

SWANSEA BAY LHB FINANCE DEPT. HEALTH BOARD REPORT

Period 11 Data (February 2020)

Darren Griffiths

In Month

£ 1,197,000 overspent

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	-22,668	-22,376	292	1.29%
Pay	49,141	48,925	-216	-0.44%
Non Pay	51,223	52,317	1,094	2.13%
Total	77,697	78,867	1,197	1.51%

Cumulative

£ 13,493,282 overspent

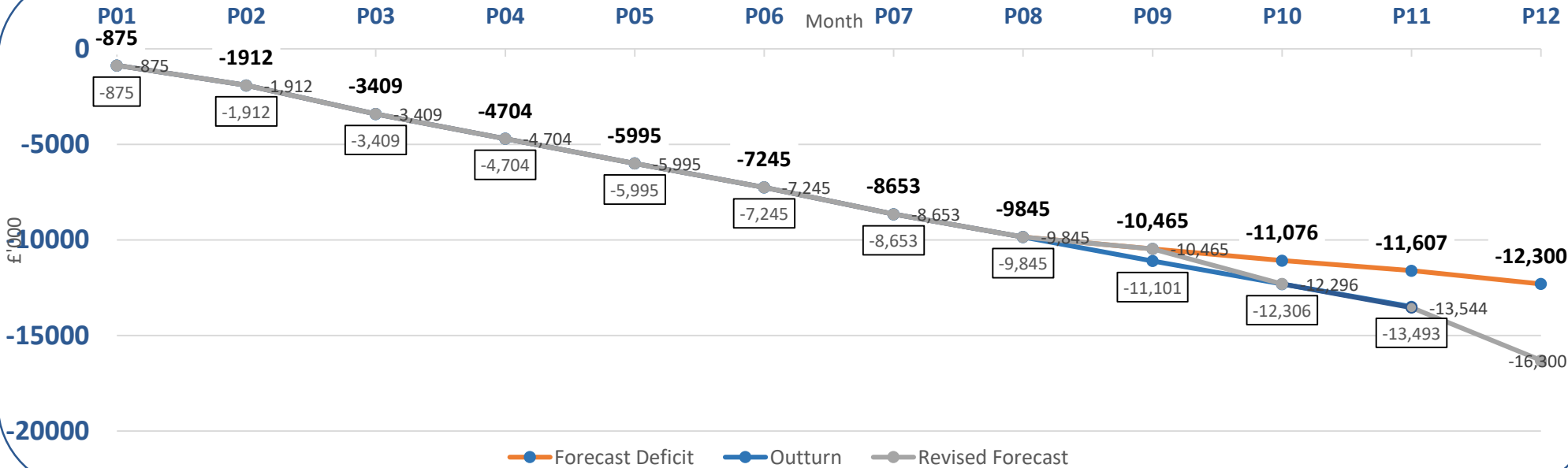
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	-241,890	-242,968	-1,077	-0.45%
Pay	510,071	508,566	-1,505	-0.30%
Non Pay	541,133	557,209	16,076	2.97%
Total	809,314	822,808	13,493	1.67%

Forecast

£16,300,000

Type	Full Year Budget (£'000)	Full Year Forecast (£'000)	Forecast Variance (£'000)	% Variance
Income	(242,653)	(244,298)	(1,645)	(0.68%)
Pay	527,657	526,107	(1,550)	(0.29%)
Non Pay	564,764	584,259	19,495	3.45%
Total	849,768	866,068	16,300	1.9%

Full Year Financial Performance and Projection



Revenue		
Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £'000	Trend
Reported in-month financial position – deficit/(surplus)	1,197	↑
Reported year to date financial position – deficit/(surplus)	13,493	↑
Current reported year end forecast – deficit/(surplus)	16,300	→

Capital		
Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government		
Current reported year end forecast – deficit/(surplus) – Forecast Green	Breakeven	→
Reported cumulative financial position – deficit/(surplus) – Forecast Amber	(1,910)	↓

PSPP		
PSPP Target : To pay a minimum of 95% of all non NHS creditors within 30 days of receipt of goods or a valid invoice	Value %	Trend
Cumulative year to date % of invoices paid within 30 days (by number) – Forecast Red	93.9	↓

Revenue Narrative

- The Health Board committed to achieving financial balance in 2019/20 and developed a balanced core financial plan. This however excluded the impact of the diseconomies of scale associated with the clinical and corporate management costs following the Bridgend Boundary Change, which were identified as £5.4m and added a significant additional pressure to the Health Board's delivery requirement.
- Throughout the financial year, the Health Board has been reporting an overspend and as the year progressed the ability to recover and deliver financial balance became more challenging. In Month 9 the Health Board revised its year-end forecast outturn from financial balance to a deficit of £12.3m, this position was supported by the review undertaken by KPMG, who assessed the year-end forecast to be between £12m-£14m. The £12.3m forecast deficit included the delivery of the suite of actions that the Health Board agreed in November. In January, the forecast was increased to £16.3m which recognised the delivery risks of the agreed Health Board actions, further savings slippage and also two technical Personal Injury costs that had not been anticipated.
- The Month 11 reported position is an in-month overspend of £1.197m, which whilst broadly in line with recent months performance and is aligned to the Health Board forecast position. The Health Board remains confident of the delivery of the £16.3m deficit forecast

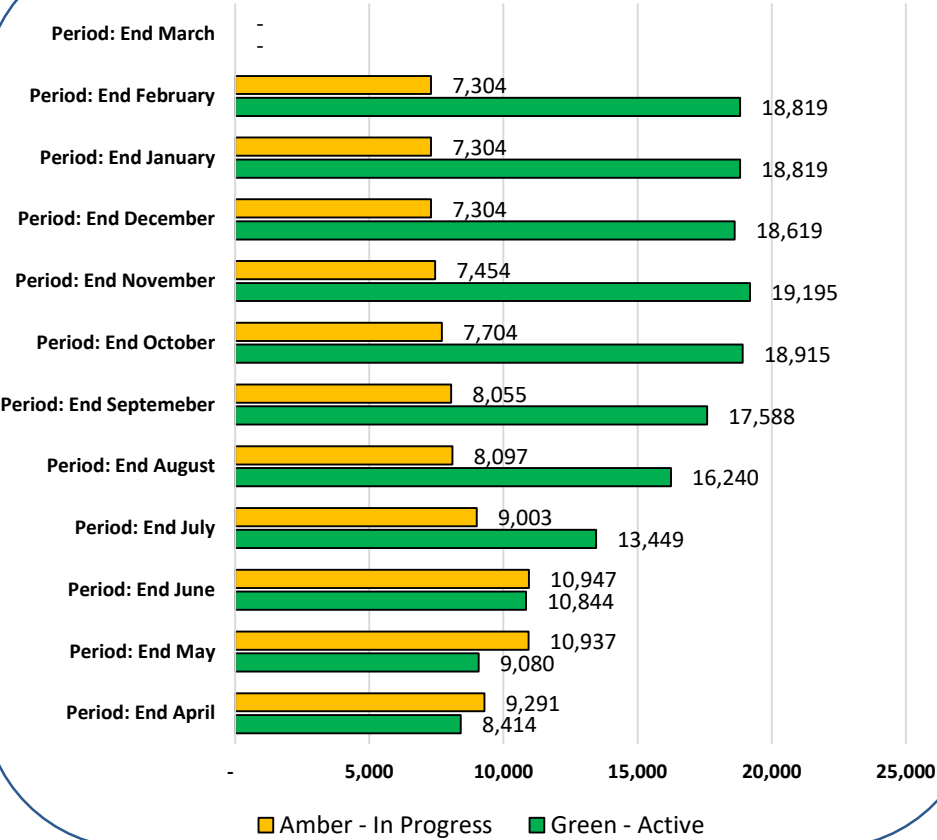
Capital Narrative

- Approved CRL value for 19/20 issued on 07/02/20 is £30.731m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Underspend to date relates to a number of schemes as detailed in the Annex, there is no anticipated impact on the year end forecast due to these underspends to date.
- There are 5 All Wales Capital schemes reported to Welsh Government as high risk. There is 1 scheme classified as medium risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government.
- The forecast outturn position for 19/20 is breakeven.

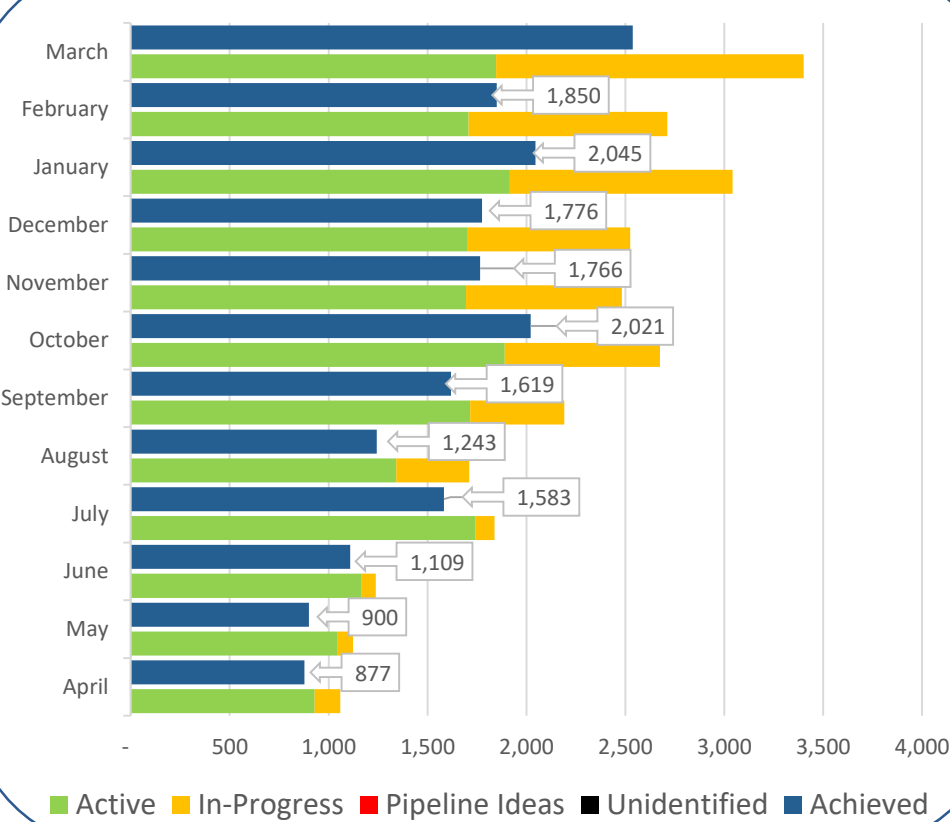
PSPP Narrative

- The number of invoices paid within 30 days in February was above the 95% target, with in month performance being 95.29%.
- The performance in February resulted in the cumulative compliance for the year increasing slightly from 93.8% to 93.9%. However, given the cumulative position at the end of February it is probable that even if performance is significantly above 95% in March that the cumulative figure will be below the 95% target for the 2019/20 financial year.

Trend over time



Current Profile of Savings



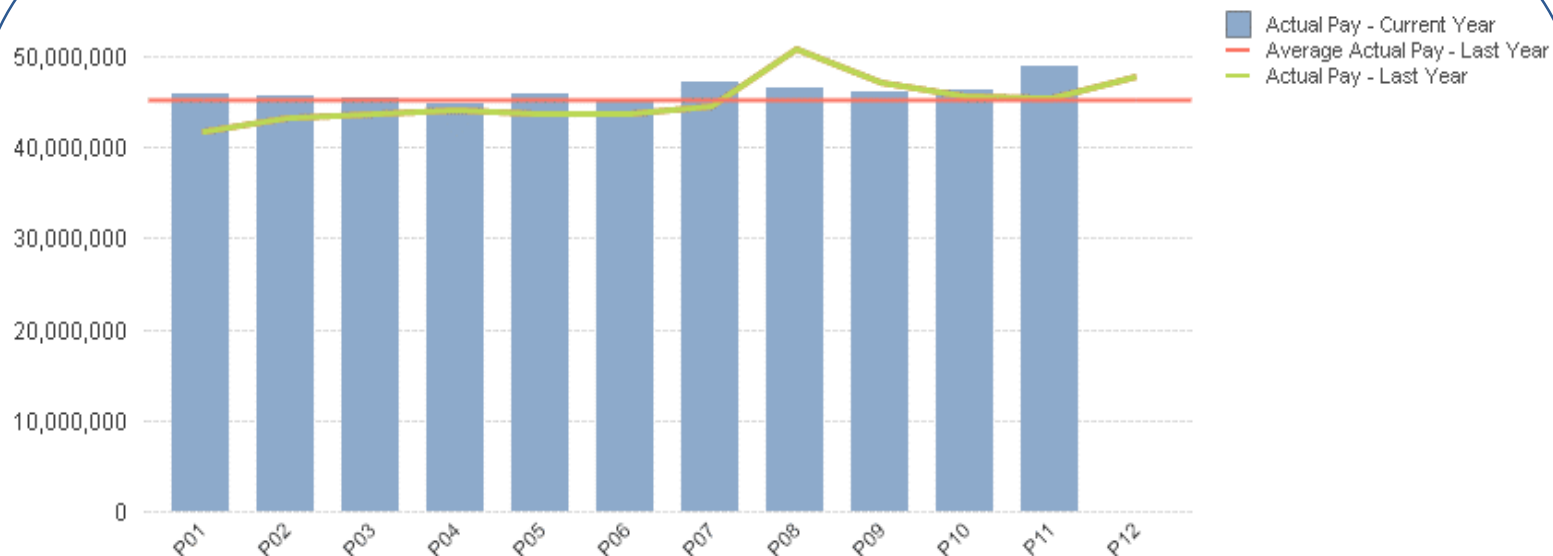
Narrative

- The Health Board financial plan required £22m savings to be delivered.
- The level of Green and Amber savings has remained broadly static for a number of months at £26m.
- It should be noted that this includes the initially identified green and amber schemes from the start of the year as WG reporting does not allow these to be reclassified once designated as green or amber.
- The forecast delivery against the identified schemes is £19.3m, which is £2.7m short of the required savings level.
- There is a 26% slippage rate against identified green and amber schemes, which indicates that the delivery confidence assessment was possibly too optimistic

Narrative

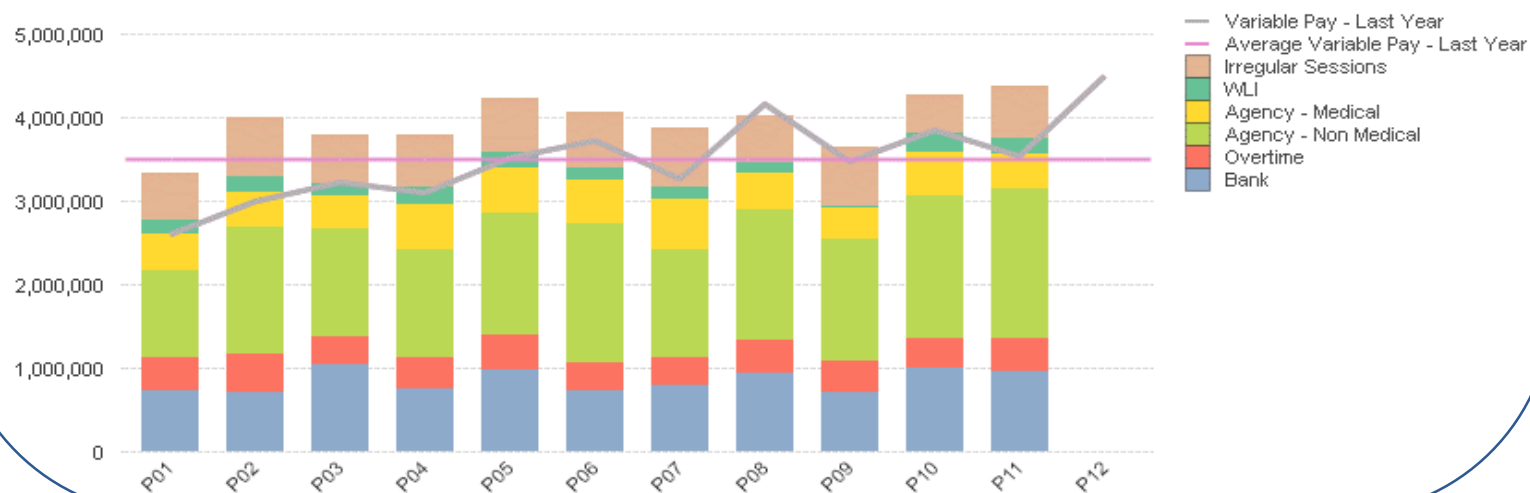
- The savings delivery reduced in Month 11 compared with the previous month.
- The actual savings delivery for the first eleven months of the year is £16.8m, with £2.5m forecast delivery in the last month of the year, which is around £0.5m more than has been delivered in any month this year. There are however a number of year end non-recurrent opportunities included within this forecast position.

Actual Pay Expenditure This Year and Last Year



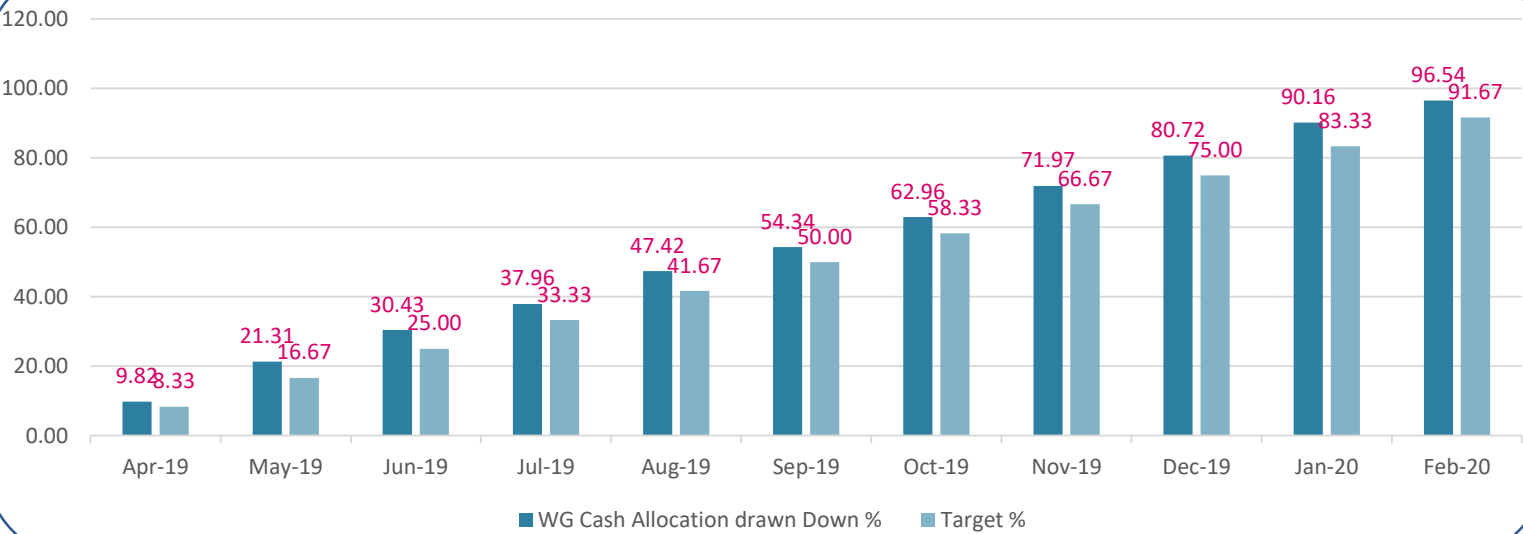
- The overall pay spend in P11 has increased by around £2.6m.
- This increase reflects the payment of Christmas enhancements which are planned and matched by budget phasing.
- Generally spend is above that of the average for the previous year.

Variable Pay Expenditure This Year and Last Year

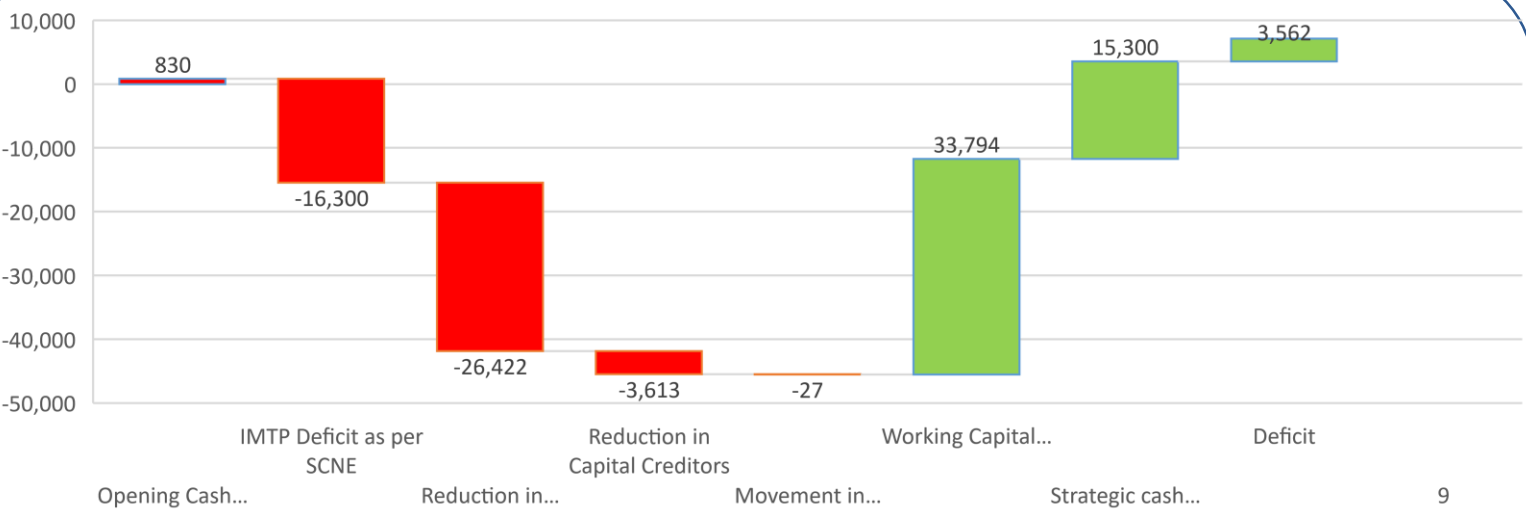


- Variable Pay spend has increased in-month.
- This month has seen the highest level of nursing bank and agency costs. This is reflective of the significant operational pressures experienced by the Health Board.
- Medical Variable Pay (excluding WLI) has remained broadly static.

Welsh Government Draw Down



Analysis of Forecast Cash Position



1. The health board had a cash balance at the end of February of £7.644m which was significantly above the local target of holding between £1m and £2m in cash at month end. This high cash balance was due to lower than forecast creditor payment runs in the last week of February.
2. The health board has now received all the cash requested for movement in working capital balances and strategic cash support and is managing its cash position on a daily basis in line with the approved cash drawing limit.
3. The current cash forecast based on anticipated receipts and payments for March is that of a cash surplus of £3.652m based on drawing down all cash allocations available to the health board. To date the health board has called down from Welsh Government £12.3m of the £15.3m available strategic cash support and has completed a cash request for £5m of the £10.107m capital cash working balances support and £15m of the £23.687m approved revenue working capital cash support, both these amounts requested for 16th March.
4. A final decision will be made in the week commencing 16th March, with the cash to be drawn down on 23rd March as to the remaining amounts of strategic cash support and working capital cash support required, taking into account at that point in time the updated estimates for receipts and payments, particularly in respect of the capital cash payments based on the latest estimated delivery dates for items purchased from the recently issued allocations.

Quarter 4

- Review impact of the Health Board actions and identify areas of further work.
- Units and Directorates to identify further opportunities to meet control totals. These will be tested and supported through the Financial Recovery Meetings.
- Identify further opportunities both recurrent and non-recurrent to support delivery of revised £16.3m forecast deficit.

Continued Scrutiny

- **Monthly** Financial Management Group meeting chaired by the CEO to review Health Board financial performance, risks and opportunities and ensure actions to manage the financial position are in place.
- **Monthly** Performance, Quality and Finance Meetings with Delivery Units; monthly review of all corporate directorates
 - **Weekly** escalation where finance and/or performance is off track
 - 'deep dives' into key areas (eg. medical pay bill review, Unit performance or delivery issues)
 - Individual support to Finance Business Partners by Assistant Directors to help provide 'critical challenge' into delivery units
 - CEO led escalation as required
- **Monthly** Investment & Benefits Group:
 - Effective decision making in line with organisational priorities
 - Control of investment/re-investment decisions including capital
 - Benefits tracking (financial & non financial)
- **Monthly** scrutiny by Performance & Finance Committee. Escalation process in place for key risks identified through performance framework:
 - Financial and/or performance at Unit level
 - System wide focus on targeted intervention areas
 - Recovery actions and non delivery of savings programmes