

2022-23 Finance Report

Month 3



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 30 June 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 3, we are reporting:</p> <ul style="list-style-type: none"> A M3 YTD deficit of £7.8m compared to a straight line plan of £6.6m. This represents an adverse variance of £1.2m (M2: £0.8m) M3 COVID Programme expenditure of £1.5m (M2: £1.3m). M3 COVID Response expenditure of £1.1m (M2: £1.3m). Exceptional cost pressure expenditure of £1.3m (M2: £1.5m). <p>As at Month 3, we are forecasting :</p> <ul style="list-style-type: none"> A Core plan deficit of £26.5m (M2:£26.5m) Exceptional costs of £21.8m (M2: £18.0m) Covid costs of £30.7m (M2: £30.5m). The exceptional items & COVID response costs are anticipated to be fully funded by Welsh Government. However, this funding has not yet been confirmed by Welsh Government and is shown as a risk to the plan. The forecast underlying recurrent deficit at 31 March 2023 has deteriorated by £6.6m to £34.6m (M2: £28.0m). This deterioration is due to a forecast shortfall in recurrent savings delivery in 22/23. Urgent work is needed to further develop and implement savings plans to meet the £17.3m recurrent savings target. As at M3, only £10.7m of recurrent savings plans are identified and, of these plans, £4.9m have an Amber risk rating. <p>The risks to the M3 position remain significant with a total net risk of £45.0m. This includes £36.2m for Covid and Exceptional items .</p>	<p>The Board is asked to DISCUSS and NOTE financial performance for the period to 30 June 2022.</p>



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Year to Date Revenue

- M3 YTD deficit of £7.8m compared to a straight line plan of £6.6m, representing an adverse variance of £1.2m (M2: £0.8m)
- M3 COVID Programme expenditure of £1.5m (M2: £1.3m).
- M3 COVID Response expenditure of £1.1m (M2: £1.3m).
- Exceptional cost pressure expenditure of £1.3m (M2: £1.5m).
- M3 total Pay expenditure of £52.2m (M2: £51.3m)
- M3 total Agency costs of £5.1m (M2: £4.4m)
- M3 total Savings of £1.4m (M2: £1.6m)

Key Financial Issues

- Forecast Core plan deficit of £26.5m (M2:£26.5m)
- Forecast Exceptional costs at M3 of £21.8m (M2: £18.0m)
- Forecast Covid costs at M3 of £30.7m (M2: £30.5m).
- The exceptional items & COVID response costs are anticipated to be fully funded by Welsh Government. This funding has not yet been confirmed by Welsh Government and remains a risk to the plan.
- Forecast Underlying recurrent deficit at 31 March 2023 has deteriorated by £6.6m to £34.6m. This deterioration is due to a lack of recurrent saving schemes. Urgent work is needed to develop robust savings plans to meet the £17.3m recurrent savings target.

Capital

- The Capital Resource Limit (CRL) is currently £62.9m. As at M3, £14.2m has been incurred against the CRL.
- Significant forecast variances from plan include:
 - Bridgend Health & Wellbeing Centre – Delays in appointing contractor resulting in slippage of £3m
 - PCH Ground & First Floor – Potential overspend of £9.4m, currently being risk shared with WG
 - POW Fire Enforcement – Potential remedial action required not included in plan
- The forecast capital position remains breakeven to the CRL.

Year to Date Performance and Forecast



	Current Month Variance	Year to Date Variance	M3 Forecast Variance	M2 Forecast Variance	Financial Plan
	£m	£m	£m	£m	£m
Core plan deficit	2.6	7.8	26.5	26.5	26.5
Exceptional items:					
National insurance changes	0.4	1.3	5.0	5.0	5.0
Energy inflation	0.7	2.2	14.4	10.6	11.6
Real Living Wage for Social Care Workers	0.2	0.6	2.4	2.4	2.4
Anticipated funding	(1.3)	(4.1)	(21.8)	(18.0)	(19.0)
Total	0.0	0.0	0.0	0.0	0.0
Covid response costs:					
Programme	1.5	4.9	16.1	16.2	15.6
Other	1.1	5.4	14.6	14.3	16.7
Anticipated funding	(2.6)	(10.3)	(30.7)	(30.5)	(32.3)
Total	0.0	0.0	0.0	0.0	0.0
Grand total	2.6	7.8	26.5	26.5	26.5

Key Points for Year to Date Performance:

- The M3 position is reporting a £7.8m deficit against the revenue resource limit, which is £1.2k worse than plan.
- Circa £0.8m 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.
- It is likely that some additional leave beyond the new 22/23 entitlements will have been taken during Q1. At this stage we have not released any of the annual leave accrual to recognise this, pending further analysis and review for M4 reporting. This opportunity could therefore mitigate the £1.2m noted above and is also included as an opportunity in our risk table..
- The exceptional items & COVID response costs are anticipated to be fully funded by Welsh Government. This funding has not yet been confirmed by Welsh Government and remains a risk to the plan.

Key Points for Current Year Forecast:

- The current year core plan forecast remains on track to deliver a planned deficit of £26.5m.
- The forecast for Exceptional items has increased by £3.8m in M3 to reflect the latest forecast for energy costs from NWSSP.
- The M3 COVID response forecast has increased by £0.3m from M2 but £0.5m of this relates to a new allocation for extended flu programme within schools. The M3 forecast assumes that many costs will be phased out by the end of Q2. Any significant resurgence of Covid in Q2, Q3 or Q4 will therefore deteriorate the M3 forecast and the estimated risk if these costs cannot all be phased out at the end of Q2 is circa £3.6m.
- The risks to the M3 position remain significant with a total net risk of £45.0m. This includes £36.2m for Covid and Exceptional items .



Year to Date Performance and Forecast



	Annual Budget (£m)	Cur Month Variance (£m)	YTD Variance (£m)
Pay	599.0	1.2	1.7
Non Pay	775.4	(1.4)	(2.1)
CRES	(9.0)	0.1	0.7
Income	(151.6)	0.5	1.0
Allocations	(1,213.8)	0.0	0.0
Planned Deficit (£26.5m)	0.0	2.2	6.6
Grand Total	(0.0)	2.6	7.8

Key Points:

- The M3 in month position reported a £2.6m deficit, which is £0.4m worse than plan. This is consistent with the monthly trend for M1 and M2.
- The M3 YTD position is reporting a £7.8m deficit against the revenue resource limit, which is £1.2m worse than plan.
- The M3 YTD position includes £0.8m (£0.3m in month) to reflect the Welsh Government instruction to remove income losses and ICT/Homeworking costs from the forecast COVID response funding.
- The main driver for the remaining £0.4m adverse YTD variance is the Savings delivery shortfall of £0.7m.



Pay Expenditure



Staff Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Administrative & Clerical	21.1	20.8	(0.3)
Medical And Dental	37.4	39.4	2.0
Nursing And Midwifery Registered	51.3	50.1	(1.1)
Add Prof Scientific And Technical	4.7	4.3	(0.4)
Additional Clinical Services	18.4	19.9	1.6
Allied Health Professionals	9.5	9.3	(0.2)
Healthcare Scientists	3.2	3.1	(0.1)
Estates And Ancillary	8.7	8.8	0.1
Students	0.0	0.1	0.1
Pay Budget Adjustments	(0.1)	0.0	0.1
Grand Total	154.2	155.9	1.7

Key Points:

- The M3 YTD pay expenditure is £155.9m . This represents a £1.7m adverse variance compared to the M3 plan of £154.2m.
- The £2.0m adverse variance in Medical & Dental was mainly due to increased ADH payments and agency costs.
- The £1.6m adverse variance in Additional Clinical Services reflects additional cover provided to manage registered nursing vacancies.



Pay Expenditure Trends



Staff Group	Jan-22 £'m	Feb-22 £'m	Mar-22 £'m	Apr-22 £'m	May-22 £'m	Jun-22 £'m
Administrative & Clerical	7.5	7.3	11.2	7.1	6.9	6.8
Medical And Dental	13.5	13.2	17.9	12.5	13.4	13.6
Nursing And Midwifery Registered	17.5	17.0	26.1	17.5	16.0	16.7
Add Prof Scientific And Technical	1.4	1.4	2.8	1.4	1.4	1.4
Additional Clinical Services	7.1	6.7	11.3	6.8	6.6	6.6
Allied Health Professionals	3.2	4.0	3.8	3.1	3.1	3.1
Healthcare Scientists	1.0	1.0	1.5	1.0	1.0	1.0
Estates And Ancillary	3.2	3.0	7.3	2.9	2.9	2.9
Students	(0.0)	0.0	0.1	0.0	0.0	0.1
Pay Budget Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Grand Total	54.4	53.7	82.0	52.4	51.3	52.2

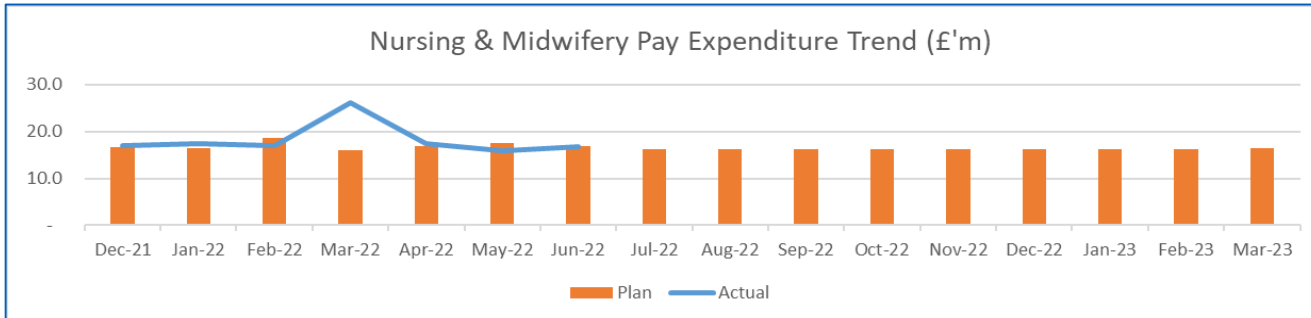
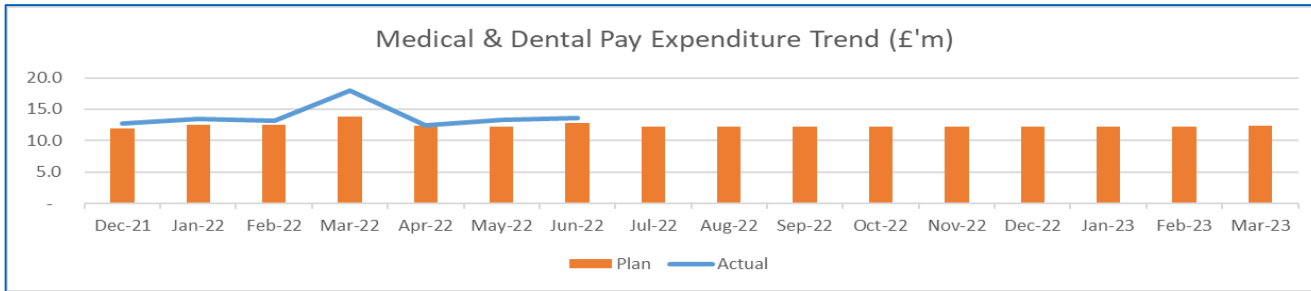
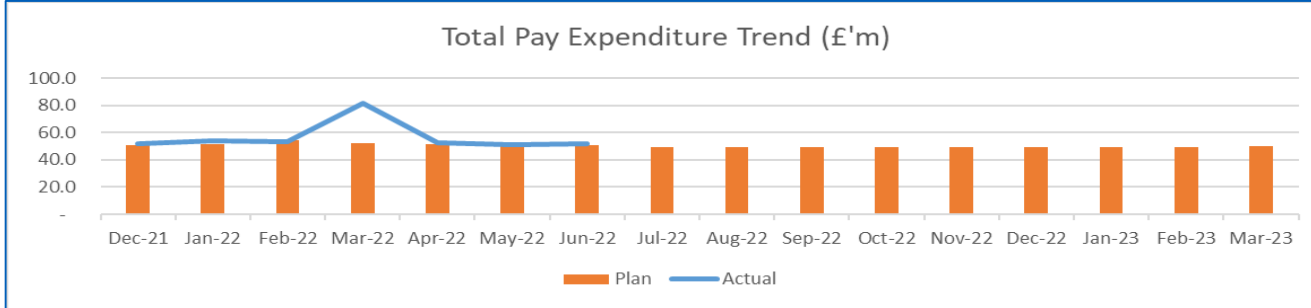
Staff Group	Jan-22 £'m	Feb-22 £'m	Mar-22 £'m	Apr-22 £'m	May-22 £'m	Jun-22 £'m
Core	45.1	44.8	72.4	43.3	43.5	43.6
Agency	5.0	5.0	4.7	4.7	4.4	5.1
Overtime	1.5	1.6	2.5	2.5	0.9	1.2
ADH	1.5	1.1	1.3	0.9	1.3	1.2
Bank	1.1	1.0	1.0	1.0	1.0	0.9
WLI	0.2	0.2	0.2	0.1	0.2	0.2
Grand Total	54.4	53.7	82.0	52.4	51.3	52.2

- Key Points for Pay Expenditure Trends:**
- The March 22 expenditure includes specific year end adjustments of £28.9m (pension & annual leave).
 - The M3 expenditure is £52.2m. This is £0.9m worse than M2 and a £1.5m improvement compared to the M10-M12 average of £53.7m.
 - The Q1 average has improved by £1.7m per month compared to Q4 of 21/22.
 - The most significant change in M3 was Nursing & Midwifery which increased by £0.7m compared to M2. This was mainly attributed to increased agency costs.
 - Core staffing remains stable at an average of £43.5m/month for Q1.
 - Agency costs have increased by £0.9m in M3. This is partly due to late reporting of shifts from M2 and partly due to increased use of higher cost agencies.
 - Overtime increased in M3 by £0.3m to £1.2m. The most significant increase was in Nursing & Midwifery which increased by £0.5m.





Pay Expenditure Trends

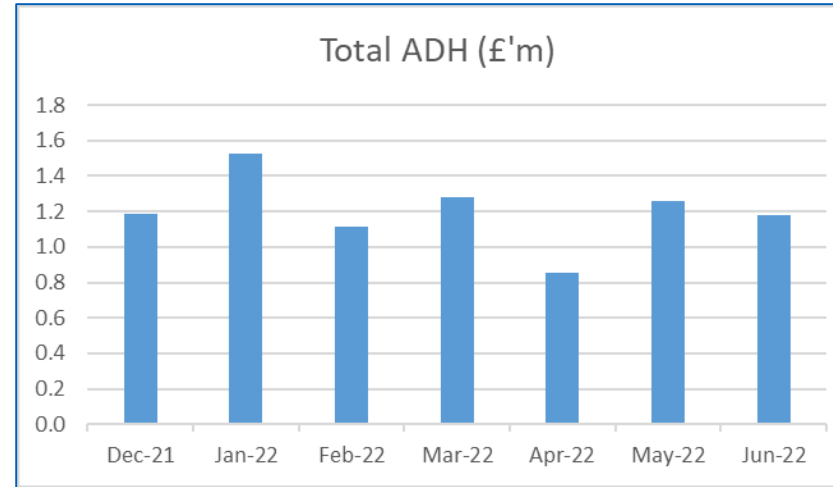
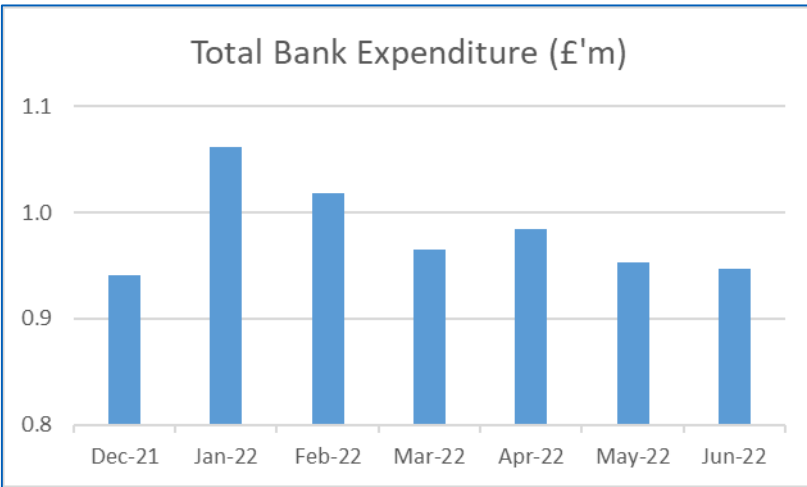
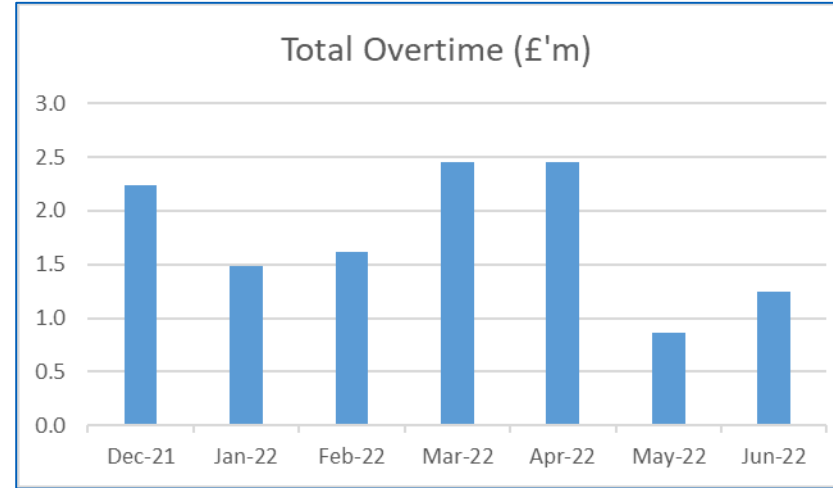
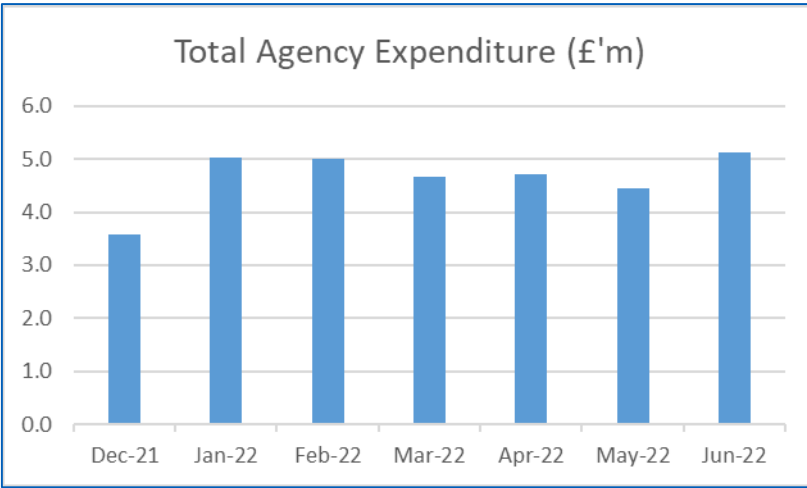


- ### Key Points for Pay Expenditure Trends:
- The M12 pay expenditure included specific year end adjustments of £28.9m (pension & annual leave). The M10-M12 average monthly spend (excluding the £28.9m) was £53.7m.
 - The M3 expenditure is £52.2m. This is £0.9m worse than M2 and a £1.5m improvement compared to the M10-M12 average of £53.7m.
 - Medical pay expenditure was slightly higher in M3 at £13.6m compared to £13.4m in M2 and £12.5m in M1.
 - Nursing pay expenditure was increased in M3 at £16.7m compared to £16.0m in M2 following a decrease in M2 of £1.5m.





Variable Pay Expenditure Trends



- #### Key Points for Variable Pay Expenditure:
- Agency expenditure increased by £0.7m in M3 to £5.1m.
 - The most significant change in M3 Agency was reported in Medical & Dental additional £0.4m and Nursing & Midwifery additional £0.4m
 - Overtime payments reduced significantly in M2 following the cessation of premium rates to support cover during high levels of COVID absence. There was slight deterioration in M3 with overtime increasing by £0.3m, mainly in Nursing & Midwifery.
 - Bank Expenditure remains relatively consistent at £0.95m
 - ADH expenditure increased by £0.4m in M2 and M3 is consistent with M2.





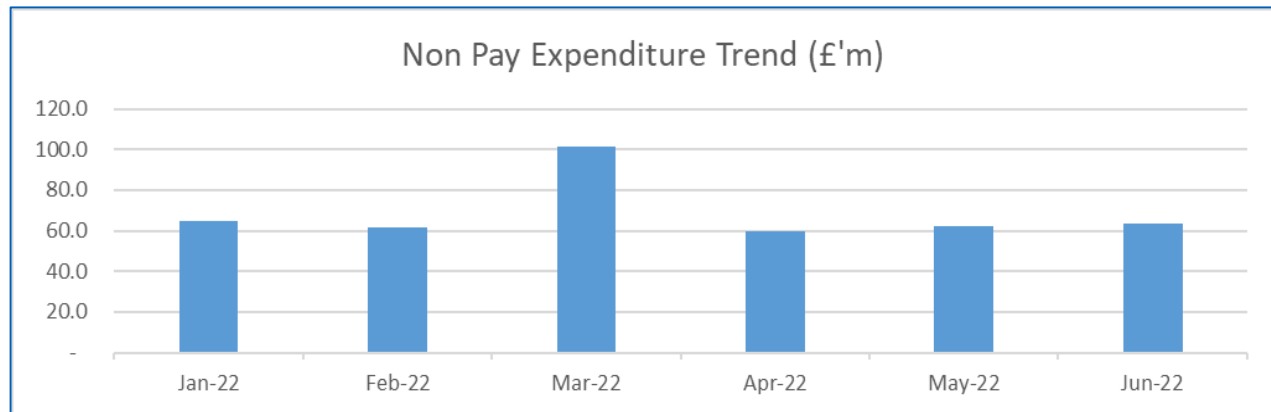
Non Pay Expenditure



Staff Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Primary Care Contractors	33.0	33.1	0.2
Primary Care Drugs	23.0	23.0	0.0
Provider Non Pay	41.4	40.9	(0.4)
Commissioned Activity	81.6	82.0	0.4
Capital Charges	7.6	7.6	(0.0)
Other Non Pay	21.1	(1.0)	(2.2)
Total Expenditure	207.6	185.6	(2.1)

Key Points for Non Pay Expenditure:

- The main reason for the £2.1m surplus within Other Non Pay is the release of non delegated reserves of £2.2m reported within Provider Non Pay.
- The overspend of £0.4m on commissioned activity relates to over performance on the LTAs with other health Boards and Trusts.





COVID Expenditure



	M3 Actual	M3 YTD	M3 Forecast	M2 Forecast	Financial Plan	Change from M2
	£m	£m	£m	£m	£m	£m
Programme costs						
TTP	0.7	2.4	5.3	5.4	6.5	(0.1)
Mass Vaccination	0.7	2.2	9.6	9.6	7.4	0.0
PPE	0.1	0.3	1.2	1.2	1.6	0.0
Sub total	1.5	4.9	16.1	16.2	15.6	(0.1)
COVID Response Costs:						
Cleaning Standards	0.1	0.4	1.9	2.1	2.3	(0.2)
Capacity & Facilities costs	0.3	1.6	1.9	1.6	3.0	0.3
Prescribing costs	0.2	0.5	2.1	2.1	2.1	0.0
Dental income losses	0.2	0.7	2.5	2.5	2.5	0.0
Increased workforce costs	0.4	1.9	3.5	3.5	2.6	0.0
Long Covid	0.0	0.1	0.8	0.8	0.8	0.0
Flu extension	0.0	0.0	1.1	0.6	0.6	0.5
Discharge support	0.1	0.2	0.3	0.5	0.6	(0.2)
Other Covid Response	(0.1)	0.0	0.5	0.6	2.3	(0.1)
Sub total	1.1	5.4	14.6	14.3	16.7	0.3
Total Covid costs	2.6	10.3	30.7	30.5	32.3	0.2
Anticipated funding	(2.6)	(10.3)	(30.7)	(30.5)	(32.3)	(0.2)
Total	0.0	0.0	0.0	0.0	0.0	0.0

Key Points for the M3 COVID Expenditure:

- Programme Costs – the M3 spend of £1.5m was £0.2m above the M2 costs of £1.3m.
- Other COVID Costs – the M3 spend of £1.1m was £0.2m below the M2 costs of £1.3m.
- COVID Costs are anticipated to be fully funded by WG. However, this funding has not yet been confirmed by Welsh Government and is shown as a risk to the plan.

Key Points for forecast COVID Expenditure:

- Programme Costs – the M3 forecast has reduced by £0.1m from M2. This is attributed to forecast TTP costs from the LA reducing.
- Other Covid costs – the M3 forecast has increased by £0.3m from M2 but £0.5m of this increase relates to a new allocation for the extended flu programme within schools.
- The M3 forecast assumes that many costs will be phased out by the end of Q2. Any significant resurgence of Covid in Q2, Q3 or Q4 will therefore deteriorate the M3 forecast and the estimated risk if these costs cannot all be phased out at the end of Q2 is circa £3.6m.





Exceptional Cost Pressures Expenditure



	M3 Actual	M3 YTD	M3 Forecast	M2 Forecast	Financial Plan	Change
	£m	£m	£m	£m	£m	£m
National insurance changes	0.4	1.3	5.0	5.0	5.0	0.0
Energy inflation	0.7	2.2	14.4	10.6	11.6	3.8
Real Living Wage for Social Care Workers	0.2	0.6	2.4	2.4	2.4	0.0
Total Exceptional Costs	1.3	4.1	21.8	18.0	19.0	3.8
Anticipated funding	(1.3)	(4.1)	(21.8)	(18.0)	(19.0)	(3.8)
Grand total	0.0	0.0	0.0	0.0	0.0	0.0

Key Points:

- The M3 spend of £1.3m was £0.2m lower than the M2 spend of £1.5m.
- The M3 forecast for exceptional items has increased by £3.8m over M2 which reflects the latest information from NWSSP on energy costs.
- It is anticipated that these Exceptional costs will be fully funded by WG. However, this funding has not yet been confirmed by Welsh Government and is shown as a risk to the plan.

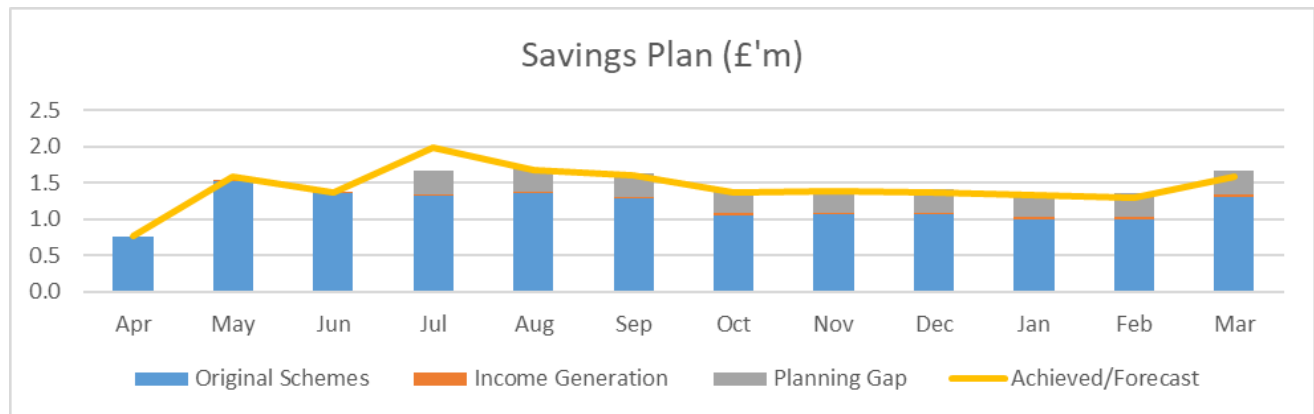




Savings (including Accountancy Gains)



	Month 3			Month 2		
	M3 YTD	22/23	Rec	M2 YTD	22/23	Rec
	£m	£m	£m	£m	£m	£m
Planned savings		14.1				
Planned income generation		0.2				
Plans to be finalised		3.0				
Savings target as at M3	3.7	17.3	17.3	1.4	17.3	17.3
Actual and Forecast Savings	(3.7)	(17.3)	(10.7)	(2.3)	(17.4)	(10.8)
Total	0.0	0.0	6.6	0.0	(0.1)	6.5



- Key Points for Savings achievement:**
- Forecast in year savings has remained stable at £17.3m. This forecast includes £11.4m of schemes classified as Green and £5.9m Amber.
 - Forecast Recurrent savings have reduced slightly in M3 to £10.7m. This forecast includes £5.8m of schemes classified as Green and £4.9m Amber.
 - Urgent work is still needed to develop a robust savings plan to deliver £17.3m of savings on a recurrent basis.
 - It is important to note that M3 internal reporting within the Health Board is reporting a M3 YTD savings shortfall of £0.7m compared to the Breakeven position reported in the WG Monitoring Return. This is due to a different phasing of the savings target in the HB plan where the annual target of £17.3m has been phased equally through M1 to M12.
 - 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 Assumptions WG



	REVENUE RESOURCE LIMIT				Resource Limit £'m
	HCHS £'m	Pharmacy £'m	Dental £'m	GMS £'m	
Confirmed Welsh Government Allocations	1,004.0	28.1	24.2	80.8	1,137.1
Anticipated Allocations:					
COVID Programmes	16.1				16.1
Other COVID Response	10.9				10.9
Exceptional Costs	21.8				21.8
WRP	(3.2)				(3.2)
Substance Misuse	3.9				3.9
2022/23 MH Funding	3.3				3.3
2021/22 MH Funding	1.7				1.7
Unscheduled Care 6 Goals	3.0				3.0
Value in Health Care Hosting	2.2				2.2
Targeted Intervention	1.7				1.7
Holiday Pay on Overtime	1.5				1.5
Dementia ICF	1.2				1.2
AHW Prevention & Early Years	1.0				1.0
PACU	0.9				0.9
Capital Charges	6.2				6.2
Other Allocations	4.5				4.5
Total Allocations	1,080.7	28.1	24.2	80.8	1,213.8

Key Points for Allocations:

- As at M3 the confirmed revenue resource allocation was £1,137.1m.
- The forecast position assumes a further £76.7m of Anticipated allocations.
- The forecast position assumes that all the COVID response costs and Exceptional costs will be fully funded by WG:
 - £16.1m – COVID Programme
 - £10.9m – COVID Response
 - £21.8m – Exceptional Costs
- The latest assessment from NWSSP for the contribution to the Risk Pool has been estimated at £3.165m. This will be a reduction to the resource limit.



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	22.6	1.3	23.9
Betsi Cadwaladr University	0.0	0.2	0.2
Cardiff & Vale University	15.9	1.6	17.4
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	0.7	0.0	0.7
Wales Ambulance Services	0.0	0.1	0.1
WHSSC	11.1	0.0	11.1
EASC	0.0	0.0	0.0
HEIW	0.0	12.5	12.5
NHS Wales Executive	0.0	0.0	0.0
Total	86.8	27.9	114.8

Key Points :

- The M3 plan assumes £114.8m of income from Welsh NHS organisations.
- A further £36.9m of non NHS income is also included in the financial plan of which £11.1m relates to Local Authority income and £4.6m 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 have been signed by CTMHB, there remain 3 LTAs which have yet to be signed by other parties (ABUHB x 2 & WHSSC).



Risk Management Risks and Opportunities



	Month 3	Month 2	Financial Plan 30 April
	£m	£m	£m
Risks:			
Risk of COVID Resurgence in Q2,Q3 & Q4	3.6	0	
Reduction in COVID funding - Income losses & ICT/Homeworking	3.0	3.0	0
Potential reduction in anticipated allocations for COVID response	7.8	7.8	0
Potential reduction in anticipated allocations of Exceptional items	21.8	18.0	0
Shortfall against planned savings delivery of £17.3m.	1.7	2.3	2.5
Cost of covering extra annual leave day and extra bank holiday	2.0	2.0	2.0
Winter plan costs not covered by additional WG funding	2.5	2.5	2.5
External NICE costs exceed planned growth of £2.5m	0.5	0.5	0.5
Return to Cost & Volume LTA arrangements in 22/23 from the block arrangements during the past 2 years	1.5	1.5	1.5
Contracting risks with other Health Boards	0	1.0	1.0
Non Pay Inflation exceeds the £4.4m provision made in the plan (4.0%)	1.1	1.1	1.1
Impact of auto-enrolment upon employers pension costs	1.2	1.2	0.0
LFERs – Potential financial penalty due to delays in submission	tbc	tbc	0
PCR – Potential Risk of cost of delivering key targets will exceed £26.1m allocation	tbc	tbc	0
Total risks	46.7	40.9	16.1
Opportunities:			
Retention of potential slippage on 6 Goal funding	(0.7)	(0.7)	0
Retention of potential slippage on 22/23 MH funding	(1.0)	(1.0)	0
Balance sheet reviews including the 21/22 Annual leave accrual	tbc	tbc	(2.0)
Total Opportunities	(1.7)	(1.7)	(2.0)
Total	45.0	39.2	14.1

- Key Points :**
- A new risk has been recognised in M3 for resurgence of COVID of £3.6m. The M3 forecast assumes a phasing out of many COVID response costs after Q2, if this is not possible the response costs of COVID will increase.
 - Welsh Government have also requested that anticipated funding for certain COVID response costs and Exceptional items should be treated as a risk and be shown in our risk tables (£7.8m and £21.8m).
 - The latest M3 savings plan includes Amber schemes of £5.9m
 - The Contracting risk of £1.0 has been removed in M3 following agreement of LTAs.
 - As at M3, the main opportunities are the retention of potential slippage on the New WG allocations for 6 Goals and Mental Health, plus a further review of balance sheet opportunities and annual leave accrual.
 - It is likely that some additional leave beyond the new 22/23 entitlements will have been taken during Q1. At this stage we have not released any of the annual leave accrual to recognise this, pending further analysis and review for M4 reporting.
 - The risks to the M3 position remain significant with a total net risk of £45.0m. This includes £36.2m for Covid and Exceptional items.





Statement of Finance Position



Balance Sheet	Opening Balance (01/04/2022)	Closing Balance as at M03	Forecast Closing Balance M12
	£'000	£'000	£'000
Non Current Assets			
Property, Plant & Equipment	603,871	610,252	603,871
Intangible Assets	3,596	3,586	3,596
Trade and Other Receivables	43,216	43,216	43,216
Total Non-Current Assets	650,683	657,054	650,683
Current Assets			
Inventories	6,856	6,914	6,856
Trade and Other Receivables	91,571	76,114	91,571
Cash and Cash Equivalents	438	3,050	(26,500)
Total Current Assets	98,865	86,078	71,927
Current Liabilities			
Trade and Other Payables	182,269	146,872	155,331
Provisions	27,052	27,087	27,052
Total Current Liabilities	209,321	173,959	182,383
Non-Current Liabilities			
Trade and Other Payables	976	976	976
Provisions	49,555	49,555	49,555
Total Non-Current Liabilities	50,531	50,531	50,531
TOTAL ASSETS EMPLOYED	489,696.0	518,642.0	489,696.0
Financed By:			
General Fund	427,163	456,109	427,163
Revaluation Reserve	62,533	62,533	62,533
TOTAL	489,696.0	518,642.0	489,696.0

- Key Points on the Statement of Financial Position:**
- The closing cash balance at the 30th June 2022 was £3.0m
 - The most significant movements from the opening position to M3 are:
 - Receivables has decreased by £15m, this is due to a reduction in outstanding debtors including:
 - Local Authorities
 - Welsh NHS Organisations
 - Welsh Risk Pool
 - Payables has decreased by £35m, this is largely due to high balances at year end being settled including:
 - Capital Creditors
 - System Creditors
 - Local Authority Creditors
 - NHS Creditors
 - The Non Current Assets increased by £6.4m within Property, Plant & Equipment as a result of the capital programme progressing.





Cash Flow Forecast



Cashflow	Actual/Forecast												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Receipts													
WG Revenue Funding	108,788	99,263	95,000	96,900	96,300	113,400	90,916	102,880	111,900	92,400	104,300	78,722	1,190,769
WG Capital Funding	9,000	4,000	5,000	5,000	6,500	5,500	6,000	5,000	5,000	5,500	1,050	5,391	62,941
Sale of Assets	5	(7)	233	0	0	0	0	0	0	0	0	0	231
Welsh NHS Org'ns	12,037	12,061	16,108	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	12,000	133,806
Other	4,256	6,004	3,238	4,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	33,498
Total Receipts	134,086	121,321	119,579	116,100	115,000	131,100	109,116	120,080	129,100	110,100	117,550	98,113	1,421,245
Payments													
Primary Care Services	26,653	7,211	19,962	17,143	17,470	27,300	7,355	16,545	28,945	8,750	17,245	17,770	212,349
Salaries and Wages	29,358	50,967	50,466	49,700	47,500	49,440	49,440	49,440	49,440	49,440	49,440	49,440	574,071
Non Pay Expenditure	70,025	51,147	47,978	44,500	45,000	49,000	46,000	49,000	46,000	46,000	46,000	58,257	598,907
Capital Payments	6,433	7,201	4,973	4,500	5,300	5,500	6,000	5,500	5,000	5,500	4,900	2,049	62,856
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payments	132,469	116,526	123,379	115,843	115,270	131,240	108,795	120,485	129,385	109,690	117,585	127,516	1,448,183
Net Cash In/Out	1,617	4,795	(3,800)	257	(270)	(140)	321	(405)	(285)	410	(35)	(29,403)	
Balance B/F	438	2,055	6,850	3,050	3,307	3,037	2,897	3,218	2,813	2,528	2,938	2,903	
Balance C/F	2,055	6,850	3,050	3,307	3,037	2,897	3,218	2,813	2,528	2,938	2,903	(26,500)	

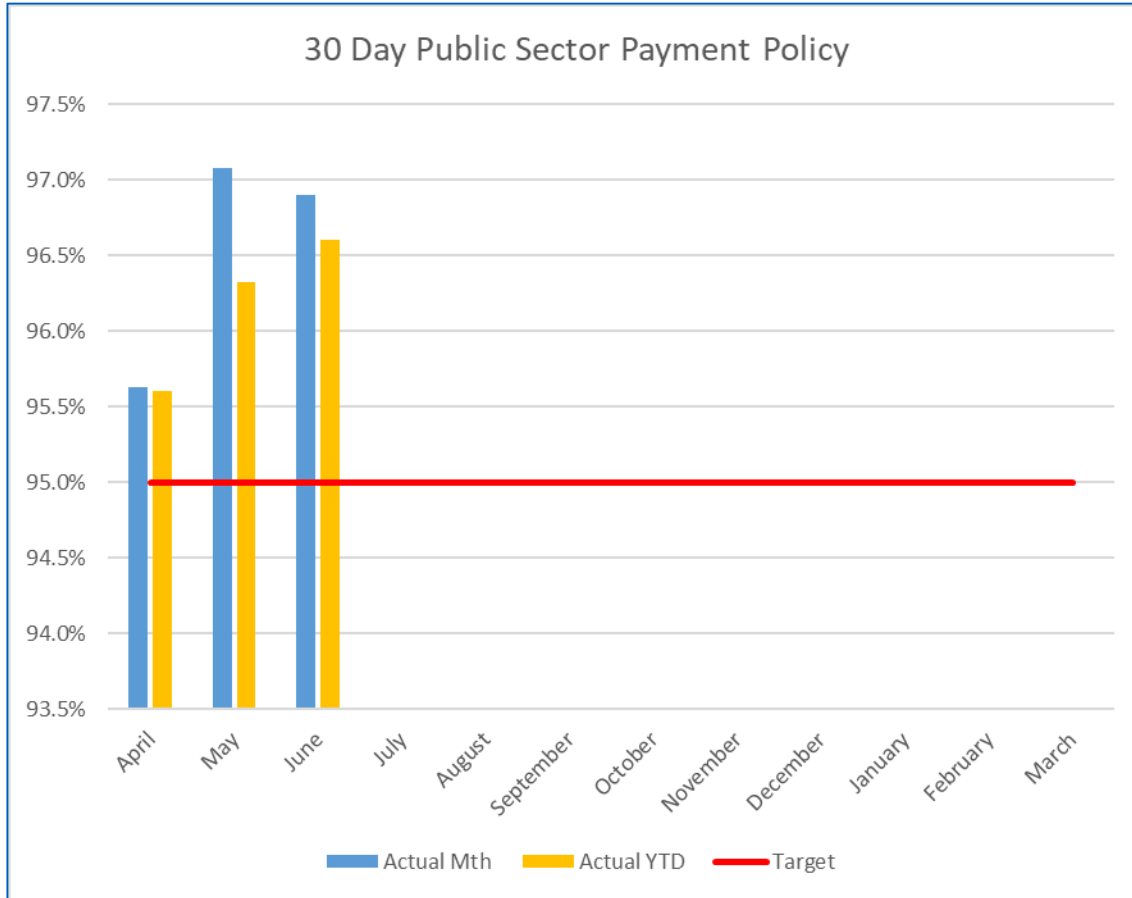
Key Points within the Cash Flow Forecast :

- The closing Cash Balance at the 30th June 2022 is £3.05m
- The cash flow forecast shows a shortfall of cash of £26.5m at the end of the financial year, resulting from the latest forecast deficit at M3.





Public Sector Payment Policy



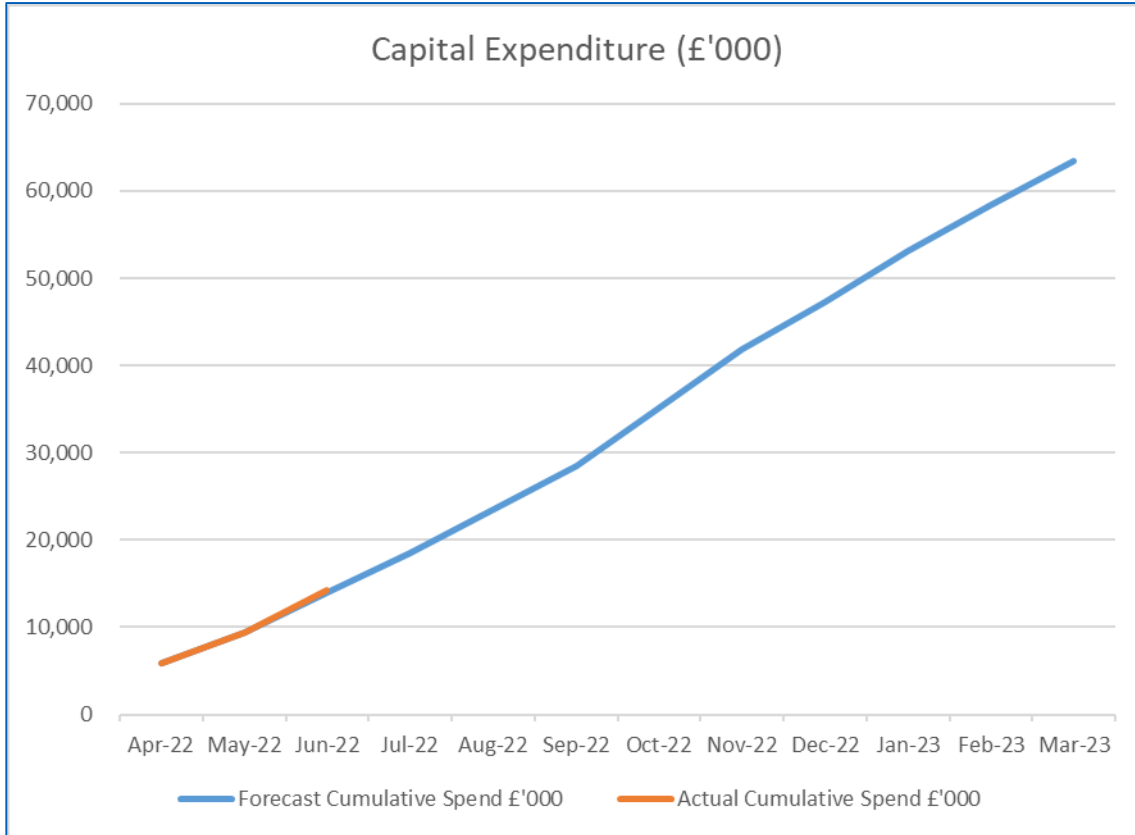
Key Points in the Public Sector Payment Policy :

- 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 June 2022 was 96.9%.
- The cumulative percentage year to date at the 30th June 2022 was 96.6%.
- The target is currently forecast to be achieved at year end.





Capital Expenditure



Key Points in Capital Expenditure:

- The Capital Resource Limit (CRL) of £62.9m was issued on the 27th April 2022.
- This is supplemented by £0.2m of donated funds giving an overall programme of £63.1m.
- Assets with a net book value (NBV) of £0.2m have been disposed of in this financial year and this figure will also be added to the programme.
- The expenditure to the 30th June 2022 was £14.2m.
- The forecast capital position remains breakeven to the CRL.
- There are a number of risks that may impact upon the programme and forecast outturn:
 - Bridgend Health & Wellbeing Centre (Sunnyside) – The scheme remains on hold pending a tendering process which may result in up to £3m of slippage.
 - PCH Ground & first Floor – Current SCP cash flows are indicating expenditure this year will be up to £9.4m over the CRL.
 - POW Fire Enforcement Notice – Potential increase in fees up to £1.5m to develop a business justification case to rectify the issues.

