



AGENDA ITEM

7.1

PLANNING, PERFORMANCE & FINANCE COMMITTEE

FINANCE UPDATE – MONTH 5 of 2021/22

Date of meeting	18/10/2021
FOI Status	Open/Public
If closed please indicate reason	Not Applicable - Public Report
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Approving Executive Sponsor	Executive Director of Finance & Procurement
Report purpose	FOR DISCUSSION / REVIEW

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

Committee/Group/Individuals	Date	Outcome
Welsh Government	13/9/2021	NOTED
Management Board	22/9/2021	NOTED

ACRONYMS

A&C	Administration & Clerical	I&E	Income & Expenditure
AWCP	All Wales Capital Programme	LTA	Long Term Agreement
AME	(WG) Annually Managed Expenditure	M1	Month 1 (M2 Month 2 etc)
CHC	Continuing Healthcare	PCMH	Primary Community & Mental Health
COO	Chief Operating Officer	PCH	Prince Charles Hospital
CRES	Cash Releasing Efficiency Savings	POW	Princess of Wales Hospital



CRL	Capital Resource Limit	RGH	Royal Glamorgan Hospital
FNC	Funded Nursing Care	PSPP	Public Sector Payment Policy
HCHS	Healthcare & Hospital Services	WG	Welsh Government
IHI	Institute of Healthcare Improvements	WHSSC	Welsh Health Specialised Services Committee
IMTP	Integrated Medium Term Plan	YTD	Year to Date

FINANCE REPORT – MONTH 5 of 2021/22

1. SITUATION

The purpose of this report is to highlight the key messages in relation to the current month, year to date and forecast year-end financial position of Cwm Taf Morgannwg (CTM) University Health Board as at Month 5 (M5). The report sets out the position in respect of confirmed and anticipated income and actual and forecast expenditure.

2. BACKGROUND

This report should be read in the context of the draft CTM Integrated Medium Term Plan for 2021/22 to 2023/24, which is available on the website, and the updated draft 2021/22 financial plan, as described in earlier finance reports. The updated draft financial plan for 2021/22 consists of three elements; core, Covid-19 response and planned care recovery.

The plan reflected a breakeven position through Q1 to Q4, with the deficit in the core plan being offset by a corresponding surplus against Covid-19 funding, giving an overall breakeven position for 2021/22. In the period since the updated plan submission, there have been a number of changes to forecast costs and assumed income, which are captured in Section 6.6. As at M5, there remains £28.5m of assumed allocations for Covid-19 & Winter which remains to be confirmed by Welsh Government (WG).

3. ASSESSMENT

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

4. RECOMMENDATION

The Committ3ee is asked to:

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

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Note 1: We are reviewing the Board reporting formats for 2021/22 and revised information may be provided this report will be revised from M6.

5. HEADLINE MESSAGES AND KEY ACTIONS

5.1 MONTH 5

- At M5, we are reporting a marginal underspend of £0.1m. Actual expenditure to M5 on delegated budgets was showing a £5.7m overspend and this was offset by a £5.8m underspend on Non Delegated budgets to give a small underspend of £0.1m. Significant reserve funding has been phased into the M5 position to cover costs reported within the delegated position but where funding has not yet been released into delegated budgets. Further details are provided in Section 6.8.

Revenue Performance

	Year to Date £'m	Annual Forecast £'m
Under/(Over) spend	0.1	0

- Whilst the Health Board is reporting a small surplus at M5, it is important to note the following points regarding the M5 position:
 - The M5 position assumes that a number of WG allocations that have not yet been confirmed.
 - The position also assumes that we get circa £1.5m of additional funding from Powys UHB in 21/22 for increased patient flow into Prince Charles Hospital (PCH).
 - The YTD position currently excludes an extra £4.0m (M4: £5.5m) of funding that has been requested to reflect the revised assessment of bed demand, but also excludes the costs which it is estimated would result.
 - £1.9m of the £5m Covid-19 transition budget has been released to Delegated budgets. The balance of £3.1m is held in Reserves together with a £5.0m budget for Other Covid-19 costs. Five months of these two budgets have been phased into the Month 5 position to meet existing overspends.
 - We will identify priorities for any non-recurring investment but the focus needs to be on delivering the plan above, which we need to do from a sustainability perspective anyway. This will put us in the best position to be able to utilise any non-recurring WG funding which does become available.

5.2 SAVINGS PERFORMANCE

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

5.3 FORECAST OUT TURN

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

	£'m	
Prior year Covid-19 impacts - Non delivery of 2020/21 Savings	16.2	Part of £20.5m prior year Covid-19 impacts included in plan
Prior year Covid-19 impacts- Other recurrent impacts	4.3	Part of £20.5m prior year Covid-19 impacts in plan. Now subject of a separate Accountable officer letter at WG request.
Urgent Emergency Care-existing costs for Think 111 1 st , urgent primary care and SDEC	2.8	Part of urgent care bid to WG.
Additional Funding request	1.2	Funding that has been requested following the transfer of £1.2m of Operational expenditure cost reductions towards the forecast shortfall against £14.5m Savings target
Additional non-recurring Covid-19 funding of £4.0m over the confirmed Welsh Government allocation of £26.1m.	4.0	We have also requested additional non-recurring Covid-19 funding to reflect a revised assessment of demand relating to Covid-19, winter and paediatric respiratory virus. This request was previously set at £5.5m but this has been reduced at M5 to better reflect forecast expenditure.
Total Allocations assumed in Forecast position	28.5	

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

5.4 UNDERLYING POSITION

- The forecast recurring deficit remains unchanged at £39.3m (M4: £39.3m). This represents a deterioration of £7.9m from the planned recurrent deficit of £31.4m at the end of 21/22, which is due to a £7.9m forecast shortfall in savings delivery against the £16.1m recurrent savings target for 21/22.
- This level of underlying deficit represents a significant concern, especially given the challenging resource outlook for 2022-23. There needs to be a clear focus to increase recurrent savings plans and reduce the impact going into next financial year.

5.5 CAPITAL

- The Capital Resource Limit for 21/22 currently stands at £75.3m.
- Actual spend to M5 is £17.5m, giving a reported underspend compared to the original plan of £6.7m. This is mainly due to slippage on the Bridgend Health & Well Being Centre and the PCH Ground & First Floor scheme.
- The Health Board is continuing to forecast a breakeven position against the CRL for 2021/22,

5.6 KEY ACTIONS

The key actions include:

- Feedback from WG on the Health Board's funding assumptions for Covid-19 and SDEC, Think first 111 and Urgent primary care centres.
- All budget holders to urgently sign off their budget schedules for 2021/22 and to manage expenditure within these agreed budgets.
- Identification of additional savings plans to close the forecast recurring savings gap of £7.9m.
- Addressing the significant M5 YTD overspends on pay, non pay and income noted in Section 6.4 which total £6.0m.




- Finalising the trackers for monitoring the reductions in the annual leave carried forward at the end of 2020/21 and the associated impact on the annual leave provision for 21/22.
- Finalising the Transformation budgets and spending plans for 2021/22 and then moving on to the recurrent sustainability plan for 2022/23.
- Noting the deterioration in the forecast recurrent position and the significant recurrent deficit to be addressed from 2022/23 onwards.

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

6.1 Financial Position and Key Targets – Month 5

The Health Board has a statutory duty to achieve a break even position over a period of three financial years. This applies to both revenue and capital expenditure. Over the last two financial years, the Health Board has achieved a surplus of £971k and £71k for revenue and capital expenditure respectively. This means that the Health Board can overspend by £971k and £71k for revenue and capital expenditure respectively in 2021/22 and still meet its three year statutory duty. The Health Board also has an administrative duty to pay a minimum of 95% of all non-NHS invoices within 30 days.

The table below details the Health Board's 2021/22 current and forecast performance against these key financial targets:

Target	Unit	Current Month	Year to Date	Trend	Forecast Year End
Revenue To ensure that the Health Board's revenue expenditure does not exceed the aggregate of it's funding in each financial year. Measured by variance against plan to break even.	£'000 +Adverse ()Favourable	0	(104)		0
Capital To ensure net capital spend does not exceed the Welsh Government Capital Resource Limit. Measured by variance against plan to manage to the Resource Limit	£'000 +Adverse ()Favourable	(2,735)	(6,750)		0
Public Sector Payment Policy To pay a minimum of 95% of all Non NHS invoices within 30 days. Measured by actual performance	%	94.2%	93.8%		94%

6.2 Revenue Performance by Expenditure Category

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

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

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

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

- The £1,546k pay overspend includes Primary Care (£718k) and Corporate directorates (£874k).
- The non-pay overspend of £2,180k includes RTE ILG (£640k), Medicines Mgt (£1.360k), Facilities (£856k) and W&OD (£184k).
- The income overspend of £1,213k includes Bridgend ILG (£684k) and Primary Care (£648k).
- Further information on these overspends is provided in Section 6.4.

- Further information on the Savings position is provided in Section 6.7.
- A significant amount of reserve budgets have been phased into the M5 position to cover estimated costs already included in the delegated position but where funding has not yet been released into delegated budgets. Further details are provided in Section 6.8.

6.3 Pay Expenditure trends

The M4 Pay expenditure was £50.5m and the monthly trend is summarised below.

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

The Key issues to highlight are as follows:

- The M1 position was broadly consistent with the previous 3 months, after taking account of the following comments:
 - The M12 position includes additional accruals for NHS Pensions, NHS Staff bonus, Annual Leave not taken & study leave, which total £52m.
 - Medical costs include £3.6m of accountancy gains in M10 and £0.4m in M11, which would increase the gross position to £12.3m and £11.9m respectively.
 - The increase in Nursing & ACS costs in M10 was due to the introduction of a new accruals methodology (Nursing £1.9m and ACS £1.2m).

- The M2 position remained consistent with M1, the only movement was within Additional Clinical Services, where bank costs caused an increase of £0.5m on M1.
- The M3 position was £2m lower than M2 with the main reductions being seen in Nursing £0.7m and ACS £1.0m. This was due to reductions in the payments for overtime in M3.
- The M4 position has remained consistent with M3 with no significant movements.
- The M5 position has increased by £2.5m over M4. The main reason for this increase is a new charge of £1.9m for the additional costs for annual leave on overtime to 31 March 21, which has been calculated on an All Wales basis. The M5 position also includes a corresponding assumed allocation for this amount.
- The accrual that was recognised in 2020/21 for the NHS COVID bonus was £13.4m. Total payments to M5 are £12.4m (M3: £12.4m) for NHS employed staff. There may be further payments to follow and the position will be continually monitored.

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

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



6.4 Revenue Performance by Area

	Annual Budget £'000	Over/(Under) Spend		Year to Date %
		Current Month £'000	Year to Date £'000	
Integrated locality groups:				
Bridgend	203,548	(49)	831	0.99%
Merthyr & Cynon	205,120	(410)	(190)	-0.22%
Rhondda & Taff Ely	213,581	148	619	0.68%
Total ILGs	622,249	(311)	1,260	0.48%
Delivery Executive:				
Medicines Management	138,022	711	1,485	2.73%
Primary care	127,521	129	836	1.51%
Facilities	14,474	327	1,014	15.98%
COVID-19 Planned projects	1,500	7	27	2.26%
Planned Care Recovery plans	7,268	(58)	0	0%
Other	3,429	(209)	(144)	-17.41%
Total Delivery Executive	292,214	907	3,218	2.67%
Contracting & Commissioning	117,826	110	300	0.59%
Corporate Functions	91,623	(196)	914	2.41%
Total Delegated Budgets	1,123,912	510	5,692	1.21%
Non Delegated budgets	(1,123,912)	(510)	(5,796)	
GRAND TOTAL M5	0	0	(104)	
GRAND TOTAL Previous month	0	(80)	(104)	

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

	M5 Current month	
	£k	Comment
BG ILG- Income	605	The M5 movement includes a £518k budget setting adjustment in relation to the Swansea Bay CAMHS service, including additional 21/22 CAMHS monies. This has resulted in a £518k under delivery of income in M5, which is largely offset by a corresponding underspend in pay as there are a number of posts either new and not yet filled or vacant. This is not a real income risk as we will recover funding for costs incurred.
Medicines Mgt- Non pay	775	The budget requested by Medicines Mgt for Primary Care prescribing in 21/22 was significantly less than the actual out-turn position for 20/21. Based on the prescribing data to the end of June 21, actual costs have not reduced to the levels anticipated and this budget is now significantly overspending.
Primary care- income	248	This relates to a budget setting issue between income and non-pay within Dental Services. The overall in month overspend of £128k is largely driven by Think 111 First / UPC and Transformation (see below).
Facilities- non pay	305	This overspend includes £281k of overspends on non pay issues spanning taxis, patient transport, beds and security. Further urgent work is being undertaken by the Facilities directorate to understand the drivers for these significant overspends and the recovery plan actions needed to bring the costs back to the budgeted levels.
Contracting- non pay	135	Continued impact of increases in NICE / High Cost Drugs commissioned from Velindre and Swansea Bay HB.
Total	2,068	



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



PC&S - Pay	126	This relates to a pay overspend within Clinical Education which is offset by an under-spend in non-pay. A budget adjustment will be actioned in M06. This adjustment will reduce the non-pay underspend and will increase the M5 non pay overspend to £150k. This overspend includes a £330k overspend on legal claims which is offset by other underspends.
PC&S - Income	125	This relates to a reduction in RESUS income generation as a result of the impact of COVID-19. RESUS training activity is starting to improve and work is ongoing to more accurately forecast this improvement.
ICT , Performance & Information	192	This includes one off agency costs in both ICT and Coding re the last week of March which were accrued last year (£62k) and ongoing COVID-19 agency costs to complete the roll out of devices purchased from 20/21 non recurrent money within ICT. A process is in place to move these into COVID-19 funded posts which are due to cease and an income adjustment required in M06 will further improve the position.
Workforce & OD- Pay	216	This includes £151k for costs which have been coded to Workforce & OD as part of the ongoing COVID-19 response. All costs relating to Health Care Support Workers (HCSW) have already been recharged to the appropriate areas of work. Further work is ongoing to identify where staff not on the rostering system are working so that they can be recharged to the correct areas.
W&OD – Non pay	184	This includes £46k for hoists etc which were purchased as part of the COVID-19 response. A further £58k relates to advertising costs and the costs of DRB checks with the reminder largely driven by health and safety costs.
Contracting- Non pay	320	Please see comment above.
Total	6,069	

6.5 Forecast Positions

The forecast breakeven position for 21/22 is based on the Covid-19 funding assumptions noted in Section 6.6.

As at Month 3 we were reporting a forecast recurrent deficit of £31.4m (M2- £31.4m) at the end of 21/22. This was consistent with the updated financial plan submitted to WG on 30 June. As at M4, the forecast recurrent deficit has been increased to £39.3m to reflect the £7.9m forecast shortfall in savings delivery against the £16.1m recurrent savings target noted in Section 3.7 below. This remains unchanged at M5.

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

6.6 Covid-19 Position

A summary of the additional revenue costs being classified as Covid-19 is provided below.

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



Other Covid-19 costs:						
Field hospital	c	0.1	1.5	2.5	2.7	(0.2)
Dental income loss	c	0.2	1.4	2.8	2.8	0
Operational expenditure cost reduction	c	(0.2)	(1.1)	(1.2)	(1.2)	0
Slippage on Planned investments and re-purposing of development initiatives		0	0	0	0	0
Other covid-19 costs	c	2.3	12.6	21.5	21.8	(0.3)
Increased covid-19 response to reflect revised assessment of bed demand	d	0	0	4.5	5.5	(1.0)
Planned Care Recovery	e	1.7	4.8	16.8	16.8	0
Sub total		4.2	19.2	46.9	48.4	(1.5)
Confirmed funding- formula element	c			(26.1)	(26.1)	0
Confirmed funding- PCR element				(16.8)	(16.8)	0
Requested additional funding for bed modelling etc	d			(4.0)	(5.5)	1.5
Requested additional funding following transfer of £1.2m of Operational expenditure cost reductions towards shprtfall against £14.5m Savings target				(1.2)	(1.2)	0
Requested funding for Covid-19 from 2020/21- Savings shortalls	f			(16.2)	(16.2)	0
Requested funding for Covid-19 from 2020/21- Other overspends	f			(4.3)	(4.3)	0
Total Other Covid-19 costs				(21.7)	(21.7)	0

The key points to note are as follows:

a. TTP

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

b. CHC/FNC support

Following confirmation that COVID-19 voids will be managed by Local Authorities, the CHC forecast has been reduced by £1.6m.

c. Other Covid-19 costs

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

Further information on the COVID-19 Response costs outside ILGs is provided below:

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

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

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

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

e. Planned care recovery

The draft profile for the Planned Care Recovery plan is as follows:

	Original Plan	Actual/Forecast
	£m	£m
Q1	2.4	1.9
Q2	6.2	4.5
Q3	5.3	5.9
Q4	2.9	4.5
Total	16.8	16.8

f. Requested funding for Covid-19 overspends from 2020/21

Following the meeting with the Finance Delivery Unit (FDU) on 1 September 2021 we have submitted a separate Accountable Officer letter for the £4.3m included within the total funding request of £20.5m.

6.7 Savings Performance by Area

The financial plan for 2020/21 includes a £14.5m In Year savings target and a £16.1m recurring savings target.

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

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

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



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

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

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

6.7 Non Delegated budgets

The Month 5 YTD position is summarised below:

	M5 YTD	M4 YTD
	£k	£k
Non Recurring slippage – Annual target £2.0m	833	667
Actual Slippage	(1622)	(1238)
Other Non delegated variances	46	(33)
Phasing in of Reserve budgets to cover estimated costs already included in the Delegated position but where funding has not yet been released from Reserves:		
- Investment in SDEC, Think 111 first and urgent primary care (Assumed WG allocation of £2.8m to meet existing costs)	(1166)	(972)
- Additional costs associated with Powys flows (assumed additional funding from Powys of £1.5m). Funding released to MC ILG in M5.	0	(667)
- £5.0m Other Covid budgets- deployed to meet existing cost pressures	(2083)	(1600)
- £3.1m balance on the original £5m Covid Transition budget- deployed to meet existing cost pressures	(1292)	(1033)
- Requested additional WG funding following the transfer of £1.2m of operational expenditure cost reductions towards the M4 forecast savings gap of £1.6m.	(512)	(410)
Total	(5,796)	(5,286)

6.9 Key Risks and Opportunities

The key financial risks and opportunities for 2021/22 are summarised below. These are consistent with the M4 Monitoring return submission to WG:

	M5	M4	Financial Plan- 30 June	Comment
Key risks:	£m	£m	£m	
Shortfall against forecast savings as at M5	0.5	1.0	2.0	Risk of under delivery on Amber schemes per Savings tracker.
Shortfall in assumed Covid funding	0	0	0	Please see Section 3.6 above. Unconfirmed funding includes: <ul style="list-style-type: none"> - Overspends from 20/21 £20.5m - Operational spend reductions £1.2m - Additional funding for bed modelling etc £4.0m.
Shortfall in assumed funding to cover the existing costs of SDEC, Think first 111 and Urgent primary care centres.	2.8	2.8	3.0	
Unavoidable recurring service/cost pressures exceeding plan	1.0	1.0	1.0	The main risk areas are CHC growth and prescribing growth exceeding the planned growth assumptions, together



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

	M5	M4	Financial Plan- 30 June	Comment
Key opportunities:	£m	£m	£m	
Delay / Stop new investments	0	(0.3)	(0.3)	
Further balance sheet review	(1.2)	(1.2)	(1.2)	Initial assessment only. Continuous review as year progresses
Potential for annual leave reduction being greater than costs incurred.	(1.0)	(1.0)	(1.0)	Initial assessment only. Will be updated on a quarterly basis but will need M6 data to form a more robust assessment.
Potential retention of any write back in relation to the 20/21 accrual for the NHS COVID-19 bonus	(1.0)	(1.0)	0	Subsequent to preparing the M5 report to WG we now understand that this benefit will need to be returned to WG.



Securing additional funding above the assumed £2.9m for SDEC, Think first 111 etc and then slippage on associated spend in 21/22.	tbc	0	0	Awaiting decision from WG on the bids that have been submitted for SDEC, Think first 111 and Urgent primary care centres.
Abatement of Dental contractor payments from 1 October	tbc	0	0	Dental contractors have been paid at 90% for Q1 and Q2 and the forecast assumes that this will return to 100% from Q3. There is an opportunity if some practices continue at 90% post 1 October. The maximum opportunity if all practices stayed at 90% for all of Q3 and Q4 is £1.1m.
Total	(3.2)	(3.5)	(2.5)	



7. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Governance, Leadership and Accountability If more than one Healthcare Standard applies please list below:
Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	Choose an item. If yes, please provide a hyperlink to the location of the completed EIA or who it would be available from in the box below. If no, please provide reasons why an EIA was not considered to be required in the box below.
Legal implications / impact	There are no specific legal implications related to the activity outlined in this report.
Resource (Capital/Revenue £/Workforce) implications / Impact	Yes (Include further detail below) The paper is directly relevant to the allocation and utilisation of resources.
Link to Strategic Well-being Objectives	Ensure sustainability in all that we do, economically, environmentally and socially



APPENDIX A

WELSH GOVERNMENT ALLOCATIONS

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

Key Issues

The most significant anticipated allocations include:

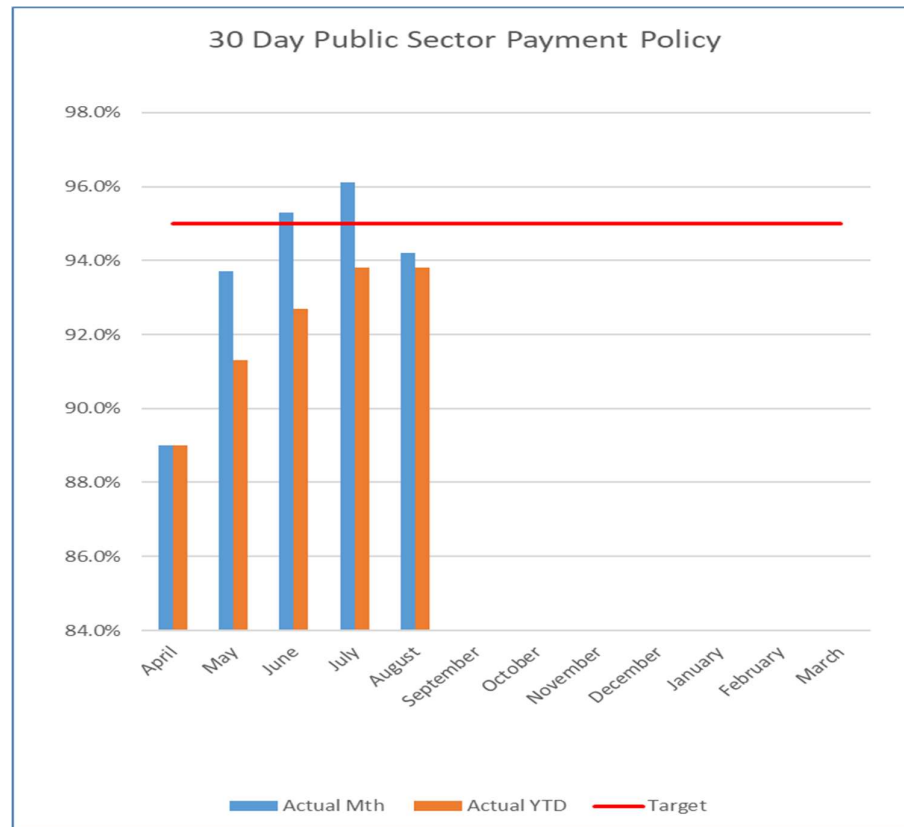
- Non Cash Depreciation - £52.4m
- COVID Pass through Programmes - £20.4m
- COVID Underlying Deficit Support - £20.5m
- COVID sustainability - £5.2m
- COVID CHC/FNC - £2m
- Transformation Fund - £4.5m
- Substance Misuse - £3.7m
- Invest to Save Funding - £2.1m
- Think 111 First Bid - £1.2m
- Same Day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



APPENDIX B

Public Sector Prompt Payment (PSPP) Performance

The Health Board's monthly performance against the 95% public sector payment target is detailed in the graph below:



Key Issues:

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

APPENDIX C

Balance Sheet

The Month 5 Balance sheet is detailed below:

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

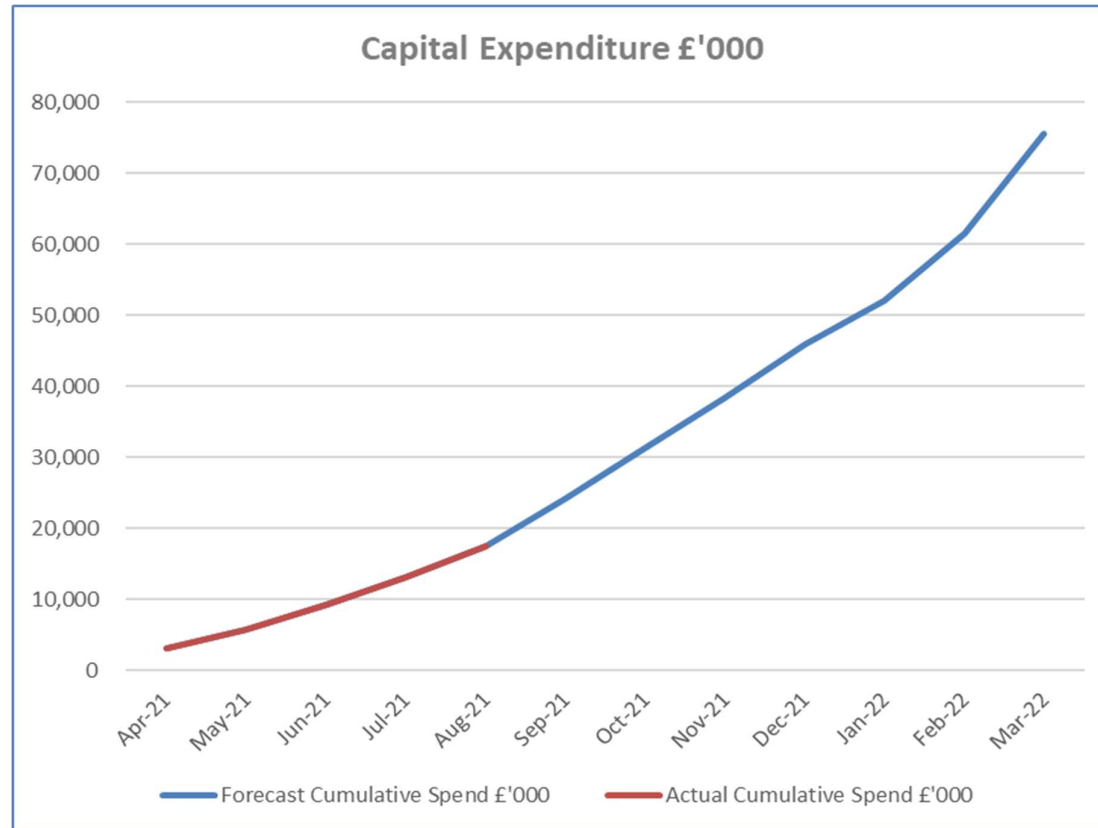
Key Issues:

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



APPENDIX D

Performance against Capital Resource Limit



Key Issues:

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



APPENDIX E

Cash position

As at the 31st August 2021 the cash balance was £4.331m. The Cash flow is detailed in the table below:

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

Key Issues

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