

# 2022-23 Finance Report

## Month 7

# Summary

Situation	Background
<p>Our revised draft financial plan was submitted to Welsh Government (WG) on 29 April 2022 and was analysed into three elements; core, exceptional cost pressures and ongoing COVID response costs. Our core plan submission was a deficit of £26.5m. The failure to submit a financially balanced plan is a breach of our statutory duty under the Finance (Wales) Act 2014.</p> <p>Our deficit core plan includes savings of £17.3m to be delivered in year. In addition, recovery actions are required to address bought forward cost pressures of circa £11m. Meeting these requirements will represent a step change in savings delivery.</p> <p>In accordance with WG plan guidance, additional allocations have been assumed in respect of our assessed exceptional cost pressures (£19.0m) and ongoing COVID response costs (£32.3m). However, this funding has not yet been confirmed and is therefore shown as at risk.</p> <p>There remain a number of residual risks and uncertainties spanning all elements of our plan and our cost estimates and risk assessments will continue to be refined and updated during 2022/23.</p> <p>This report outlines our financial performance against our draft plan for the period to 31<sup>st</sup> October 2022</p>	<p>Our financial performance for 2021-22 was a small surplus of £0.037m and thus we achieved our break even financial duty against its Revenue Resource Limit over the 3 year period 2019-20 to 2021-22.</p> <p>However, our underlying position deteriorated during 2021-22 to a recurrent deficit of £44.5m, compared with a planned recurrent deficit of £31.4m. This deterioration was primarily due to a recurrent shortfall in savings delivery.</p> <p>We planned to achieve savings of £14.5m by the end of March 2022 and £16.1m was planned to be delivered recurrently. We achieved in year savings of £14.5m, of which £5.0m was delivered recurrently. Our recurrent savings shortfall in 2021-22 was therefore £11.1m.</p> <p>During 2021-22, we received COVID funding of £93.6m plus Planned Care Recovery funding of £20.8m.</p>

# Summary



Assessment	Recommendation
<p>As at Month 7, we are:</p> <ul style="list-style-type: none"> <li>Maintaining a forecast <b>Core plan</b> deficit of £26.5m, noting that performance YTD is £1.7m worse than plan and assumes £6m is realised from our 2021/22 annual leave provision.</li> <li>Forecasting that <b>Exceptional</b> costs will remain at £17.8m (M6: £17.8m)..</li> <li>Forecasting a slight decrease in <b>COVID</b> costs, programme and response, to £30.5m ( M6: £30.9m).</li> </ul> <p>Key financial issues to note include:</p> <ul style="list-style-type: none"> <li>Our plan assumed that all <b>Exceptional</b> costs and <b>COVID</b> response costs would be fully funded by Welsh Government. WG have now confirmed that the Health Board’s M6 forecasts for <b>Exceptional</b> costs and <b>Covid</b> costs will be funded to a maximum level of the M6 forecasts. Any underspend below the M6 forecast will be returned to WG but any overspending will need to be managed by the Health Board. This represents a potential risk to the Core plan forecast.</li> <li>The forecast recurrent deficit at 31 March 2023 has deteriorated to £47.5m (M6: £34.9m) this represents a £19.5m deterioration from the planned deficit of £28.0m. This forecast underlying deficit excludes any recurrent impact of <b>COVID</b> response costs and <b>Exceptional</b> items continuing into 2023/24.</li> <li>The forecast cash shortfall of £38.7m will require careful management and ongoing dialogue with WG during the latter months of the financial year (See page 5). We will shortly be submitting an Accountable Officer letter to WG to seek cash support for the planned Core plan deficit of £26.5m.</li> <li>Compliance with the Public Sector Payment Policy target has been significantly below the 95% target in both M6 (86%) and M7(88%) due to delays in paying nurse agency invoices. The M7 YTD performance is now 93.9%. A new Agency self-billing process commenced in October and this is expected to have a significant improvement from November, enabling the Health Board to achieve the 95% target for 2002-23.</li> </ul>	<p>The Board is asked to <b>DISCUSS</b> and <b>NOTE</b> financial performance for the period to 31<sup>st</sup> October 2022.</p>



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# Executive Summary



<p><b>Year to Date Revenue</b></p>	<ul style="list-style-type: none"> <li>The M7 in month <b>Core position</b> reported a £2.6m deficit (M6: £1.2m deficit). The M7 YTD <b>Core position</b> is a £17.2m deficit , which is £1.7m worse than plan (M6 £1.4m).</li> <li>M7 YTD <b>COVID</b> Programme expenditure of £9.6m ( M6: £8.5m) and YTD Response expenditure of £10.0m (M6: £8.6m).</li> <li>M7 YTD <b>Exceptional</b> cost pressure expenditure of £9.6m (M6: £7.5m).</li> </ul>
<p><b>Key Financial Issues - Forecast</b></p>	<ul style="list-style-type: none"> <li>Forecast <b>Core</b> plan deficit maintained as per plan at £26.5m ( M6:£26.5m) which assumes a £6.0m release from the 2021/22 annual leave accrual.</li> <li>Forecast <b>Exceptional</b> costs <b>have been maintained at</b> £17.8m (M6: £17.8m), We are currently reviewing recent figures issued by NWSSP/BG which showed a significant increase in Energy volumes for CTM which we believe include a number of errors.</li> <li>Forecast <b>COVID</b> costs at £30.5m ( M6: £30.9m).</li> <li>WG have confirmed that funding for <b>Exceptional</b> and <b>COVID</b> costs in 22/23 will be capped to the M6 forecasts. Main risk is energy volumes and price changes.</li> </ul>
<p><b>Recurrent Position</b></p>	<ul style="list-style-type: none"> <li>Forecast <b>core</b> recurrent deficit at 31 March 2023 has deteriorated to £47.5m (M6: £34.9m) this represents a £19.5m deterioration from the planned deficit of £28.0m. This is fundamentally due to:                         <ul style="list-style-type: none"> <li>Shortfall in recurrent savings £6.6m</li> <li>Shortfall in recurrent pay award funding of £1.9m</li> <li>Forecast recurrent overspends from Care groups and directorates of £11.0m.</li> </ul> </li> </ul>
<p><b>Cash</b></p>	<ul style="list-style-type: none"> <li>The M7 cash flow forecast is showing a cash shortfall of £38.7m which includes a forecast Core plan deficit of £26.5m plus a forecast movement in Working Balances of £12.2m , This forecast assumes that all Covid and Exceptional cost pressures will be fully cash funded in 2022/23.</li> <li>In previous years WG have funded movements in Working balances and we will shortly be submitting an accountable officer letter to WG to seek cash support for the planned Core plan deficit of £26.5m.</li> </ul>
<p><b>Capital</b></p>	<ul style="list-style-type: none"> <li>The Capital Resource Limit (CRL) is currently £61.6m. As at M7, £32.1m has been incurred against the CRL.</li> <li>The forecast capital position remains breakeven to the CRL. There are a number risks to the programme that are subject to ongoing review and management.</li> </ul>



# Year to Date Performance and Forecast



### Key Points for In month & Year to Date Performance:

- The M7 in month position reported a £2.6m deficit (M6: £1.2m deficit). This includes a £1.1m deficit due to a shortfall in assumed funding for pay awards of £1.1m ( 7/12ths of £1.9m annual shortfall), together with other operating variances.
- The M7 YTD position is reporting a £17.2m deficit against the Revenue Resource Limit, which is £1.7m worse than plan ( i.e. 7/12ths £26.5m). Circa £1.8m of this variance is due to a Welsh Government instruction to remove COVID income losses and ICT/Homeworking costs from COVID response costs and to treat them as a Core plan cost.
- Our planning assumption is that the £1.9m recurrent shortfall in pay award funding will be managed non recurrently in 22/23 through retention of the forecast non-recurring underspend on the dental contract of £1.7m. This has been included on our risk table ( page 19) pending confirmation from WG.

### Key Points for Current Year Forecast:

- The Core plan forecast remains on track to deliver a planned deficit of £26.5m. This forecast assumes a £6m full year release from the 21/22 annual leave accrual. We believe that this is a prudent estimate and a further £4m has been included as a potential opportunity in our risk table at Page 19. The potential full year release of £10m is based on the key assumption that the carry forward of annual leave at the end of 22/23 will revert to the normal pre Covid level of 5 days, compared to a maximum of 30 days at the end of 21/22
- There is no change in the forecast cost of Exceptional items from M6. WG have confirmed that the Health Board's M6 forecasts for RLW and NIC will be funded in full but the M6 forecast for Energy is a maximum. Any underspend below the M6 forecast will be returned to WG but any overspending will need to be managed by the Health Board
- The M7 Covid forecast has improved by £0.4m over M6. WG have confirmed that the Health Board's M6 forecasts for Covid costs will be funded to a maximum level of the M6 forecasts. Any underspend below the M6 forecast will be returned to WG but any overspending will need to be managed by the Health Board
- The risks to the forecast overspend of £26.5m have reduced significantly in M7 following WG confirming the funding cap for Exceptional costs and COVID costs. The total risks of £25.8m at M6 has now reduced to a small net opportunity of £1.1m. Please see page 19 for further details.

	Current Month Variance	Year to Date Variance	M7 Forecast Variance	M6 Forecast Variance	Financial Plan
	£m	£m	£m		£m
<b>Core plan deficit</b>	<b>2.6</b>	<b>17.2</b>	<b>26.5</b>	<b>26.5</b>	<b>26.5</b>
<b>Exceptional items:</b>					
National insurance changes	0.4	3.1	3.1	3.1	5.0
Energy inflation	1.2	5.1	12.3	12.3	11.6
Real Living Wage for Social Care Workers	0.2	1.4	2.4	2.4	2.4
Anticipated funding	(1.8)	(9.6)	(17.8)	(17.8)	(19.0)
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Covid response costs:</b>					
Programme	1.1	9.6	14.1	14.4	15.6
Other	1.4	10.0	16.4	16.5	16.7
Anticipated funding	(2.5)	(19.6)	(30.5)	(30.9)	(32.3)
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Grand total</b>	<b>2.6</b>	<b>17.2</b>	<b>26.5</b>	<b>26.5</b>	<b>26.5</b>



# Year to Date Performance



	Annual Budget (£m)	Cur Month Variance (£m)	YTD Variance (£m)	Page reference
Pay	636.6	0.4	(0.4)	8
Non Pay	759.6	(0.5)	(0.4)	12
CRES	(2.2)	0.0	(1.0)	15
Income	(153.7)	0.5	3.6	16
Allocations	(1,213.8)	0.0	0.0	
Planned Deficit (£26.5m)	(26.5)	2.2	15.5	
<b>Grand Total</b>	<b>0.0</b>	<b>2.6</b>	<b>17.2</b>	



# Pay Expenditure



Staff Group	Plan	YTD Actual	YTD Variance
	£'m	£'m	£'m
Administrative & Clerical	51.7	49.9	(1.8)
Medical And Dental	91.6	95.6	4.0
Nursing And Midwifery Registered	124.3	119.4	(4.9)
Add Prof Scientific And Technical	11.3	10.2	(1.1)
Additional Clinical Services	46.2	49.3	3.1
Allied Health Professionals	23.2	22.7	(0.6)
Healthcare Scientists	7.6	7.5	(0.1)
Estates And Ancillary	21.9	21.7	(0.2)
Students	0.0	0.7	0.6
Pay Budget Adjustments	(0.4)	0.0	0.4
<b>Grand Total</b>	<b>377.3</b>	<b>376.8</b>	<b>(0.4)</b>

### Key Points:

- The M7 YTD pay expenditure is £376.8m . This represents a £0.4m favourable variance compared to the M7 plan of £377.3m.
- The M7 YTD pay expenditure includes a £3.5m benefit from the release of annual leave accruals from 21/22.
- The £4.0m adverse variance in Medical & Dental is mainly due to increased ADH payments and agency costs.
- The £3.1m adverse variance in Additional Clinical Services includes additional cover provided to manage registered nursing vacancies.
- We have now received confirmation that the pay award funding is £1.9m less than our assumed funding. Our planning assumption is that this recurrent shortfall will be managed non recurrently in 22/23



# Pay Expenditure Trends



Staff Group	May-22 £'m	Jun-22 £'m	Jul-22 £'m	Aug-22 £'m	Sep-22 £'m	Oct-22 £'m
Administrative & Clerical	6.9	6.8	6.9	6.4	8.5	7.2
Medical And Dental	13.4	13.6	13.4	12.6	16.7	13.5
Nursing And Midwifery Registered	16.0	16.7	17.1	15.2	19.9	17.1
Add Prof Scientific And Technical	1.4	1.4	1.4	1.3	1.7	1.5
Additional Clinical Services	6.6	6.6	7.0	6.2	9.0	7.1
Allied Health Professionals	3.1	3.1	3.2	3.0	4.0	3.1
Healthcare Scientists	1.0	1.0	1.1	1.0	1.3	1.1
Estates And Ancillary	2.9	2.9	3.0	2.8	4.0	3.1
Students	0.0	0.1	0.1	0.1	0.2	0.2
Pay Budget Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Grand Total</b>	<b>51.3</b>	<b>52.2</b>	<b>53.2</b>	<b>48.7</b>	<b>65.2</b>	<b>53.8</b>

Staff Group	May-22 £'m	Jun-22 £'m	Jul-22 £'m	Aug-22 £'m	Sep-22 £'m	Oct-22 £'m
Core	43.5	43.6	43.8	40.6	54.9	45.4
Agency	4.4	5.1	4.9	4.6	5.5	4.2
Overtime	0.9	1.2	2.1	1.2	1.9	1.6
ADH	1.3	1.2	1.4	1.2	1.1	1.1
Bank	1.0	0.9	0.9	1.0	1.6	1.2
WLI	0.2	0.2	0.2	0.1	0.2	0.2
<b>Grand Total</b>	<b>51.3</b>	<b>52.2</b>	<b>53.2</b>	<b>48.7</b>	<b>65.2</b>	<b>53.8</b>

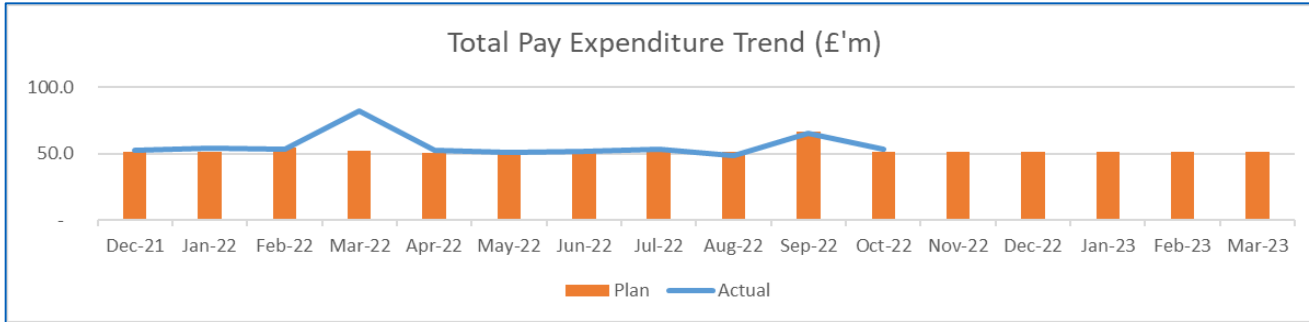
**Key Points for Pay Expenditure Trends:**

- M7 expenditure was £53.8m which was £11.4m less than M6. This is mainly due to the M6 expenditure including the pay award arrears for M1-M5 which were estimated at circa £11.2m.
- M7 core staffing costs decreased by £9.5m over M6, due primarily to the pay award arrears in M6.
- M7 agency costs decreased by £1.3m compared to M6. This is primarily due to a £0.6m error reported in M6 and corrected in M7. The average of the last 4 months remains consistent at £4.8m.
- M7 overtime costs decreased by £0.3m in M7, mainly due to pay award arrears being processed in M6.
- Bank costs decreased by £0.4m in M7, again mainly due to pay award arrears being processed in M6.



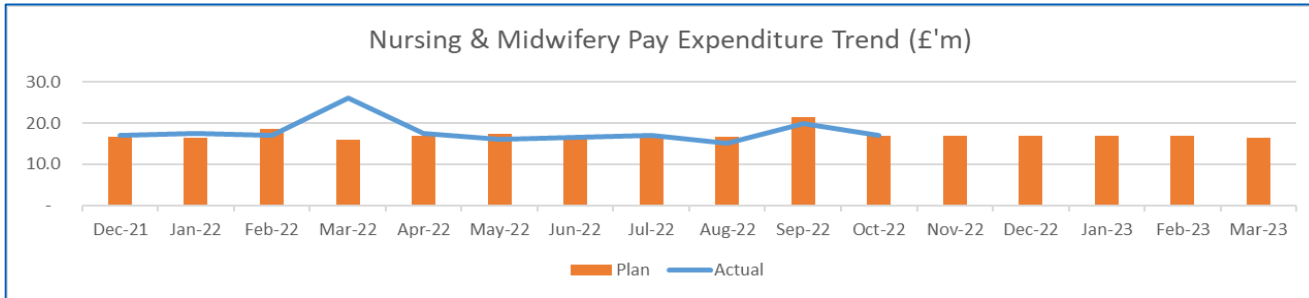
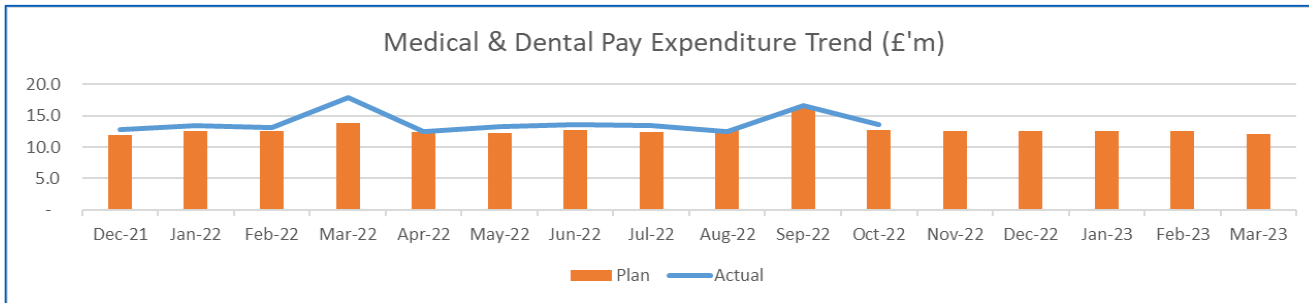


# Pay Expenditure Trends



**Key Points for Pay Expenditure Trends:**

- Medical pay expenditure was £13.5m in M7 compared to £16.7m in M6 . Circa £1.7m of this decrease was due to the pay award arrears in M06 with a £1.3m decrease in agency costs.
- Nursing pay expenditure decreased by £2.8m in M7, £17.1m in M7 compared to £19.9m in M6. The reduction is primarily due to the arrears paid in M6

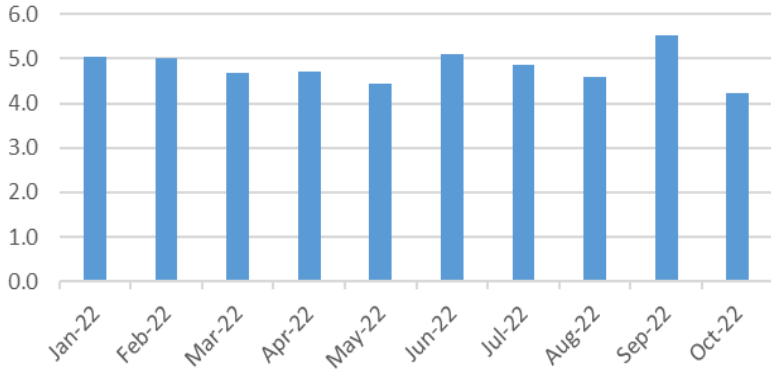




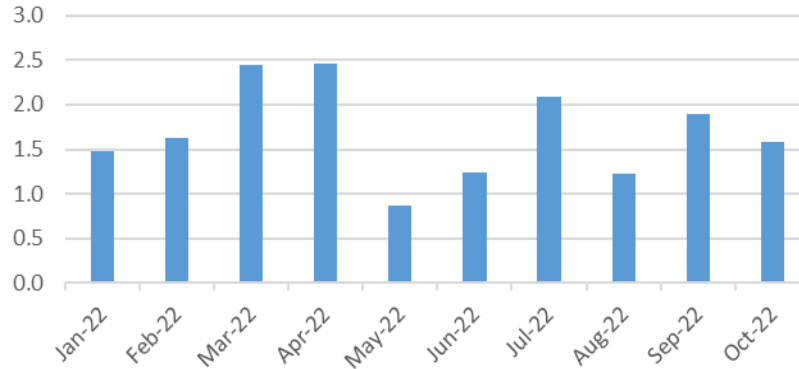
# Variable Pay Expenditure Trends



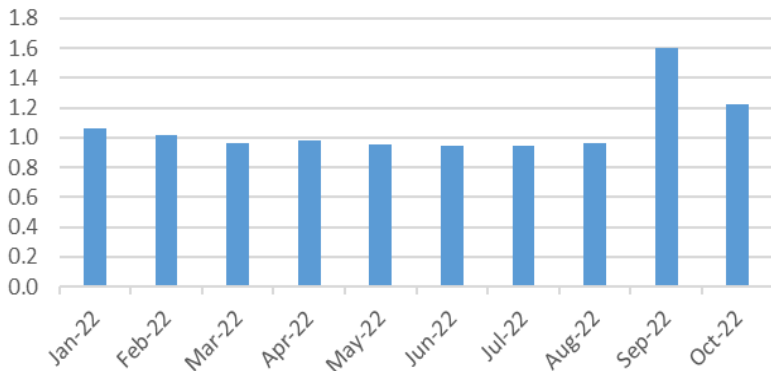
Total Agency Expenditure (£'m)



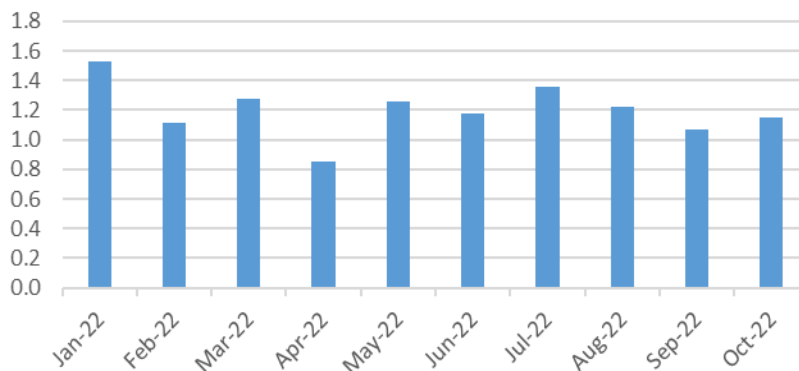
Total Overtime (£'m)



Total Bank Expenditure (£'m)



Total ADH (£'m)



## Key Points for Variable Pay Expenditure:

- Total agency expenditure decreased by £1.3m in M7 to £4.2m. As noted above, the M6 agency costs included an error of £0.6m, which has now been corrected in M7.
- Overtime costs decreased by £0.3m in M7 due to the pay award arrears in M6.
- Bank Expenditure decreased by £0.4m, again partly due to the pay award in M6.
- ADH expenditure remained consistent with M6



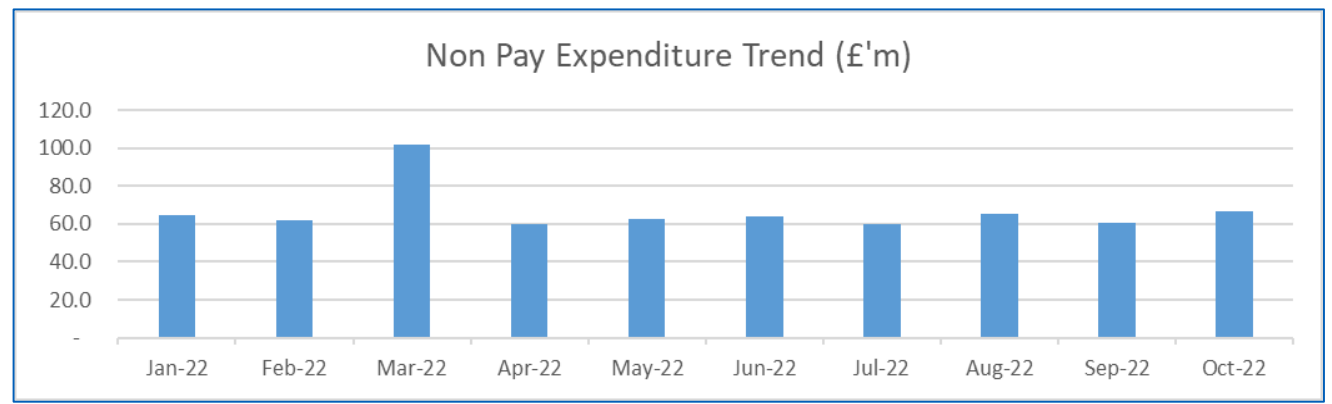
# Non Pay Expenditure



Staff Group	YTD Plan £'m	YTD Actual £'m	YTD Variance £'m
Primary Care Contractors	76.5	76.2	(0.4)
Primary Care Drugs	54.2	56.3	2.0
Provider Non Pay	99.9	100.8	0.9
Commissioned Activity	194.1	194.1	(0.0)
Capital Charges	19.1	19.1	0.0
Other Non Pay	(5.6)	(8.6)	(2.9)
<b>Total Expenditure</b>	<b>438.3</b>	<b>437.9</b>	<b>(0.4)</b>

### Key Points for Non Pay Expenditure:

- The M7 YTD non pay position is reporting a £0.4m surplus.
- The main overspending area is Primary care drugs. The most recent M5 Prescribing data is showing that YTD growth is higher than planned plus NCSO & Cat M pricing movements is creating the YTD variance of £2m. (NCSO - This is where contractors are unable to source products at the agreed tariffs, a temporary concession is offered to increase the price to match current market conditions).
- The breakeven Commissioned Activity position includes an underperformance on LTA and commissioning budgets of £2.4m (See income) offset by a £2.4m overspend on CHC.
- The underspend of £2.9m in Other Non pay includes a release of non delegated reserves of £2.9m.





# COVID Expenditure



	M7 Actual	M7 YTD	M7 Forecast	M6 Forecast	Financial Plan	Change
	£m	£m	£m		£m	£m
<b>Programme costs</b>						
TTP	0.4	4.1	5.7	5.8	6.5	(0.1)
Mass Vaccination	0.6	4.4	6.5	6.7	7.4	(0.2)
PPE	0.1	1.1	1.8	1.9	1.6	(0.1)
<b>Sub total</b>	<b>1.1</b>	<b>9.6</b>	<b>14.1</b>	<b>14.4</b>	<b>15.6</b>	<b>(0.3)</b>
<b>COVID Response Costs:</b>						
Cleaning Standards	0.1	0.0	1.8	1.9	2.3	(0.1)
Capacity & Facilities costs	0.6	2.5	3.7	3.0	3.0	0.7
Prescribing costs	(0.8)	0.2	0.4	2.1	2.1	(1.7)
Dental income losses	0.1	1.3	2.0	2.0	2.5	0.0
Increased workforce costs	0.3	3.2	4.7	4.7	2.6	0.0
Long Covid	0.1	0.3	0.8	0.8	0.8	0.0
Flu extension	0.4	0.5	1.1	1.1	0.6	0.0
Discharge support	0.0	0.3	0.3	0.3	0.6	0.0
Other Covid Response	0.6	0.8	1.5	0.6	2.3	0.9
<b>Sub total</b>	<b>1.4</b>	<b>10.0</b>	<b>16.4</b>	<b>16.5</b>	<b>16.7</b>	<b>(0.1)</b>
<b>Total Covid costs</b>	<b>2.5</b>	<b>19.6</b>	<b>30.5</b>	<b>30.9</b>	<b>32.3</b>	<b>(0.4)</b>
<b>Anticipated funding</b>	<b>(2.5)</b>	<b>(19.6)</b>	<b>(30.5)</b>	<b>(30.9)</b>	<b>(32.3)</b>	<b>0.4</b>
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Key Points for the M6 COVID Expenditure:

- Programme Costs – the M7 spend of £1.1m was marginally lower than the M6 costs of £1.2m. Whilst a number of costs have been reclassified in M7, the total forecast is £0.4m below the M6 forecast of £30.9m.
- Other COVID Costs – the M7 spend of £1.4m was higher than the M6 costs of £1.3m. Prescribing costs have been reduced by £1.0m, Capacity costs have increased by £0.5m and Other costs have increased by £0.5m.
- WG have confirmed that COVID Costs will be funded to a capped maximum of the M6 forecast.

### Key Points for forecast COVID Expenditure:

- Programme Costs – the M7 forecast has decreased by £0.3m from M6, this includes a reduction of £0.1m for anticipated Local Authority TTP redundancy costs.
- Other Covid costs – the M7 forecast has decreased by £0.1m from M6.
- The forecast costs for COVID remain within the WG capped funding ( i.e M6 forecast).



# Exceptional Cost Pressures Expenditure



	M7 Actual	M7 YTD	M7 Forecast	M6 Forecast	Financial Plan	Change
	£m	£m	£m	£m	£m	£m
National insurance changes	0.4	3.1	3.1	3.1	5.0	0.0
Energy inflation	1.2	5.1	12.3	12.3	11.6	0.0
Real Living Wage for Social Care Workers	0.2	1.4	2.4	2.4	2.4	0.0
<b>Total Exceptional Costs</b>	<b>1.8</b>	<b>9.6</b>	<b>17.8</b>	<b>17.8</b>	<b>19.0</b>	<b>0.0</b>
<b>Anticipated funding</b>	<b>(1.8)</b>	<b>(9.6)</b>	<b>(17.8)</b>	<b>(17.8)</b>	<b>(19.0)</b>	<b>0.0</b>
<b>Grand total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Key Points:**

- The M7 spend of £1.8m was £0.1m higher than the M6 spend of £1.7m, due to increased energy costs.
- There is no change in the forecast from M6. WG have confirmed that the Health Board's M6 forecasts for RLW and NIC will be funded in full but the M6 forecast for Energy is a maximum. Any underspend below the M6 forecast will be returned to WG but any overspending will need to be managed by the Health Board.
- Recent figures issued by NWSSP/BG for the M7 energy forecast showed a significant increase in energy volumes for CTM. We believe that these figures include several errors and we are following this up with NWSSP/BG. In the meantime, our M7 forecast has been maintained at the same level as M6.





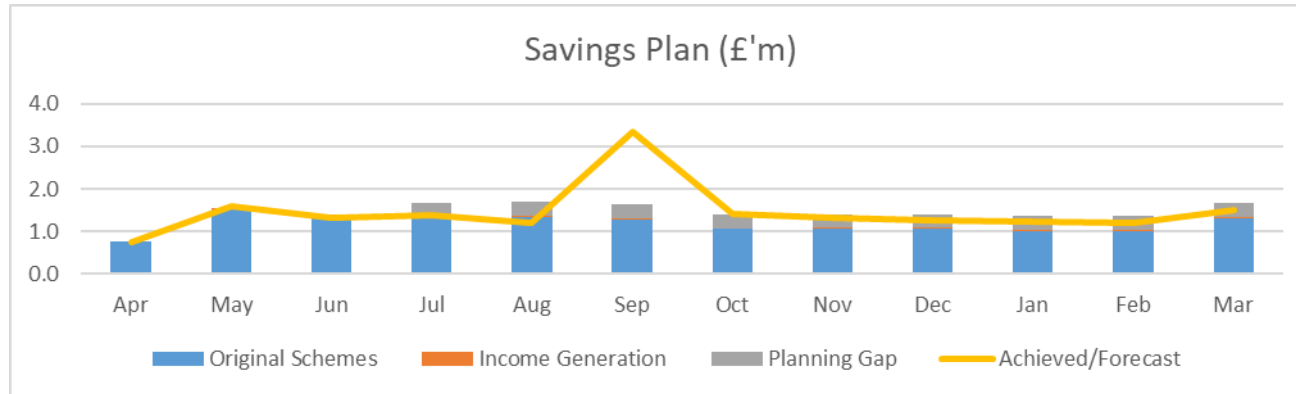
# Savings (including Accountancy Gains)



	Month 7		
	M7 YTD	22/23	Rec
	£m	£m	£m
Planned savings		14.1	
Planned income generation		0.2	
Plans to be finalised		3.0	
<b>Savings target as at M7</b>	<b>10.1</b>	<b>17.3</b>	<b>17.3</b>
<b>Actual and Forecast Savings</b>	<b>(11.1)</b>	<b>(17.7)</b>	<b>(10.7)</b>
<b>Total</b>	<b>(1.0)</b>	<b>(0.4)</b>	<b>6.6</b>

## Key Points for Savings achievement:

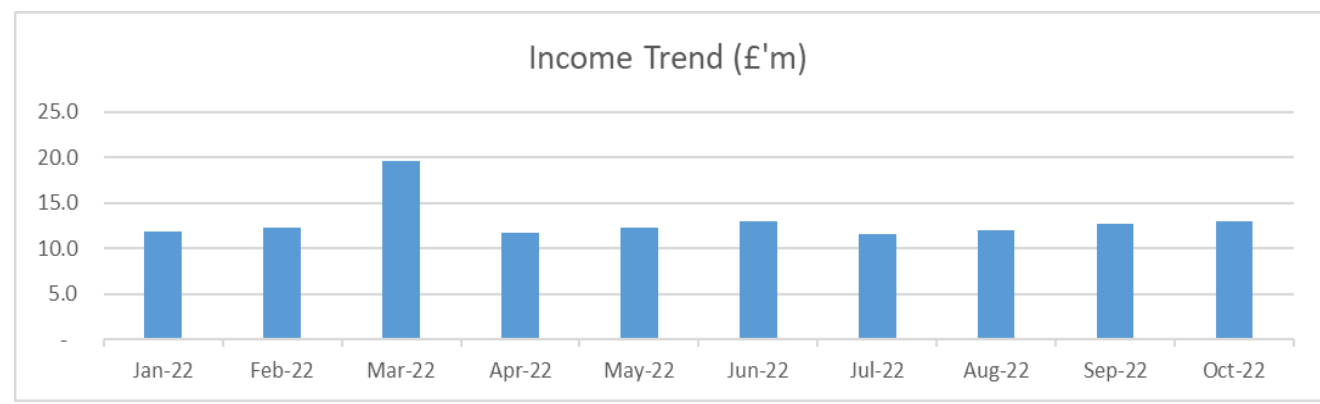
- The actual savings in M7 was £1.4m compared to £3.3m in M6. The main reason for the decrease was additional WHSSC savings of £1.5m in M6.
- Forecast In year savings has increased by £0.2m to £17.7m.
- Forecast Recurrent savings have increased by £0.3m in M7 to £10.7m.
- Urgent work is still needed to develop a robust savings plan to deliver £17.3m of savings on a recurrent basis. The M7 gap has reduced to £6.6m.
- In addition to the £17.3m savings target the financial plan includes a target of £4.5m for accountancy gains. Delivery of this target is classified as Green and is considered to be low risk.



Income Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Health Organisations Income	60.2	57.8	2.4
Local Authorities Income	6.7	6.8	(0.1)
Catering Income	1.7	1.3	0.5
Private Patients	0.1	0.2	(0.1)
Other Income	20.9	19.9	1.0
<b>Total Expenditure</b>	<b>89.6</b>	<b>86.0</b>	<b>3.6</b>

### Key Points for Non Pay Expenditure:

- The M7 year to date income position is reporting a £3.6m overspend .
- Healthcare organisations are reporting a £2.4m overspend, which is mainly due to underperformance on LTA Inpatient & Day case activity. This variance needs to be seen alongside a Non Pay favourable variance of £2.4m for contracting & commissioning LTAs.
- Catering Income is reporting an adverse variance of £0.5m, following reduced footfall at sites.
- The other income adverse variance of £1.0m includes:
  - £0.5m of reduced injury cost recovery scheme income
  - £0.2m of reduced dental patient charges income



# Income Assumptions WG



	REVENUE RESOURCE LIMIT				Resource Limit £'m
	HCHS £'m	Pharmacy £'m	Dental £'m	GMS £'m	
Confirmed Welsh Government Allocations	1,026.4	28.5	24.2	80.8	1,160.0
<b>Anticipated Allocations:</b>					
Pay Award 22/23	25.8				25.8
COVID Programmes	5.6				5.6
Other COVID Response	12.7				12.7
Exceptional Costs	17.8				17.8
Substance Misuse	3.9				3.9
Unscheduled Care 6 Goals	3.0				3.0
Value in Health Care Hosting	2.2				2.2
Holiday Pay on Overtime	2.4				2.4
Queens Funeral Bank Holiday	1.2				1.2
Medical Trainees	0.9				0.9
Bands 1&2 NLW uplift	0.2				0.2
Obesity Pathway	0.4				0.4
Other Allocations	1.3				1.2
<b>Total Allocations</b>	<b>1,104</b>	<b>28.5</b>	<b>24.2</b>	<b>80.8</b>	<b>1,237.3</b>

**Key Points for Allocations:**

- As at M7 the confirmed revenue resource allocation was £1,160.0m.
- The forecast position assumes a further £77.3m of Anticipated allocations to give a Total allocation of £1,237.3m.
- Recent correspondence from WG has confirmed the assumed allocations for Pay awards, Covid costs and Exceptional items.
- The anticipated allocation for substance misuse of £3.9m, has recently been approved by the Area Planning Board and the Chair has written to WG to confirm the approval and agree the release of the allocation.



# Income Assumptions- NHS



	Contracted Income	Non Contracted Income	Total Income
	£'m	£'m	£'m
Swansea Bay University	30.5	1.7	32.2
Aneurin Bevan University	20.7	1.3	22.0
Betsi Cadwaladr University	0.0	0.2	0.2
Cardiff & Vale University	17.1	1.6	18.6
Cwm Taf Morgannwg University	0.0	0.0	0.0
Hywel Dda University	0.5	0.3	0.8
Powys	2.6	0.8	3.4
Public Health Wales	3.0	0.8	3.7
Velindre	0.0	8.7	8.7
NWSSP	0.0	0.0	0.0
DHCW	1.2	0.0	1.2
Wales Ambulance Services	0.0	0.1	0.1
WHSSC	11.1	0.6	11.7
EASC	0.0	0.0	0.0
HEIW	0.0	12.5	12.5
NHS Wales Executive	0.0	0.0	0.0
<b>Total</b>	<b>86.6</b>	<b>28.6</b>	<b>115.1</b>

**Key Points :**

- The M7 plan assumes £115.1m of income from Welsh NHS organisations.
- A further £38.5m of non NHS income is also included in the financial plan of which £11.4m relates to Local Authority income and £4.4m for patient dental charges.
- Over the last 2 years there has been an All Wales agreement to support 'stability of LTA income' by retaining a block arrangement based on 19/20 income levels uplifted for inflation. The All Wales agreement has changed for 2022/23 and will transition towards a hybrid Cost & Volume agreement where performance is measured against 19/20 activity levels and variances will impact LTA income & expenditure.
- With current LTA activity levels below 19/20 activity this represents a risk to our income assumptions.
- All LTAs for 22/23 have been fully signed off.



# Risk Management Risks and Opportunities



	Month 7 £m	Month 6 £m	Financial Plan – 30 April £m
<b>Risks:</b>			
Energy expenditure above agreed M6 forecast	tbc	0.0	0.0
COVID expenditure above agreed M6 forecast	tbc	0.0	0.0
New Pay advisory notices leading to increased pay rates and costs	tbc	tbc	0.0
Dental Allocation - risk will be recovered by WG	1.7	0.0	0.0
Additional Bank Holiday – Queen’s Funeral	1.2	tbc	0.0
<b>Total risks</b>	<b>2.9</b>	<b>29.8</b>	<b>16.1</b>
<b>Opportunities:</b>			
Potential reduction in Energy & COVID costs below M6 forecast	tbc	0.0	0.0
Annual Leave accrual	(4.0)	(4.0)	(2.0)
Microsoft Contract - Potential VAT recovery	tbc	0.0	0.0
Potential reduction in costs due to RCN industrial action	tbc	0.0	0.0
<b>Total Opportunities</b>	<b>(4.0)</b>	<b>(4.0)</b>	<b>(2.0)</b>
<b>Total</b>	<b>(1.1)</b>	<b>25.8</b>	<b>14.1</b>

- Key Points :**
- WG have confirmed that Covid costs and Energy costs will be funded up to a maximum of the Health Board’s M6 forecasts. Any underspend below the M6 forecast will be returned to WG but any overspending will need to be managed by the Health Board.
  - As at M7, the forecast assumes the retention of £1.7m of dental underspends. Initial discussions with WG policy leads indicate this is acceptable, risk that this position changes will deteriorate our forecast by £1.7m.
  - The forecast position assumes £1.2m will be funded to cover the additional cost of the bank holiday for the Queen’s funeral. This remains a risk until WG confirm the allocation.
  - The forecast position has released £6.0m of the annual leave accrual. There is a further opportunity of £4.0m
  - There are further opportunities in regards to VAT recovery on the Microsoft contract and potential RCN industrial action reducing pay costs.





# Statement of Financial Position



Balance Sheet	Opening Balance (01/04/2022)	Closing Balance as at M06	Closing Balance as at M07	Forecast Closing Balance M12
	£'000	£'000	£'000	£'000
<b>Non Current Assets</b>				
Property, Plant & Equipment	603,871	613,652	616,645	603,871
Intangible Assets	3,596	3,586	3,586	3,596
Trade and Other Receivables	43,216	43,216	43,216	43,216
<b>Total Non-Current Assets</b>	<b>650,683</b>	<b>660,454</b>	<b>663,447</b>	<b>650,683</b>
<b>Current Assets</b>				
Inventories	6,856	6,985	7,125	6,856
Trade and Other Receivables	91,571	76,668	66,626	87,571
Cash and Cash Equivalents	438	4,036	4,056	(38,727)
<b>Total Current Assets</b>	<b>98,865</b>	<b>87,689</b>	<b>77,807</b>	<b>55,700</b>
<b>Current Liabilities</b>				
Trade and Other Payables	182,269	144,856	161,138	166,503
Provisions	27,052	25,916	16,137	26,152
<b>Total Current Liabilities</b>	<b>209,321</b>	<b>170,772</b>	<b>177,275</b>	<b>192,655</b>
<b>Non-Current Liabilities</b>				
Trade and Other Payables	976	976	976	976
Provisions	49,555	49,555	49,555	49,555
<b>Total Non-Current Liabilities</b>	<b>50,531</b>	<b>50,531</b>	<b>50,531</b>	<b>50,531</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>489,696</b>	<b>526,840</b>	<b>513,448</b>	<b>463,197</b>
<b>Financed By:</b>				
General Fund	427,163	464,307	450,915	400,664
Revaluation Reserve	62,533	62,533	62,533	62,533
<b>TOTAL</b>	<b>489,696</b>	<b>526,840</b>	<b>513,448</b>	<b>463,197</b>

- Key Points on the Statement of Financial Position:**
- The closing cash balance at 31<sup>st</sup> October was £4.06m.
  - Trade and Other Receivables decreased by £10.0m from M6. This was mainly as a result of the withdrawal of one Clinical Negligence case relating to maternity, with a corresponding reduction in WRP Provisions.
  - Trade and Other Payables increased by £16m - RCT LA Systems creditors increased by £5m, Capital creditors by £0.9m and £11m relates to the timing of the processing and payment of the Pharmacy Contractor Services Payments
  - The Balance Sheet M12 forecast has been updated to reflect the forecast changes in cash including movements in working balances. The forecast cash shortfall of £38m is discussed on the next page.





# Cash Flow Forecast



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	108,788	99,263	95,000	98,090	102,644	114,275	89,811	107,300	115,300	98,040	104,800	82,732	1,216,043
WG Capital Funding	9,000	4,000	5,000	5,000	6,500	5,000	4,500	3,000	5,000	5,500	5,500	3,602	61,602
Sale of Assets	5	(7)	233	0	0	35	8	0	0	0	0	0	274
Welsh NHS Org'ns	12,037	12,061	16,108	9,633	16,269	9,933	14,186	10,300	10,300	10,300	10,300	10,300	141,727
Other	4,256	6,004	3,238	4,476	3,121	2,669	2,948	2,500	2,500	2,500	2,500	2,500	39,212
<b>Total Receipts</b>	<b>134,086</b>	<b>121,321</b>	<b>119,579</b>	<b>117,199</b>	<b>128,534</b>	<b>131,912</b>	<b>111,453</b>	<b>123,100</b>	<b>133,100</b>	<b>116,340</b>	<b>123,100</b>	<b>99,134</b>	<b>1,458,858</b>
<b>Payments</b>													
Primary Care Services	26,653	7,211	19,962	16,489	16,595	28,126	7,118	17,071	28,945	8,750	17,245	17,770	211,935
Salaries and Wages	47,067	50,967	50,466	49,819	49,246	54,113	57,327	50,440	49,750	51,440	51,440	51,440	613,515
Non Pay Expenditure	52,316	51,147	47,978	45,541	55,418	48,347	42,279	51,400	50,000	50,000	50,000	60,464	604,890
Capital Payments	6,433	7,201	4,973	4,275	5,154	3,536	4,709	4,700	5,750	5,250	5,150	10,552	67,683
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Payments</b>	<b>132,469</b>	<b>116,526</b>	<b>123,379</b>	<b>116,124</b>	<b>126,413</b>	<b>134,122</b>	<b>111,433</b>	<b>123,611</b>	<b>134,445</b>	<b>115,440</b>	<b>123,835</b>	<b>140,226</b>	<b>1,498,023</b>
Net Cash In/Out	1,617	4,795	(3,800)	1,075	2,121	(2,210)	20	(511)	(1,345)	900	(735)	(41,092)	
Balance B/F	438	2,055	6,850	3,050	4,125	6,246	4,036	4,056	3,545	2,200	3,100	2,365	
Balance C/F	2,055	6,850	3,050	4,125	6,246	4,036	4,056	3,545	2,200	3,100	2,365	(38,727)	

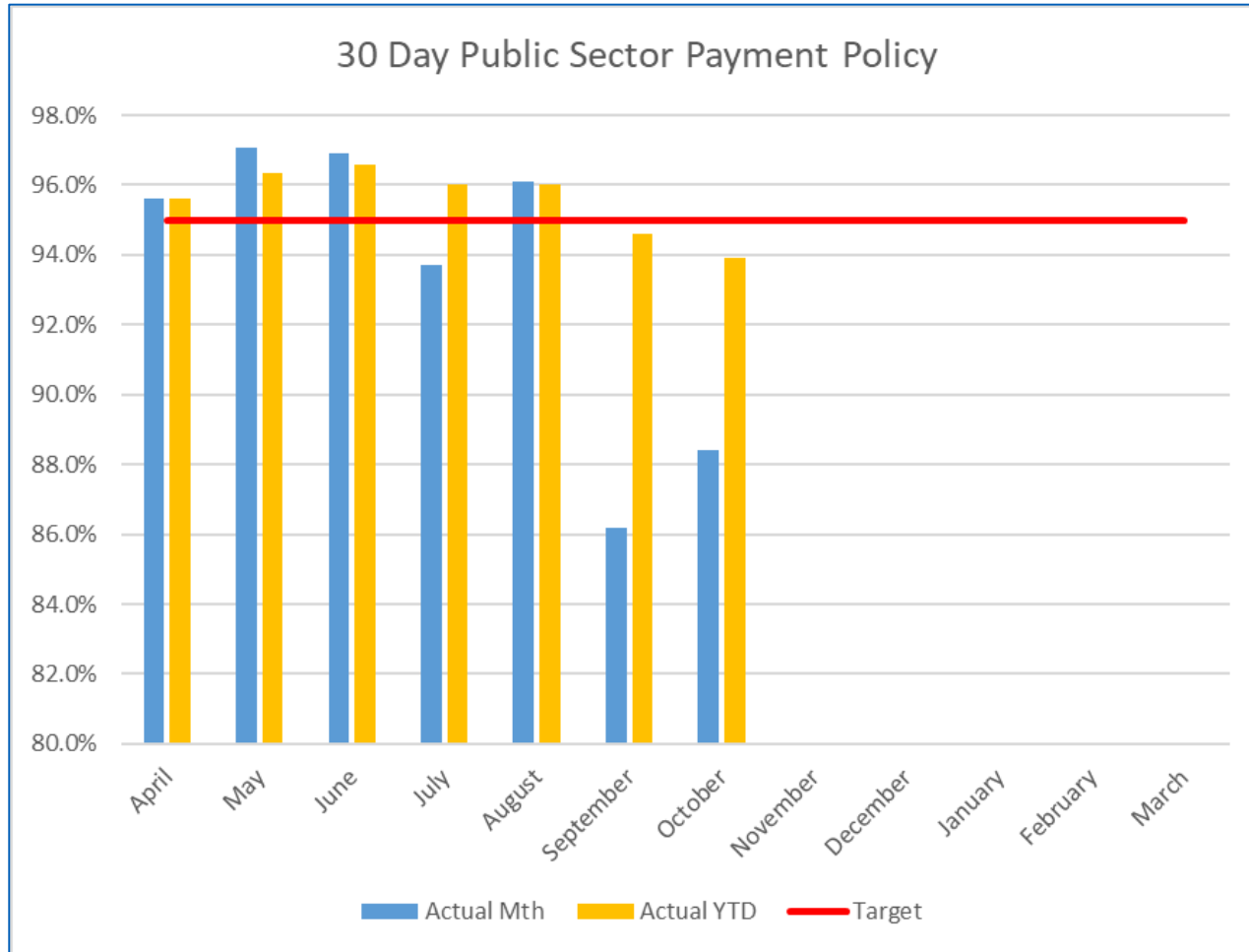
**Key Points within the Cash Flow Forecast :**

- The closing Cash Balance at the 31<sup>st</sup> October 2022 is £4.056m and the above forecast shows a cash shortfall of £38.7m at the end of the financial year.
- This forecast shortfall includes a forecast Core plan deficit of £26.5m plus a forecast movement in Working Balances of £12.2m and assumes that all Covid and Exceptional cost pressures will be fully cash funded in 2022/23.
- In previous years WG have funded movements in Working balances and we will shortly be submitting an accountable officer letter to WG to seek cash support for the planned Core plan deficit of £26.5m.





# Public Sector Payment Policy



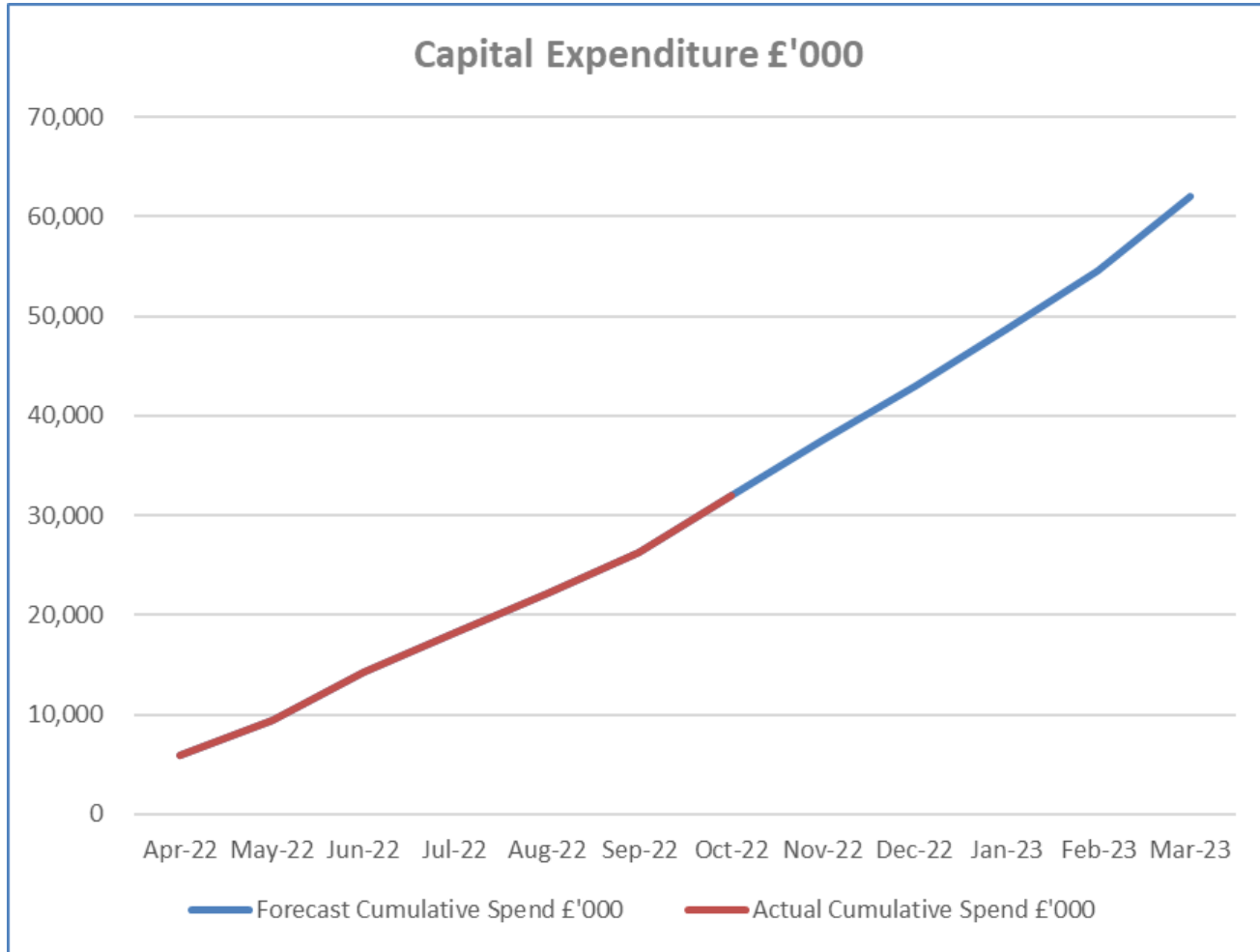
### Key Points in the Public Sector Payment Policy :

- Welsh Government have set a target of 95% for non NHS invoices to be paid within 30 days (by number of invoices).
- The percentage for the number of non NHS invoices paid within the 30 day target in October 2022 was 88.4%.
- The cumulative percentage year to date at the 31<sup>st</sup> October 2022 was 93.9%.
- The target was not achieved in October mainly due to the failure of 1,189 Nurse Agency invoices which accounted for 7%.
- The Agency self-billing process commenced in October and this is expected to have a significant improvement from November, enabling the Health Board to achieve the 95% target for 2022-23.





# Capital Expenditure



### Key Points in Capital Expenditure:

- The Capital Resource Limit (CRL) of £61.6m was issued on the 31st October 2022
- This is supplemented by £0.1m of donated funds giving an overall programme of £61.7m. Assets with a NBV of £0.2m have been disposed of in this financial year which will also be added to the programme.
- The expenditure to the 31st October 2022 amounted to £32.1m.
- The forecast capital position remains breakeven to the CRL.

