

# 2022-23 Finance Report

## Month 4

# Summary



Situation	Background
<p>Our revised draft financial plan was submitted to Welsh Government (WG) on 29 April 2022 and was analysed into three elements; core, exceptional cost pressures and ongoing COVID response costs. Our core plan submission was a deficit of £26.5m. The failure to submit a financially balanced plan is a breach of our statutory duty under the Finance (Wales) Act 2014.</p> <p>Our deficit core plan includes savings of £17.3m to be delivered in year. In addition, recovery actions are required to address bought forward cost pressures of circa £11m. Meeting these requirements will represent a step change in savings delivery.</p> <p>In accordance with WG plan guidance, additional allocations have been assumed in respect of our assessed exceptional cost pressures (£19.0m) and ongoing COVID response costs (£32.3m). However, this funding has not yet been confirmed and is therefore shown as at risk.</p> <p>There remain a number of residual risks and uncertainties spanning all elements of our plan and our cost estimates and risk assessments will continue to be refined and updated during 2022/23.</p> <p>This report outlines our financial performance against our draft plan for the period to 31 July 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

As at Month 4, we are reporting

- A M4 In month deficit of £2.8m which is £0.6m worse than plan. This position includes a release of £2.0m from the 21/22 annual leave accrual. Without this release the reported position would have been £2.6m worse than plan and £2.2m worse than the Q1 run rate of £0.4m/month.
- A M4 YTD deficit of £10.6m compared to a straight line plan of £8.8m. This represents an adverse variance of £1.8m (M3: £1.2m)
- M4 YTD COVID Programme expenditure of £6.2m ( M3: £4.7m).
- M4 YTD COVID Response expenditure of £6.6m (M3: £5.4m).
- M4 YTD Exceptional cost pressure expenditure of £5.4m (M3: £4.1m).

As at Month 4, we are forecasting :

- A Core plan deficit of £26.5m ( M3:£26.5m). This forecast assumes a £6.0m release from the 21/22 annual leave accrual.
- Exceptional costs of £28.3m (M3: £21.9m). This increase over M3 is due to increased energy costs.
- Covid costs of £30.7m ( M3: £30.7m).
- 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 £0.2m to £34.8m (M3: £36.2m). This deterioration represents a £6.8m deterioration from the planned deficit of £28.0m and 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 M4, only £10.6m of recurrent savings plans are identified and, of these plans, £1.8m have an Amber risk rating.

The risks to the M4 position remain significant with a total net risk of £43.3m. This includes £41.1m for Covid and Exceptional items.

The M4 cash flow forecast is showing a cash shortfall of £26.5m . This is after assuming that all Covid response costs and exceptional costs will be cash funded by WG.

## Recommendation

The Strategic Leadership Group is asked to **DISCUSS** and **NOTE** the financial performance for the period to 31 July 2022.



# Contents

Slide	Subject Area
5	Executive Summary
6-7	YTD Performance & Forecast
8-10	Pay Expenditure
11	Variable Pay Expenditure
12	Non pay Expenditure
13	COVID Expenditure
14	Exceptional Cost Pressures Expenditure
15	Savings ( including Accountancy gains)
16-17	Income Assumptions
18	Risk Management – Risks and Opportunities
19	Statement of Financial Position
20	Cash Flow forecast
21	Public Sector Payment Policy Compliance
22	Capital Expenditure

## Year to Date Revenue

- The M4 in month position reported a £2.8m deficit, which is £0.6m worse than plan. This position includes a release of £2.0m from the 21/22 annual leave accrual. Without this release the reported position would have been £2.6m worse than plan and £2.2m worse than the Q1 run rate of £0.4m/month.
- The M4 YTD position is reporting a £10.6m deficit against the Revenue Resource Limit, which is £1.8k worse than plan. Circa £1.1m 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 Financial Issues

- Forecast Core plan deficit of £26.5m ( M3:£26.5m)
- Forecast Exceptional costs at M4 of £28.3m (M3: £21.8m)
- Forecast Covid costs at M4 of £30.7m ( M3: £30.7m).
- 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 £0.2m to £34.8m. This represents a £6.8m deterioration from the planned recurrent deficit of £28.0m and 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 £59.9m. As at M4, £18.2m has been incurred against the CRL.
- Significant forecast variances from plan include:
  - Bridgend Health & Wellbeing Centre – Delays in appointing contractor resulting in slippage of £1.5m
  - 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



	Annual Budget (£m)	Cur Month Variance (£m)	YTD Variance (£m)	Page reference
Pay	600.9	1.9	3.6	8
Non Pay	797.2	(2.5)	(4.6)	12
CRES	(7.7)	(0.0)	0.7	15
Income	(152.3)	1.2	2.2	
Allocations	(1,211.7)	0.0	0.0	
Planned Deficit (£26.5m)	(26.5)	2.2	8.8	
<b>Grand Total</b>	<b>0.0</b>	<b>2.8</b>	<b>10.6</b>	



# Pay Expenditure



Staff Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Administrative & Clerical	28.0	27.7	(0.2)
Medical And Dental	49.8	52.8	3.0
Nursing And Midwifery Registered	68.4	67.3	(1.1)
Add Prof Scientific And Technical	6.3	5.7	(0.6)
Additional Clinical Services	24.6	27.0	2.4
Allied Health Professionals	12.6	12.5	(0.1)
Healthcare Scientists	4.2	4.2	(0.1)
Estates And Ancillary	11.8	11.8	0.0
Students	0.0	0.1	0.1
Pay Budget Adjustments	(0.0)	0.0	0.0
<b>Grand Total</b>	<b>205.5</b>	<b>209.1</b>	<b>3.6</b>

### Key Points:

- The M4 YTD pay expenditure is £209.1m . This represents a £3.6m adverse variance compared to the M4 plan of £205.5m.
- The £3.0m adverse variance in Medical & Dental was mainly due to increased ADH payments and agency costs.
- The £2.4m adverse variance in Additional Clinical Services. This includes additional cover provided to manage registered nursing vacancies.



# Pay Expenditure Trends



Staff Group	Feb-22 £'m	Mar-22 £'m	Apr-22 £'m	May-22 £'m	Jun-22 £'m	Jul-22 £'m
Administrative & Clerical	7.3	11.2	7.1	6.9	6.8	6.9
Medical And Dental	13.2	17.9	12.5	13.4	13.6	13.4
Nursing And Midwifery Registered	17.0	26.1	17.5	16.0	16.7	17.1
Add Prof Scientific And Technical	1.4	2.8	1.4	1.4	1.4	1.4
Additional Clinical Services	6.7	11.3	6.8	6.6	6.6	7.0
Allied Health Professionals	4.0	3.8	3.1	3.1	3.1	3.2
Healthcare Scientists	1.0	1.5	1.0	1.0	1.0	1.1
Estates And Ancillary	3.0	7.3	2.9	2.9	2.9	3.0
Students	0.0	0.1	0.0	0.0	0.1	0.1
Pay Budget Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Grand Total</b>	<b>53.7</b>	<b>82.0</b>	<b>52.4</b>	<b>51.3</b>	<b>52.2</b>	<b>53.2</b>

Staff Group	Feb-22 £'m	Mar-22 £'m	Apr-22 £'m	May-22 £'m	Jun-22 £'m	Jul-22 £'m
Core	44.8	72.4	43.3	43.5	43.6	43.8
Agency	5.0	4.7	4.7	4.4	5.1	4.9
Overtime	1.6	2.5	2.5	0.9	1.2	2.1
ADH	1.1	1.3	0.9	1.3	1.2	1.4
Bank	1.0	1.0	1.0	1.0	0.9	0.9
WLI	0.2	0.2	0.1	0.2	0.2	0.2
<b>Grand Total</b>	<b>53.7</b>	<b>82.0</b>	<b>52.4</b>	<b>51.3</b>	<b>52.2</b>	<b>53.2</b>

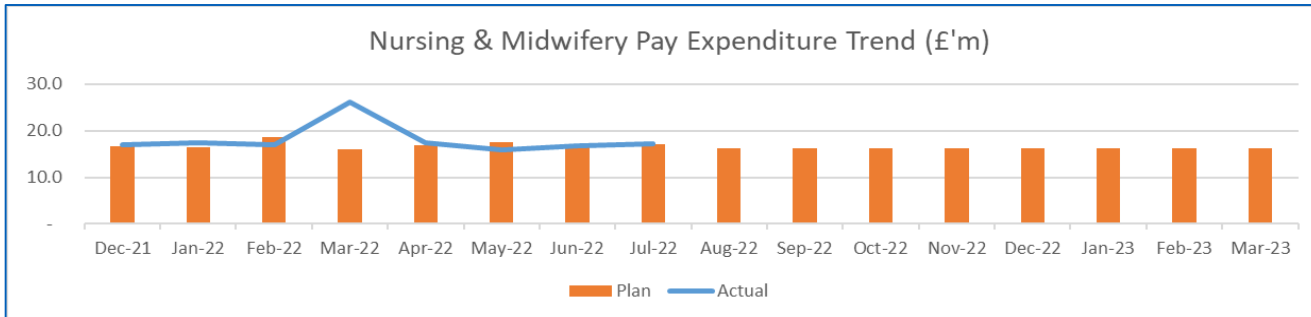
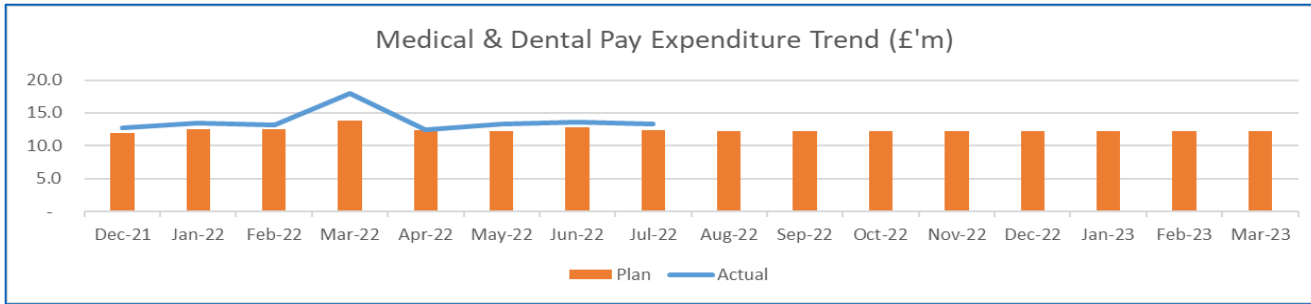
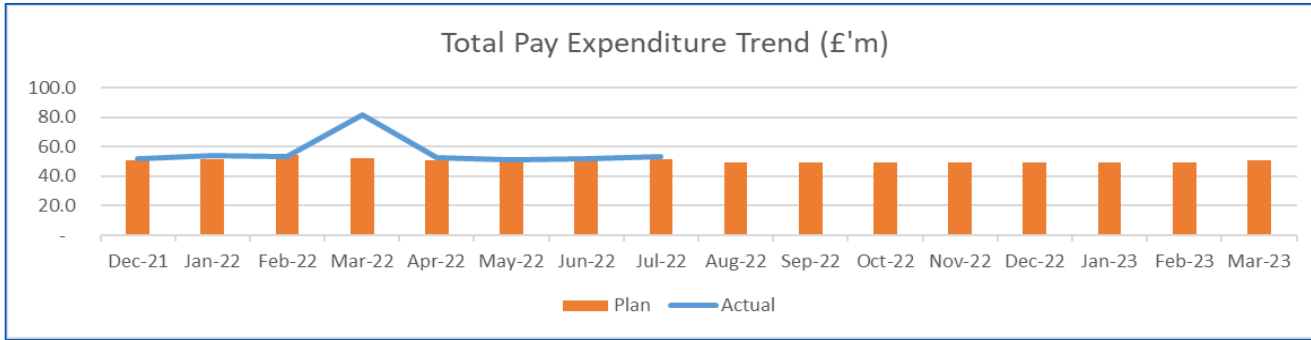
**Key Points for Pay Expenditure Trends:**

- The March 22 expenditure included specific year end adjustments of £28.9m (pension & annual leave). The adjusted figure excluding these items was £53.1m.
- The M4 expenditure is £53.2m. This is £1.0m worse than M3 and £1.2m worse compared to the Q1 average of £52.0m. This is partly due to arrears for Holiday Pay on overtime for M1 to M4 being processed in M4 of £0.8m.
- Core staffing continues to grow, with costs in M4 £0.3m higher than the Q1 average.
- M4 agency costs remain similar to the Q1 average.
- Overtime increased in M4 by £0.9m to £2.1m. This was due to arrears of pay being processed in M4 for Holiday Pay on Overtime. Future payments will be made in the same month as the overtime is processed.





# Pay Expenditure Trends



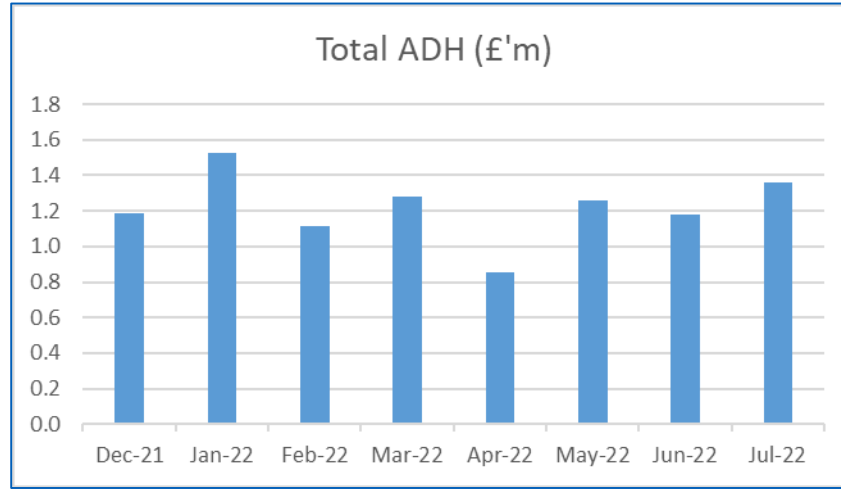
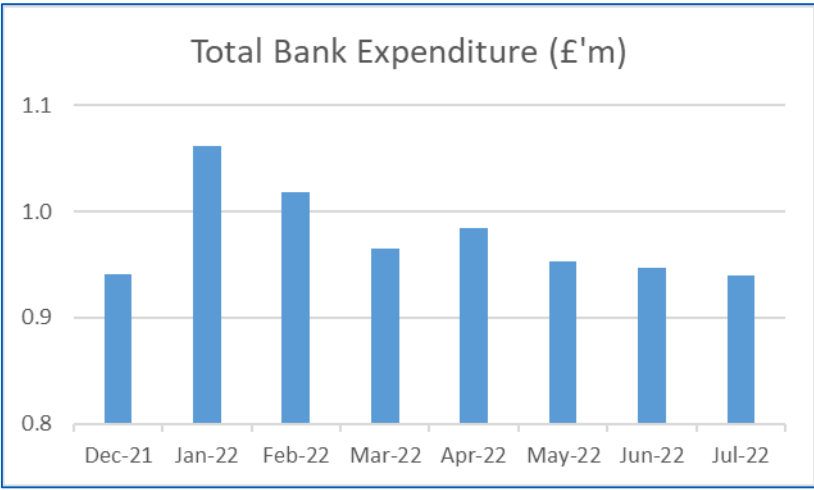
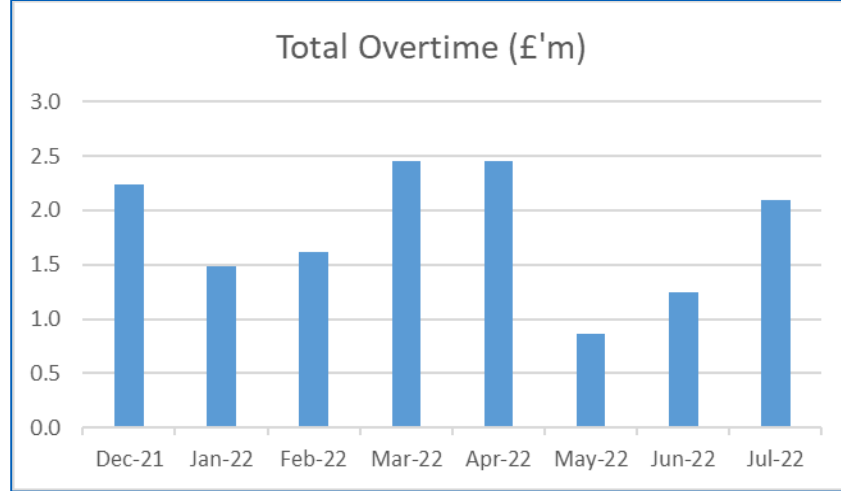
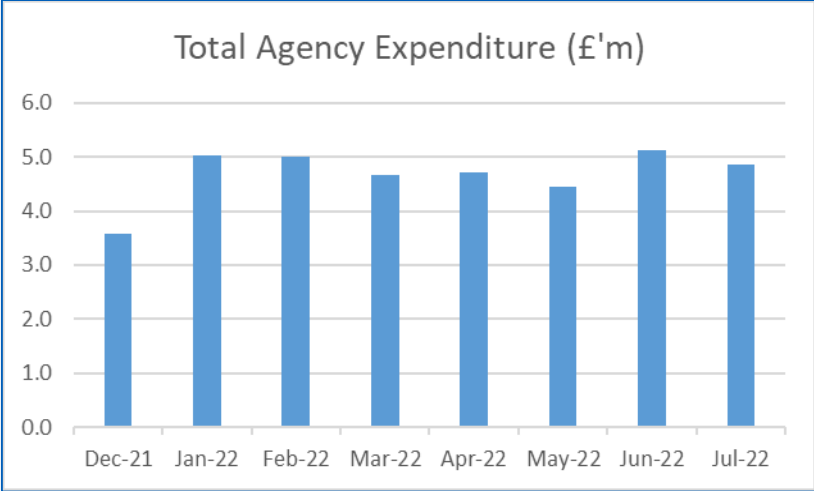
## Key Points for Pay Expenditure Trends:

- 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 M4 expenditure is £53.2m. This is £1.0m worse than M3 and £1.2m worse compared to the Q1 average of £52.0m.
- Medical pay expenditure was slightly lower in M4 at £13.4m compared to £13.6m in M3 and an average of £13.1m in Q1.
- Nursing pay expenditure had increased in M4 at £17.1m compared to £16.7m in M3. £0.3m of this increase was due to the Holiday Pay on overtime arrears processed in M4..





# Variable Pay Expenditure Trends



- Key Points for Variable Pay Expenditure:**
- Total agency expenditure reduced by £0.2m in M4 to £4.9m.
  - The most significant change in M4 Agency was reported in Medical & Dental reducing by £0.3m.
  - Overtime payments increased significantly (£0.9m) in M4 following the processing of Holiday Pay arrears of £0.8m.
  - Bank Expenditure remains relatively consistent at £0.95m
  - ADH expenditure increased by £0.2m in M4 to its highest level since January 22.





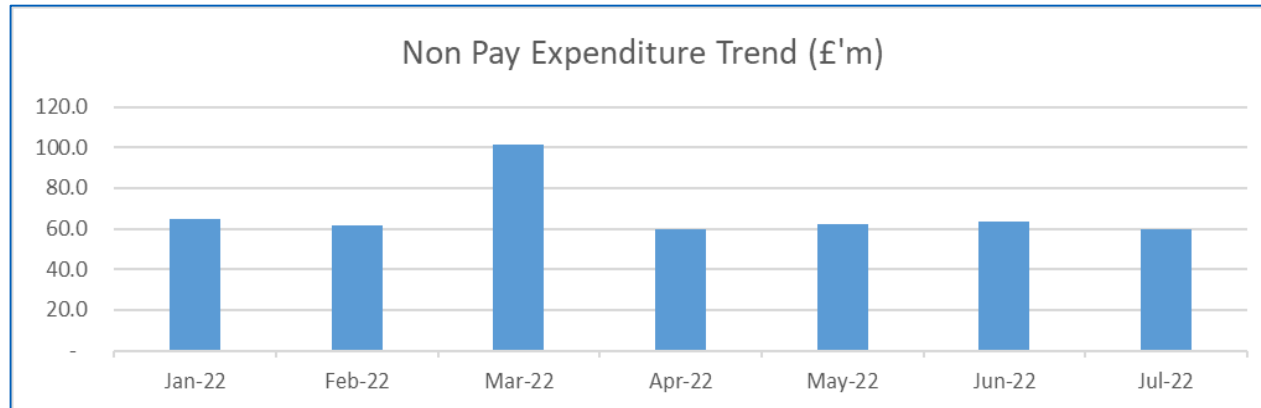
# Non Pay Expenditure



Staff Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Primary Care Contractors	44.0	43.8	(0.2)
Primary Care Drugs	31.1	31.6	0.4
Provider Non Pay	54.8	55.0	0.2
Commissioned Activity	110.1	109.2	(0.9)
Capital Charges	10.9	10.9	(0.0)
Other Non Pay	(0.7)	(4.8)	(4.2)
<b>Total Expenditure</b>	<b>250.2</b>	<b>245.6</b>	<b>(4.6)</b>

### Key Points for Non Pay Expenditure:

- The main reason for the £4.2m surplus within Other Non Pay is the release of non delegated reserves of £4.2m. This includes the £2m annual leave accrual release, which is reported within Provider Non Pay this month but will be shown with Provider pay in M5.
- The £0.9m Commissioning surplus relates to underperformance on LTAs of £2.0m offset by overspends of CHC of £1.1m.
- The overspend of £0.4m on primary care drugs reflects higher than planned growth in M1 & M2 PAR data.





# COVID Expenditure



	M4 Actual	M4 YTD	M4 Forecast	M3 Forecast	Financial Plan	Change from M3
	£m	£m	£m	£m	£m	£m
<b>Programme costs</b>						
TTP	0.6	3.0	5.8	5.3	6.5	0.5
Mass Vaccination	0.6	2.6	7.6	9.6	7.4	(2.0)
PPE	0.3	0.6	1.8	1.2	1.6	0.6
<b>Sub total</b>	<b>1.5</b>	<b>6.2</b>	<b>15.1</b>	<b>16.1</b>	<b>15.6</b>	<b>(1.0)</b>
<b>COVID Response Costs:</b>						
Cleaning Standards	0.1	0.5	1.9	1.9	2.3	0.0
Capacity & Facilities costs	0.3	1.9	1.9	3.0	3.0	1.1
Prescribing costs	0.2	0.7	2.1	2.1	2.1	0.0
Dental income losses	0.2	0.9	2.5	2.5	2.5	0.0
Increased workforce costs	0.3	2.2	3.2	3.5	2.6	(0.3)
Long Covid	0.0	0.1	0.8	0.8	0.8	0.0
Flu extension	0.0	0.0	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	0.7	0.5	2.3	0.2
<b>Sub total</b>	<b>1.1</b>	<b>5.4</b>	<b>15.6</b>	<b>14.6</b>	<b>16.7</b>	<b>1.0</b>
<b>Total Covid costs</b>	<b>2.6</b>	<b>11.6</b>	<b>30.7</b>	<b>30.7</b>	<b>32.3</b>	<b>0.0</b>
<b>Anticipated funding</b>	<b>(2.6)</b>	<b>(11.6)</b>	<b>(30.7)</b>	<b>(30.7)</b>	<b>(32.3)</b>	<b>0.0</b>
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Key Points for the M3 COVID Expenditure:

- Programme Costs – the M4 spend of £1.5m was in line with M3 costs..
- Other COVID Costs – the M4 spend of £1.1m was in line with the M3 costs.
- 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 M4 forecast has reduced by £1.0m from M3. This is attributed to forecast Mass Vaccination costs reducing by £2.0m, offset by increases in TTP (£0.5m) & PPE (£0.6m).
- Other Covid costs – the M4 forecast has increased by £1.0m from M3 mainly due to continued use of capacity and ED front door services.
- The M4 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 M4 forecast and the estimated risk if these costs cannot all be phased out at the end of Q2 is circa £1.2m.





# Exceptional Cost Pressures Expenditure



	M4 Actual	M4 YTD	M4 Forecast	M3 Forecast	Financial Plan	Change from M3
	£m	£m	£m	£m	£m	£m
National insurance changes	0.4	1.7	5.1	5.0	5.0	0.1
Energy inflation	0.7	2.9	20.8	14.4	11.6	6.4
Real Living Wage for Social Care Workers	0.2	0.8	2.4	2.4	2.4	0.0
<b>Total Exceptional Costs</b>	<b>1.3</b>	<b>5.4</b>	<b>28.3</b>	<b>21.8</b>	<b>19.0</b>	<b>6.5</b>
<b>Anticipated funding</b>	<b>(1.3)</b>	<b>(5.4)</b>	<b>(28.3)</b>	<b>(21.8)</b>	<b>(19.0)</b>	<b>(6.5)</b>
<b>Grand total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Key Points:

- The M4 spend of £1.3m was line with the M3 spend.
- The M4 forecast for exceptional items has increased by £6.5m over M3 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.

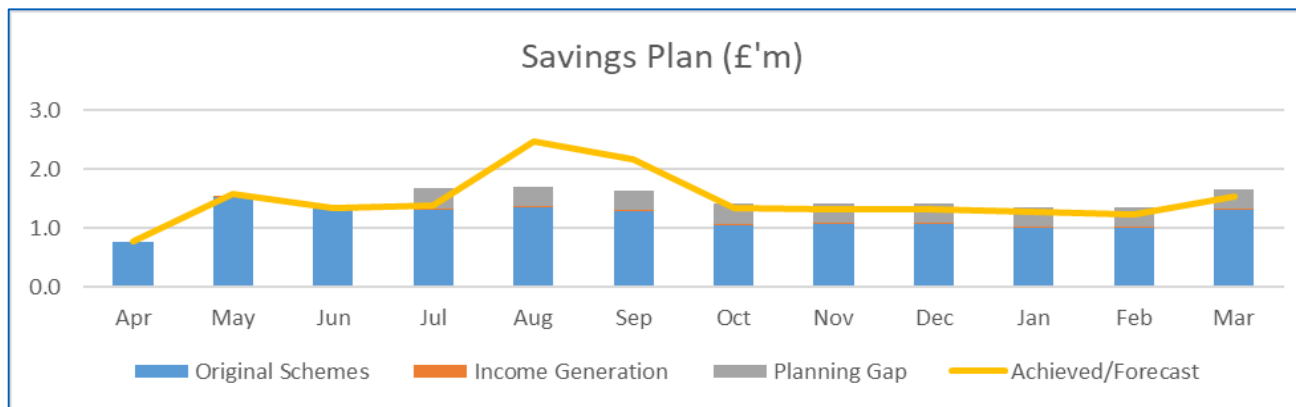




# Savings (including Accountancy Gains)



	Month 4			Month 3		
	M4 YTD	22/23	Rec	M3 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	
<b>Savings target as at M3</b>	<b>5.9</b>	<b>17.3</b>	<b>17.3</b>	<b>4.4</b>	<b>17.3</b>	<b>17.3</b>
<b>Actual and Forecast Savings</b>	<b>(5.2)</b>	<b>(17.9)</b>	<b>(10.5)</b>	<b>(3.7)</b>	<b>(17.3)</b>	<b>(10.7)</b>
<b>Total</b>	<b>0.7</b>	<b>0.6</b>	<b>6.8</b>	<b>0.7</b>	<b>0.0</b>	<b>6.6</b>



## Key Points for Savings achievement:

- Forecast in year savings has improved to £17.9m. This forecast includes £16.0m of schemes classified as Green and £1.9m Amber.
- Forecast Recurrent savings have reduced slightly in M4 to £10.5m. This forecast includes £8.7m of schemes classified as Green and £1.8m Amber.
- Urgent work is still needed to develop a robust savings plan to deliver £17.3m of savings on a recurrent basis. The M4 gap is £6.8m.
- It is important to note that M4 internal reporting within the Health Board is reporting a M4 YTD savings shortfall of £0.7m compared to the £0.2m 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	1,007.0	28.1	24.2	80.8	1,140.1
<b>Anticipated Allocations:</b>					
COVID Programmes	13.4				13.4
Other COVID Response	11.9				11.9
Exceptional Costs	28.2				28.2
WRP	(3.2)				(3.2)
Substance Misuse	3.9				3.9
2022/23 MH Funding	3.3				3.3
2021/22 MH Funding	1.5				1.5
Unscheduled Care 6 Goals	3.0				3.0
Value in Health Care Hosting	2.2				2.2
Targeted Intervention	1.5				1.5
Holiday Pay on Overtime	1.2				1.2
Dementia ICF	1.0				1.0
AHW Prevention & Early Years	0.9				0.9
PACU	6.2				6.2
Capital Charges	3.4				3.4
Other Allocations					0.0
<b>Total Allocations</b>	<b>1,085.4</b>	<b>28.1</b>	<b>24.2</b>	<b>80.8</b>	<b>1,218.5</b>

### Key Points for Allocations:

- As at M4 the confirmed revenue resource allocation was £1,140.1m.
- The forecast position assumes a further £78.4m 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:
  - £13.4m – COVID Programme
  - £11.9m – COVID Response
  - £28.2m – 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	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
<b>Total</b>	<b>87.3</b>	<b>28.1</b>	<b>115.4</b>

**Key Points :**

- The M4 plan assumes £115.4m of income from Welsh NHS organisations.
- A further £36.9m 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.
- With the exception of ABUHB, all LTAs have been fully signed off. There are no disputes with ABUHB and we are just awaiting the return of the signed documentation.



# Risk Management Risks and Opportunities



	Month 4	Month 3	Financial Plan 30
	£m	£m	April £m
<b>Risks:</b>			
Risk of COVID Resurgence in Q2,Q3 & Q4	1.2	3.6	0
Reduction in COVID funding - Income losses & ICT/Homeworking	3.0	3.0	0
Potential reduction in anticipated allocations for COVID response	8.7	7.8	0
Potential reduction in anticipated allocations of Exceptional items	28.2	21.8	0
Shortfall against planned savings delivery of £17.3m.	0.9	1.7	2.5
Cost of covering extra annual leave day and extra bank holiday	0	2.0	2.0
Winter plan costs not covered by additional WG funding	Tbc	2.5	2.5
External NICE costs exceed planned growth of £2.5m	0	0.5	0.5
Return to Cost & Volume LTA arrangements in 22/23 from the block arrangements during the past 2 years	0	1.5	1.5
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	3.0	0	0
<b>Total risks</b>	<b>47.3</b>	<b>46.7</b>	<b>16.1</b>
<b>Opportunities:</b>			
Retention of potential slippage on 6 Goal funding	tbc	(0.7)	0
Retention of potential slippage on 22/23 MH funding	tbc	(1.0)	0
Balance sheet reviews including the 21/22 Annual leave accrual	(4.0)	tbc	(2.0)
<b>Total Opportunities</b>	<b>(4.0)</b>	<b>(1.7)</b>	<b>(2.0)</b>
<b>Total</b>	<b>43.7</b>	<b>45.0</b>	<b>14.1</b>

- Key Points :**
- A new risk has been recognised in M4 for Primary Care Prescribing of £3.0m. This recognises the risk that M1 & M2 growth continues for the rest of the year and the risk of Cat M benefits reducing in Q3 & Q4.
  - 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 ( £8.7m and £28.2m).
  - The latest M4 savings plan includes Amber schemes of £1.9m. The Savings risk has been estimated at 50% of ther Amber schemes .
  - The risk of additional annual leave day and bank holiday have been removed as they are now reflected in the M4 forecast.
  - The external NICE risk of £0.5m and LTA risk of £1.5m has been removed in M4 following agreement of LTAs.
  - As at M4, 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.
  - The risks to the M4 position remain significant with a total net risk of £43.7m. This includes £41.1m for Covid and Exceptional items.





# Statement of Finance Position



Balance Sheet	Opening Balance (01/04/2022)	Closing Balance as at M04	Forecast Closing Balance M12
	£'000	£'000	£'000
<b>Non Current Assets</b>			
Property, Plant & Equipment	603,871	610,998	603,871
Intangible Assets	3,596	3,586	3,596
Trade and Other Receivables	43,216	43,216	43,216
<b>Total Non-Current Assets</b>	<b>650,683</b>	<b>657,800</b>	<b>650,683</b>
<b>Current Assets</b>			
Inventories	6,856	7,094	6,856
Trade and Other Receivables	91,571	77,026	91,571
Cash and Cash Equivalents	438	4,125	(26,500)
<b>Total Current Assets</b>	<b>98,865</b>	<b>88,245</b>	<b>71,927</b>
<b>Current Liabilities</b>			
Trade and Other Payables	182,269	149,945	155,331
Provisions	27,052	26,931	27,052
<b>Total Current Liabilities</b>	<b>209,321</b>	<b>176,876</b>	<b>182,383</b>
<b>Non-Current Liabilities</b>			
Trade and Other Payables	976	976	976
Provisions	49,555	49,555	49,555
<b>Total Non-Current Liabilities</b>	<b>50,531</b>	<b>50,531</b>	<b>50,531</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>489,696.0</b>	<b>518,638.0</b>	<b>489,696.0</b>
<b>Financed By:</b>			
General Fund	427,163	456,105	427,163
Revaluation Reserve	62,533	62,533	62,533
<b>TOTAL</b>	<b>489,696.0</b>	<b>518,638.0</b>	<b>489,696.0</b>

- Key Points on the Statement of Financial Position:**
- The closing cash balance at the 31st July 2022 was £4.1m
  - The most significant movements from the opening position to M4 are:
    - Receivables has decreased by £14.5m, this is due to a reduction in outstanding debtors including:
      - Local Authorities
      - Welsh NHS Organisations
      - Welsh Risk Pool
    - Payables has decreased by £32.3m, 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 £7.1m 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
<b>Receipts</b>													
WG Revenue Funding	108,788	99,263	95,000	98,090	96,300	109,000	90,916	102,880	111,900	92,400	104,300	83,111	1,191,948
WG Capital Funding	9,000	4,000	5,000	5,000	6,500	5,000	6,000	5,000	5,000	5,500	1,050	5,391	62,441
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	15,200	10,300	10,300	10,300	10,300	10,300	10,300	12,000	138,839
Other	4,256	6,004	3,238	4,476	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	33,974
<b>Total Receipts</b>	<b>134,086</b>	<b>121,321</b>	<b>119,579</b>	<b>117,199</b>	<b>120,000</b>	<b>126,300</b>	<b>109,216</b>	<b>120,180</b>	<b>129,200</b>	<b>110,200</b>	<b>117,650</b>	<b>102,502</b>	<b>1,427,433</b>
<b>Payments</b>													
Primary Care Services	26,653	7,211	19,962	16,489	16,627	27,300	7,355	16,545	28,945	8,750	17,245	17,770	210,852
Salaries and Wages	47,067	50,967	50,466	49,819	52,250	47,900	49,440	49,440	49,440	49,440	49,440	49,440	595,109
Non Pay Expenditure	52,316	51,147	47,978	45,541	50,000	46,000	46,000	49,000	46,000	46,000	46,000	60,072	586,054
Capital Payments	6,433	7,201	4,973	4,275	5,500	5,000	6,000	5,000	5,000	5,500	3,500	3,974	62,356
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Payments</b>	<b>132,469</b>	<b>116,526</b>	<b>123,379</b>	<b>116,124</b>	<b>124,377</b>	<b>126,200</b>	<b>108,795</b>	<b>119,985</b>	<b>129,385</b>	<b>109,690</b>	<b>116,185</b>	<b>131,256</b>	<b>1,454,371</b>
Net Cash In/Out	1,617	4,795	(3,800)	1,075	(4,377)	100	421	195	(185)	510	1,465	(28,754)	
Balance B/F	438	2,055	6,850	3,050	4,125	(252)	(152)	269	464	279	789	2,254	
Balance C/F	2,055	6,850	3,050	4,125	(252)	(152)	269	464	279	789	2,254	(26,500)	

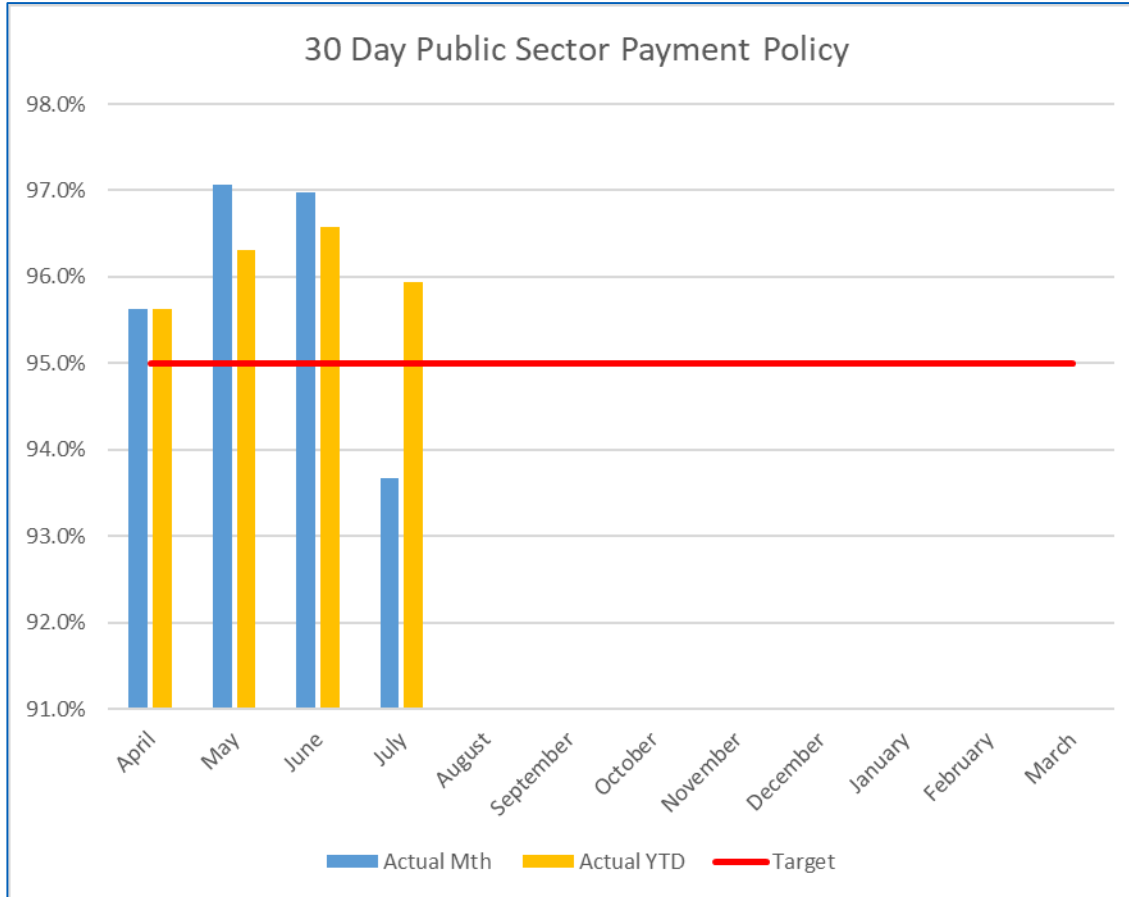
**Key Points within the Cash Flow Forecast :**

- The closing Cash Balance at the 31<sup>st</sup> July 2022 is £4.125m
- The cash flow forecast shows a shortfall of cash of £26.5m at the end of the financial year.
- This cash forecast assumes that all COVID response costs and Exceptional cost pressures will be cash funded.





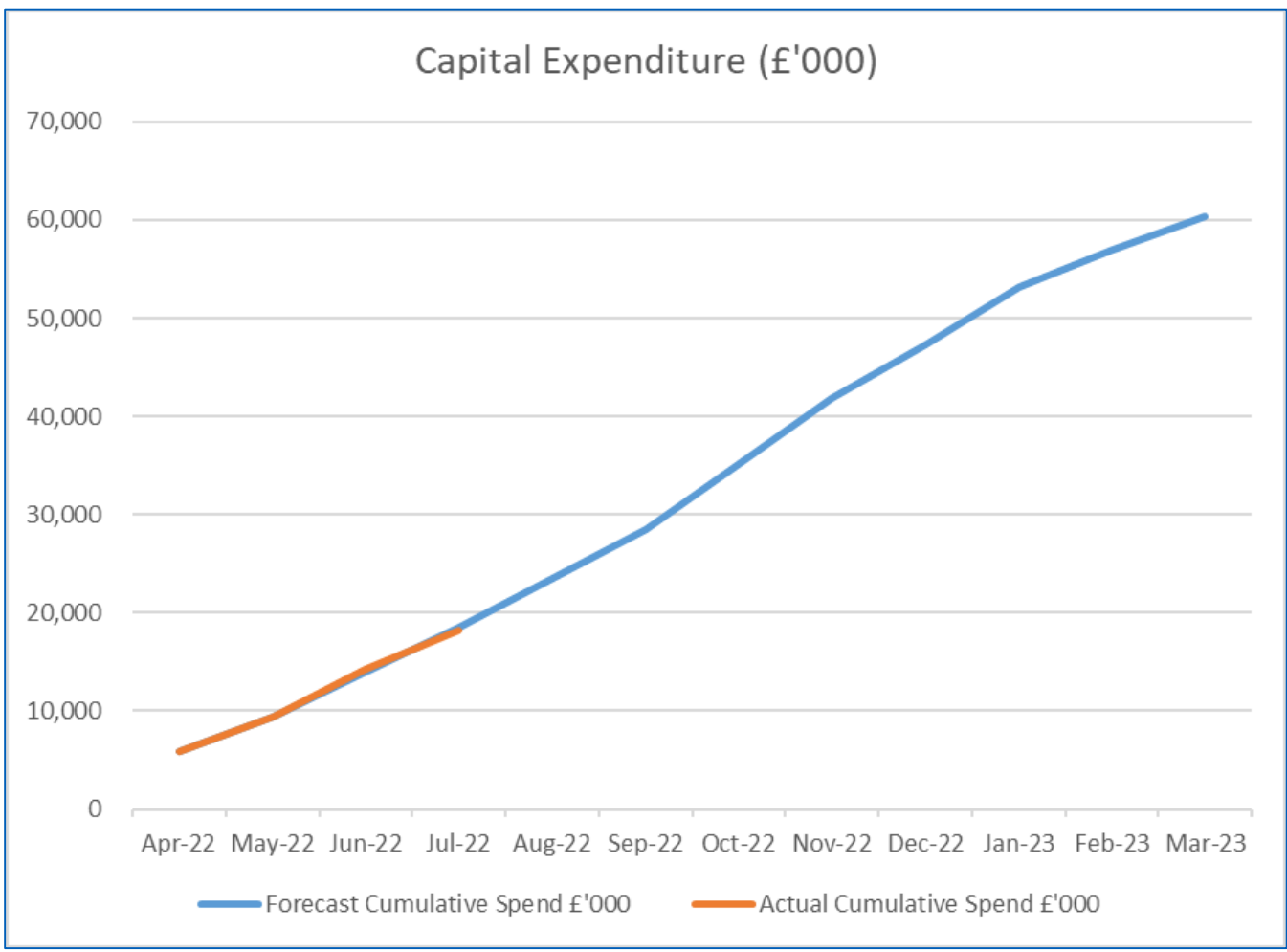
# Public Sector Payment Policy



### 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 July 2022 was 93.7%.
- The cumulative percentage year to date at the 31<sup>st</sup> July 2022 was 95.9%.
- The target is currently forecast to be achieved at year end.

# Capital Expenditure



- Key Points in Capital Expenditure:**
- The Capital Resource Limit (CRL) of £59.9m was issued on the 13<sup>th</sup> 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 31<sup>st</sup> July 2022 was £18.2m.
  - 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 £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.

