

2022-23 Finance Report

Month 5



Summary

Situation

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.

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.

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.

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.

This report outlines our financial performance against our draft plan for the period to 31 August 2022.

Background

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.

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.

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.

During 2021-22, we received COVID funding of £93.6m plus Planned Care Recovery funding of £20.8m.



Summary



Assessment

As at Month 5, we are:

- Maintaining a forecast **Core** plan deficit of £26.5m, noting that performance YTD is £2.3m worse than plan and assumes £6m is realised from our 2021/22 annual leave provision
- Forecasting an increase of £15m in **Exceptional** costs to £34m compared to plan of £19m. This increase is solely attributed to changes in forecast energy prices notified by NWSSP
- Forecasting an decrease in **COVID** costs, programme and response, to £30.8m compared to plan of £32.3m

Key financial issues to note include:

- Energy prices continue to be volatile and the change reported at M5 reflects a significant step up in costs expected from October, where Oct-22 - Mar-23 forecast costs are £26.6m compared to £6.6m for the Apr-22 – Sep-22. The recent UK Government announcement of a public sector energy price fix is expected to reduce this forecast in next month's return.
- As per plan, **exceptional** and **COVID** response costs are anticipated to be fully funded by Welsh Government. However, as this funding has not yet been confirmed, £46.2m of funding continues to be identified as at risk.
- Our underlying position has deteriorated by £6.8m from £28.0m. This is due to a forecast shortfall in recurrent savings delivery in 2022/23 and it is vital that further work is undertaken to address this gap.
- This forecast underlying deficit excludes any recurrent impact of **COVID** response costs and **exceptional** items continuing into 2023/24.
- The cash position will require careful management during the latter months of the financial year,

Recommendation

The Board is asked to **DISCUSS** and **NOTE** financial performance for the period to 31 May 2022.



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Year to Date Revenue	<ul style="list-style-type: none"> M5 YTD Core position is reporting a £13.4m deficit against RRL, which is £2.3m worse than plan (M4 £1.8m). In month deficit of £2.7m deficit, which is £0.5m worse than plan. COVID YTD Programme expenditure of £7.3m (M4: £6.2m) and YTD Response expenditure of £7.4m (M4: £6.6m). YTD Exceptional cost pressure expenditure of £5.7m (M4: £4.6m).
Key Financial Issues - Forecast	<ul style="list-style-type: none"> Forecast Core plan deficit maintained as per plan at £26.5m (M4:£26.5m) which now assumes £6.0m release from 2021/22 annual leave accrual. Forecast Exceptional costs of £34.0m (M4: £28.3m), with £5.7m increase attributable to changes in forecast energy prices as notified by NWSSP. The recent UK Government announcement re a public sector energy price fix is expected to reduce this forecast in next month's return. COVID costs forecast at £30.8m (M4: £30.7m), with forecast programme cost decreasing by 1m and forecast response costs increasing by £1.1m. As per plan, exceptional and COVID response costs are anticipated to be fully funded by Welsh Government. However, as this funding has not yet been confirmed by Welsh Government, £46.2m of funding continues to be uncertain and is therefore identified as at risk.
Recurrent Position	<ul style="list-style-type: none"> Forecast core recurrent deficit at 31 March 2023 has remained stable at £34.8m (M4: £34.8m) but represents a £6.8m deterioration from the planned deficit of £28.0m. This is due to a forecast shortfall in recurrent savings delivery in 22/23. This forecast excludes any recurrent impact of COVID response costs and exceptional items continuing into 2023/24. There is further potential risk of circa £50m to the recurrent position if costs cannot be reduced and/or there is no additional WG funding. Urgent work is needed to further develop and implement savings plans to meet the £17.3m recurrent savings target. As at M5, only £10.5m of recurrent savings plans are identified and, of these plans, £1.7m have an Amber risk rating.
Cash	<ul style="list-style-type: none"> The M5 cash flow forecast is showing a cash shortfall of £26.5m. This would require cash management action to be deployed during March 2023. This assumes that all COVID response costs and exceptional costs are cash funded by WG. If this funding is not transacted, the forecast cash shortfall could increase to circa £65m-£75m., requiring action from month 10 onwards.
Capital	<ul style="list-style-type: none"> The Capital Resource Limit (CRL) is currently £59.9m. As at M5, £22.2m has been incurred against the CRL. 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.

Year to Date Performance and Forecast

	Current Month Variance	Year to Date Variance	M5 Forecast Variance	M4 Forecast Variance	Financial Plan
	£m	£m	£m	£m	£m
Core plan deficit	2.7	13.4	26.5	26.5	26.5
Exceptional items:					
National insurance changes	0.4	2.1	5.0	5.0	5.0
Energy inflation	0.5	2.6	26.6	20.8	11.6
Real Living Wage for Social Care Workers	0.2	1.0	2.4	2.4	2.4
Anticipated funding	(1.1)	(5.7)	(34.0)	(28.3)	(19.0)
Total	0.0	0.0	0.0	0.0	0.0
Covid response costs:					
Programme	1.1	7.3	14.1	15.1	15.6
Other	0.8	7.4	16.7	15.6	16.7
Anticipated funding	(1.9)	(14.7)	(30.8)	(30.7)	(32.3)
Total	0.0	0.0	0.0	0.0	0.0
Grand total	2.7	13.4	26.5	26.5	26.5

Key Points for In month & Year to Date Performance:

- The M5 in month position reported a £2.7m deficit, which is £0.5m worse than plan. This position is consistent with previous months.
- The M5 YTD position is reporting a £13.4m deficit against the Revenue Resource Limit, which is £2.3m worse than plan. Circa £1.3m 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.

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 18. 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 C level of 5 days, compared to a maximum of 30 days at the end of 21/22
- The forecast for Exceptional items has increased by £5.8m in M5 . This reflects the latest forecast for energy costs from NWSSP.
- The M5 COVID response forecast has increased by £1.1m from M4. The M5 forecast assumes that existing expenditure attributed to COVID in M5 will continue to 31 March. If some of these schemes are stopped this will improve the Covid forecast and the underlying position going into next year.
- The M5 Covid Programme costs have reduced by £1.0m from M4, being £1.1m decrease in Mass Vaccination offset by increases in PPE £0.1m.
- The risks to the M5 position remain significant with a total net risk of £48.1m. This includes £49.2m for Covid and Exceptional items .
- 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. Potential risk =£46.2m.



Year to Date Performance



	Annual Budget (£m)	Cur Month Variance (£m)	YTD Variance (£m)	Page reference
Pay	603.4	(2.9)	0.6	8
Non Pay	797.8	2.9	(1.7)	12
CRES	(6.9)	0.2	0.9	15
Income	(152.1)	0.4	2.6	16
Allocations	(1,215.7)	0.0	0.0	
Planned Deficit (£26.5m)	(26.5)	2.2	11.0	
Grand Total	0.0	2.7	13.4	





Pay Expenditure



Staff Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Administrative & Clerical	35.2	34.2	(1.0)
Medical And Dental	62.7	65.4	2.6
Nursing And Midwifery Registered	85.1	82.4	(2.6)
Add Prof Scientific And Technical	7.8	7.0	(0.8)
Additional Clinical Services	30.6	33.2	2.6
Allied Health Professionals	15.8	15.6	(0.2)
Healthcare Scientists	5.3	5.2	(0.2)
Estates And Ancillary	14.6	14.6	0.0
Students	0.0	0.3	0.3
Pay Budget Adjustments	0.1	0.0	(0.1)
Grand Total	257.2	257.9	0.6

Key Points:

- The M5 YTD pay expenditure is £257.9m . This represents a £0.6m adverse variance compared to the M5 plan of £257.2m.
- The £2.6m adverse variance in Medical & Dental is mainly due to increased ADH payments and agency costs.
- The £2.6m adverse variance in Additional Clinical Services includes additional cover provided to manage registered nursing vacancies.
- The year to date pay expenditure includes a £2.5m benefit from the release of annual leave accruals from 21/22.





Pay Expenditure Trends



Staff Group	Mar-22 £'m	Apr-22 £'m	May-22 £'m	Jun-22 £'m	Jul-22 £'m	Aug-22 £'m
Administrative & Clerical	11.2	7.1	6.9	6.8	6.9	6.4
Medical And Dental	17.9	12.5	13.4	13.6	13.4	12.6
Nursing And Midwifery Registered	26.1	17.5	16.0	16.7	17.1	15.2
Add Prof Scientific And Technical	2.8	1.4	1.4	1.4	1.4	1.3
Additional Clinical Services	11.3	6.8	6.6	6.6	7.0	6.2
Allied Health Professionals	3.8	3.1	3.1	3.1	3.2	3.0
Healthcare Scientists	1.5	1.0	1.0	1.0	1.1	1.0
Estates And Ancillary	7.3	2.9	2.9	2.9	3.0	2.8
Students	0.1	0.0	0.0	0.1	0.1	0.1
Pay Budget Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Grand Total	82.0	52.4	51.3	52.2	53.2	48.7

Staff Group	Mar-22 £'m	Apr-22 £'m	May-22 £'m	Jun-22 £'m	Jul-22 £'m	Aug-22 £'m
Core	72.4	43.3	43.5	43.6	43.8	40.6
Agency	4.7	4.7	4.4	5.1	4.9	4.6
Overtime	2.5	2.5	0.9	1.2	2.1	1.2
ADH	1.3	0.9	1.3	1.2	1.4	1.2
Bank	1.0	1.0	1.0	0.9	0.9	1.0
WLI	0.2	0.1	0.2	0.2	0.2	0.1
Grand Total	82.0	52.4	51.3	52.2	53.2	48.7

Key Points for Pay Expenditure Trends:

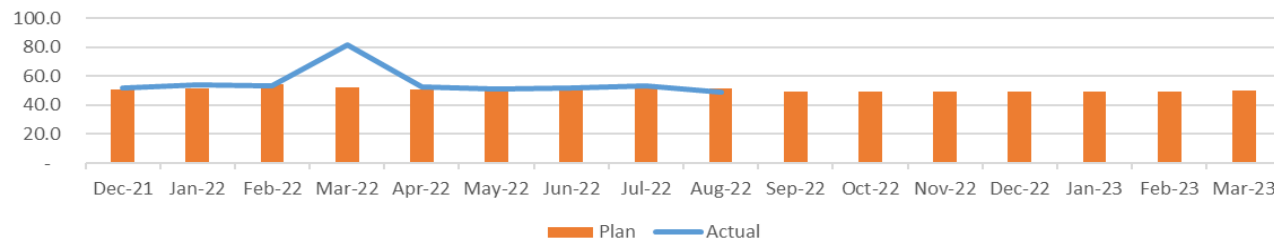
- The March 22 expenditure included specific year end adjustments of £28.9m (pension & annual leave). The adjusted figure excluding these items was £53.1m.
- M5 expenditure was £48.7m which was £4.5m better than M4. This is mainly due to £2.5m of annual leave accruals being written back in M5 plus a reduction in Holiday pay on overtime costs in M5 of £0.6m. Holiday Pay on overtime costs for M1 to M4 was processed in M4 of £0.8m and £0.2m in M5.
- Core staffing costs reduced by £3.2m in M5 due primarily to the annual leave write back.
- M4 agency costs improved slightly in M5.
- Overtime costs reduced by £0.9m in M5 due mainly to lower Holiday pay on overtime costs of £0.6m.



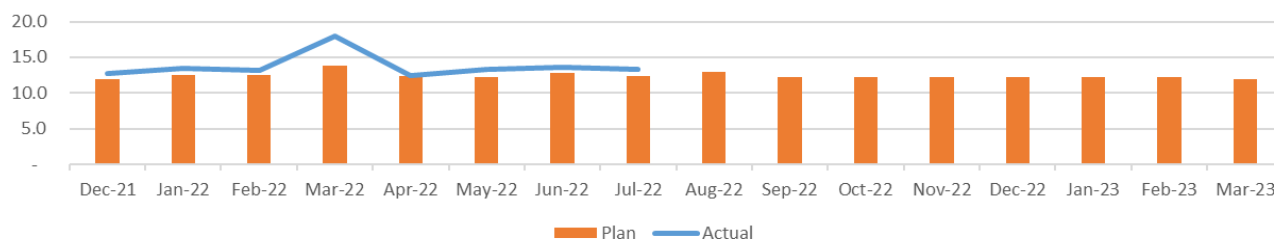
Pay Expenditure Trends



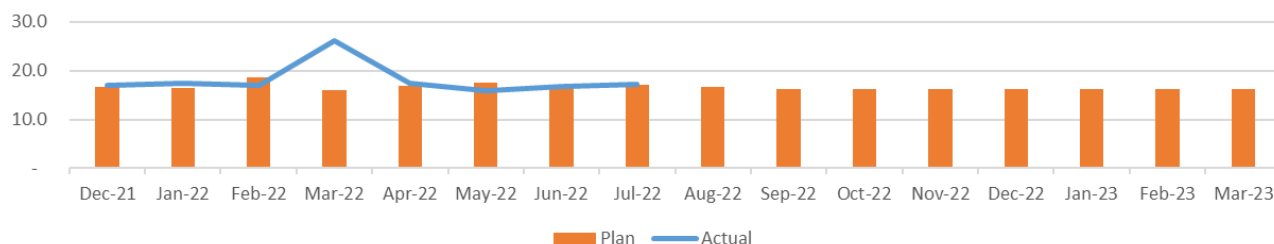
Total Pay Expenditure Trend (£'m)



Medical & Dental Pay Expenditure Trend (£'m)



Nursing & Midwifery Pay Expenditure Trend (£'m)

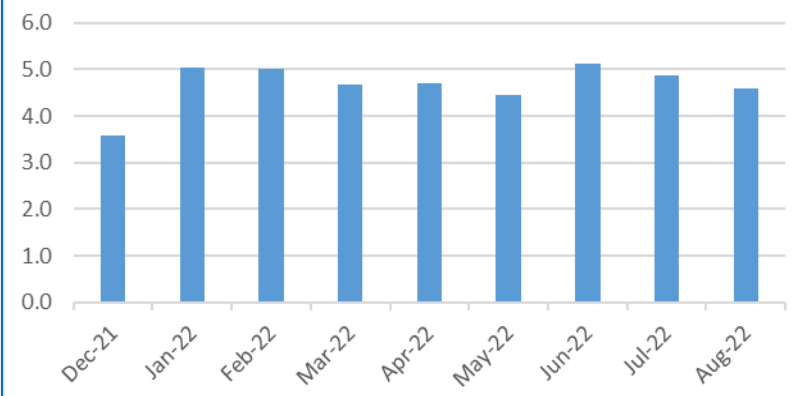


Key Points for Pay Expenditure Trends:

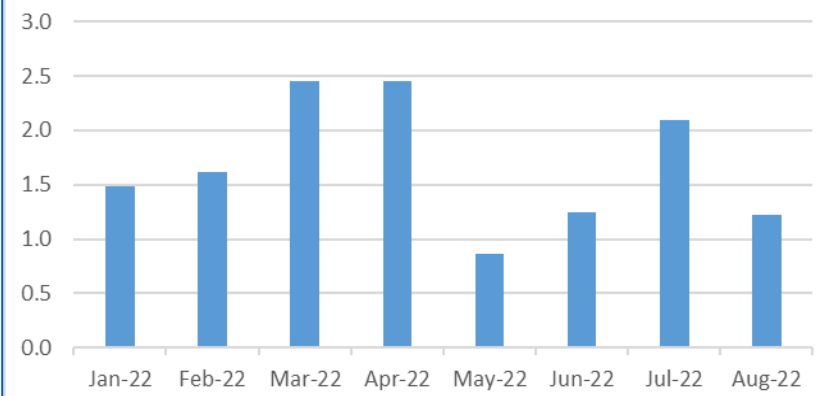
- Medical pay expenditure was £12.6m in M5 compared to £13.4m in M4 . Circa £0.6m of this improvement was due to the write back of annual leave.
- Nursing pay expenditure reduced by £1.9m in M5, £15.2m in M5 compared to £17.1m in M4. £0.7m of this decrease was due to the net impact of the write back of annual leave offset by holiday pay on overtime. (M5 = £0.9m benefit and M4 = £0.2m cost).

Variable Pay Expenditure Trends

Total Agency Expenditure (£'m)



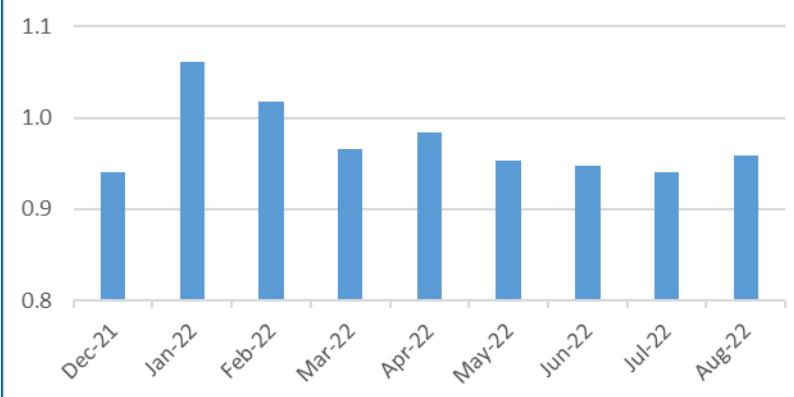
Total Overtime (£'m)



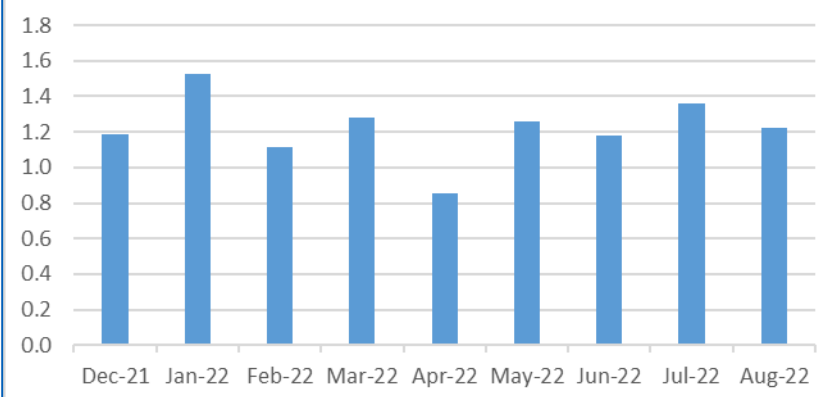
Key Points for Variable Pay Expenditure:

- Total agency expenditure reduced by £0.3m in M5 to £4.6m.
- The most significant change was Medical & Dental agency costs reducing by £0.3m from M4.
- Overtime costs reduced by £0.9m in M5 due mainly to lower Holiday pay on overtime costs of £0.6m.
- Bank Expenditure remains relatively consistent at £0.96m/month.
- ADH expenditure fell by £0.2m in M5 to £1.2m.

Total Bank Expenditure (£'m)



Total ADH (£'m)





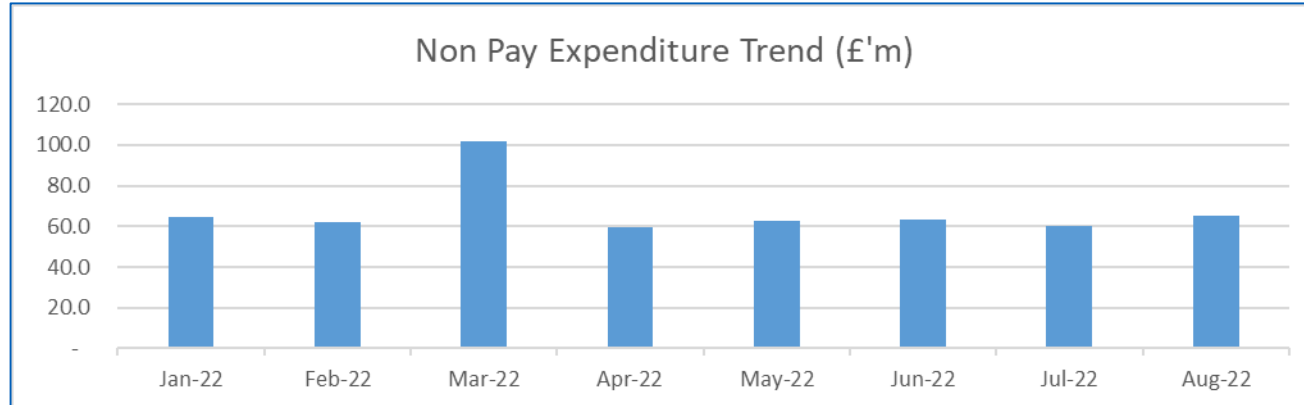
Non Pay Expenditure



Non Pay Expenditure Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Primary Care Contractors	54.3	54.3	0.0
Primary Care Drugs	38.6	39.3	0.7
Provider Non Pay	70.7	70.8	0.1
Commissioned Activity	137.7	137.5	(0.3)
Capital Charges	13.6	13.6	0.0
Other Non Pay	(2.7)	(5.0)	(2.3)
Total Expenditure	312.3	310.5	(1.7)

Key Points for Non Pay Expenditure:

- The overall year to date non pay position is reporting a £1.7m underspend at M5.
- Primary care drugs is continuing to report an overspend with the growth in Q1 Prescribing data higher than planned.
- The £0.3m Commissioning surplus relates to underperformance on LTAs and other commissioning budgets of £2.6m (see income) offset by £2.3m of CHC overspends.
- The underspend of £2.3m in Other Non pay includes a release of non delegated reserves of £2.4m.





COVID Expenditure



	M5 Actual	M5 YTD	M5 Forecast	M4 Forecast	Financial Plan	Change from M4
	£m	£m	£m	£m	£m	£m
Programme costs						
TTP	0.4	3.3	5.8	5.8	6.5	0.0
Mass Vaccination	0.5	3.1	6.5	7.6	7.4	(1.1)
PPE	0.3	0.9	1.9	1.8	1.6	0.1
Sub total	1.1	7.3	14.1	15.1	15.6	(1.0)
COVID Response Costs:						
Cleaning Standards	0.1	0.6	1.9	1.9	2.3	0.0
Capacity & Facilities costs	(0.1)	1.7	2.9	2.9	3.0	0.0
Prescribing costs	0.2	0.9	2.1	2.1	2.1	0.0
Dental income losses	0.2	1.1	2.5	2.5	2.5	0.0
Increased workforce costs	0.3	2.5	4.5	3.2	2.6	1.2
Long Covid	0.0	0.2	0.8	0.8	0.8	0.0
Flu extension	0.0	0.1	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	0.0	0.1	0.6	0.7	2.3	(0.1)
Sub total	0.8	7.4	16.7	15.6	16.7	1.1
Total Covid costs	1.9	14.7	30.8	30.7	32.3	0.1
Anticipated funding	(1.9)	(14.7)	(30.8)	(30.7)	(32.3)	(0.1)
Total	0.0	0.0	0.0	0.0	0.0	0.0

Key Points for the M5 COVID Expenditure:

- Programme Costs – the M5 spend of £1.1m was in lower than the M4 costs of £1.5m, mainly due to lower Tracing costs within TTP.
- Other COVID Costs – the M5 spend of £0.8m was lower than the M4 costs of £1.1m. The main area of reduction was within Capacity & Facilities where the costs for Ysbyty Seren have ceased.
- 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 M5 forecast has reduced by £1.0m from M4. This is attributed to forecast Mass Vaccination costs reducing by £1.1m, offset by increases in PPE of £0.1m.
- Other Covid costs – the M5 forecast has increased by £1.1m from M4 mainly due to the assumption that the current COVID services will remain in place for the rest of 22/23.



Exceptional Cost Pressures Expenditure



	M5 Actual	M5 YTD	M5 Forecast	M4 Forecast	Financial Plan	Change from M4
	£m	£m	£m	£m	£m	£m
National insurance changes	0.4	2.1	5.0	5.1	5.0	(0.1)
Energy inflation	0.5	2.6	26.6	20.8	11.6	5.8
Real Living Wage for Social Care Workers	0.2	1.0	2.4	2.4	2.4	0.0
Total Exceptional Costs	1.1	5.7	34.0	28.3	19.0	5.7
Anticipated funding	(1.1)	(5.7)	(34.0)	(28.3)	(19.0)	(5.7)
Grand total	0.0	0.0	0.0	0.0	0.0	0.0

Key Points:

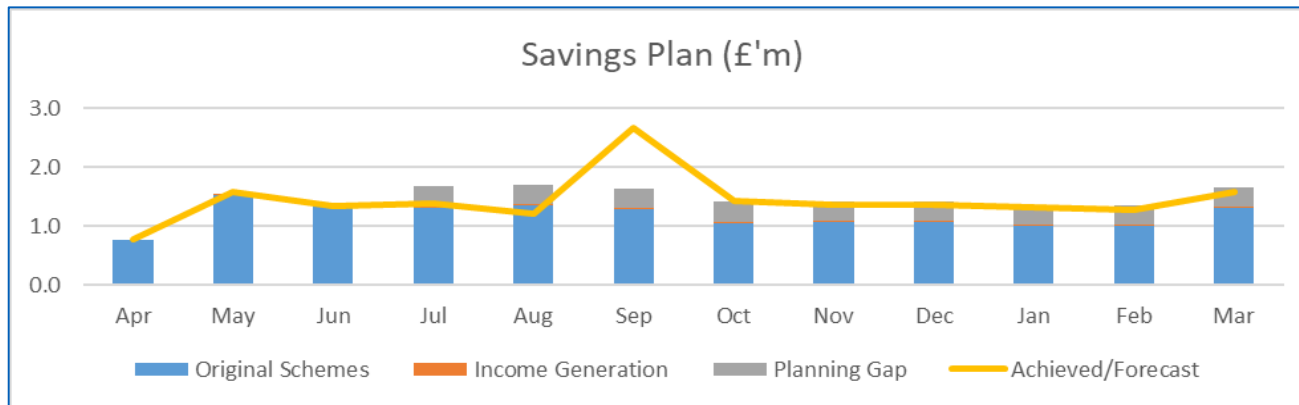
- The M5 spend of £1.1m was lower than the M4 spend of £1.3m.
- The M5 forecast of £34m has increased by £5.8m over M4 which reflects the latest information from NWSSP on energy costs.
- Energy prices continue to be volatile and the M5 change reflects a significant step up in costs expected from October, where Oct-22 to Mar-23 forecast costs are £26.6m compared to £6.6m for Apr-22 to Sep-22. The recent UK Government announcement re a public sector energy price fix is expected to reduce this forecast in next month's return.
- 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 5			Month 4		
	M4 YTD	22/23	Rec	M4 YTD	22/23	Rec
	£m	£m	£m	£m	£m	£m
Planned savings		14.1			14.1	
Planned income generation		0.2			0.2	
Plans to be finalised		3.0			3.0	
Savings target as at M3	7.1	17.3	17.3	5.9	17.3	17.3
Actual and Forecast Savings	(6.4)	(17.4)	(10.5)	(5.2)	(17.9)	(10.5)
Total	0.7	(0.1)	6.8	0.7	(0.6)	6.8



Key Points for Savings achievement:

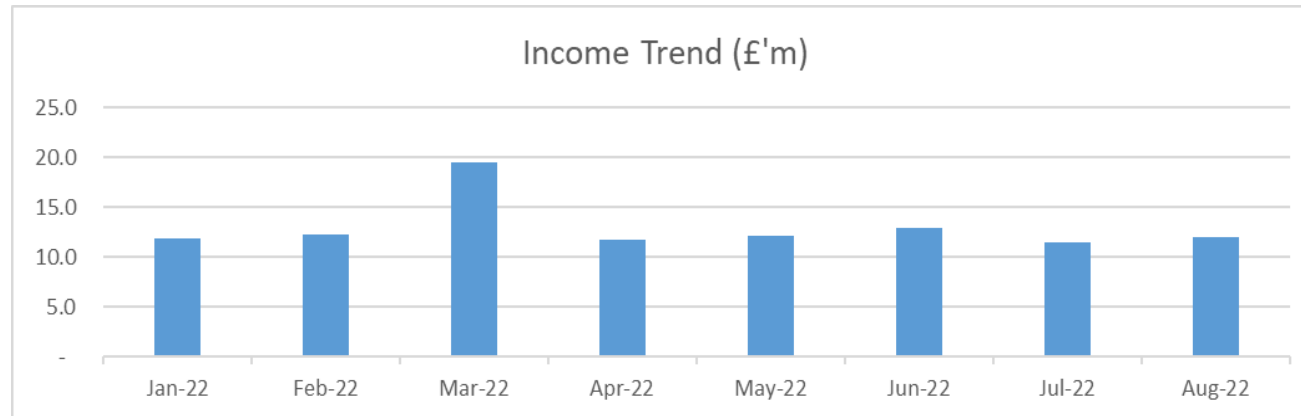
- Forecast in year savings has reduced by £0.5m to £17.4m. This forecast includes £16.2m of schemes classified as Green and £1.2m Amber.
- Forecast Recurrent savings have remained unchanged in M5 at £10.5m. This forecast includes £8.8m of schemes classified as Green and £1.7m Amber.
- Urgent work is still needed to develop a robust savings plan to deliver £17.3m of savings on a recurrent basis. The M5 gap remains £6.8m.
- It is important to note that M5 internal reporting within the Health Board is reporting a M5 YTD savings shortfall of £0.9m compared to the £0.7m 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



Income Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Health Organisations Income	42.7	41.0	1.7
Local Authorities Income	5.0	5.0	0.0
Catering Income	1.2	0.9	0.4
Private Patients	0.1	0.2	(0.1)
Other Income	13.9	13.4	0.6
Total Income	62.9	60.4	2.6



Key Points for Non Pay Expenditure:

- The overall year to date income position is reporting a £2.6m overspend at M5.
- Healthcare organisations are reporting a £1.7m 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 £2.6m for contracting & commissioning LTAs.
- Catering Income is reporting an adverse variance of £0.4m, following reduced footfall at sites. The M5 in month position remains adverse but has improved on previous months.
- The other income adverse variance of £0.6m includes:
 - £0.3m of reduced injury cost recovery scheme income
 - £0.1m of reduced accommodation income
 - £0.1m of reduced dental patient charges income
 - £0.1m of other miscellaneous income.



Income Assumptions WG

	REVENUE RESOURCE LIMIT				Resource Limit £'m
	HCHS £'m	Pharmacy £'m	Dental £'m	GMS £'m	
Confirmed Welsh Government Allocations	1,022.7	28.1	24.2	80.8	1,155.8
Anticipated Allocations:					
COVID Programmes	9.3				9.3
Other COVID Response	13.0				13.0
Exceptional Costs	34.0				34.0
WRP	(3.3)				(3.3)
Substance Misuse	3.9				3.9
2022/23 MH Funding	2.5				2.5
Unscheduled Care 6 Goals	3.0				3.0
Value in Health Care Hosting	2.2				2.2
Holiday Pay on Overtime	1.5				1.5
Dementia ICF	1.2				1.2
Medical Trainees	0.7				0.7
Bands 1&2 NLW uplift	0.7				0.7
Memory Assessment Service	0.5				0.5
Obesity Pathway	0.4				0.4
Other Allocations	1.0				1.0
					0.0
Total Allocations	1,093.1	28.1	24.2	80.8	1,226.2

Key Points for Allocations:

- As at M5 the confirmed revenue resource allocation was £1,155.8m.
- The forecast position assumes a further £70.5m of Anticipated allocations.
- The forecast position assumes that all the COVID response costs and Exceptional costs will be fully funded by WG. The anticipated allocations for these programmes are:
 - £9.3m – COVID Programme
 - £13.0m – COVID Response
 - £34.0m – Exceptional Costs
- The latest assessment from NWSSP for the contribution to the Risk Pool has been estimated at £3.3m. 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	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	0.2	11.3
EASC	0.0	0.0	0.0
HEIW	0.0	12.5	12.5
NHS Wales Executive	0.0	0.0	0.0
Total	88.5	28.1	116.6

Key Points :

- The M5 plan assumes £116.6m of income from Welsh NHS organisations.
- A further £35.4m of non NHS income is also included in the financial plan of which £11.5m 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 for 22/23 have been fully signed off.



Risk Management Risks and Opportunities



	Month 5	Month 4	Financial Plan 30 April
	£m	£m	£m
Risks:			
Risk of COVID Resurgence in Q2,Q3 & Q4	0	1.2	0
Reduction in COVID funding - Income losses & ICT/Homeworking	3.0	3.0	0
Potential reduction in anticipated allocations for COVID response	12.2	8.7	0
Potential reduction in anticipated allocations of Exceptional items	34.0	28.2	0
Shortfall against planned savings delivery of £17.3m.	0.6	0.9	2.5
Winter plan costs not covered by additional WG funding	Tbc	Tbc	2.5
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
Primary Care Prescribing Growth & Cat M Price	0.0	3.0	0
Risk of new pay advisory notices leading to increased pay rates	Tbc	0	0
Additional Bank Holiday Pay Costs – Queens State Funeral	Tbc	0	0
Total risks	52.1	47.3	16.1
Opportunities:			
Retention of potential slippage on 22/23 MH funding	tbc	tbc	0
Balance sheet reviews including the 21/22 Annual leave accrual	(4.0)	(4.0)	(2.0)
Total Opportunities	(4.0)	(4.0)	(2.0)
Total	48.1	43.7	14.1

Key Points :

- Welsh Government have 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 (£12.2m and £34.0m).
- The latest M5 savings plan includes Amber schemes of £1.2m. The Savings risk has been estimated at 50% of these Amber schemes .
- The risk of continuing the COVID services in the latter 2 quarters has been removed and is now recognised in our forecast.
- The risk of Primary Care Prescribing growth & Cat M pricing have been removed this month as PAR growth has been recognised in the forecast position.
- As at M5, the main opportunities are the retention of potential slippage on the New WG allocations for Mental Health, plus a further review of balance sheet opportunities and annual leave accrual.
- The risks to the M5 position remain significant with a total net risk of £48.1m. This includes £49.2m for Covid and Exceptional items.



Statement of Financial Position

Balance Sheet	Opening Balance (01/04/2022)	Closing Balance as at M04	Closing Balance as at M05	Forecast Closing Balance M12
	£'000	£'000	£'000	£'000
Non Current Assets				
Property, Plant & Equipment	603,871	610,998	612,222	603,871
Intangible Assets	3,596	3,586	3,586	3,596
Trade and Other Receivables	43,216	43,216	43,216	43,216
Total Non-Current Assets	650,683	657,800	659,024	650,683
Current Assets				
Inventories	6,856	7,094	6,956	6,856
Trade and Other Receivables	91,571	77,026	66,105	91,571
Cash and Cash Equivalents	438	4,125	6,246	(26,500)
Total Current Assets	98,865	88,245	79,307	71,927
Current Liabilities				
Trade and Other Payables	182,269	149,945	140,158	155,331
Provisions	27,052	26,931	26,627	27,052
Total Current Liabilities	209,321	176,876	166,785	182,383
Non-Current Liabilities				
Trade and Other Payables	976	976	976	976
Provisions	49,555	49,555	49,555	49,555
Total Non-Current Liabilities	50,531	50,531	50,531	50,531
TOTAL ASSETS EMPLOYED	489,696	518,638	521,015	489,696
Financed By:				
General Fund	427,163	456,105	458,482	427,163
Revaluation Reserve	62,533	62,533	62,533	62,533
TOTAL	489,696	518,638	521,015	489,696

Key Points on the Statement of Financial Position:

- Receipts from WG near the end of the month resulted in the closing cash balance increasing by £2m to £6.2m.
- Receivables have decreased by £11m from M4. This is largely due to reductions in the Welsh Risk Pool debtor of £4.4m and WG debtors of £4.8m.
- Payables have decreased by £9.8m from M4. This is due to a reduction in system creditors.
- We are forecasting a Core plan cash shortfall at the end of the year of £26.5m – see next page.



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	98,090	102,644	109,400	92,816	103,880	113,300	92,800	101,300	91,409	1,208,690
WG Capital Funding	9,000	4,000	5,000	5,000	6,500	5,000	4,500	5,700	4,600	5,200	4,500	941	59,941
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	9,633	16,269	10,300	10,300	10,300	10,300	10,300	10,300	12,000	139,908
Other	4,256	6,004	3,238	4,476	3,121	4,000	2,500	2,500	2,500	2,500	2,500	2,500	40,095
Total Receipts	134,086	121,321	119,579	117,199	128,534	128,700	110,116	122,380	130,700	110,800	118,600	106,850	1,448,865
Payments													
Primary Care Services	26,653	7,211	19,962	16,489	16,595	26,536	7,355	16,545	28,945	8,750	17,245	17,770	210,056
Salaries and Wages	47,067	50,967	50,466	49,819	49,246	50,900	52,620	49,940	49,940	49,940	49,940	49,940	600,785
Non Pay Expenditure	52,316	51,147	47,978	45,541	55,418	51,000	44,200	49,000	47,500	47,500	47,500	66,006	605,106
Capital Payments	6,433	7,201	4,973	4,275	5,154	5,300	5,000	5,700	4,600	5,200	4,500	1,520	59,856
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payments	132,469	116,526	123,379	116,124	126,413	133,736	109,175	121,185	130,985	111,390	119,185	135,236	1,475,803
Net Cash In/Out	1,617	4,795	(3,800)	1,075	2,121	(5,036)	941	1,195	(285)	(590)	(585)	(28,386)	
Balance B/F	438	2,055	6,850	3,050	4,125	6,246	1,210	2,151	3,346	3,061	2,471	1,886	
Balance C/F	2,055	6,850	3,050	4,125	6,246	1,210	2,151	3,346	3,061	2,471	1,886	(26,500)	

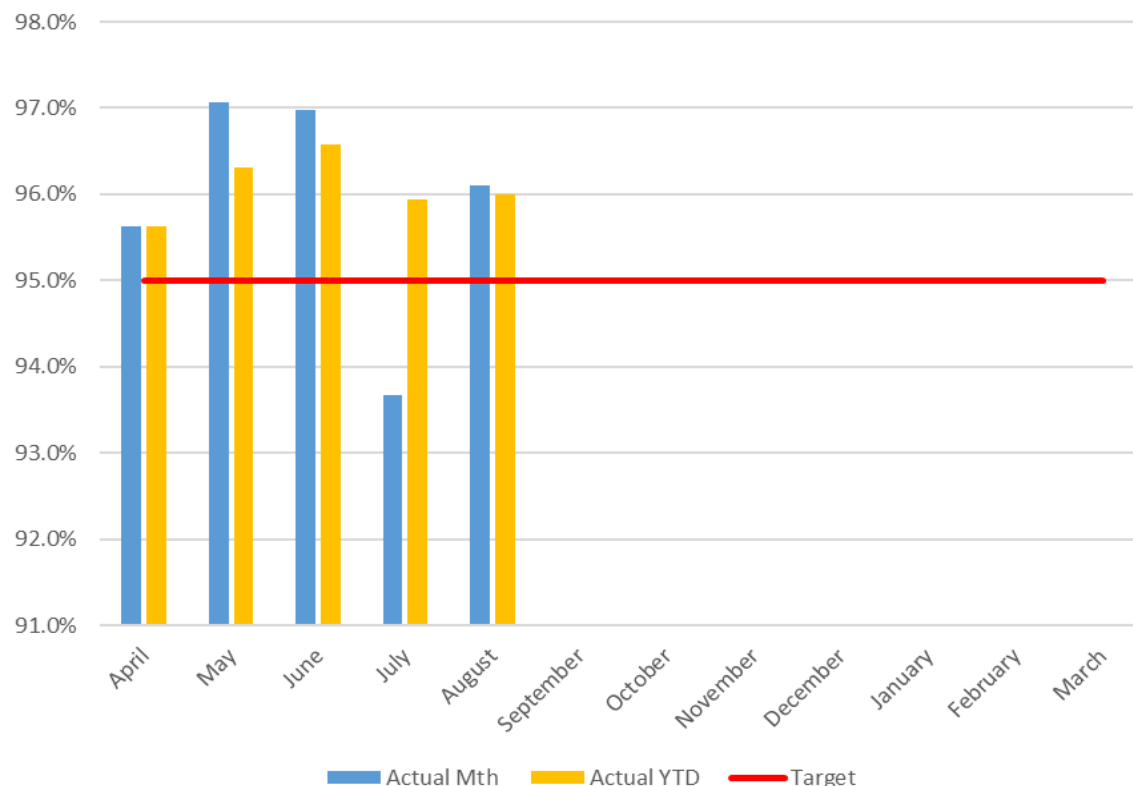
Key Points within the Cash Flow Forecast :

- The closing Cash Balance at the 31st August 2022 is £6.246m and the above forecast shows a 'Core Plan' cash shortfall of £26.5m at the end of the financial year.
- This forecast assumes that all Covid response costs and Exceptional cost pressures will be cash funded. Within the forecast there is also significant movement in working balances due to the release of the annual leave accrual and other accountancy gains.
- If the Covid response costs and Exceptional costs, as well as movements in working balances are not cash funded, the forecast shortfall at the end of the year could increase to circa £65m-£75m. It is important to highlight that , under this scenario, in order to be able to pay staff, contractors and other unavoidable commitments in March, creditor payments would need to be restricted from month 10 onwards.



Public Sector Payment Policy

30 Day Public Sector Payment Policy



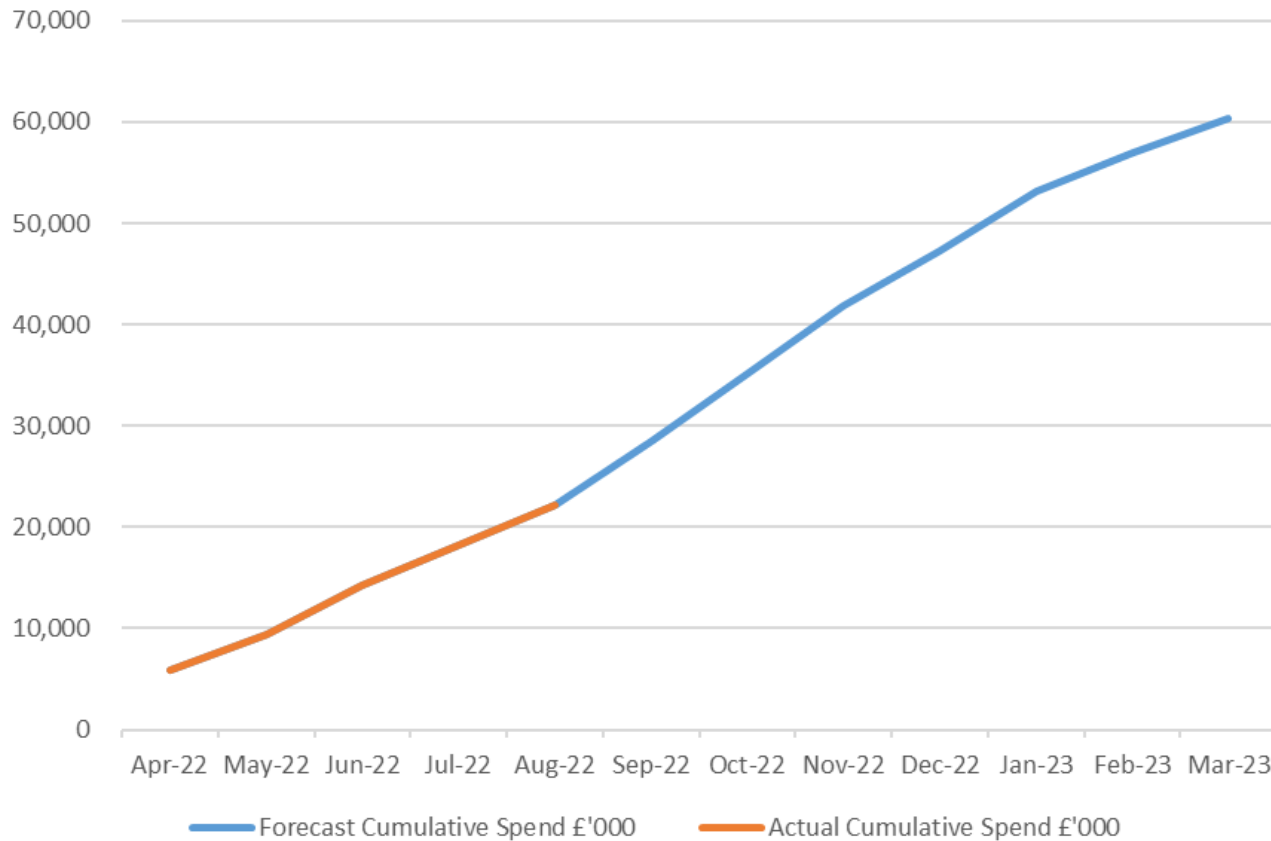
Key Points in the Public Sector Payment Policy :

- 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 August 2022 was 96.1%.
- The cumulative percentage year to date at the 31st August 2022 was 96.1%.
- The target is currently forecast to be achieved at year end.



Capital Expenditure

Capital Expenditure (£'000)



Key Points in Capital Expenditure:

- The Capital Resource Limit (CRL) of £59.9m was issued on the 13th July 2022.
- 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.
- This is supplemented by £0.2m of donated funds giving an overall programme of £60.3m.
- The expenditure to the 31st August 2022 was £22.2m.
- 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 £1.5m of slippage.
 - PCH Ground & first Floor – Current SCP cash flows are indicating expenditure this year will be up to £8.5m 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.