



AGENDA ITEM

9.1

CTM BOARD

FINANCE UPDATE – MONTH 5 of 2021/22

| | |
|---|--|
| Date of meeting | 30/9/2021 |
| 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 | 13/9/2021 | 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 5 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 5 (M5). 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 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. As at M5, there remains £28.5m of assumed allocations for Covid & Winter which remains to be confirmed by WG.

3. ASSESSMENT

As at M5, we are reporting a marginal underspend and forecasting breakeven for the year. There is a level of assumed allocations and income that underpin this position which represents a risk to in-year delivery. Savings performance is lower than plan and a further step up is required. In particular, there needs to be a clear focus to increase recurrent savings to reduce the impact into 2022-23. This level of underlying deficit represents a significant concern, especially given the challenging resource outlook for 2022-23.

4. RECOMMENDATION

The Board is asked to:

- **DISCUSS** the contents of the Month 5 Finance report for 2021/22.



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Note 1: We are reviewing the Board reporting formats for 21/22 and revised information may be provided this report will be revised from M6.



5. HEADLINE MESSAGES AND KEY ACTIONS

5.1 MONTH 5

- At M5, we are reporting a marginal underspend of £0.1m. Actual expenditure to M5 on delegated budgets was showing a £5.7m overspend and this was offset by a £5.8m underspend on Non Delegated budgets to give a small underspend of £0.1m. Significant reserve funding has been phased into the M5 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 | 0.1 | 0 |

- Whilst the Health Board is reporting a small surplus at M5, it is important to note the following points regarding the M5 position:
 - The M5 position assumes that a number of WG allocations that have not yet been confirmed.
 - The position also assumes that we get circa £1.5m of additional funding from Powys UHB in 21/22 for increased patient flow into PCH.
 - The YTD position currently excludes an extra £4.0m (M4: £5.5m) of funding that has been requested to reflect the revised assessment of bed demand, but also excludes the costs which it is estimated would result.
 - £1.9m of the £5m Covid transition budget has been released to Delegated budgets. The balance of £3.1m is held in Reserves together with a £5.0m budget for Other Covid costs. Five months of these two budgets have been phased into the Month 5 position to meet existing overspends.
 - We will identify priorities for any non-recurring investment but the focus needs to be on delivering the plan above, which we need to do from a sustainability perspective anyway. This will put us in the best position to be able to utilise any non-recurring WG funding which does become available.

5.2 SAVINGS PERFORMANCE

- The actual savings to M5 of £5.1m includes Delegated savings of £3.7m plus non delegated savings of £1.4m relating to a VAT recovery in M5. A straight line extrapolation of the £3.7m YTD Delegated savings equates to £8.9m plus the £1.4m non-delegated savings is £10.3m. A further step up in savings is therefore needed to deliver the forecast savings of £13.3m.

5.3 FORECAST OUT TURN

- The Health Board is continuing to forecast a breakeven position for 2021/22. This is based on the following WG allocations being received in full:

| | £'m | |
|---|-------------|--|
| Prior year Covid impacts - Non delivery of 2020/21 Savings | 16.2 | Part of £20.5m prior year Covid impacts included in plan |
| Prior year Covid impacts- Other recurrent impacts | 4.3 | Part of £20.5m prior year Covid impacts in plan. Now subject of a separate Accountable officer letter at WG request. |
| Urgent Emergency Care-existing costs for Think 111 1 st , urgent primary care and SDEC | 2.8 | Part of urgent care bid to WG. |
| Additional Funding request | 1.2 | Funding that has been requested following the transfer of £1.2m of Operational expenditure cost reductions towards the forecast shortfall against £14.5m Savings target |
| Additional non-recurring Covid funding of £4.0m over the confirmed Welsh Government allocation of £26.1m. | 4.0 | We have also requested additional non-recurring Covid funding to reflect a revised assessment of demand relating to Covid, winter and paediatric respiratory virus. This request was previously set at £5.5m but this has been reduced at M5 to better reflect forecast expenditure. |
| Total Allocations assumed in Forecast position | 28.5 | |

- The plan assumes that around £9m of existing cost pressures projected by ILGs & Directorates are avoided or managed out. There is a £5m transitional budget to support this which will provide some temporary headroom if actual costs are lower.

5.4 UNDERLYING POSITION

- The forecast recurring deficit remains unchanged at £39.3m (M4: £39.3m). This represents a deterioration of £7.9m from the planned recurrent deficit of £31.4m at the end of 21/22, which is due to a £7.9m forecast shortfall in savings delivery against the £16.1m recurrent savings target for 21/22.
- 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 £75.3m.
- Actual spend to M5 is £17.5m, giving a reported underspend compared to the original plan of £6.7m. This is mainly due to slippage on the Bridgend Health & Well Being Centre and 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:

- Feedback from WG on the Health Board's funding assumptions for Covid and SDEC, Think first 111 and Urgent primary care centres.
- All budget holders to urgently sign off their budget schedules for 2021/22 and to manage expenditure within these agreed budgets.
- Identification of additional savings plans to close the forecast recurring savings gap of £7.9m.



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- Addressing the significant M5 YTD overspends on pay, non pay and income noted in Section 6.4 which total £6.0m.
- 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.
- Finalising the Transformation budgets and spending plans for 2021/22 and then moving on to the recurrent sustainability plan for 2022/23.
- Noting the deterioration in the forecast recurrent position and the significant recurrent deficit to be addressed from 2022/23 onwards.

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

6.1 Financial Position and Key Targets – Month 5

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 |
|--|------------------------------------|---------------|--------------|-------|-------------------|
| Revenue 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 | 0 | (104) | ↑ | 0 |
| Capital 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 | (2,735) | (6,750) | ↑ | 0 |
| Public Sector Payment Policy To pay a minimum of 95% of all Non NHS invoices within 30 days. Measured by actual performance | % | 94.2% | 93.8% | ↑ | 94% |

6.2 Revenue Performance by Expenditure Category

| | Annual Budget £'000 | Over/(Under) Spend | |
|-----------------------------------|------------------------|------------------------|-----------------------|
| | | Current Month £'000 | Year to Date £'000 |
| Delegated Budgets | | | |
| Pay | 576,021 | (422) | 1,547 |
| Non Pay | 698,898 | 124 | 2,180 |
| Income | (143,271) | 787 | 1,213 |
| Delegated Savings Plans | (7,735) | 21 | 752 |
| Total Delegated Budgets | 1,123,912 | 510 | 5,692 |
| Non Delegated Budgets | 110,294 | (510) | (5,796) |
| WG COVID Allocations | (98,696) | 0 | 0 |
| WG Allocations | (1,135,510) | 0 | 0 |
| GRAND TOTAL M5 | 0 | 0 | (104) |
| | | | |
| GRAND TOTAL Previous month | 0 | (80) | (104) |

The key issues to highlight in the M5 Current month position are as follows:

- The £124k Non pay overspend includes Medicines Management (£775k) and Facilities (£305k).
- The £787k Income overspend includes Bridgend ILG (£605k) and Primary Care (£248k).
- Further information on these over spends is provided in Section 6.4 below.

The key issues to highlight in the M5 YTD position are as follows:

- The £1,546k pay overspend includes Primary Care (£718k) and Corporate directorates (£874k).
- The non-pay overspend of £2,180k includes RTE ILG (£640k), Medicines Mgt (£1.360k), Facilities (£856k) and W&OD (£184k).
- The income overspend of £1,213k includes Bridgend ILG (£684k) and Primary Care (£648k).
- 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 M5 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 M4 Pay expenditure was £50.5m and the monthly trend is summarised below.

| | M5 | M4 | M3 | M2 | M1 | M12 | M11 | M10 |
|--------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| | £'m | £'m | £'m | £'m | £'m | £'m | £'m | £'m |
| A&C | 6.6 | 6.4 | 6.7 | 6.6 | 6.4 | 15.3 | 6.3 | 6.7 |
| Medical | 12.7 | 11.8 | 11.7 | 11.9 | 12.1 | 23.3 | 11.5 | 8.7 |
| Nursing | 16.1 | 15.2 | 15.1 | 15.8 | 15.6 | 30.4 | 15.6 | 17.9 |
| ACS | 6.2 | 6.0 | 5.9 | 6.9 | 6.4 | 14.6 | 6.2 | 7.4 |
| Other | 8.9 | 8.6 | 8.5 | 8.7 | 8.8 | 19.6 | 8.54 | 9.4 |
| | | | | | | | | |
| Total | 50.5 | 48.0 | 47.9 | 49.9 | 49.3 | 103.2 | 48.1 | 50.1 |

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 has remained consistent with M3 with no significant movements.
- The M5 position has increased by £2.5m over M4. The main reason for this increase is 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 includes a corresponding assumed allocation for this amount.
- The accrual that was recognised in 2020/21 for the NHS COVID bonus was £13.4m. Total payments to M5 are £12.4m (M3: £12.4m) for NHS employed staff. There may be further payments to follow and the position will be continually monitored.

The M5 agency expenditure was £3.5m and the monthly trend (excluding accountancy gains) is summarised below. The M5 position has remained consistent with M4 with no significant movements.

| | | M4 | M3 | M2 | M1 | Q4 Ave | Q3 Ave |
|--------------|--|------------|------------|------------|------------|---------------|---------------|
| | | £'m | £'m | £'m | £'m | £m | £m |
| Medical | | 1.2 | 1.0 | 1.0 | 1.3 | 1.3 | 1.3 |
| Nursing | | 1.7 | 1.5 | 1.5 | 1.4 | 2.0 | 1.8 |
| Other | | 0.9 | 0.8 | 0.7 | 0.8 | 0.9 | 0.7 |
| | | | | | | | |
| Total | | 3.8 | 3.3 | 3.2 | 3.5 | 4.2 | 3.8 |



6.4 Revenue Performance by Area

| | Annual Budget £'000 | Over/(Under) Spend | | Year to Date % |
|------------------------------------|------------------------|------------------------|-----------------------|-------------------|
| | | Current Month £'000 | Year to Date £'000 | |
| Integrated locality groups: | | | | |
| Bridgend | 203,548 | (49) | 831 | 0.99% |
| Merthyr & Cynon | 205,120 | (410) | (190) | -0.22% |
| Rhondda & Taff Ely | 213,581 | 148 | 619 | 0.68% |
| Total ILGs | 622,249 | (311) | 1,260 | 0.48% |
| Delivery Executive: | | | | |
| Medicines Management | 138,022 | 711 | 1,485 | 2.73% |
| Primary care | 127,521 | 129 | 836 | 1.51% |
| Facilities | 14,474 | 327 | 1,014 | 15.98% |
| COVID Planned projects | 1,500 | 7 | 27 | 2.26% |
| Planned Care Recovery plans | 7,268 | (58) | 0 | 0% |
| Other | 3,429 | (209) | (144) | -17.41% |
| Total Delivery Executive | 292,214 | 907 | 3,218 | 2.67% |
| Contracting & Commissioning | 117,826 | 110 | 300 | 0.59% |
| Corporate Functions | 91,623 | (196) | 914 | 2.41% |
| Total Delegated Budgets | 1,123,912 | 510 | 5,692 | 1.21% |
| Non Delegated budgets | (1,123,912) | (510) | (5,796) | |
| GRAND TOTAL M5 | 0 | 0 | (104) | |
| GRAND TOTAL Previous month | 0 | (80) | (104) | |

The key pay, non pay and income overspends to highlight in relation to the M5 Current month and the M5 YTD positions are as follows:

| | M5 Current month | |
|---------------------------|---------------------------------|---|
| | £k | Comment |
| BG ILG- Income | 605 | The M5 movement includes a £518k budget setting adjustment in relation to the Swansea Bay CAMHS service, including additional 21/22 CAMHS monies. This has resulted in a £518k under delivery of income in M5, which is largely offset by a corresponding underspend in pay as there are a number of posts either new and not yet filled or vacant. This is not a real income risk as we will recover funding for costs incurred. |
| Medicines Mgt- Non pay | 775 | 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. Based on the prescribing data to the end of June 21, actual costs have not reduced to the levels anticipated and this budget is now significantly overspending. |
| Primary care- income | 248 | This relates to a budget setting issue between income and non-pay within Dental Services. The overall in month overspend of £128k is largely driven by Think 111 First / UPC and Transformation (see below). |
| Facilities- non pay | 305 | This overspend includes £281k of overspends on non pay issues spanning taxis, patient transport, 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. |
| Contracting- non pay | 135 | Continued impact of increases in NICE / High Cost Drugs commissioned from Velindre and Swansea Bay HB. |
| Total | 2,068 | |

| | M5 YTD | |
|----------------------------|---------------|---|
| | £k | Comment |
| BG ILG- income | 684 | The M5 YTD income overspend is £684k and the Pay overspend is £85k. After adjusting for the £518k Income overspend and Pay underspend noted above, the revised numbers are £166k and £603k respectively. The main income pressures within the £166k relate to the cessation of SLAs with Swansea Bay and shortfalls in MacMillan funding. The main reasons for the £603k pay overspends are in Medicine spanning Medical, HCAs and RNs plus an over accrual for ADHs in M5 of £233k. |
| RTE ILG – non pay | 640 | This includes a £759k overspend on Mental Health CHC offset by other underspends totalling £119k. |
| Facilities – non pay | 856 | See above |
| Medicines Mgt – non pay | 1360 | See above |
| Primary care - pay | 718 | This includes overspends of circa £560k on Think 111 first and urgent primary care centres where funding is expected from WG. These overspends have been matched by a release from Reserves in Section 3.8 below, pending the release of funding to Primary Care once the anticipated funding is confirmed. The M5 YTD overspend also includes a £516k overspend in relation to the Transformation programme. |
| Primary care - income | 648 | See above |



| | | |
|---------------------------------------|--------------|--|
| PC&S - Pay | 126 | This relates to a pay overspend within Clinical Education which is offset by an under-spend in non-pay. A budget adjustment will be actioned in M06. This adjustment will reduce the non-pay underspend and will increase the M5 non pay overspend to £150k. This overspend includes a £330k overspend on legal claims which is offset by other underspends. |
| PC&S - Income | 125 | 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 work is ongoing to more accurately forecast this improvement. |
| ICT , Performance & Information | 192 | This includes one off agency costs in both ICT and Coding re the last week of March which were accrued last year (£62k) and ongoing COVID agency costs to complete the roll out of devices purchased from 20/21 non recurrent money within ICT. A process is in place to move these into COVID funded posts which are due to cease and an income adjustment required in M06 will further improve the position. |
| W&OD- Pay | 216 | This includes £151k 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 | 184 | This includes £46k for hoists etc which were purchased as part of the COVID response. A further £58k relates to advertising costs and the costs of DRB checks with the reminder largely driven by health and safety costs. |
| Contracting- Non pay | 320 | Please see comment above. |
| Total | 6,069 | |

6.5 Forecast Positions

The forecast breakeven position for 21/22 is based on the Covid funding assumptions noted in Section 6.6.

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. As at M4, the forecast recurrent deficit has been increased to £39.3m to reflect the £7.9m forecast shortfall in savings delivery against the £16.1m recurrent savings target noted in Section 3.7 below. This remains unchanged at M5.

A detailed review is being undertaken to assess the forecast recurrent deficit going into 22/23 which includes an assessment of any ongoing costs as a result of Covid-19.

6.6 Covid Position

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

| | Note | M5 Actual | M5 YTD | M5 Year end forecast | M4 Year end forecast | Movement between M4 and M5 forecasts |
|-------------------------------------|------|------------|-------------|----------------------|----------------------|--------------------------------------|
| Programme costs | | £m | £m | £m | £m | £m |
| TTP | a | 0.9 | 4.3 | 11.6 | 10.5 | 1.1 |
| Mass Vaccination | | 0.8 | 5.2 | 10.6 | 10.6 | 0 |
| Extended Flu | | 0 | 0 | 0.5 | 0.5 | 0 |
| Cleaning standards | | 0.1 | 0.3 | 1.2 | 1.8 | (0.6) |
| CHC/FNC support | b | (0.4) | 0.8 | 2.0 | 3.6 | (1.6) |
| PPE | | 0.3 | 1.4 | 3.6 | 3.4 | 0.2 |
| Long COVID | | 0.1 | 0.1 | 0.6 | 0.8 | (0.2) |
| Sub total | | 1.8 | 12.2 | 30.0 | 31.1 | (1.1) |
| Assumed funding – programme element | | (1.8) | (12.2) | (30.0) | (31.1) | (1.1) |
| Total Programme costs | | 0 | 0 | 0 | 0 | 0 |



| | | | | | | |
|---|---|------------|-------------|---------------|---------------|--------------|
| | | | | | | |
| Other Covid costs: | | | | | | |
| Field hospital | c | 0.1 | 1.5 | 2.5 | 2.7 | (0.2) |
| Dental income loss | c | 0.2 | 1.4 | 2.8 | 2.8 | 0 |
| Operational expenditure cost reduction | c | (0.2) | (1.1) | (1.2) | (1.2) | 0 |
| Slippage on Planned investments and re-purposing of development initiatives | | 0 | 0 | 0 | 0 | 0 |
| Other covid costs | c | 2.3 | 12.6 | 21.5 | 21.8 | (0.3) |
| Increased covid response to reflect revised assessment of bed demand | d | 0 | 0 | 4.5 | 5.5 | (1.0) |
| Planned Care Recovery | e | 1.7 | 4.8 | 16.8 | 16.8 | 0 |
| Sub total | | 4.2 | 19.2 | 46.9 | 48.4 | (1.5) |
| Confirmed funding- formula element | c | | | (26.1) | (26.1) | 0 |
| Confirmed funding- PCR element | | | | (16.8) | (16.8) | 0 |
| Requested additional funding for bed modelling etc | d | | | (4.0) | (5.5) | 1.5 |
| Requested additional funding following transfer of £1.2m of Operational expenditure cost reductions towards shprtfall against £14.5m Savings target | | | | (1.2) | (1.2) | 0 |
| Requested funding for Covid from 2020/21- Savings shortalls | f | | | (16.2) | (16.2) | 0 |
| Requested funding for Covid from 2020/21- Other overspends | f | | | (4.3) | (4.3) | 0 |
| Total Other Covid costs | | | | (21.7) | (21.7) | 0 |

The key points to note are as follows:

a. TTP

The local authority has recently revised its forecast for Track & Trace due to increases in the number of index cases since August and a revised plan to recruit additional tracers.

b. CHC/FNC support

Following confirmation that COVID voids will be managed by Local Authorities, the CHC forecast has been reduced by £1.6m.

c. Other Covid costs

| | M5 Year end forecast | M4 Year end forecast | Movement between M4 and M5 forecasts |
|---|----------------------------|----------------------------|---|
| | £m | £m | £m |
| Long covid- now all captured within the Programme cost forecast | 0 | 0.5 | 0 |
| Dental contract savings – to reduce the income loss | (0.9) | (0.9) | 0 |
| Covid response ILGs | 17.9 | 17.9 | 0 |
| Covid response outside ILGs | 4.5 | 4.3 | 0.2 |
| Sub total | 21.5 | 21.8 | 0.2 |
| Field hospital | 2.5 | 2.7 | (0.2) |
| Dental income loss | 2.8 | 2.8 | 0 |
| Operational spend reductions | (1.2) | (1.2) | 0 |
| Total | 25.6 | 26.1 | 0 |

Further information on the COVID Response costs outside ILGs is provided below:

| | M5 Year end forecast | M4 Year end forecast | Movement between M4 and M5 forecasts |
|---|----------------------------|----------------------------|--|
| | £m | £m | £m |
| Primary Care Prescribing | 1.2 | 1.2 | 0 |
| ICT- additional cots of homeworking | 0.7 | 0.7 | 0 |
| Facilities- including loss of catering income plus additional transport costs | 1.2 | 1.2 | 0.2 |
| Contracting – Injury Cost Recovery Scheme plus WHSSC | 1.2 | 1.2 | 0 |
| Other corporate directorates | 0.2 | 0 | 0 |
| Total | 4.5 | 4.3 | 0.2 |

d. Increased covid response to reflect revised assessment of bed demand

An updated assessment of the £5.5m included in the financial plan is summarised below:

| | M5 Year end forecast | M4 Year end forecast | Movement between M4 and M5 forecasts |
|--|----------------------------|----------------------------|---|
| | £m | £m | £m |
| Transformation capacity/spend | 2.0 | 2.7 | (0.7) |
| Provision for additional bed capacity over Q3/Q4 | 0.5 | 1.3 | (0.8) |
| Delayed decommissioning of Ysbwty Seren | 0.4 | 0.4 | 0 |
| Provision for ITU spike | 0.3 | 0.3 | 0 |
| Provision for RSV surge- provisional estimate pending further work in September | 0.4 | 0.8 | (0.4) |
| Provision for flow schemes as per recent Accountable Officer letter | 0.9 | 0 | 0.9 |
| Forecast underspend against the £26.1m Confirmed funding- as a result of all of the Long covid costs now being treated as a Programme cost | (0.5) | 0 | (0.5) |
| Total | 4.0 | 5.5 | (1.5) |

e. 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 | 4.5 |
| Q3 | 5.3 | 5.9 |
| Q4 | 2.9 | 4.5 |
| Total | 16.8 | 16.8 |

f. Requested funding for Covid overspends from 2020/21

Following the meeting with the Finance Delivery Unit (FDU) on 1 September we have submitted a separate Accountable Officer letter for the £4.3m included within the total funding request of £20.5m.

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 5 | | | Month 4 | | |
|-----------------------------|--------------|------------|------------|------------|------------|------------|
| | M5 YTD | 21/22 | Rec | M4 YTD | 21/22 | Rec |
| | £m | £m | £m | £m | £m | £m |
| Savings targets | 4.4 | 14.5 | 16.1 | 2.7 | 14.5 | 16.1 |
| Actual and Forecast Savings | (5.1) | (13.3) | (8.2) | (2.1) | (12.9) | (8.2) |
| Total | (0.7) | 1.2 | 7.9 | 0.6 | 1.6 | 7.9 |

The £14.5m in year savings target has been profiled such that the M3 YTD target equals the actual savings to M3 of £1.5m. The savings target for the next 9 months is therefore £13.0m and the monthly savings target from M4 to M9 is £1.4m per month.

The actual savings to M5 of £5.1m includes Delegated savings of £3.7m plus non delegated savings of £1.4m relating to a VAT recovery. A straight line extrapolation of the £3.7m Delegated savings equates to £8.9m plus the £1.4m Non delegated savings is £10.3m. A further step up in savings is therefore needed in order to deliver the forecast savings of £13.3m. .



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

| Area | In year Savings Target £000 | M5 YTD Actual £000 | Current In Year Forecast | Green | Amber | % of Current Year Forecast to Target |
|-----------------------------|--------------------------------|-----------------------|--------------------------|---------------|--------------|--------------------------------------|
| Bridgend ILG | 4,031 | 1,356 | 3,433 | 2,760 | 673 | 85.2% |
| Merthyr & Cynon ILG | 3,579 | 969 | 2,934 | 2,693 | 242 | 82.0% |
| Rhondda & Taf ILG | 3,954 | 869 | 3,445 | 2,804 | 641 | 87.1% |
| Medicines Management | 1,752 | 384 | 1,154 | 920 | 233 | 65.8% |
| Primary Care | 138 | 2 | 143 | 143 | 0 | 104.0% |
| Corporates | 835 | 86 | 701 | 479 | 221 | 83.9% |
| Other Delivery Executive | 187 | 0 | 2 | 2 | 0 | 1.0% |
| Contracting & Commissioning | 90 | 0 | 0 | 0 | 0 | 0.0% |
| Non Delegated | 0 | 1,421 | 1,497 | 1,497 | 0 | |
| Grand Total | 14,566 | 5,086 | 13,309 | 11,298 | 2,011 | 91.37% |

| Area | Recurrent Savings Target £000 | Current In Year Forecast | Green | Amber | % of Forecast recurrent savings to Target |
|-----------------------------|----------------------------------|--------------------------|--------------|--------------|---|
| Bridgend ILG | 4,031 | 1,570 | 1,392 | 178 | 39.0% |
| Merthyr & Cynon ILG | 3,579 | 1,314 | 987 | 326 | 36.7% |
| Rhondda & Taf ILG | 3,954 | 1,884 | 717 | 1,166 | 47.6% |
| Medicines Management | 2,708 | 1,623 | 1,373 | 250 | 59.9% |
| Primary Care | 213 | 0 | 0 | 0 | 0.0% |
| Corporates | 1,299 | 914 | 534 | 381 | 70.4% |
| Other Delivery Executive | 289 | 0 | 0 | 0 | 0.0% |
| Contracting & Commissioning | 139 | 0 | 0 | 0 | 0.0% |
| Non Delegated | 0 | 931 | 931 | 0 | |
| Grand Total | 16,212 | 8,235 | 5,934 | 2,301 | 50.80% |

6.7 Non Delegated budgets

The Month 5 YTD position is summarised below:

| | M5 YTD | M4 YTD |
|--|----------------|----------------|
| | £k | £k |
| Non Recurring slippage – Annual target £2.0m | 833 | 667 |
| Actual Slippage | (1622) | (1238) |
| Other Non delegated variances | 46 | (33) |
| 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: | | |
| - Investment in SDEC, Think 111 first and urgent primary care (Assumed WG allocation of £2.8m to meet existing costs) | (1166) | (972) |
| - Additional costs associated with Powys flows (assumed additional funding from Powys of £1.5m). Funding released to MC ILG in M5. | 0 | (667) |
| - £5.0m Other Covid budgets- deployed to meet existing cost pressures | (2083) | (1600) |
| - £3.1m balance on the original £5m Covid Transition budget- deployed to meet existing cost pressures | (1292) | (1033) |
| - Requested additional WG funding following the transfer of £1.2m of operational expenditure cost reductions towards the M4 forecast savings gap of £1.6m. | (512) | (410) |
| Total | (5,796) | (5,286) |

6.9 Key Risks and Opportunities

The key financial risks and opportunities for 21/22 are summarised below. These are consistent with the M4 Monitoring return submission to WG:

| | M5 | M4 | Financial Plan- 30 June | Comment |
|--|-----------|-----------|--------------------------------|--|
| Key risks: | £m | £m | £m | |
| Shortfall against forecast savings as at M5 | 0.5 | 1.0 | 2.0 | Risk of under delivery on Amber schemes per Savings tracker. |
| Shortfall in assumed Covid funding | 0 | 0 | 0 | Please see Section 3.6 above. Unconfirmed funding includes: <ul style="list-style-type: none"> - Overspends from 20/21 £20.5m - Operational spend reductions £1.2m - Additional funding for bed modelling etc £4.0m. |
| 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 | |
| Unavoidable recurring service/cost pressures exceeding plan | 1.0 | 1.0 | 1.0 | The main risk areas are CHC growth and prescribing growth exceeding the planned growth assumptions, together |



| | | | | |
|---|------------|------------|------------|--|
| | | | | with a range of operational service pressures. |
| Unavoidable costs of the Transformation programmes exceeding the confirmed WG funding for 2020/21 | 0 | 2.0 | 2.0 | Funding now assumed as per Section 3.6d above. |
| Total | 4.3 | 6.8 | 8.0 | |

| | M5 | M4 | Financial Plan- 30 June | Comment |
|--|-----------|-----------|--------------------------------|---|
| Key opportunities: | £m | £m | £m | |
| Delay / Stop new investments | 0 | (0.3) | (0.3) | |
| Further balance sheet review | (1.2) | (1.2) | (1.2) | Initial assessment only. Continuous review as year progresses |
| Potential for annual leave reduction being greater than costs incurred. | (1.0) | (1.0) | (1.0) | Initial assessment only. Will be updated on a quarterly basis but will need M6 data to form a more robust assessment. |
| Potential retention of any write back in relation to the 20/21 accrual for the NHS COVID bonus | (1.0) | (1.0) | 0 | Subsequent to preparing the M5 report to WG we now understand that this benefit will need to be returned to WG. |
| Securing additional funding above the assumed £2.9m for SDEC, Think first 111 etc and | tbc | 0 | 0 | Awaiting decision from WG on the bids that have been submitted for SDEC, Think first 111 and Urgent primary care centres. |



| | | | | |
|--|--------------|--------------|--------------|--|
| then slippage on associated spend in 21/22. | | | | |
| Abatement of Dental contractor payments from 1 October | tbc | 0 | 0 | Dental contractors have been paid at 90% for Q1 and Q2 and the forecast assumes that this will return to 100% from Q3. There is an opportunity if some practices continue at 90% post 1 October. The maximum opportunity if all practices stayed at 90% for all of Q3 and Q4 is £1.1m. |
| Total | (3.2) | (3.5) | (2.5) | |

7. 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 (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services. | <p>No (Include further detail below)</p> <p>If yes, please provide a hyperlink to the location of the completed EIA or who it would be available from in the box below.</p> <p>If no, please provide reasons why an EIA was not considered to be required in the box below.</p> |
| | 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 | <p>Yes (Include further detail below)</p> <p>The paper is directly relevant to the allocation and utilisation of resources.</p> |
| Link to Strategic Well-being Objectives | Ensure sustainability in all that we do, economically, environmentally and socially |

APPENDIX A

WELSH GOVERNMENT ALLOCATIONS

| | Annual Budget |
|---------------------|------------------|
| | £k |
| Confirmed funding | 1,114,914 |
| Unconfirmed funding | 119,292 |
| TOTAL | 1,234,206 |

Key Issues

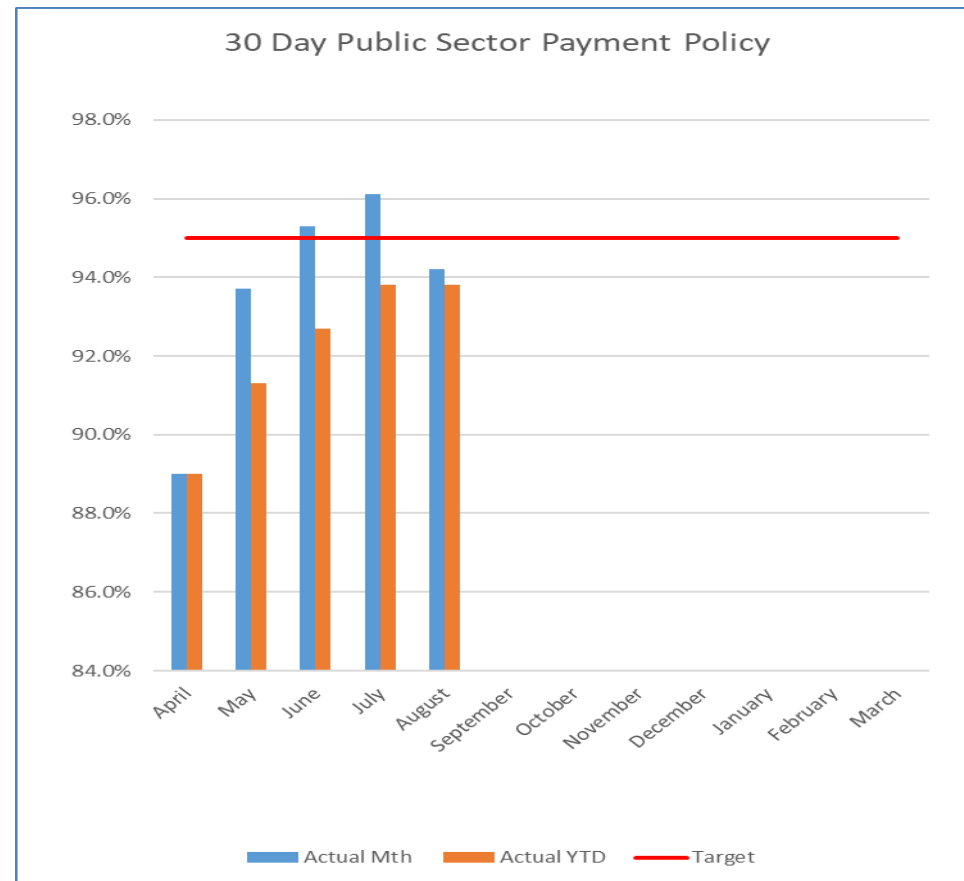
The most significant anticipated allocations include:

- Non Cash Depreciation - £52.4m
- COVID Pass through Programmes - £20.4m
- COVID Underlying Deficit Support - £20.5m
- COVID sustainability - £5.2m
- COVID CHC/FNC - £2m
- Transformation Fund - £4.5m
- Substance Misuse - £3.7m
- Invest to Save Funding - £2.1m
- Think 111 First Bid - £1.2m
- Same Day Urgent Care Bid - £1.5m
- Mental Health Funding - £1.8m
- NWSSP Risk Pool Contribution Risk Share – (£2m)
- Holiday Pay on OT excess from Accrual - £1.9m

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 for August was 94.2%, with a cumulative percentage of 93.8%.
- In August a batch of 298 Pharmacy invoices were submitted by Pharmacy but was not received by Accounts Payable. When this was identified the invoices were outside the 30 day payment target. This accounted for 2%. Accounts payable are reviewing their processes.
- For the month of April the percentage was only 89%, largely due to the failure of 1,144 nurse agency invoices which accounted for 6%. A further 545 nurse agency invoices failed in May accounting for 2%.
- The forecast percentage for Month 12 is currently 94.5%.

APPENDIX C

Balance Sheet

The Month 5 Balance sheet is detailed below:

| Balance Sheet | Opening Balance (01/04/2021) £'000 | Closing Balance as at M4 £'000 | Closing Balance as at M5 £'000 | Forecast Closing Balance M12 £'000 |
|--------------------------------------|--|--------------------------------------|--------------------------------------|--|
| Non Current Assets | | | | |
| Property, Plant & Equipment | 549,909 | 553,143 | 554,959 | 549,909 |
| Intangible Assets | 4,150 | 4,150 | 4,150 | 4,150 |
| Trade and Other Receivables | 39,298 | 39,298 | 39,298 | 39,298 |
| Total Non-Current Assets | 593,357 | 596,591 | 598,407 | 593,357 |
| Current Assets | | | | |
| Inventories | 6,061 | 6,315 | 6,315 | 6,061 |
| Trade and Other Receivables | 124,984 | 122,767 | 115,306 | 124,984 |
| Cash and Cash Equivalents | 687 | 3,343 | 4,331 | (11,813) |
| Total Current Assets | 131,732 | 132,425 | 125,952 | 119,232 |
| Current Liabilities | | | | |
| Trade and Other Payables | 175,210 | 140,467 | 140,779 | 162,710 |
| Provisions | 49,579 | 73,239 | 74,019 | 49,579 |
| Total Current Liabilities | 224,789 | 213,706 | 214,798 | 212,289 |
| Non-Current Liabilities | | | | |
| Trade and Other Payables | 1,143 | 1,143 | 1,143 | 1,143 |
| Provisions | 45,680 | 45,680 | 45,680 | 45,680 |
| Total Non-Current Liabilities | 46,823 | 46,823 | 46,823 | 46,823 |
| TOTAL ASSETS EMPLOYED | 453,477 | 468,487 | 462,738 | 453,477 |
| Financed By: | | | | |
| General Fund | 404,625 | 419,635 | 413,886 | 404,625 |
| Revaluation Reserve | 48,852 | 48,852 | 48,852 | 48,852 |
| TOTAL | 453,477 | 468,487 | 462,738 | 453,477 |

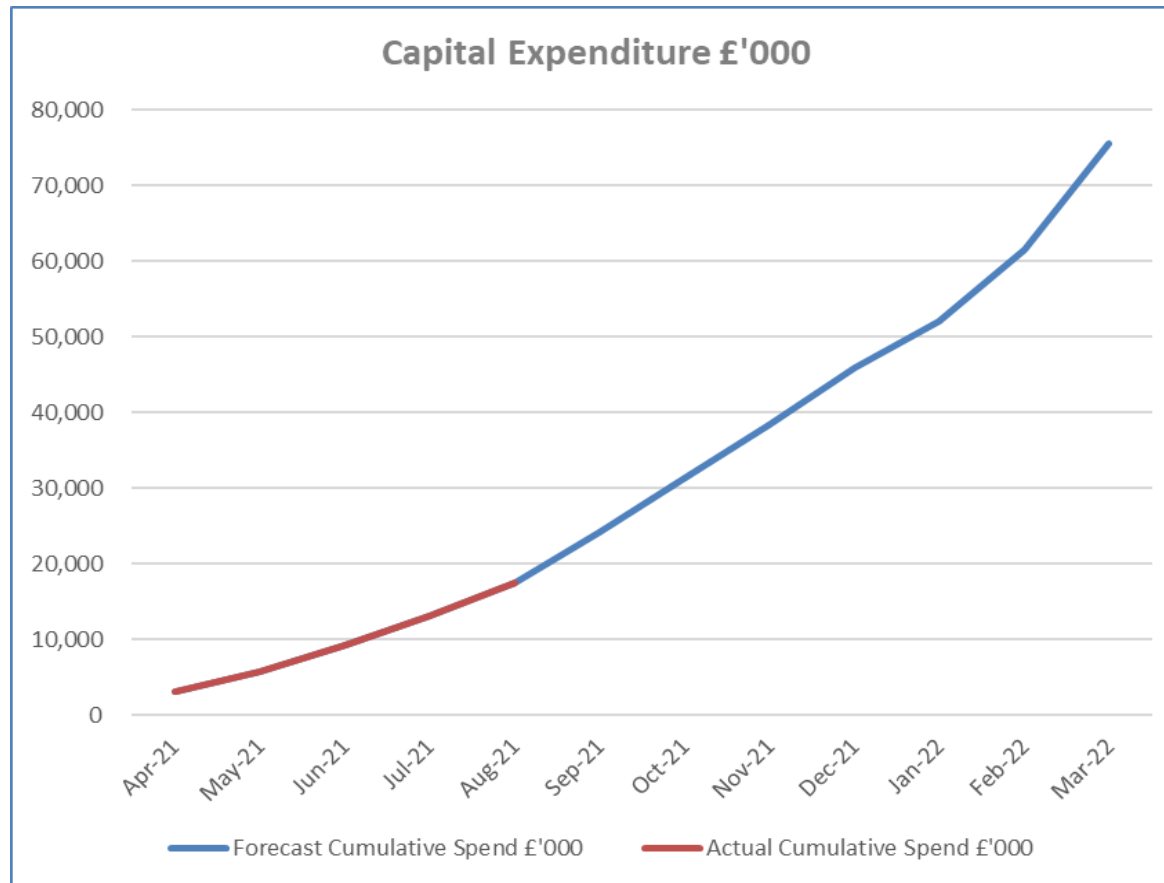
Key Issues:

- The closing cash balance at 31st August 2021 was £4.33m, this is in line with the planned levels kept during the year.
- The most significant movement in the Month 5 Balance sheet is the reduction in receivables by £7.5m. This is mainly as a result of the reversal of the prepayment of the Month 5 pharmacy contractor payments, processed in month 4 because the payment date (1st August) was on a weekend.



APPENDIX D

Performance against Capital Resource Limit



Key Issues:

- The Capital Resource Limit of £75.3m was issued on the 25th August 2021. A number of additional allocations are expected during the year subject to Welsh Government
- This is supplemented by £0.2m of donated funds, giving an overall programme of £75.5m. Currently no assets are intended for disposal in this financial year.
- Expenditure to 31st August 2021 amounted to £17.5m.
- The reported outturn capital position is breakeven against the CRL target.



APPENDIX E

Cash position

As at the 31st August 2021 the cash balance was £4.331m. 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 |
| Receipts | | | | | | | | | | | | | |
| WG Revenue Funding | 90,592 | 84,776 | 99,547 | 107,200 | 89,625 | 103,200 | 91,800 | 102,700 | 107,800 | 88,870 | 97,700 | 104,776 | 1,168,586 |
| WG Capital Funding | 5,500 | 3,000 | 4,000 | 6,300 | 3,500 | 7,100 | 7,500 | 7,000 | 7,000 | 7,000 | 9,500 | 7,945 | 75,345 |
| Sale of Assets | 0 | 24 | (4) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 |
| Welsh NHS Org'ns | 21,950 | 9,746 | 12,834 | 13,714 | 9,265 | 10,200 | 11,200 | 9,200 | 14,200 | 12,200 | 14,200 | 17,500 | 156,209 |
| Other | 5,251 | 14,562 | 2,363 | 2,143 | 3,561 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 2,100 | 4,000 | 44,480 |
| Total Receipts | 123,293 | 112,108 | 118,740 | 129,357 | 105,951 | 122,600 | 112,600 | 121,000 | 131,100 | 110,170 | 123,500 | 134,221 | 1,444,640 |
| Payments | | | | | | | | | | | | | |
| Primary Care Services | 27,093 | 7,811 | 20,087 | 26,774 | 7,152 | 18,629 | 16,195 | 15,846 | 28,058 | 7,213 | 17,778 | 19,286 | 211,922 |
| Salaries and Wages | 43,069 | 54,707 | 51,906 | 47,419 | 56,951 | 39,890 | 38,890 | 46,890 | 46,890 | 46,890 | 46,890 | 66,890 | 587,282 |
| Non Pay Expenditure | 47,435 | 43,850 | 43,359 | 50,953 | 36,790 | 57,300 | 50,800 | 49,300 | 49,300 | 49,300 | 49,300 | 54,110 | 581,797 |
| Capital Payments | 4,725 | 3,689 | 3,634 | 4,331 | 4,070 | 8,000 | 7,500 | 8,000 | 7,000 | 7,000 | 9,500 | 8,690 | 76,139 |
| Other (Donated asset funding) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Payments | 122,322 | 110,057 | 118,986 | 129,477 | 104,963 | 123,819 | 113,385 | 120,036 | 131,248 | 110,403 | 123,468 | 148,976 | 1,457,140 |
| Net Cash In/Out | 971 | 2,051 | (246) | (120) | 988 | (1,219) | (785) | 964 | (148) | (233) | 32 | (14,755) | |
| Balance B/F | 687 | 1,658 | 3,709 | 3,463 | 3,343 | 4,331 | 3,112 | 2,327 | 3,291 | 3,143 | 2,910 | 2,942 | |
| Balance C/F | 1,658 | 3,709 | 3,463 | 3,343 | 4,331 | 3,112 | 2,327 | 3,291 | 3,143 | 2,910 | 2,942 | (11,813) | |

Key Issues

- The cashflow shows a forecast shortfall of cash of £11.8m in M12. This is the result of the anticipated movement in working balances relating to the NHS bonus payments of £12.5m less the opening cash balance of £0.7m.
- Approximately £13m of WRP debtors remains outstanding at the end of M5. The profile of the remaining receipts are under regular review.