



AGENDA ITEM

2.2.12

CTM BOARD

MONTH 9 MONITORING RETURNS TO WELSH GOVERNMENT

Date of meeting	28/01/2021
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 NOTING

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

Committee/Group/Individuals	Date	Outcome
Welsh Government	14/01/2021	NOTED

ACRONYMS

WG	Welsh Government
M1 etc	Month 1 etc
PPFC	Planning, Performance & Finance Committee
LHB	Local Health Board



MONTH 9 MONITORING RETURNS TO WELSH GOVERNMENT

1. SITUATION/BACKGROUND

In addition to our normal internal Finance reports there is a WG requirement for a Committee of the Board to receive the monthly Monitoring Return submissions to WG (narrative report plus certain tables) in order to provide the Committee with transparency on the submission made to WG.

This information is normally provided to the Planning, Performance & Finance Committee (PPFC). However, due to the impact of Covid-19, this Committee is not expected to meet during the period January to March 2021.

During this period the information from the Financial Monitoring Return submissions to Welsh Government will therefore be provided to the Board.

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

The Local Health Board, Trust and Special Health Authority Financial Monitoring Guidance 2020-21 was issued on 20 May 2020. This guidance refers to the monitoring return spreadsheet and accompanying narrative that LHBs will need to complete to report their 2020/21 financial performance, together with the following requirements:

The Day 9 submission to WG must be agreed and the narrative signed by both the Director of Finance and Chief Executive before the submission is made to WG. The Board governance, regarding the arrangements for when the Director of Finance and/or Chief Executive is not available, should be set out at the start of the year and shared with the Head of NHS Financial Management.

An additional statement must be included in the narrative each month to clarify the date and main Committee of the Board which will receive that Month's Financial Monitoring return (consisting of the Narrative, Table A, Table A2 and Table B3) in order to provide the Committee with transparency on the submission made to WG.

The following information is provided at Annex A:



Annex A
M9 Narrative report
Table A - Movement
Table A2 - Risks
Table B3 – COVID-19 Analysis

3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

All information made available to WG should be consistent with that provided to the Board. The detailed commentary in the Monitoring Returns must include a statement confirming that the financial information reported in the Monitoring Return aligns to the financial details included with the internal Board papers.

The key information included in the M9 Financial Monitoring returns is summarised below. This information is consistent with the M9 Finance reports going to Management Board, PPFC and the Board.

	M9	M8
	£m	£m
In month deficit /(surplus)	2.8	(2.3)
YTD deficit /(surplus)	(0.1)	(2.9)
Year end forecast (see below)	0	0
Forecast recurrent deficit	27.4	26.9

A summary of the latest M9 forecast position is provided below:

	M9	M8
IMTP / Annual Operating Plan	£m	£m
Additional In Year Identified Savings - Forecast (Positive Value)	(10.1)	(10.4)
Additional In Year Welsh Government Funding Due To Covid-19 (Positive Value)	112.3	97.9
Operational Expenditure Cost Increase Due To Covid-19 (Negative Value)	(93.8)	(80.0)
Planned Operational Expenditure Cost Reduction Due To Covid-19 (Positive Value)	18.0	12.2
Slippage on Planned Investments/Repurposing of Developmental Initiatives Due To Covid-19 (Positive Value)	3.6	3.4



Forecast Outturn attributable to Covid-19 (- Deficit /+ Surplus)	30.0	23.2
Forecast Outturn Non Covid-19 (-Deficit /+ Surplus)	(0.5)	(1.4)
Net cost of Winter plans in excess of funding	(5.2)	(7.0)
Additional accountancy gains	11.3	11.3
Non recurring spend initiatives	(7.8)	(6.2)
Remove request for Bridging funding	(5.0)	(5.0)
Confirmed early repayment and deferral of I2S funding	(3.0)	(3.0)
Planned return of funding to WG , subject to outcome of discussions with Audit Wales regarding a potential Prior Year adjustment	(19.8)	(12.0)
Total	0	0

The key points to note are as follows:

- The planned return of funding to WG, subject to outcome of discussions with Audit Wales regarding a potential Prior Year adjustment (PYA), and subject to the assumptions made around WG programme funding (as detailed in the reporting template), is £19.8m. The PYA risk is circa £12m and we are meeting with Audit Wales on 17 January to discuss their latest position on this key issue. If a PYA is required, this will need to be covered from the planned return of funding of £19.8m. If not required, the full £19.8m will be returned to WG. A formal Accountable officer letter will follow once we have a decision from Audit Wales on the PYA.
- The annual leave provision at 31 March 2020 was circa £0.5m. The estimated provision at 31 March 21 is £15.9m, which represents an increase of £15.4m. The above forecast assumes that this increase will be covered by WG funding. Our estimate assumes that the pattern of annual leave in Q4 will be similar to the patterns in Q1-Q3. It is important to highlight the potential risk that the actual provision at 31 March could change if the actual annual leave taken in Q4 is significantly different to the Q4 estimate. This is therefore a key area of uncertainty in the financial forecast and the risk has been included in the Risk table at Section 2.
- The Covid: Non Covid distinction is becoming increasingly difficult as the response becomes broader and the Covid, Winter, Essential services response covers most services and cost changes.



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 If more than one Healthcare Standard applies please list below:
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 Strategic Well-being Objectives	Ensure sustainability in all that we do, economically, environmentally and socially

5. RECOMMENDATION

5.1 The Board is asked to:

- **NOTE** the contents of the Month 9 Monitoring Returns submitted to Welsh Government for 2020/21.