



**AGENDA ITEM**

8.3

**CTM BOARD**

**FINANCE UPDATE – MONTH 7 of 2021/22**

<b>Date of meeting</b>	25/11/2021
<b>FOI Status</b>	Open/Public
<b>If closed please indicate reason</b>	Not Applicable - Public Report
<b>Prepared by</b>	Mark Thomas, Deputy Director of Finance
<b>Presented by</b>	Sally May, Director of Finance & Procurement
<b>Approving Executive Sponsor</b>	Executive Director of Finance & Procurement
<b>Report purpose</b>	FOR DISCUSSION / REVIEW

**Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)**

<b>Committee/Group/Individuals</b>	<b>Date</b>	<b>Outcome</b>
Welsh Government	11/11/2021	NOTED
Strategic Leadership Group	17/11/2021	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 7 of 2021/22

### 1. SITUATION

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 7 (M7). The report sets out the position in respect of confirmed and anticipated income and actual and forecast expenditure.

### 2. BACKGROUND

This report should be read in the context of the draft CTM Integrated Medium Term Plan for 2021/22 to 2023/24, which is available on the website, and the updated draft 2021/22 financial plan, as described in earlier finance reports.

The updated draft financial plan for 2021/22 consists of three elements; core, Covid response and planned care recovery. The 21/22 financial plan also assumed that around £9m of existing cost pressures projected by ILGs & Directorates is avoided or managed out. There is a £5m transitional budget to support this which will provide some temporary headroom if actual costs are lower. The plan reflected a breakeven position through Q1 to Q4, with the deficit in the core plan being offset by a corresponding surplus against Covid funding, giving an overall breakeven position for 2021/22. In the period since the updated plan submission, there have been a number of changes to forecast costs and assumed income, which are captured in Section 6.6.

### 3. ASSESSMENT

As at M7, we are reporting a small YTD underspend of £0.47m and forecasting breakeven for the year. Whilst we are continuing to forecast a breakeven end of year position at M7, it is important to highlight that there is a significant risk that we will not be able to fully redeploy anticipated slippage against the recently confirmed £8.45m recovery allocations. The key risks and opportunities are captured in Section 6.9.

Savings performance remains lower than plan and a further step up is still required. In particular, there needs to be a clear focus to increase recurrent savings to reduce the impact into 2022-23.

The forecast underlying deficit has deteriorated to £50.1m in M7 (M6: £39.3m), partly reflecting savings underperformance. This represents a significant concern, especially given the challenging resource outlook for 2022-23.



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#### **4. RECOMMENDATION**

The Board is asked to **DISCUSS** the contents of the Month 7 Finance report for 2021/22.



Section No.	Section	Page Number
5	Headline Messages and key actions	6
6.1	Financial Position and Key targets	8
6.2	Revenue performance by Expenditure category	9
6.3	Pay expenditure trends	10
6.4	Revenue performance by Area	13
6.5	Forecast position	18
6.6	Covid costs	20
6.7	Savings Performance by Area	23
6.8	Non Delegated budgets	25
6.9	Key Risks and Opportunities	26
<b>Appendix</b>		
A	Welsh government Allocations	29
B	Public Sector Prompt Payment (PSPP) Performance	30
C	Balance Sheet	31
D	Performance against Capital Resource Limit	32
E	Cash position	33



## 5. HEADLINE MESSAGES AND KEY ACTIONS

### 5.1 MONTH 7

- At M7, we are reporting a small underspend of £0.47m. Actual expenditure to M7 on delegated budgets was showing a £4.4m overspend and this was offset by a £4.87m underspend on Non Delegated budgets to give a small underspend of £0.47m. Significant reserve funding has been phased into the M7 position to cover costs reported within the delegated position but where funding has not yet been released into delegated budgets. Further details are provided in Section 6.8.

#### Revenue Performance

	Year to Date £'m	Annual Forecast £'m
Under/(Over) spend	0.47	0

### 5.2 SAVINGS PERFORMANCE

- The actual savings to M7 of £6.9m includes Delegated savings of £5.5m plus non delegated savings of £1.4m relating to a VAT recovery in M5. The actual savings in M7 was only £0.9m. If this level of savings continues for the next 5 months the total savings for 21/22 would only be £11.4m. A further step up in savings is therefore needed in order to deliver the forecast savings of £13.0m.

### 5.3 FORECAST OUT TURN

- The Health Board is anticipating slippage of up to £8.45m against the recently confirmed allocations for Planned Care recovery Tranche 2 (£7.7m), PACU (0.6m) and Community checks (0.2m). However, WG have indicated that they do not intend to take back this funding in 21/22 and asked health boards to redeploy funds internally, or with partners, to maintain broader resilience across the local health and care system.
- The Health Board is therefore continuing to forecast a break even position at M7, whilst we continue to explore redeployment options. Any redeployment of resources will need to have a measurable impact in the recovery context with appropriate board approval.
- In addition, the impact of the November Pay Advisory Notices re bank and overtime payments needs to be evaluated and factored into our pay forecast. This could result in significant upward movement in monthly pay costs.

#### 5.4 UNDERLYING POSITION

- The forecast recurring deficit has deteriorated to £50.1m at M7 (M6: £39.3m). The movement from M6 includes a deterioration in the forecast recurrent savings of £1.5m plus other recurrent overspends of £9.3m. WG have requested information on the forecast recurrent deficits going into 22/23 as part of their review of the underlying deficit and recurrent positions across NHS Wales. The Health Board submitted its response on 5 November and is awaiting further discussions with WG.
- This level of underlying deficit represents a significant concern, especially given the challenging resource outlook for 2022-23. There needs to be a clear focus to increase recurrent savings plans and reduce the impact going into next financial year.

#### 5.5 CAPITAL

- The Capital Resource Limit for 21/22 currently stands at £72.3m.
- Actual spend to M7 is £26.9m, giving a reported underspend compared to the revised plan of £1.8m. This is mainly due to slippage on the PCH Ground & First Floor scheme.
- The Health Board is continuing to forecast a breakeven position against the CRL for 2021/22,

#### 5.6 KEY ACTIONS

The key actions include:




- All budget holders to urgently sign off their budget schedules for 2021/22.
- Urgent work is needed in explore options to redeploy resources to utilise the anticipated slippage on the new allocations for planned care recovery etc.
- Evaluate impact of the November Pay Advisory Notices re bank and overtime payments
- Feedback from WG on the Health Board's £2.8m funding assumptions for SDEC and Think 111 first.
- Addressing the significant M7 YTD overspends on pay, non pay and income noted in Section 6.4 which total £7.1m.
- Finalising the trackers for monitoring the reductions in the annual leave carried forward at the end of 2020/21 and the associated impact on the annual leave provision for 21/22.
- Identification of additional savings plans to close the forecast recurring savings gap of £9.5m.
- Finalising the recurrent sustainability plan for Transformation and ICF schemes in 2022/23.
- Noting the deterioration in the forecast recurrent position from 2022/23 onwards and the need to develop recovery plans to address this deterioration.

## 6. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

### 6.1 Financial Position and Key Targets – Month 7

The Health Board has a statutory duty to achieve a break even position over a period of three financial years. This applies to both revenue and capital expenditure. Over the last two financial years, the Health Board has achieved a surplus of £971k and £71k for revenue and capital expenditure respectively. This means that the Health Board can overspend by £971k and £71k for revenue and capital expenditure respectively in 2021/22 and still meet its three year statutory duty. The Health Board also has an administrative duty to pay a minimum of 95% of all non-NHS invoices within 30 days.

The table below details the Health Board's 2021/22 current and forecast performance against these key financial targets:

Target	Unit	Current Month	Year to Date	Trend	Forecast Year End
<b>Revenue</b> To ensure that the Health Board's revenue expenditure does not exceed the aggregate of it's funding in each financial year. Measured by variance against plan to break even.	£'000 +Adverse ( )Favourable	(68)	(472)		0
<b>Capital</b> To ensure net capital spend does not exceed the Welsh Government Capital Resource Limit. Measured by variance against plan to manage to the Resource Limit	£'000 +Adverse ( )Favourable	(756)	(1,819)		0
<b>Public Sector Payment Policy</b> To pay a minimum of 95% of all Non NHS invoices within 30 days. Measured by actual performance	%	97.6%	95.1%		95%

## 6.2 Revenue Performance by Expenditure Category

	Annual Budget £'000	Over/(Under) Spend	
		Current Month £'000	Year to Date £'000
<b>Delegated Budgets</b>			
Pay	602,140	707	(1,158)
Non Pay	714,521	(497)	2,943
Income	(143,739)	32	782
Delegated Savings Plans	(5,954)	547	1,809
<b>Total Delegated Budgets</b>	<b>1,166,967</b>	<b>789</b>	<b>4,376</b>
Non Delegated Budgets	98,089	(857)	(4,848)
WG COVID Allocations	(109,783)	0	0
WG Allocations	(1,155,273)	0	0
<b>GRAND TOTAL M7</b>	<b>0</b>	<b>(68)</b>	<b>(472)</b>
<b>GRAND TOTAL Previous month</b>	<b>0</b>	<b>(298)</b>	<b>(404)</b>

M6 YTD Delegated overspend was £3.6m which represented an average monthly overspend of £0.6m. The M7 overspend of £0.79m was therefore a £0.19m deterioration from trend.

The key issues to highlight in the M7 Current month position are as follows:

- The £708k pay overspend includes BG ILG (£686k), MC ILG (£308k) and Value based healthcare £272k.
- The non-pay underspend of £(497)k includes overspends for Facilities (£152k) and PC&S (£182k).
- The income overspend of £32k includes Bridgend ILG (£275k) and MC ILG (£218k).
- Further information on these over spends is provided in Section 6.4 below.

The key issues to highlight in the M7 YTD position are as follows:

- The £(1,157)k pay underspend includes BG ILG (£622k) plus £337k of overspends across a number of Corporate directorates.
- The non-pay overspend of £2,943k includes RTE ILG (£494k), Facilities (£1,123k), Medicines Mgt (£1,542k), Primary care (£712k), PC&S (£172k) and W&OD (£225k).
- The income overspend of £782k includes Bridgend ILG (£1,346k) and PC&S (£132k).
- Further information on these overspends is provided in Section 6.4.
- Further information on the Savings position is provided in Section 6.7.
- A significant amount of reserve budgets have been phased into the M7 position to cover estimated costs already included in the delegated position but where funding has not yet been released into delegated budgets. Further details are provided in Section 6.8.

### 6.3 Pay Expenditure trends

The M7 Pay expenditure was £50.9m and the monthly trend is summarised below.

	<b>M7</b>	<b>M6</b>	<b>M5</b>	<b>M4</b>	<b>M3</b>	<b>M2</b>	<b>M1</b>	<b>M12</b>	<b>M11</b>	<b>M10</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
A&C	6.7	7.9	6.6	6.4	6.7	6.6	6.4	15.3	6.3	6.7
Medical	12.7	13.7	12.7	11.8	11.7	11.9	12.1	23.3	11.5	8.7
Nursing	16.1	17.7	16.1	15.2	15.1	15.8	15.6	30.4	15.6	17.9
ACS	6.8	7.1	6.2	6.0	5.9	6.9	6.4	14.6	6.2	7.4
Other	8.6	9.6	8.9	8.6	8.5	8.7	8.8	19.6	8.54	9.4
<b>Total</b>	<b>50.9</b>	<b>56.0</b>	<b>50.5</b>	<b>48.0</b>	<b>47.9</b>	<b>49.9</b>	<b>49.3</b>	<b>103.2</b>	<b>48.1</b>	<b>50.1</b>

The Key issues to highlight are as follows:

- The M1 position was broadly consistent with the previous 3 months, after taking account of the following comments:
  - The M12 position includes additional accruals for NHS Pensions, NHS Staff bonus, Annual Leave not taken & study leave, which total £52m.
  - Medical costs include £3.6m of accountancy gains in M10 and £0.4m in M11, which would increase the gross position to £12.3m and £11.9m respectively.
  - The increase in Nursing & ACS costs in M10 was due to the introduction of a new accruals methodology (Nursing £1.9m and ACS £1.2m).
- The M2 position remained consistent with M1, the only movement was within Additional Clinical Services, where bank costs caused an increase of £0.5m on M1.
- The M3 position was £2m lower than M2 with the main reductions being seen in Nursing £0.7m and ACS £1.0m. This was due to reductions in the payments for overtime in M3.
- The M4 position remained consistent with M3 with no significant movements.
- The M5 position increased by £2.5m over M4. The main reason for this increase was a new charge of £1.9m for the additional costs for annual leave on overtime to 31 March 21, which has been calculated on an All Wales basis. The M5 position also included a corresponding assumed allocation for this amount.
- The M6 position increased by £5.5m compared to M5. After allowing for the £1.9m additional one off costs for annual leave on over time, the net increase was £7.4m. This was primarily attributed to the national pay award of 3% being applied in M6, including arrears back to April 21.
- The total expenditure in M7 of £50.9m represents a £1.5m over the M4 spend of £48.0m after uplifting for 3% inflation. The main increases are Additional Clinical Services (ACS) £600k (9.7%), Medical & Dental (M&D) £500k (4.1%) and Nursing £400k (2.5%). The most significant increase was seen in ACS and this is attributed to the impact of increased overtime rates in M7.

- The accrual that was recognised in 2020/21 for the NHS COVID bonus was £13.4m. Total payments to M7 was £12.4m (M6: £12.4m) for NHS employed staff. The £1m benefit has now been returned to WG.

The M7 agency expenditure was £3.6m and the monthly trend (excluding accountancy gains) is summarised below. The M7 position has remained consistent with M6 with no significant movements.

	<b>M7</b>	<b>M6</b>	<b>M5</b>	<b>M4</b>	<b>M3</b>	<b>M2</b>	<b>M1</b>	<b>Q4 Ave</b>	<b>Q3 Ave</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£m</b>	<b>£m</b>
Medical	1.3	1.2	1.2	1.2	1.0	1.0	1.3	1.3	1.3
Nursing	1.4	1.6	1.5	1.7	1.5	1.5	1.4	2.0	1.8
Other	0.9	0.8	0.8	0.9	0.8	0.7	0.8	0.9	0.7
<b>Total</b>	<b>3.6</b>	<b>3.6</b>	<b>3.5</b>	<b>3.8</b>	<b>3.3</b>	<b>3.2</b>	<b>3.5</b>	<b>4.2</b>	<b>3.8</b>



## 6.4 Revenue Performance by Area

	<b>Over/(Under) Spend</b>			
	Annual Budget £'000	Current Month £'000	Year to Date £'000	Year to Date %
<b>Integrated locality groups:</b>				
Bridgend	208,711	1,001	2,171	1.8
Merthyr & Cynon	212,385	706	(25)	0
Rhondda & Taff Ely	222,218	(266)	229	0.2
<b>Total ILGs</b>	<b>643,314</b>	<b>1,441</b>	<b>2,376</b>	<b>0.63</b>
<b>Delivery Executive:</b>				
Medicines Management	136,783	(44)	1,770	2.3
Primary care	135,060	(307)	(923)	(1.2)
Facilities	15,096	92	1,292	14.4
COVID Planned projects	1,974	(40)	0	0
Planned Care Recovery plans	8,133	0	0	0
Other	3,518	(147)	(456)	(27.3)
<b>Total Delivery Executive</b>	<b>300,564</b>	<b>(447)</b>	<b>1,684</b>	<b>1.0</b>
Contracting & Commissioning	124,208	(212)	(270)	(0.4)
Corporate Functions	98,880	7	586	1.0
<b>Total Delegated Budgets</b>	<b>1,166,967</b>	<b>789</b>	<b>4,376</b>	<b>0.6</b>
Non Delegated budgets	(1,166,967)	(857)	(4,848)	
<b>GRAND TOTAL M7</b>	<b>0</b>	<b>(68)</b>	<b>(472)</b>	
<b>GRAND TOTAL Previous month</b>	<b>0</b>	<b>(298)</b>	<b>(404)</b>	

The key pay, non pay and income **overspends** to highlight in relation to the M7 Current month and the M7 YTD positions are as follows:



	<b>M7 Current month</b>	
	<b>£k</b>	<b>Comment</b>
BG ILG- Pay	686	Key drivers include: <ul style="list-style-type: none"><li>- Medicine overspends for both nursing and medical staff.</li><li>- Surge spend increased for ITU and ward capacity.</li><li>- Nurse agency demand almost doubled.</li><li>- Increased Medical staffing costs due to additional cover for Covid absence and sickness, additional gaps, plus cover for gaps previously unfilled.</li><li>- Transfer of the previously commissioned Rheumatology service from Swansea Bay UHB from October 1<sup>st</sup> resulted in £39k additional pay costs for TUPE'd staff.</li></ul>
BG ILG- Income	275	This is mainly due to the three key issues described in the M7 YTD table below: Colorectal LTA cessation, HSDU SLA cessation plus shortfalls against CAMHS income targets linked to new funding for Swansea Bay.
MC ILG- Pay	308	The M7 overspend includes: <ul style="list-style-type: none"><li>- a £175k nursing overspend in the Acute Medicine and A&amp;E Clinical Service Group (CSG) across the medicine wards and A&amp;E.</li><li>- a £97k nursing overspend in the Surgery CSG across wards and ITU.</li><li>- a £82k overspend in the Surgery CSG on medical pay primarily in T&amp;O and anaesthetics for the premium cost associated with covering gaps in rotas.</li></ul> <p>These overspend have been offset to a degree by an £85k underspend in the Women and Child Health CSG as a result of a number of vacancies across school nursing, health visiting and neonatal services.</p>



MC ILG - Income	218	Primarily due to a (YTD) budget reset in month between income target and non-pay budget for Mental Health CHC (£179k). There is a corresponding favourable variance in Mental Health non-pay.
Facilities- non pay	152	The M7 overspend is largely driven by ongoing COVID costs in particular linked to the provision of additional vehicles.
PC&S – non pay	182	This is mainly due to a budget transfer from Non-Pay to Pay in M7 which resulted in an over spend for Non-pay and an under spend for Pay. The total position in M7 was a £70k underspend.
Public Health- non pay	150	This is mainly due to a budget transfer from Non-Pay to Pay in M7 which resulted in an over spend for Non-pay and an under spend for Pay. The total position in M7 was a £52k underspend.
National Imaging Academy- Pay	110	The M7 pay overspend is offset by a corresponding non pay under spend. The M7 and M7 YTD positions are both showing a break even position.
Value Based Healthcare - Pay	272	Correction of over accruals in M6 which brings the M7 YTD position to breakeven.
<b>Total</b>	<b>2,353</b>	

	<b>M7 YTD</b>	
	<b>£k</b>	<b>Comment</b>
BG ILG - Pay	622	The M7 YTD overspend is due to the £686k overspend in M7 as described in the above table.
BG ILG- income	1,346	Key elements: Colorectal LTA cessation £229k, HSDU SLA cessation £224k plus £790k CAMHS income targets linked to new funding for Swansea Bay which is offset by a corresponding underspend against pay budgets. It is important to note that the CAMHS pay underspends mask other pay overspends which are predominantly driven by medical and nursing pressures in the acute CSGs, particularly in Medicine.



MC ILG- Income	108	This is primarily across Therapies (£91k) and the Women and Child Health CSG (£56k) in relation to posts funded from external sources (LAs, UHBs and others) which are or have been vacant. The under-recovery of income will be offset by an under spend against the corresponding pay budget.
RTE ILG – non pay	494	This includes a £853k overspend on Mental Health CHC offset by a drugs underspend of £361k across most CSGs largely due to planned care activity levels still being lower than they were pre Covid.
Facilities – non pay	1,123	This overspend spans a number of issues including taxis, patient transport (including COVID vehicles), beds and security. Further urgent work is being undertaken by the Facilities directorate to understand the drivers for these significant overspends and the recovery plan actions needed to bring the costs back to the budgeted levels.
Medicines Mgt – non pay	1,542	The budget requested by Medicines Mgt for Primary Care prescribing in 21/22 was significantly less than the actual out-turn position for 20/21. Actual costs have not reduced to the levels anticipated in the IMTP and this budget continues to overspend.
Primary care – non pay	712	The overall M7 YTD position is showing a total underspend of £(923k). The non pay overspend is more than offset by underspends on Pay and Income. As noted in M6, a budget realignment exercise needs to be completed in M7.
PC&S – Non Pay	172	This includes a £341k overspend on Legal claims which is being offset by other non pay underspends across a range of areas.
PC&S - Income	132	This relates to a reduction in RESUS income generation as a result of the impact of COVID. RESUS training activity is starting to improve and the over spend has reduced from £173k at M6.
ICT , Performance & Information	108	This overspend includes an under accrual from 20/21 of £62k.



Medical Director - Pay	139	This includes an unfunded 8a post (£20k), AMD Consultant sessions (£74k) and additional Covid-19 costs (£33k). The AMD sessions are being reviewed against the proposed structure so that an additional funding request can be made in M8.
Estates - Pay	98	Increased temporary staffing and overtime costs across the directorate to cover vacancies, which are being covered at a premium cost.
W&OD- Pay	241	This includes £189k for costs which have been coded to W&OD as part of the ongoing COVID response. All costs relating to HCSWs have already been recharged to the appropriate areas of work. Further work is ongoing to identify where staff not on the rostering system are working so that they can be recharged to the correct areas.
W&OD - Non pay	225	This includes £43k for hoists etc which were purchased as part of the COVID response. A further £52k relates to training expenses, £65k relating to staff vaccines and £32k for Furniture & Fittings, with the remainder largely driven by health and safety costs.
<b>Total</b>	<b>7,062</b>	

## 6.5 Forecast Positions

The Health Board is expecting slippage of £8.5m against the recently confirmed allocations for Planned Care recovery Tranche 2 (£7.7m), PACU (0.6m) and Community checks (0.2m). The primary drivers behind the slippage against the Tranche 2 Planned Care recovery allocation were confirmed in our response to WG on 1 November. These are:

- Delayed implementation of the Mobile Endoscopy Unit -We had planned for the deployment of this from July 2021 but this is now likely to deploy from Jan 2022. As a result of this delay, £1.8m of the funding is no longer required in 2021.
- Slower uptake of outsourcing by Private Providers- We had planned on £11.8m of activity which our suppliers had signed up to. The private providers have been unable to deliver on the capacity that was signalled in March and April to the extent that we are now forecasting a shortfall of £4.3m.
- Impact of the national WLI pay arrangement- This has resulted in a reduced commitment from clinical staff compared to our initial plans. This has resulted in a reduction in potential spend of approximately £1.5m.

However, WG have indicated that they do not intend to take back this funding in 21/22. The Health Board is therefore continuing to forecast a break even position at M7, whilst it continues to explore options to redeploy the resources internally and with partners to maintain broader resilience across our local health and care system. This includes the need to evaluate the impact of the recent Pay Advisory Notices for bank and overtime payments.

Whilst we are continuing to forecast a breakeven end of year position at M7 it is important to highlight that there is a significant risk that we will not be able to fully redeploy the £8.45m. The key risks and opportunities are captured in Section 6.9 and further work is being undertaken in order to be able to confirm these positions in the M8 Monitoring Return submission.

As at Month 3 we were reporting a forecast recurrent deficit of £31.4m (M2- £31.4m) at the end of 21/22. This was consistent with the updated financial plan submitted to WG on 30 June. The forecast recurrent deficit was increased to £39.3m in M4 to reflect a £7.9m forecast shortfall in savings delivery against the £16.1m recurrent savings target for 21/22.

WG have requested information on the forecast recurrent deficits going into 22/23 as part of their review of the underlying deficit and recurrent positions across NHS Wales. The Health Board submitted its response on 5 November and this now shows a forecast recurrent deficit position of £50.1m (M6: £39.3m). The movement from M6 includes a deterioration in the forecast recurrent savings of £1.5m plus other recurrent overspends of £9.3m.

The deterioration in the forecast underlying deficit is a key financial priority for the Health Board. Additional capacity has been taken on to help develop sustainable savings plans and monthly meetings are taking place with all ILGs/directorates on their forecast positions.



## 6.6 Covid Position

A summary of the additional revenue costs being classified as Covid is provided below.

	Note	M7 Actual	M7 YTD	M7 Year end forecast	M6 Year end forecast	Movement between M7 and M6 forecasts
		£m	£m	£m	£m	£m
<b>Programme costs</b>						
TTP	1	0.8	5.9	10.7	10.8	(0.1)
Mass Vaccination		0.6	7.1	11.0	11.0	0
Extended Flu	2	0.1	0.1	0.8	0.8	0
Cleaning standards		0.1	0.5	1.2	1.2	0
CHC/FNC support	3	(0.4)	0.5	0.8	0.8	0
PPE		0.3	2.1	3.6	3.6	0
Long COVID		0.1	0.2	0.7	0.7	0
<b>Sub total</b>		<b>1.6</b>	<b>16.4</b>	<b>28.8</b>	<b>28.9</b>	<b>(0.1)</b>
Assumed funding – programme element		(1.6)	(16.4)	(28.8)	(28.9)	(0.1)
<b>Total Programme costs</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Covid costs:</b>						
Field hospital	4	0.2	2.0	2.6	2.6	0
Dental income loss	4	0.2	1.9	2.8	2.8	0
Operational expenditure cost reduction	4	(0)	(1.8)	(1.8)	(1.8)	0
Other covid costs	4	3.1	21.1	25.8	25.0	0.8
Increased covid response to reflect revised assessment of bed demand		0	0	4.5	4.5	0
Planned Care Recovery	5	1.3	6.6	16.8	16.8	0
Planned Care Recovery Tranche 2 (inc NRS, PACU & Community Health)				8.5	10.2	(1.8)
<b>Sub total</b>		<b>4.8</b>	<b>29.8</b>	<b>59.2</b>	<b>60.1</b>	<b>(0.9)</b>
Confirmed funding- formula element				(26.1)	(26.1)	0
Confirmed funding- PCR element				(16.8)	(16.8)	0



Planned Care Recovery Tranche 2 (inc NRS, PACU & Community Health)				(8.5)	(10.2)	1.8
Confirmed additional funding for bed modelling etc				(4.0)	(4.0)	0
Confirmed additional COVID funding.				(21.7)	(21.7)	0
Urgent Emergency Care (SDEC & 111)				(2.7)	(2.7)	0
Pay award impact on non programme costs				(0.2)	(0.2)	0
NHS Bonus Reduction				1.0	0	1.0
RPB Winter funding, Social Model Primary Care & MCA				(1.9)	0	(1.9)
<b>Total Other Covid costs</b>				<b>(21.7)</b>	<b>(21.7)</b>	<b>0</b>

The key points to note are as follows:

### 1. TTP

The TTP forecast remains similar to last month pending a revised forecast from the Local Authorities.

### 2. Extended Flu

The M7 position includes the plans for the extended schools programme of £0.6m plus the primary care element of £0.2m. The latter reflects similar levels of achievement as in 20/21.

### 3. CHC/FNC support

The forecast has been updated to reflect confirmation of the tapering of support for adult social care providers. The forecast also includes a benefit of £500k from an over accrual in 20/21.



#### 4. Other Covid costs

	M7 Year end forecast	M6 Year end forecast	Movement between M7 and M6 forecasts
	£m	£m	£m
Covid response ILGs	17.9	17.9	0
Covid response outside ILGs	4.5	4.5	0
Urgent emergency care (inc SDEC & 111)	2.7	2.7	0
Reduction in NHS Bonus	(1.0)	0	(1.0)
RPB Winter Funding	1.5	0	1.5
Social model for Primary Care	0.3	0	0.3
MCA	0.1	0	0.1
<b>Sub total</b>	<b>25.8</b>	<b>25.0</b>	<b>0.8</b>
Field hospital	2.6	2.6	0
Dental income loss	2.8	2.8	0
Operational spend reductions	(1.8)	(1.8)	0
<b>Total</b>	<b>29.4</b>	<b>28.7</b>	<b>0.8</b>

#### 5. Planned care recovery

The draft profile for the planned care recovery plan is as follows:

	Original Plan	Actual/Forecast
	£m	£m
Q1	2.4	1.9
Q2	6.2	3.4
Q3	5.3	4.8
Q4	2.9	6.7
<b>Total</b>	<b>16.8</b>	<b>16.8</b>

## 6.7 Savings Performance by Area

The financial plan for 2020/21 includes a £14.5m In Year savings target and a £16.1m recurring savings target.

	Month 7			Month 6		
	M7 YTD	21/22	Rec	M6 YTD	21/22	Rec
	£m	£m	£m	£m	£m	£m
Savings targets	7.0	14.5	16.1	4.7	14.5	16.1
Actual and Forecast Savings	(6.9)	(13.0)	(6.7)	(6.0)	(13.2)	(8.2)
<b>Total</b>	<b>0.1</b>	<b>1.5</b>	<b>9.4</b>	<b>(1.3)</b>	<b>1.3</b>	<b>7.9</b>

The key points to highlight are as follows:

- The actual savings to M7 of £6.9m is only £0.1m short of the M7 YTD target of £7.0m. However, this includes a significant VAT recovery of £1.4m which will not continue for the rest of 21/22.
- The forecast savings for 21/22 of £13.0m is £1.5m below the annual target of £14.5m.
- The actual savings in M7 was only £0.9m. If this level of savings continues for the next 5 months the total savings for 21/22 would only be £11.4m. A further step up in savings is therefore needed in order to deliver the forecast savings of £13.0m.
- The forecast recurring savings has deteriorated by £1.5m from £8.2m in M6 to £6.7m in M7. This has been reflected in the latest forecast recurrent position. Please see Section 5 above.



A summary analysis by ILG, service area and corporate directorates is provided below:

Area	In year Savings Target £000	M7 YTD Actual £000	Current In Year Forecast	Green	Amber	% of Current Year Forecast to Target
Bridgend ILG	4,031	1,820	3,391	2,747	644	84.1%
Merthyr & Cynon ILG	3,605	1,451	2,801	2,654	147	77.7%
Rhondda & Taf ILG	3,929	1,482	3,403	3,056	347	86.6%
Medicines Management	1,752	563	1,002	1,002		57.2%
Primary Care	138	3	143	143		103.8%
Corporate directorates	835	182	782	561	221	93.7%
Other Delivery Executive	170	1	2	2		1.1%
Contracting & Commissioning	90	0	0			0.0%
Non Delegated	0	1,443	1,497	1,497		
<b>Grand Total</b>	<b>14,549</b>	<b>6,945</b>	<b>13,022</b>	<b>11,662</b>	<b>1,360</b>	<b>89.50%</b>

Area	Recurrent Savings Target £000	Forecast FYE	Green	Amber	% of Forecast recurrent savings to Target
Bridgend ILG	4,031	1,535	1,392	143	38.1%
Merthyr & Cynon ILG	3,605	1,145	997	148	31.8%
Rhondda & Taf ILG	3,929	1,916	1,021	895	48.8%
Medicines Management	2,708	1,002	1,002		37.0%
Primary Care	213	0			0.0%
Corporate directorates	1,253	994	613	381	79.3%
Other Delivery Executive	263	0			0.0%
Contracting & Commissioning	139	0			0.0%
Non Delegated	0	130	130		
<b>Grand Total</b>	<b>16,140</b>	<b>6,722</b>	<b>5,155</b>	<b>1,567</b>	<b>41.65%</b>



## 6.8 Non Delegated budgets

The Month 7 YTD position is summarised below:

	M7 YTD	M6 YTD
	£k	£k
Non Recurring slippage – Annual target £2.0m	1,167	1,000
Actual Slippage	(3,256)	(2,327)
Other Non delegated variances	(837)	(436)
Non Delegated Savings Variance	(1,443)	(1,443)
Phasing in of Reserve budgets to cover estimated costs already included in the Delegated position but where funding has not yet been released from Reserves:	(482)	(785)
<b>Total</b>	<b>(4,851)</b>	<b>(3,991)</b>



## 6.9 Key Risks and Opportunities

The key financial risks and opportunities for 21/22 are summarised below. These are consistent with the M7 Monitoring return submission to WG:

	<b>M7</b>	<b>M6</b>	<b>Financial Plan- June</b>	<b>30</b>	<b>Comment</b>
<b>Key risks:</b>	<b>£m</b>	<b>£m</b>			
Impact of recent Pay award notices for bank and overtime payments for the rest of 21/22	tbc	0		0	
Redeployment of expected slippage of £8.4m from the new allocations for Planned Care recovery, PACU etc.	tbc	0		0	See Key opportunities below
Continued uncertainty surrounding the impact of energy price increases for the rest of 21/22.	tbc	tbc		0	Further work being undertaken to quantify the impact in 21/22 and risk for 22/23.
Shortfall in assumed funding to cover the existing costs of SDEC, Think first 111 and Urgent primary care centres.	2.8	2.8		3.0	Funding not yet confirmed, but correspondence from WG indicates this is a low risk.
Shortfall against forecast savings as at M7	0.5	0.5		2.0	Risk of under delivery on Amber schemes per Savings tracker.
<b>Total</b>	<b>3.3</b>	<b>3.3</b>		<b>8.0</b>	



	<b>M7</b>	<b>M6</b>	<b>Financial Plan- June</b>	<b>30</b>	<b>Comment</b>
<b>Key opportunities:</b>	<b>£m</b>	<b>£m</b>			
Expected slippage on recently confirmed new allocations for :  Planned Care recovery- £7.7m PACU - £0.6m Community checks - £0.15m	(8.4)	0		0	We are continuing to explore options to redeploy these resources internally and with partners to maintain broader resilience across our local health and care system- see Key risks above
Potential movement in annual leave provision- which could result in further accountancy gains being reported in 21/22.	tbc	tbc		(1.0)	Further work is being undertaken to confirm the forecast costs against the prior year accrual.
Further balance sheet review	(1.2)	(1.2)		(1.2)	Subject to continuous review as year progresses
<b>Total</b>	<b>(9.6)</b>	<b>(1.2)</b>		<b>(2.2)</b>	



## 7. IMPACT ASSESSMENT

<b>Quality/Safety/Patient Experience implications</b>	There are no specific quality and safety implications related to the activity outlined in this report.
<b>Related Health and Care standard(s)</b>	Governance, Leadership and Accountability  If more than one Healthcare Standard applies please list below:
<b>Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.</b>	No (Include further detail below)  If yes, please provide a hyperlink to the location of the completed EIA or who it would be available from in the box below.  If no, please provide reasons why an EIA was not considered to be required in the box below.  Not required
<b>Legal implications / impact</b>	There are no specific legal implications related to the activity outlined in this report.
<b>Resource (Capital/Revenue £/Workforce) implications / Impact</b>	Yes (Include further detail below)  The paper is directly relevant to the allocation and utilisation of resources.
<b>Link to Strategic Goals</b>	Sustaining Our Future



## APPENDIX A

### WELSH GOVERNMENT ALLOCATIONS

	Annual Budget
	£k
Confirmed funding	1,180,814
Unconfirmed funding	84,242
<b>TOTAL</b>	<b>1,265,056</b>

### Key Issues

The most significant anticipated allocations include:

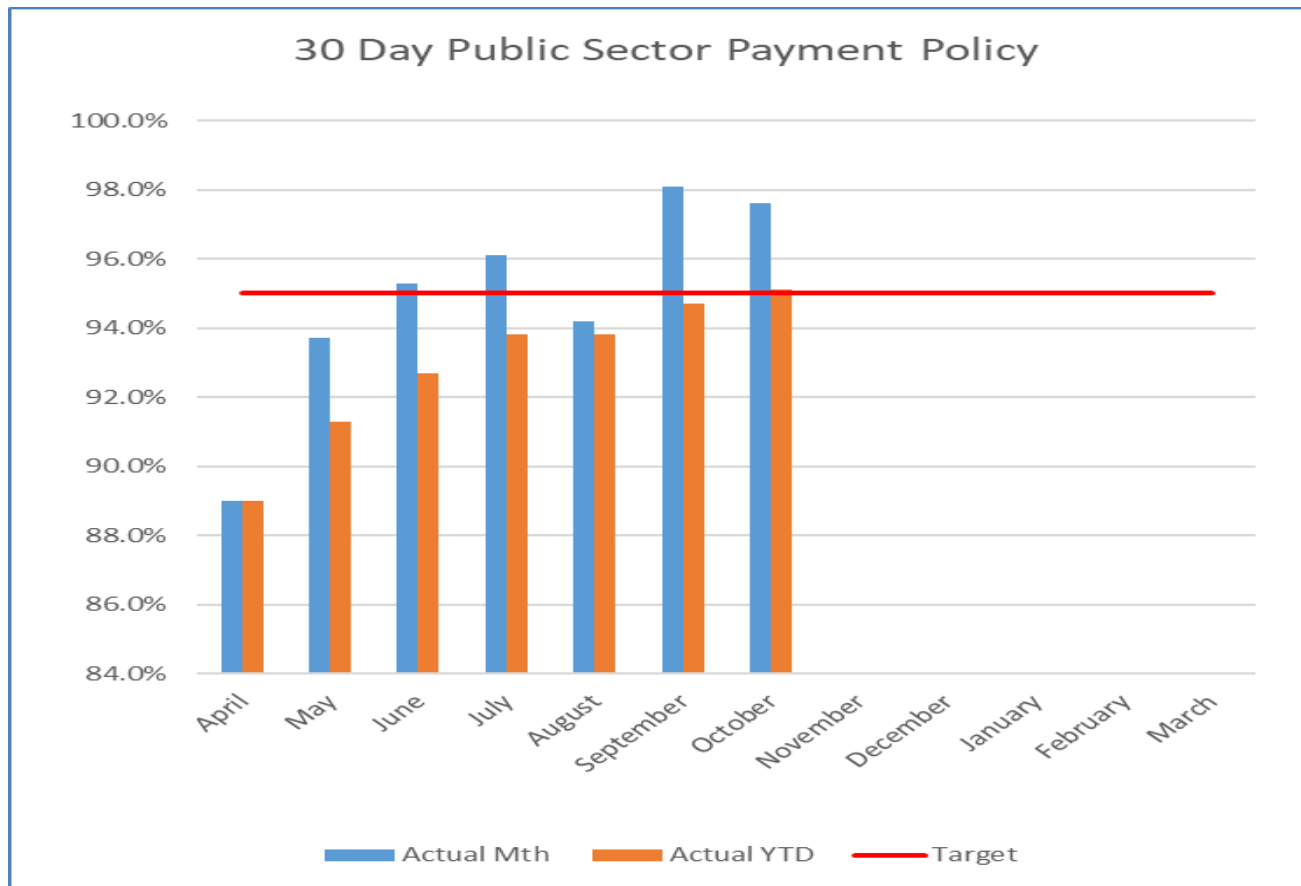
- Non Cash Depreciation - £52.2m
- COVID Pass through Programmes - £13.4m
- Same Day Urgent Care Bid - £1.5m
- Think 111 First Bid - £1.2m
- RPB Winter Funding - £1.5m
- Transformation Fund - £4.5m
- Substance Misuse - £3.7m
- Value in Health - £2.2m
- Mental Health Funding - £2.2m
- RPB Transformation Scaling Fund - £1m



## APPENDIX B

### 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 percentage for the number of non-NHS invoices paid within the 30 day target in October continued to be positive at 97.6%.
- This is a continued improvement on the position reported for Q1 of 92.7%.
- The cumulative percentage to date is 95.1%, which is just above the 95% target. 95%.



## APPENDIX C

### Balance Sheet

The Month 7 Balance sheet is detailed below:

Balance Sheet	Opening Balance (01/04/2021) £'000	Closing Balance as at M6 £'000	Closing Balance as at M7 £'000	Forecast Closing Balance M12 £'000
<b>Non Current Assets</b>				
Property, Plant & Equipment	549,909	557,006	559,483	549,909
Intangible Assets	4,150	4,150	4,150	4,150
Trade and Other Receivables	39,298	39,298	39,298	39,298
<b>Total Non-Current Assets</b>	<b>593,357</b>	<b>600,454</b>	<b>602,931</b>	<b>593,357</b>
<b>Current Assets</b>				
Inventories	6,061	6,315	6,315	6,061
Trade and Other Receivables	124,984	108,693	108,875	112,484
Cash and Cash Equivalents	687	5,197	109,321	687
<b>Total Current Assets</b>	<b>131,732</b>	<b>120,205</b>	<b>224,511</b>	<b>119,232</b>
<b>Current Liabilities</b>				
Trade and Other Payables	175,210	139,163	148,736	162,710
Provisions	49,579	67,896	68,057	49,579
<b>Total Current Liabilities</b>	<b>224,789</b>	<b>207,059</b>	<b>216,793</b>	<b>212,289</b>
<b>Non-Current Liabilities</b>				
Trade and Other Payables	1,143	1,143	1,143	1,143
Provisions	45,680	45,680	45,680	45,680
<b>Total Non-Current Liabilities</b>	<b>46,823</b>	<b>46,823</b>	<b>46,823</b>	<b>46,823</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>453,477</b>	<b>466,777</b>	<b>563,826</b>	<b>453,477</b>
<b>Financed By:</b>				
General Fund	404,625	417,925	514,974	404,625
Revaluation Reserve	48,852	48,852	48,852	48,852
<b>TOTAL</b>	<b>453,477</b>	<b>466,777</b>	<b>563,826</b>	<b>453,477</b>

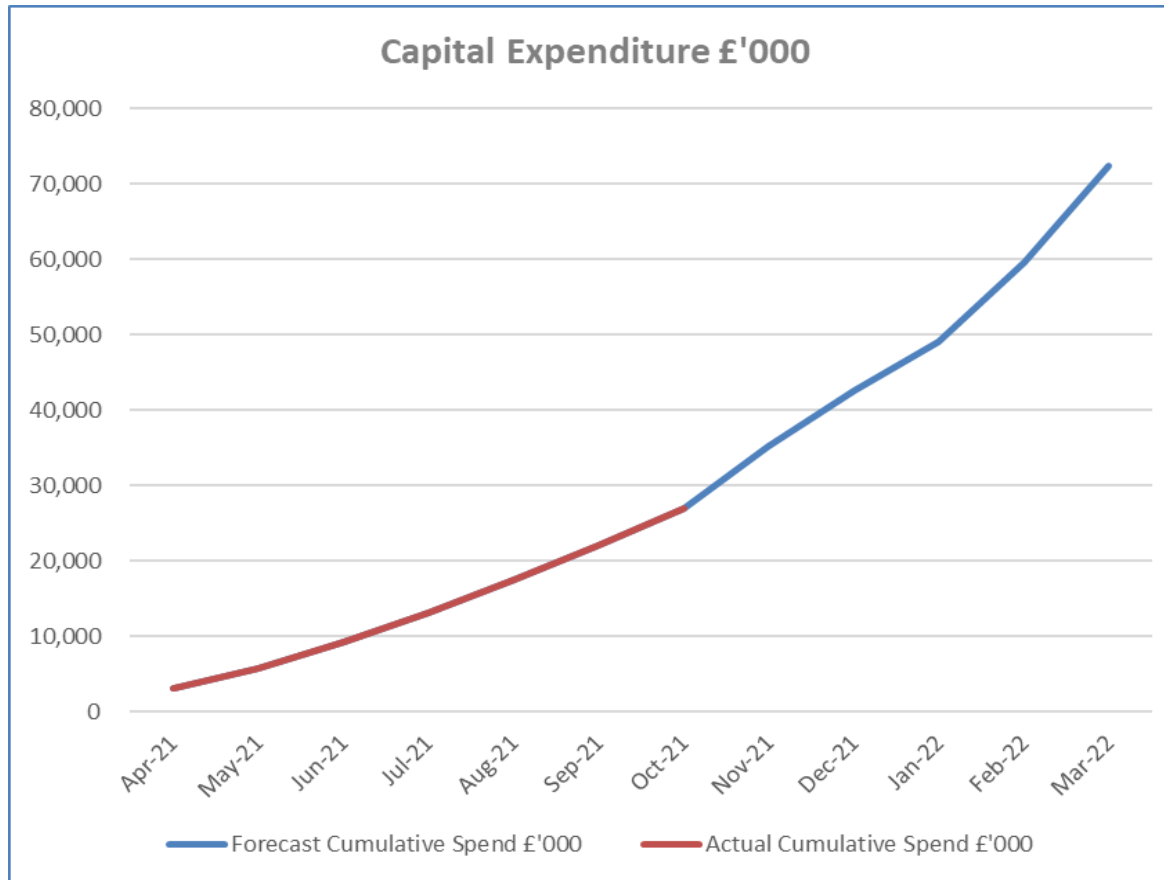
#### Key Issues:

- The closing cash balance at M7 was £109m. This is a significant increase on previous months and the usual balance held. This is due to WG sending the November funding early in M7. This will be adjusted back in M8.
- The most significant other movements in the M7 Balance sheet was an increase in various creditor balances, including the income tax & NI creditor (£4.5m) and other general payables/accruals (£4.9m).



## APPENDIX D

### Performance against Capital Resource Limit



#### Key Issues:

- The Capital Resource Limit of £72.3m was issued on the 5th November 2021. A number of additional allocations are expected during the year subject to Welsh Government approvals.
- This is supplemented by £0.2m of donated funds giving an overall programme of £72.5M. Currently no assets are intended for disposal in this financial year
- Expenditure to 31<sup>st</sup> October 2021 amounted to £26.9m.
- The reported outturn capital position is breakeven against the CRL target.



## APPENDIX E

### Cash position

As at the 31<sup>st</sup> October 2021 the cash balance was £109.3m. The cash flow is detailed in the table below:

Cashflow	Actual/Forecast												
	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	Total £'000
<b>Receipts</b>													
WG Revenue Funding	90,592	84,776	99,547	107,200	89,625	100,204	186,320	300	110,000	90,870	102,200	137,292	1,198,926
WG Capital Funding	5,500	3,000	4,000	6,300	3,500	7,100	12,000	0	1,000	7,000	9,500	13,353	72,253
Sale of Assets	0	24	(4)	0	0	(15)	0	0	0	0	0	0	5
Welsh NHS Org'ns	21,950	9,746	12,834	13,714	9,265	11,772	8,693	10,200	10,200	10,200	10,200	11,500	140,274
Other	5,251	14,562	2,363	2,143	3,561	2,059	2,165	2,100	2,100	2,100	2,100	4,000	44,504
<b>Total Receipts</b>	<b>123,293</b>	<b>112,108</b>	<b>118,740</b>	<b>129,357</b>	<b>105,951</b>	<b>121,120</b>	<b>209,178</b>	<b>12,600</b>	<b>123,300</b>	<b>110,170</b>	<b>124,000</b>	<b>166,145</b>	<b>1,455,962</b>
<b>Payments</b>													
Primary Care Services	27,093	7,811	20,087	26,774	7,152	18,401	15,892	16,438	28,058	7,213	17,778	19,594	212,291
Salaries and Wages	43,069	54,707	51,906	47,419	56,951	51,799	44,045	48,300	48,300	48,300	48,300	55,800	598,896
Non Pay Expenditure	47,435	43,850	43,359	50,953	36,790	44,741	40,927	44,500	42,700	48,300	48,300	71,389	563,244
Capital Payments	4,725	3,689	3,634	4,331	4,070	5,313	4,188	8,000	4,000	7,000	9,500	14,581	73,031
Other	0	0	0	0	0	0	0	0	0	0	0	8,500	8,500
<b>Total Payments</b>	<b>122,322</b>	<b>110,057</b>	<b>118,986</b>	<b>129,477</b>	<b>104,963</b>	<b>120,254</b>	<b>105,052</b>	<b>117,238</b>	<b>123,058</b>	<b>110,813</b>	<b>123,878</b>	<b>169,864</b>	<b>1,455,962</b>
Net Cash In/Out	971	2,051	(246)	(120)	988	866	104,126	(104,638)	242	(643)	122	(3,719)	
Balance B/F	687	1,658	3,709	3,463	3,343	4,331	5,197	109,323	4,685	4,927	4,284	4,406	
Balance C/F	1,658	3,709	3,463	3,343	4,331	5,197	109,323	4,685	4,927	4,284	4,406	687	

### Key Issues

- The closing cash balance at 31st October was £109.3m. This was due to the receipt of WG funding one month early as requested by WG.
- The cash flow forecast is currently showing a forecast surplus of £0.7m in M12. Included within the figures, and shown in the 'Other' expenditure line, is the recently confirmed £8.5m of WG allocations (Please see Section 5 above).
- Approximately £10.7m of WRP debtors remain outstanding at the end of M7. The profile of the remaining receipts are under regular review.