

2022-23 Finance Report

Month 6



Summary

Situation	Background
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 30 September 2022.	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	Recommendation
As at Month 6, we are: - Maintaining a forecast Core plan deficit of £26.5m, noting that performance YTD is £1.4 worse than plan and assumes £6m is realised from our 2021/22 annual leave provision - Forecasting a decrease of £16.2m in Exceptional costs to £17.8m (M5 : £34m). This decrease is due to a significant reduction in energy costs and the recently announced reduction in NI contributions. The energy forecast reflects the latest information from NWSSP and includes the estimated benefit from the Energy Billing relief Scheme (EBRS). - Forecasting a slight increase in COVID costs, programme and response, to £30.9m (M5: £30.8m). Key financial issues to note include: - 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, £29.8m of funding continues to be identified as at risk. - Our underlying position has deteriorated by £6.9m 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, see page 5 for further information.	The Board is asked to DISCUSS and NOTE financial performance for the period to 30th September 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)
16-18	Income Assumptions
19	Risk Management – Risks and Opportunities
20	Statement of Financial Position
21	Cash Flow forecast
22	Public Sector Payment Policy Compliance
23	Capital Expenditure

Year to Date Revenue	- The M6 in month Core position reported a £1.2m deficit (M5: £2.7m deficit). The M6 YTD Core position is a £14.6m deficit , which is £1.4m worse than plan (M5 £2.3m). COVID YTD Programme expenditure of £8.5m (M5: £7.3m) and YTD Response expenditure of £8.6m (M5: £7.4m). - YTD Exceptional cost pressure expenditure of £7.5m (M5: £5.7m).
Key Financial Issues - Forecast	- Forecast Core plan deficit maintained as per plan at £26.5m (M5:£26.5m) which assumes a £6.0m release from the 2021/22 annual leave accrual - Forecast Exceptional costs of £17.8m (M5: £34.0m), with a £14.3m reduction attributable to changes in forecast energy costs as notified by NWSSP and a reduction of £1.9m due to the change in NI rates from November 2022. COVID costs forecast at £30.9m (M4: £30.8m). 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, £29.5m of funding continues to be uncertain and is therefore identified as a key risk.
Recurrent Position	- Forecast core recurrent deficit at 31 March 2023 has remained stable at £34.9m (M5: £34.8m) but represents a £6.9m 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. The financial challenge for 23/24 would therefore be higher if there is no WG funding for these items. - Urgent work is needed to further develop and implement savings plans to meet the £17.3m recurrent savings target. As at M6, only £10.4m of recurrent savings plans have been identified.
Cash	- The M6 cash flow forecast is showing a cash shortfall of £41.7m. 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 forthcoming, the forecast cash shortfall could increase by an additional £29.5m, requiring action from month 10 onwards.
Capital	- The Capital Resource Limit (CRL) is currently £60.1m. As at M6, £26.1m 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	M6 Forecast Variance	M5 Forecast Variance	Financial Plan
	£m	£m	£m	£m	£m
Core plan deficit	1.2	14.6	26.5	26.5	26.5
Exceptional items:					
National insurance changes	0.5	2.7	3.1	5.0	5.0
Energy inflation	1.0	3.6	12.3	26.6	11.6
Real Living Wage for Social Care Workers	0.2	1.2	2.4	2.4	2.4
Anticipated funding	(1.7)	(7.5)	(17.8)	(34.0)	(19.0)
Total	0.0	0.0	0.0	0.0	0.0
Covid response costs:					
Programme	1.2	8.5	14.4	14.1	15.6
Other	1.3	8.6	16.5	16.7	16.7
Anticipated funding	(2.4)	(17.1)	(30.9)	(30.8)	(32.3)
Total	0.0	0.0	0.0	0.0	0.0
Grand total	1.2	14.6	26.5	26.5	26.5

Key Points for In month & Year to Date Performance:

- The M6 in month position reported a £1.2m deficit (M5: £2.7m deficit). This includes a £0.8m improvement in the Contracting & Commissioning position
- The M6 YTD position is reporting a £14.6m deficit against the Revenue Resource Limit, which is £1.4m worse than plan (i.e. 6/12ths £26.5m). Circa £1.6m 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 19. The potential full year release of £10m is based on the key assumption that the carry forward of annual leave at the end of 22/23 will revert to the normal pre Covid level of 5 days, compared to a maximum of 30 days at the end of 21/22
- The forecast for Exceptional items has decreased by £16.2m in M6 . This reflects the latest forecast for energy costs from NWSSP and planned changes for NI from November 2022.
- The M6 COVID response forecast has decreased by £0.2m from M5. The M6 forecast assumes that existing expenditure attributed to COVID in M6 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 M6 Covid Programme costs have increased by £0.3m from M5, mainly due to the impact of the new pay award for 22/23.
- 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 =£29.8m.
- The risks to the M6 position remain significant with a total risk of £25.8m. This includes £29.8m for Covid and Exceptional items plus a further net opportunity of £4.0m.



Year to Date Performance



	Annual Budget (£m)	Cur Month Variance (£m)	YTD Variance (£m)	Page reference
Pay	633.2	(1.4)	(0.8)	8
Non Pay	764.1	1.8	0.0	12
CRES	(3.0)	(1.9)	(1.1)	15
Income	(153.3)	0.6	3.2	16
Allocations	(1,214.5)	0.0	0.0	
Planned Deficit (£26.5m)	(26.5)	2.2	13.3	
Grand Total	0	1.2	14.6	



Pay Expenditure



Staff Group	YTD Plan £'m	YTD Actual £'m	YTD Variance £'m
Administrative & Clerical	44.2	42.7	(1.5)
Medical And Dental	78.9	82.0	3.1
Nursing And Midwifery Registered	106.7	102.3	(4.4)
Add Prof Scientific And Technical	9.6	8.7	(1.0)
Additional Clinical Services	39.5	42.2	2.7
Allied Health Professionals	19.8	19.6	(0.3)
Healthcare Scientists	6.5	6.4	(0.1)
Estates And Ancillary	18.8	18.7	(0.2)
Students	0.0	0.5	0.4
Pay Budget Adjustments	(0.3)	0.0	0.3
Grand Total	323.9	323.1	(0.8)

Key Points:

- The M6 YTD pay expenditure is £323.1m . This represents a £0.8m favourable variance compared to the M6 plan of £323.9m.
- The M6 YTD pay expenditure includes a £3.0m benefit from the release of annual leave accruals from 21/22.
- During M6, the national pay awards for all staff groups has been applied including arrears for the first 5 months of 22/23.
- The £3.1m adverse variance in Medical & Dental is mainly due to increased ADH payments and agency costs.
- The £2.7m adverse variance in Additional Clinical Services includes additional cover provided to manage registered nursing vacancies.



Pay Expenditure Trends



Staff Group	Apr-22 £'m	May-22 £'m	Jun-22 £'m	Jul-22 £'m	Aug-22 £'m	Sep-22 £'m
Administrative & Clerical	7.1	6.9	6.8	6.9	6.4	8.5
Medical And Dental	12.5	13.4	13.6	13.4	12.6	16.7
Nursing And Midwifery Registered	17.5	16.0	16.7	17.1	15.2	19.9
Add Prof Scientific And Technical	1.4	1.4	1.4	1.4	1.3	1.7
Additional Clinical Services	6.8	6.6	6.6	7.0	6.2	9.0
Allied Health Professionals	3.1	3.1	3.1	3.2	3.0	4.0
Healthcare Scientists	1.0	1.0	1.0	1.1	1.0	1.3
Estates And Ancillary	2.9	2.9	2.9	3.0	2.8	4.0
Students	0.0	0.0	0.1	0.1	0.1	0.2
Pay Budget Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Grand Total	52.4	51.3	52.2	53.2	48.7	65.2

Staff Group	Apr-22 £'m	May-22 £'m	Jun-22 £'m	Jul-22 £'m	Aug-22 £'m	Sep-22 £'m
Core	43.3	43.5	43.6	43.8	40.6	54.9
Agency	4.7	4.4	5.1	4.9	4.6	5.5
Overtime	2.5	0.9	1.2	2.1	1.2	1.9
ADH	0.9	1.3	1.2	1.4	1.2	1.1
Bank	1.0	1.0	0.9	0.9	1.0	1.6
WLI	0.1	0.2	0.2	0.2	0.1	0.2
Grand Total	52.4	51.3	52.2	53.2	48.7	65.2

Key Points for Pay Expenditure Trends:

- M6 expenditure includes the 22/23 pay award (including 5 months of arrears).
- M6 expenditure was £65.2m which was £16.5m more than M5. This is mainly due to the pay award plus a £2.0m movement in annual leave accruals being written back between M5 and M6 (i.e. a £2.5m writeback in M5 compared to £0.5m in M6). The estimated annual impact of the pay award is £28.3m and 6 months would be circa £14.1m.
- Core staffing costs increased by £14.3m in M6 due primarily to the pay award and the write back of annual leave accrual in M5.
- M6 agency costs increased by £0.9m compared to M5. However the average of the last 4 months remains around £5.1m.
- Overtime costs increased by £0.7m in M6, £0.2m was due to an accrual adjustment on Holiday pay, the remaining £0.5m is an increase in overtime pay..

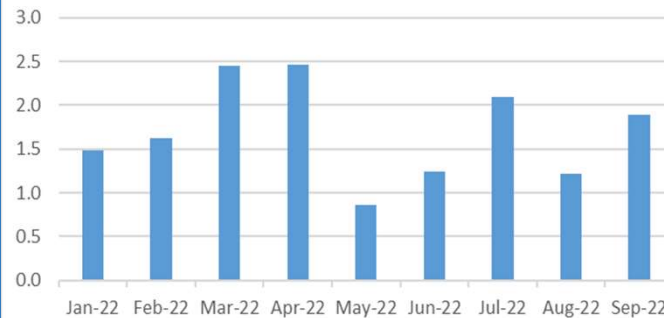


Variable Pay Expenditure Trends

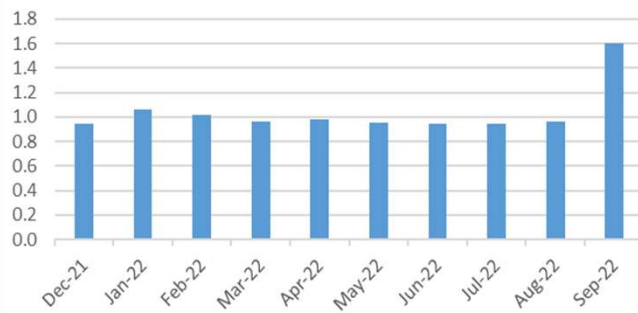
Total Agency Expenditure (£'m)



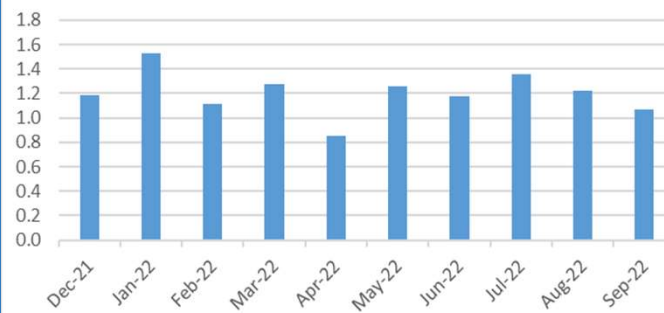
Total Overtime (£'m)



Total Bank Expenditure (£'m)



Total ADH (£'m)



Key Points for Variable Pay Expenditure:

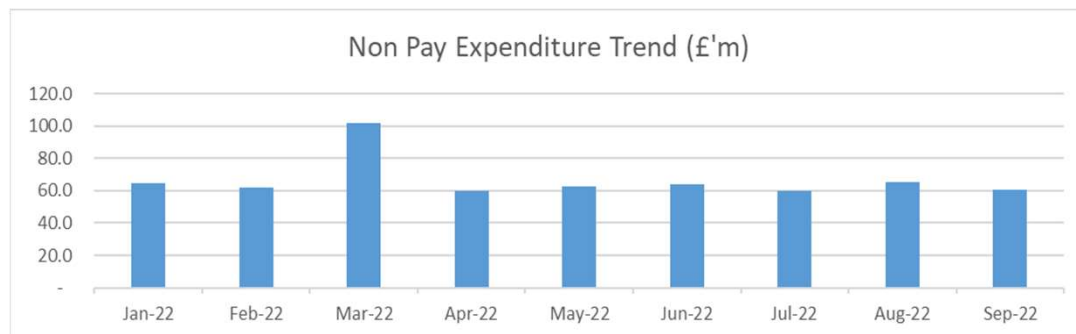
- Total agency expenditure increased by £0.9m in M6 to £5.5m.
- The most significant change was Medical & Dental agency costs increasing by £1.0m over M5.
- Overtime costs increased by £0.7m in M6.
- Bank Expenditure increased by £0.6m, partly due to the pay award..
- ADH expenditure fell by £0.1m in M6 to £1.1m.



Non Pay Expenditure



Non Pay Expenditure Group	YTD Plan £'m	YTD Actual £'m	YTD Variance £'m
Primary Care Contractors	65.0	64.8	(0.2)
Primary Care Drugs	46.0	47.2	1.2
Provider Non Pay	87.1	87.4	0.3
Commissioned Activity	163.8	163.7	(0.1)
Capital Charges	16.4	16.4	(0.0)
Other Non Pay	(7.1)	(8.3)	(1.1)
Total Expenditure	371.2	371.3	0.0



Key Points for Non Pay Expenditure:

- The overall year to date non pay is reporting a breakeven position at M6.
- Primary care drugs is continuing to report an overspend with the Month 4 YTD growth in Prescribing data higher than planned.
- The £0.1m Commissioning surplus relates to underperformance on LTAs and other commissioning budgets of £2.1m (see income) offset by £2.0m of CHC overspends.
- The underspend of £1.1m in Other Non pay includes a release of non delegated reserves of £1.1m.



COVID Expenditure



	M6 Actual	M6 YTD	M6 Forecast	M5 Forecast	Financial Plan	Change
	£m	£m	£m		£m	£m
Programme costs						
TTP	0.4	3.8	5.8	5.8	6.5	0.0
Mass Vaccination	0.7	3.7	6.7	6.5	7.4	0.2
PPE	0.1	1.0	1.9	1.9	1.6	0.0
Sub total	1.2	8.5	14.4	14.1	15.6	0.3
COVID Response Costs:						
Cleaning Standards	0.2	0.8	1.9	1.9	2.3	0.0
Capacity & Facilities costs	0.2	1.9	3.0	2.9	3.0	0.1
Prescribing costs	0.2	1.1	2.1	2.1	2.1	0.0
Dental income losses	0.1	1.0	2.0	2.5	2.5	(0.5)
Increased workforce costs	0.4	2.9	4.7	4.5	2.6	0.2
Long Covid	0.1	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	0.1	0.2	0.6	0.6	2.3	0.0
Sub total	1.3	8.6	16.5	16.7	16.7	(0.2)
Total Covid costs	2.5	17.1	30.9	30.8	32.3	0.1
Anticipated funding	(2.5)	(17.1)	(30.9)	(30.8)	(32.3)	(0.1)
Total	0.0	0.0	0.0	0.0	0.0	0.0

Key Points for the M6 COVID Expenditure:

- Programme Costs – the M6 spend of £1.2m was marginally lower than the M5 costs of £1.1m.
- Other COVID Costs – the M6 spend of £1.3m was higher than the M5 costs of £0.8m. The main cause of the increase relates to the pay award.
- 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 M6 forecast has increased by £0.3m from M5. This is attributed in the main due to the pay award.
- Other Covid costs – the M6 forecast has decreased by £0.2m from M5 mainly due to reductions in Dental Patient Charges of £0.5m offset by increased pay award costs.



Exceptional Cost Pressures Expenditure

	M6 Actual	M6 YTD	M6 Forecast	M5 Forecast	Financial Plan	Change
	£m	£m	£m		£m	£m
National insurance changes	0.5	2.7	3.1	5.0	5.0	(1.9)
Energy inflation	1.0	3.6	12.3	26.6	11.6	(14.3)
Real Living Wage for Social Care Workers	0.2	1.2	2.4	2.4	2.4	0.0
Total Exceptional Costs	1.7	7.5	17.8	34.0	19.0	(16.2)
Anticipated funding	(1.7)	(7.5)	(17.8)	(34.0)	(19.0)	16.2
Grand total	0.0	0.0	0.0	0.0	0.0	0.0

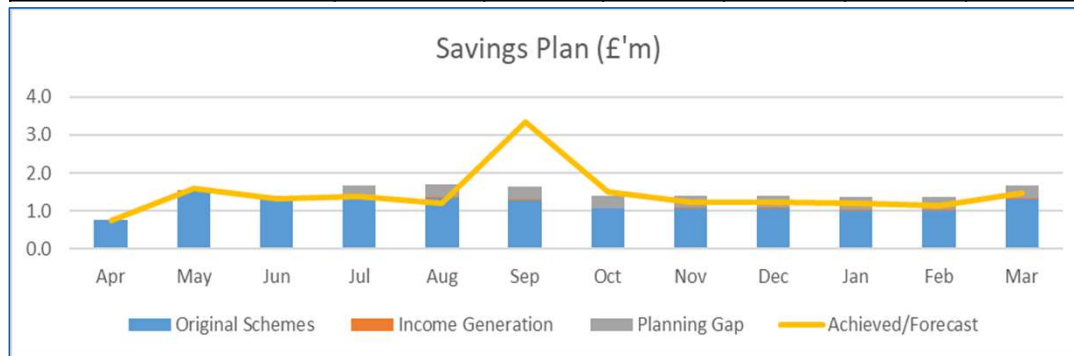
Key Points:

- The M6 spend of £1.7m was £0.6m higher than the M5 spend of £1.1m, due to increased energy costs
- The M6 forecast of £17.8m has decreased by £16.2m compared to M5 which reflects the latest information from NWSSP on energy costs (which includes an initial estimate of the benefit from the energy price cap) together with the reduction in National Insurance costs from November 2022.
- 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 6			Month 5		
	M6 YTD	22/23	Rec	M5 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	8.7	17.3	17.3	7.1	17.3	17.3
Actual and Forecast Savings	(9.7)	(17.5)	(10.4)	(6.4)	(17.4)	(10.5)
Total	(1.0)	(0.2)	6.9	0.7	(0.1)	6.8



Key Points for Savings achievement:

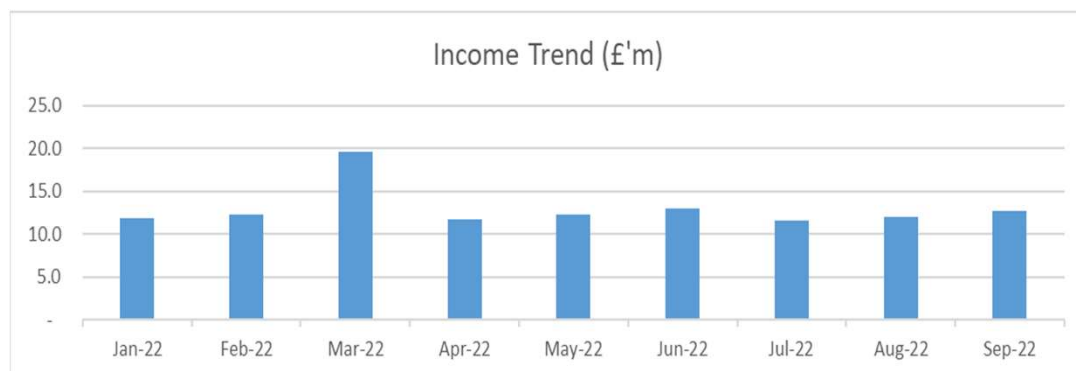
- The actual savings in M6 was £3.3m compared to £1.2m in M5. The main reason for the increase was additional WHSSC savings of £1.5m.
- Forecast in year savings has increased by £0.1m to £17.5m.
- Forecast Recurrent savings have reduced slightly in M6 at £10.4m.
- Urgent work is still needed to develop a robust savings plan to deliver £17.3m of savings on a recurrent basis. The M6 gap remains £6.9m.
- It is important to note that M6 internal reporting within the Health Board is reporting a M6 YTD savings overachievement of £1.1m compared to the £1.0m 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	YTD Plan £'m	YTD Actual £'m	YTD Variance £'m
Health Organisations Income	51.3	49.3	2.0
Local Authorities Income	5.8	5.8	(0.1)
Catering Income	1.5	1.1	0.4
Private Patients	0.1	0.2	(0.1)
Other Income	17.5	16.6	0.9
Total Income	76.2	73.0	3.2



Key Points for Non Pay Expenditure:

- The M6 year to date income position is reporting a £3.2m overspend .
- Healthcare organisations are reporting a £2.0m 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 £2.1m for contracting & commissioning LTAs.
- Catering Income is reporting an adverse variance of £0.4m, following reduced footfall at sites. The M6 in month position remains adverse but has improved on previous months.
- The other income adverse variance of £0.9m includes:
 - £0.4m of reduced injury cost recovery scheme income
 - £0.2m of reduced accommodation income
 - £0.2m 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	1,023.2	28.1	24.2	80.8	1,156.3
Anticipated Allocations:					
Pay Award 22/23	27.7				27.7
COVID Programmes	9.6				9.6
Other COVID Response	12.9				12.9
Exceptional Costs	17.8				17.8
WRP	(3.3)				(3.3)
Substance Misuse	3.9				3.9
2022/23 MH Funding	1.2				1.2
Unscheduled Care 6 Goals	3.0				3.0
Value in Health Care Hosting	2.2				2.2
Holiday Pay on Overtime	2.4				2.4
Dementia ICF	1.2				1.2
Medical Trainees	0.9				0.9
Bands 1&2 NLW uplift	0.2				0.2
Memory Assessment Service	0.5				0.5
Obesity Pathway	0.4				0.4
Other Allocations	1.2				1.2
Total Allocations	1,104.9	28.1	24.2	80.8	1,238.0

Key Points for Allocations:

- As at M6 the confirmed revenue resource allocation was £1,156.3m.
- The forecast position assumes a further £81.7m of Anticipated allocations to give a Total allocation of £1238.0m.
- 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:
 - £9.6m – COVID Programme
 - £12.9m – COVID Response
 - £17.8m – 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	20.7	1.3	22.0
Betsi Cadwaladr University	0.0	0.2	0.2
Cardiff & Vale University	17.1	1.6	18.6
Cwm Taf Morgannwg University	0.0	0.0	0.0
Hywel Dda University	0.5	0.3	0.8
Powys	2.6	0.8	3.4
Public Health Wales	3.0	0.8	3.7
Velindre	0.0	8.7	8.7
NWSSP	0.0	0.0	0.0
DHCW	1.2	0.0	1.2
Wales Ambulance Services	0.0	0.1	0.1
WHSSC	11.1	0.3	11.4
EASC	0.0	0.0	0.0
HEIW	0.0	12.5	12.5
NHS Wales Executive	0.0	0.0	0.0
Total	86.6	28.2	114.8

Key Points :

- The M6 plan assumes £114.8m of income from Welsh NHS organisations.
- A further £38.5m of non NHS income is also included in the financial plan of which £11.4m relates to Local Authority income and £4.4m for patient dental charges.
- Over the last 2 years there has been an All Wales agreement to support 'stability of LTA income' by retaining a block arrangement based on 19/20 income levels uplifted for inflation. The All Wales agreement has changed for 2022/23 and will transition towards a hybrid Cost & Volume agreement where performance is measured against 19/20 activity levels and variances will impact LTA income & expenditure.
- With current LTA activity levels below 19/20 activity this represents a risk to our income assumptions.
- All LTAs for 22/23 have been fully signed off.



Risk Management Risks and Opportunities

	Month 6	Month 5	Financial Plan 30 April
	£m	£m	£m
Risks:			
Reduction in COVID funding - Income losses & ICT/Homeworking	0	3.0	0
Potential reduction in anticipated allocations for COVID response	12.1	12.2	0
Potential reduction in anticipated allocations of Exceptional items	17.7	34.0	0
Shortfall against planned savings delivery of £17.3m.	0	0.6	2.5
Winter plan costs not covered by additional WG funding	0	Tbc	2.5
Non Pay Inflation exceeds the £4.4m provision made in the plan (4.0%)	0	1.1	1.1
Impact of auto-enrolment upon employers pension costs	0	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
Risk of new pay advisory notices leading to increased pay rates	Tbc	Tbc	0
Additional Bank Holiday Pay Costs – Queens State Funeral	Tbc	Tbc	0
Potential reduction in the assumed funding of £28.3m for pay award	Tbc	Tbc	0
Total risks	29.8	52.1	16.1
Opportunities:			
Potential retention of slippage of Dental allocation	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	25.8	48.1	14.1

Key Points :

- The reduction in COVID funding for income losses & ICT/Homeworking has now been recognised in our forecast and the risk has been removed from the Risk table
- 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 (£12.1m and £17.7m respectively).
- The M5 risks for savings delivery, non pay inflation and auto enrolment have been removed as the costs are now recognised within our forecast.
- The other key funding risk is whether our assumed funding of £28.3m for pay awards will be received in full.
- As at M6, the main opportunities are the retention of potential slippage on the Dental Allocation, plus a further review of balance sheet opportunities and annual leave accrual.
- The risks to the M6 position remain significant with a total net risk of £25.8m. This includes £29.8m for Covid and Exceptional items plus a further net opportunity of £4.0m.



Statement of Financial Position



Balance Sheet	Opening Balance (01/04/2022)	Closing Balance as at M05	Closing Balance as at M06	Forecast Closing Balance M12
	£'000	£'000	£'000	£'000
Non Current Assets				
Property, Plant & Equipment	603,871	612,222	613,652	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	659,024	660,454	650,683
Current Assets				
Inventories	6,856	6,956	6,985	6,856
Trade and Other Receivables	91,571	66,105	76,668	91,571
Cash and Cash Equivalents	438	6,246	4,036	(41,700)
Total Current Assets	98,865	79,307	87,689	56,727
Current Liabilities				
Trade and Other Payables	182,269	140,158	144,856	141,031
Provisions	27,052	26,627	25,916	26,152
Total Current Liabilities	209,321	166,785	170,772	167,183
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	521,015	526,840	489,696
Financed By:				
General Fund	427,163	458,482	464,307	427,163
Revaluation Reserve	62,533	62,533	62,533	62,533
TOTAL	489,696	521,015	526,840	489,696

Key Points on the Statement of Financial Position:

- The closing cash balance at 30 September was £4.04m.
- Receivables increased by £10.5m over M5. This is largely due to an increase in debtors relating to RCT FNC and CHC Nursing Home Pooled Budget.
- Payables increased by £4.7m over M5 due to the increase in HMRC & Pension creditors as a result of the payment of backdated salary increases in September.
- The Balance Sheet M12 forecast has been updated to reflect the forecast changes in cash including movements in working balances, which shows the reduction in trade payables (capital and revenue) and provisions. These are further detailed in the cash flow narrative.



Cash Flow Forecast

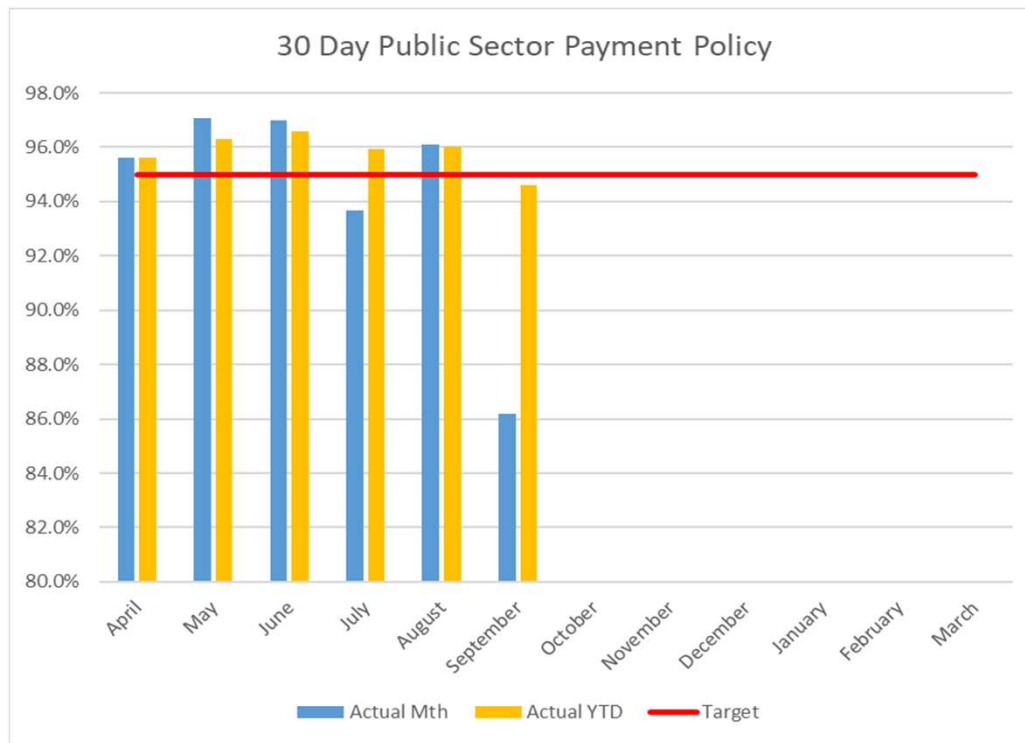
Cashflow	Actual/Forecast												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Receipts													
WG Revenue Funding	108,788	99,263	95,000	98,090	102,644	114,275	91,800	102,800	119,300	100,300	108,800	77,983	1,219,043
WG Capital Funding	9,000	4,000	5,000	5,000	6,500	5,000	4,500	3,000	4,500	4,500	5,000	4,058	60,058
Sale of Assets	5	(7)	233	0	0	35	0	0	0	0	0	0	266
Welsh NHS Org'ns	12,037	12,061	16,108	9,633	16,269	9,933	10,300	10,300	10,300	10,300	10,300	12,000	139,541
Other	4,256	6,004	3,238	4,476	3,121	2,669	2,500	2,500	2,500	2,500	2,500	2,500	38,764
Total Receipts	134,086	121,321	119,579	117,199	128,534	131,912	109,100	118,600	136,600	117,600	126,600	96,541	1,457,672
Payments													
Primary Care Services	26,653	7,211	19,962	16,489	16,595	28,126	6,800	16,545	28,945	8,750	17,245	17,770	211,091
Salaries and Wages	47,067	50,967	50,466	49,819	49,246	54,113	53,620	51,440	51,440	51,440	51,440	51,440	612,498
Non Pay Expenditure	52,316	51,147	47,978	45,541	55,418	48,347	46,200	47,800	51,000	53,000	52,000	63,801	614,548
Capital Payments	6,433	7,201	4,973	4,275	5,154	3,536	4,000	4,700	5,300	4,300	5,900	5,901	61,673
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	134,122	110,620	120,485	136,685	117,490	126,585	138,912	1,499,810
Net Cash In/Out	1,617	4,795	(3,800)	1,075	2,121	(2,210)	(1,520)	(1,885)	(85)	110	15	(42,371)	
Balance B/F	438	2,055	6,850	3,050	4,125	6,246	4,036	2,516	631	546	656	671	
Balance C/F	2,055	6,850	3,050	4,125	6,246	4,036	2,516	631	546	656	671	(41,700)	

Key Points within the Cash Flow Forecast :

- The closing Cash Balance at the 30th September 2022 2022 is £4.036m and the above forecast shows a cash shortfall of £41.7m 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 of £15.2m due to the release of the annual leave accrual and other accountancy gains.
- If the Covid response costs and Exceptional costs are not cash funded, the forecast shortfall at the end of the year could increase to circa £71.5m. 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



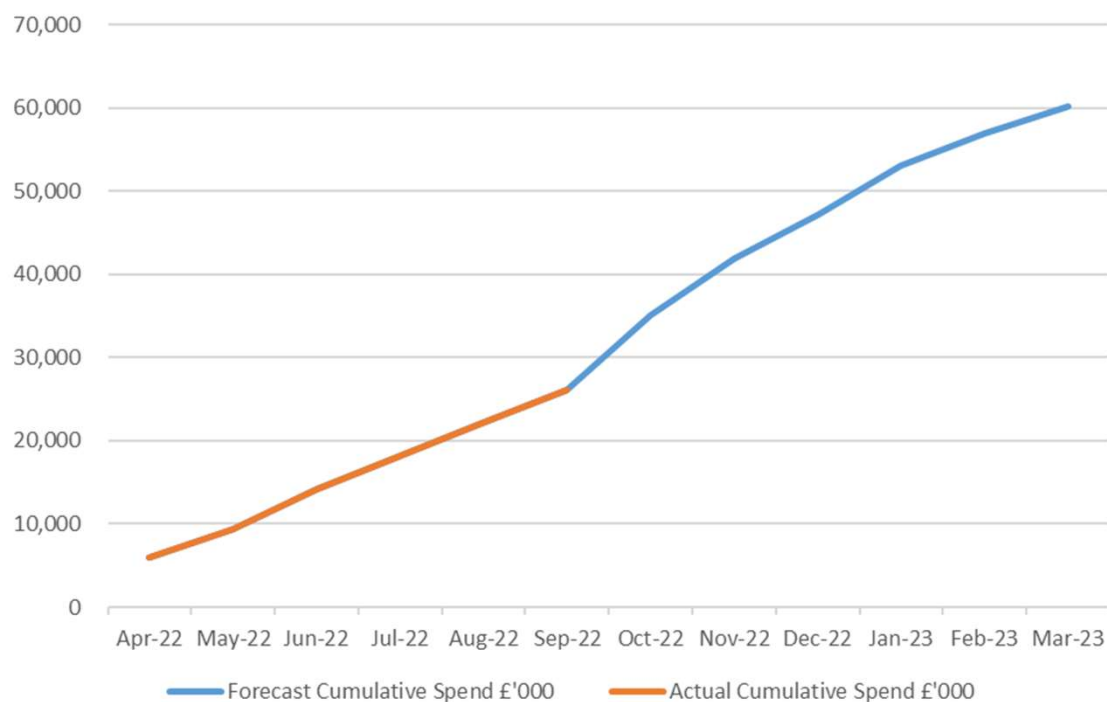
Key Points in the Public Sector Payment Policy :

- 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 September 2022 was 86.2%.
- The cumulative percentage year to date at the 30th September 2022 was 94.6%.
- The target was not achieved in September due to delays in the payment of 2,035 Nurse Agency invoices which represented 11% non compliance. This continues to be due to the lack of resource in the Bank office which has resulted in a backlog of invoices awaiting processing of about 6 weeks.
- The Agency self-billing process is due to commence in October 2022, which should eliminate the Nurse Agency PSPP failures, enabling the Health Board to achieve the 95% target for 2022-23.
- 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 £60.1m was issued on the 16th September 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 £60.5m.
- The expenditure to the 30th September 2022 was £26.1m.
- The forecast capital position remains breakeven to the CRL.