



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
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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
Management Board	23/09/2020	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 20120/21 to 2022/223 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 this is being shown as 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. Proposals for Health Board approval

The limit proposed to be delegated to the Chief Executive under the scheme of delegation agreed at the Resetting Board was £0.5m. Proposals will therefore need to go to the Health Board for approval if it is proposed that the costs over this level on a single issue be incurred.

The M1 Covid forecast was previously approved by the Board and further work is needed to agree any additional items that will need to go to the Health Board for approval on 30 September 2020.

2.2.2. 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.

2.2.3. 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.

2.2.4 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.

2.2.5 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.



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
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



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	
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 Management 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 1 above).

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 £m	Risk £m	Opportunity £k	Risk £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 WCFG Act Objective	Service delivery will be innovative, reflect the principles of prudent health care and promote better value for users

5. RECOMMENDATION

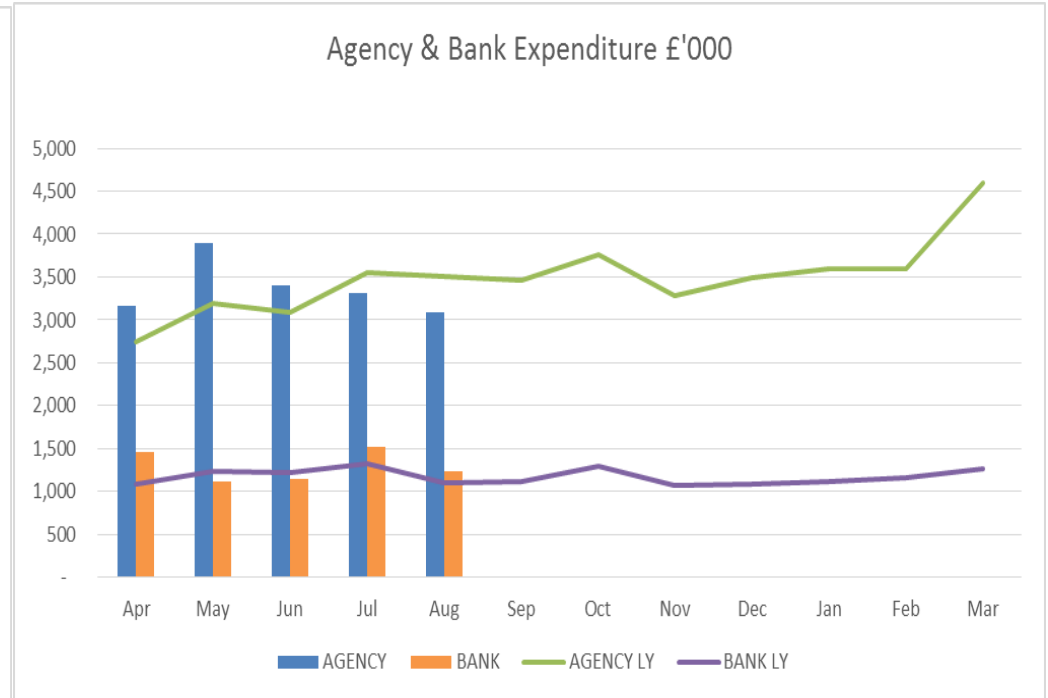
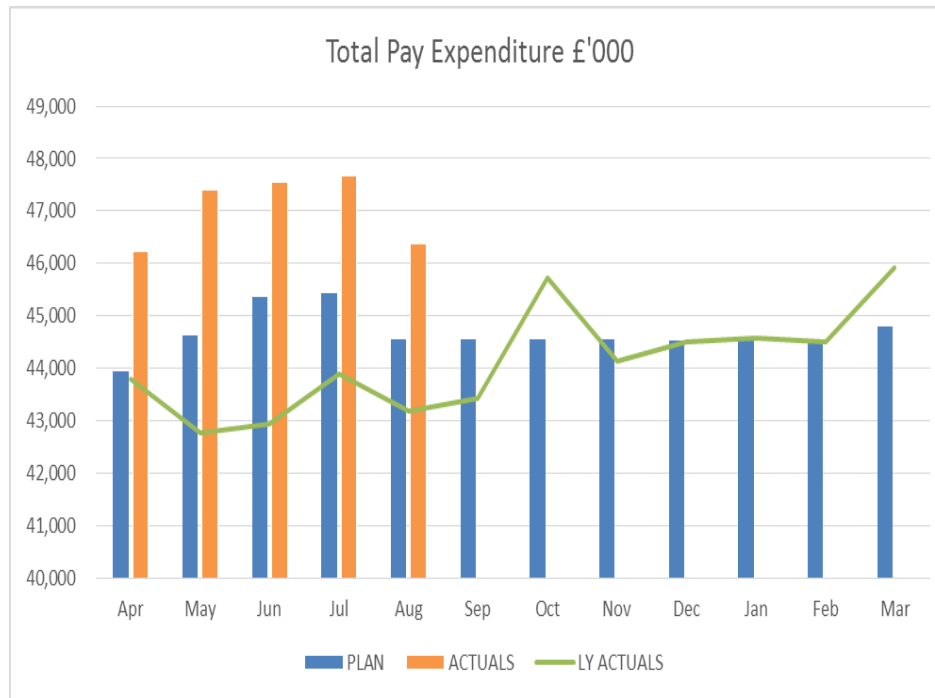
The Board is asked to:

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



APPENDIX A

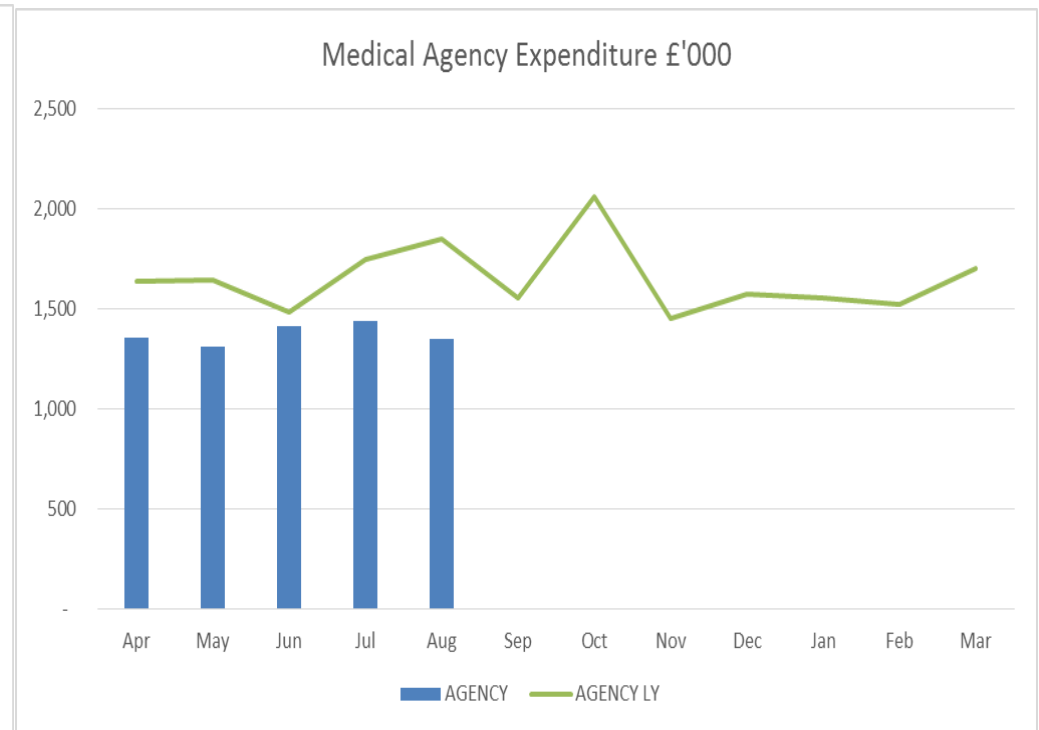
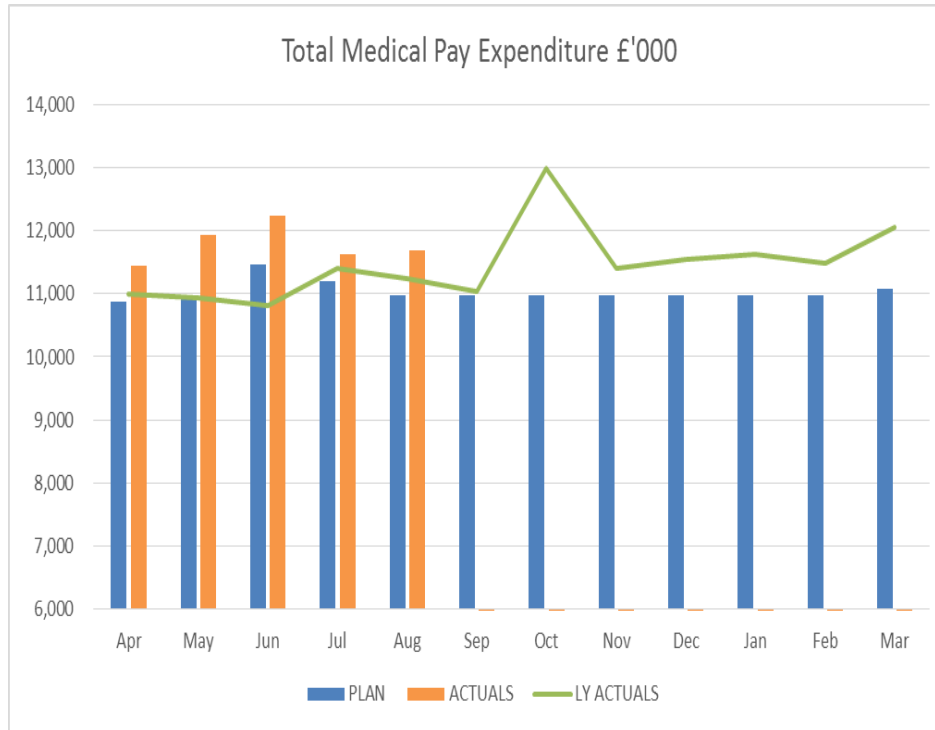
TREND ANALYSIS – TOTAL PAY





APPENDIX B

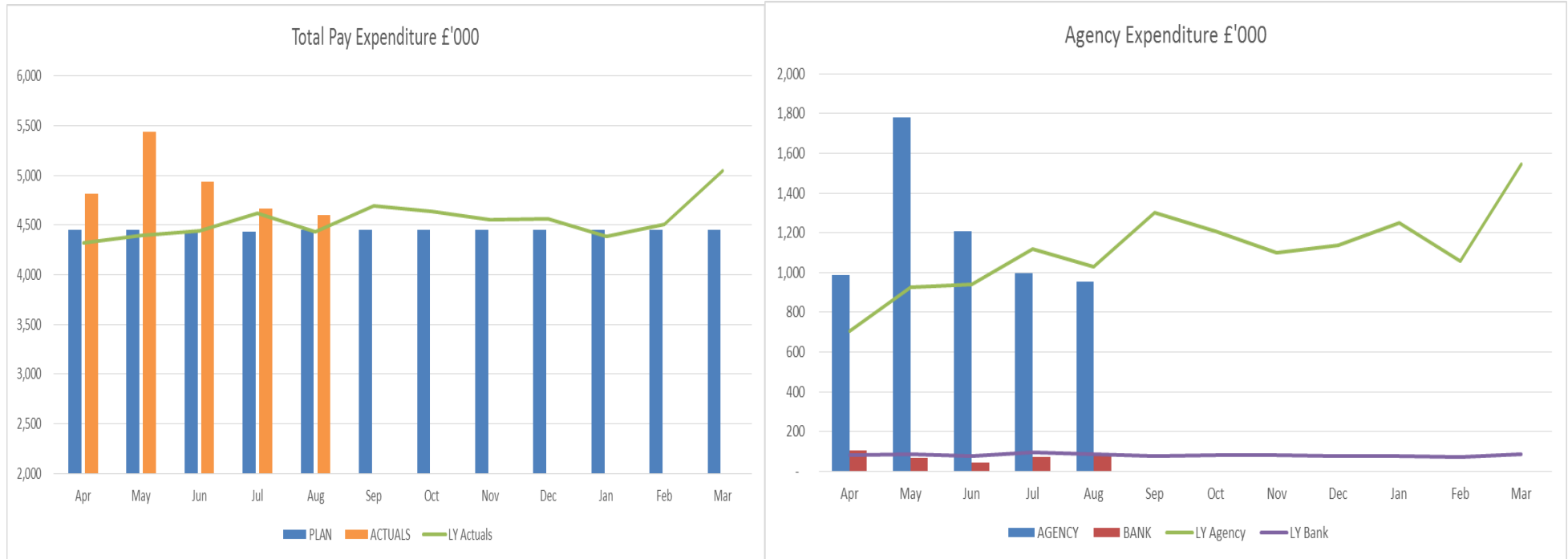
TREND ANALYSIS – MEDICAL PAY





APPENDIX C

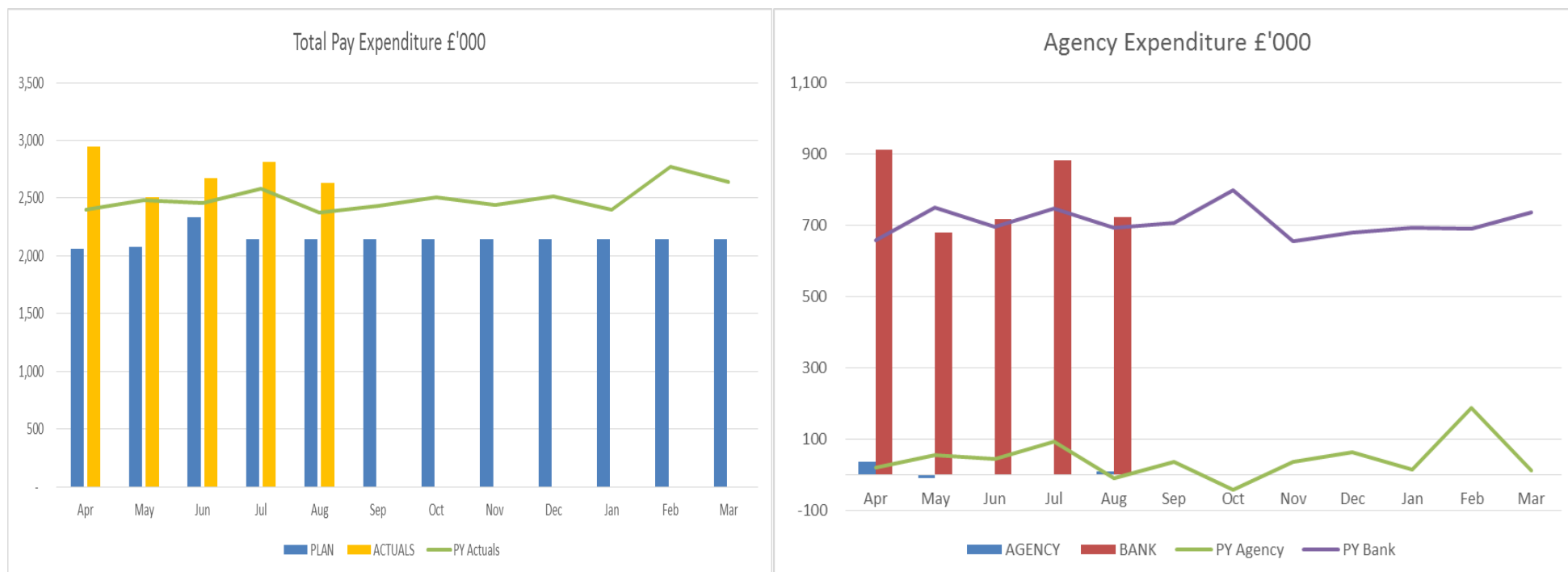
TREND ANALYSIS – REGISTERED NURSING (WARDS and A&E)





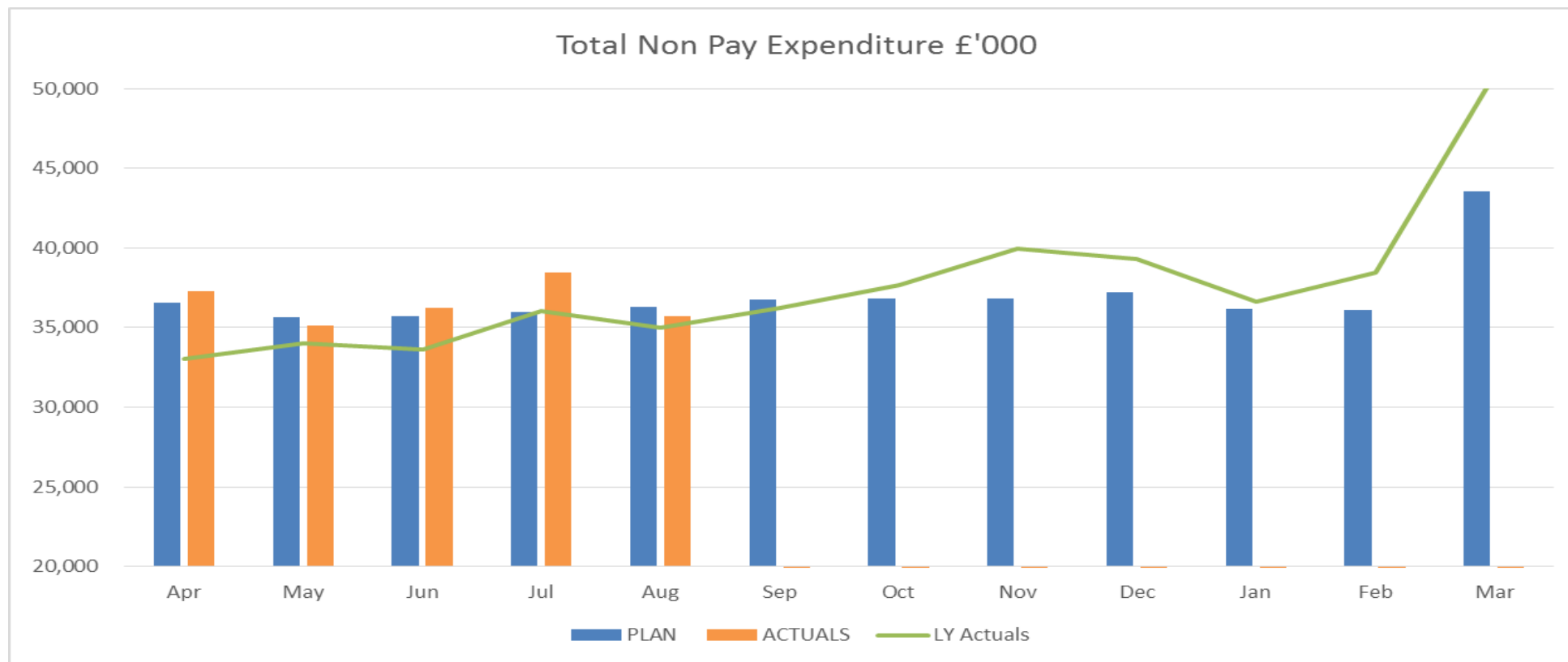
APPENDIX D

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





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

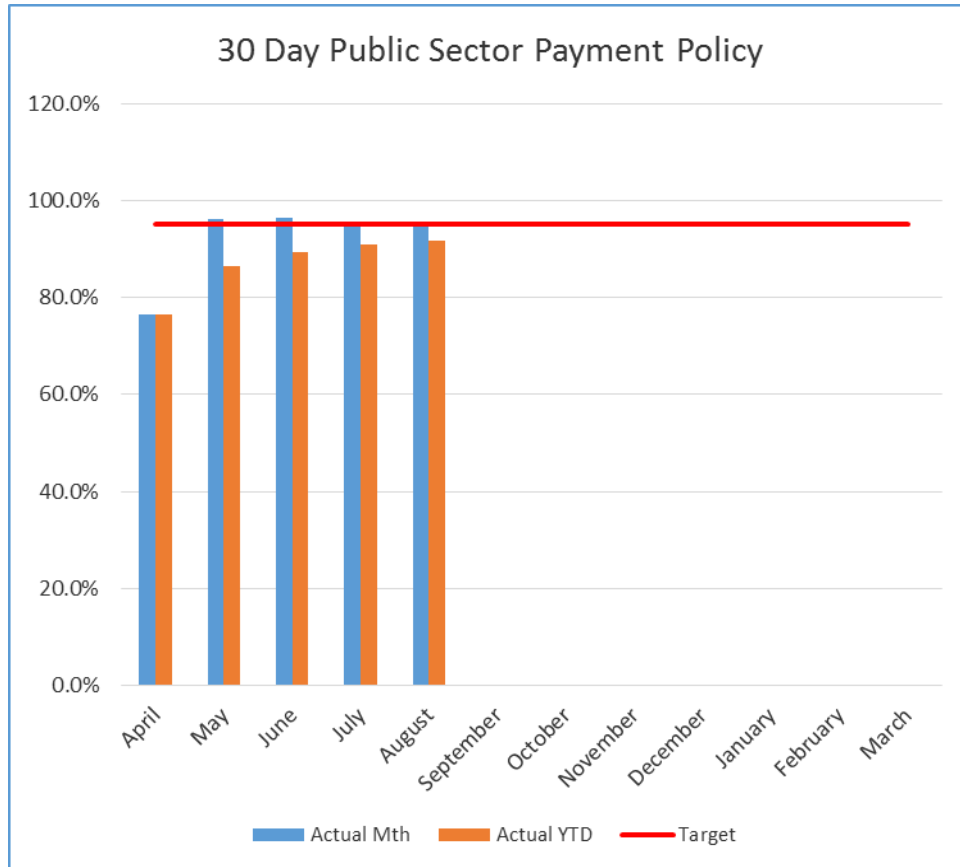
The most significant anticipated allocations include:

- 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



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)

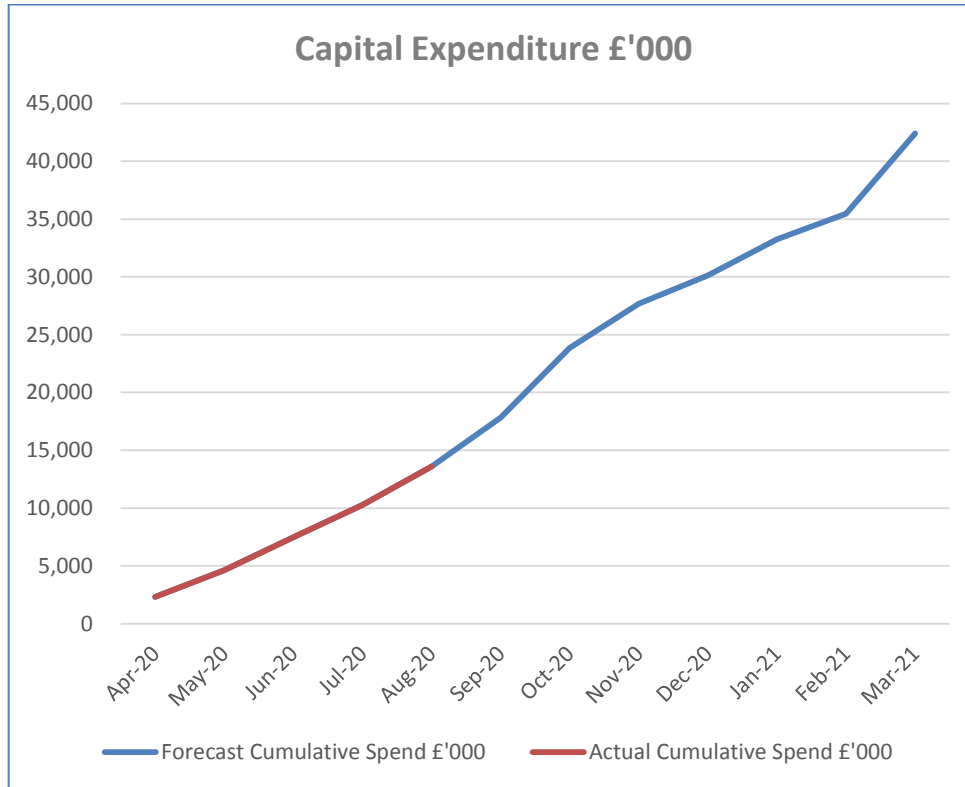
Key Issues:

- 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.