553 |
| Non-Current Liabilities | | | |
| Trade and Other Payables | 1,307 | 1,307 | 0 |
| Provisions | 56,259 | 56,259 | 0 |
| Total Non-Current Liabilities | 57,566 | 57,566 | 0 |
| TOTAL ASSETS EMPLOYED | 464,489 | 460,607 | (3,882) |
| Financed By: | | | |
| General Fund | 416,325 | 412,443 | (3,882) |
| Revaluation Reserve | 48,164 | 48,164 | 0 |
| TOTAL | 464,489 | 460,607 | (3,882) |

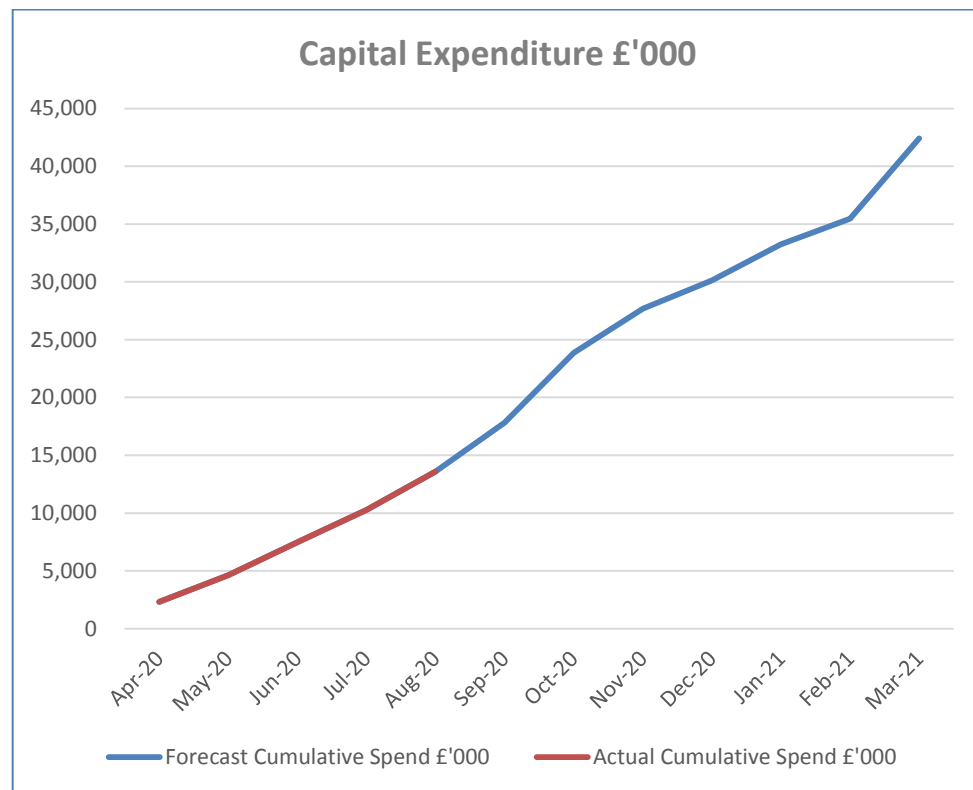
Key Issues:

- A forecast balance sheet will be included from Month 6 onwards, as per the WG Monitoring Return guidance.
- The movement in provisions and debtors in Month 5 relate mainly to an increase in Clinical Negligence provisions with the corresponding increase in Welsh Risk Pool debtors.
- The movement in Trade and Other Payables mainly relates to amounts due to HMRC and NHS Pensions at Month 5 of £12m.



APPENDIX I

Performance against Capital Resource Limit



Key Issues:

- The current Capital Resource Limit of £34.1m was issued on the 17th August following approval of an additional £1.3m ICF funding for work at Kier Hardie Health Park. The Health Board is also anticipating £7.9m of additional funding relating to the impact of COVID 19. This is supplemented by £0.3m of donated funds to give an overall Capital programme of £42.4m.
- Expenditure to date is £13.6m.
- The current forecast position is break-even assuming all anticipated funding is received.

APPENDIX J

Cash position

| Cashflow | Actual | | | | | |
|-------------------------------|----------------|----------------|----------------|----------------|---------------|---------------------------|
| | Apr £'000 | May £'000 | Jun £'000 | Jul £'000 | Aug £'000 | Total to month 5 £'000 |
| Receipts | | | | | | |
| WG Revenue Funding | 75,986 | 103,677 | 105,995 | 103,799 | 76,777 | 466,234 |
| WG Capital Funding | 4,000 | 7,000 | 2,500 | 0 | 4,000 | 17,500 |
| Sale of Assets | 0 | 1 | 0 | 5 | (1) | 5 |
| Welsh NHS Org'ns | 12,084 | 9,172 | 8,664 | 9,391 | 8,238 | 47,549 |
| Other | 8,839 | 4,040 | 2,103 | 1,599 | 2,167 | 18,748 |
| Total Receipts | 100,909 | 123,890 | 119,262 | 114,794 | 91,181 | 550,036 |
| Payments | | | | | | |
| Primary Care Services | 15,416 | 17,033 | 19,042 | 24,034 | 6,547 | 82,072 |
| Salaries and Wages | 31,813 | 44,512 | 45,162 | 45,770 | 45,179 | 212,436 |
| Non Pay Expenditure | 41,502 | 64,632 | 52,767 | 41,867 | 36,630 | 237,398 |
| Capital Payments | 5,803 | 2,331 | 2,815 | 2,981 | 1,583 | 15,513 |
| Other (Donated asset funding) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Payments | 94,534 | 128,508 | 119,786 | 114,652 | 89,939 | 547,419 |
| Net Cash In/Out | 6,375 | (4,618) | (524) | 142 | 1,242 | |
| Balance B/F | 376 | 6,751 | 2,133 | 1,609 | 1,751 | |
| Balance C/F | 6,751 | 2,133 | 1,609 | 1,751 | 2,993 | |

Key Issues

- As at the Month 5 the cash balance was £2.993m. A full cash flow forecast will be prepared from Month 6 onwards as per the WG Monitoring Return guidance.