

SWANSEA BAY LHB FINANCE DEPT. HEALTH BOARD REPORT

Period 12 Data (March 2020)

Darren Griffiths

In Month

£ 2,791,000 overspent

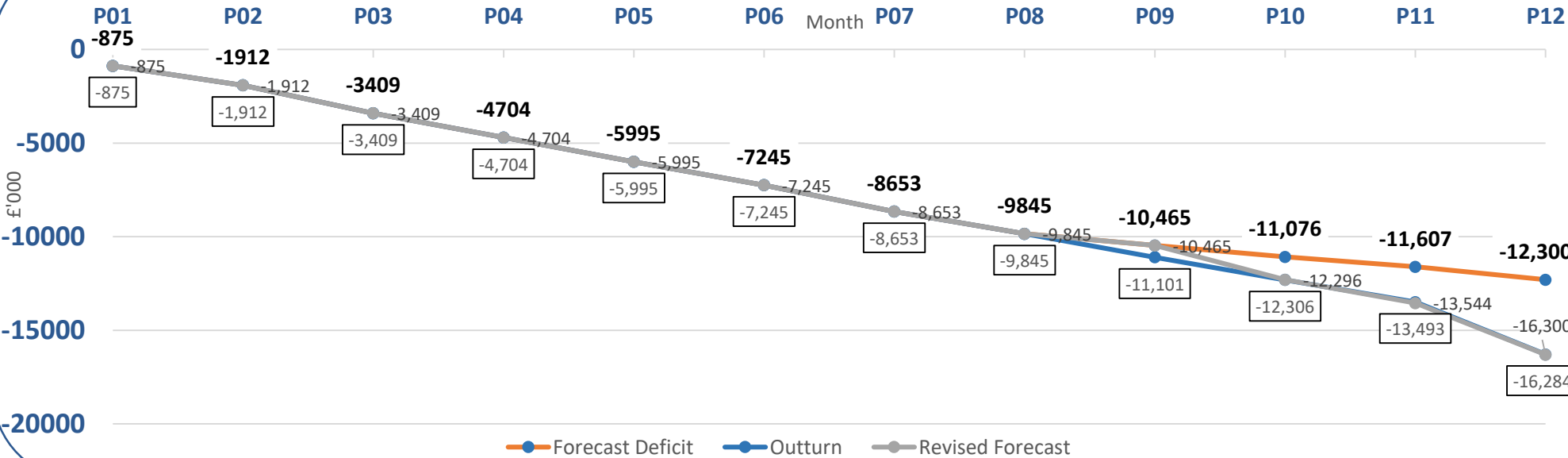
	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	-30,986	-31,196	-210	-0.68%
Pay	71,111	71,165	54	0.08%
Non Pay	63,236	66,183	2,946	4.66%
Total	103,361	106,152	2,791	2.7%

Cumulative

£ 13,493,282 overspent

Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	-272,876	-274,163	-1,287	-0.47%
Pay	581,183	579,732	-1,451	-0.25%
Non Pay	604,369	623,391	19,022	3.15%
Total	912,676	928,960	16,284	1.78%

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)	2,791	↑
Reported year to date financial position – deficit/(surplus)	16,284	↑
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	(27)	↓
Reported cumulative financial position – deficit/(surplus) – Forecast Green	(27)	↑

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	94.3	↑

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.
- The Month 12 reported position is an in-month overspend of £2.791m, which is in line with planned performance.
- The year-end reported outturn is £16.284m, which is just below the £16.3m forecast position. It must be noted that this position is subject to audit review and should be considered draft until the audit is completed.

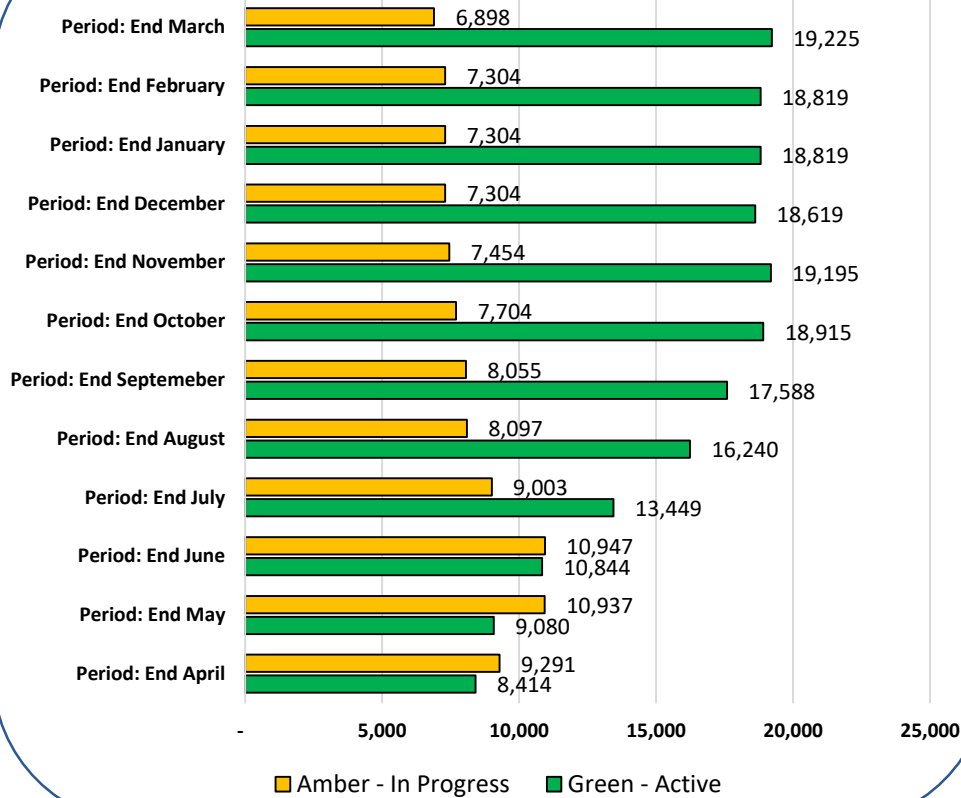
Capital Narrative

- Approved CRL value for 19/20 issued on 14/04/20 is £30.901m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Underspend for the year relates to a combination of factors. A number of schemes were unable to fully complete due to the impact of COVID-19. This was a common situation across NHS Wales and WG agreed to take back funding of £2.077m and to re-provide for those schemes in 20-21. WG also provided funding of £0.908m to meet unplanned spend on COVID-19, which included Estates work and additional IT devices. The net impact was a closing underspend for the year of £27k.

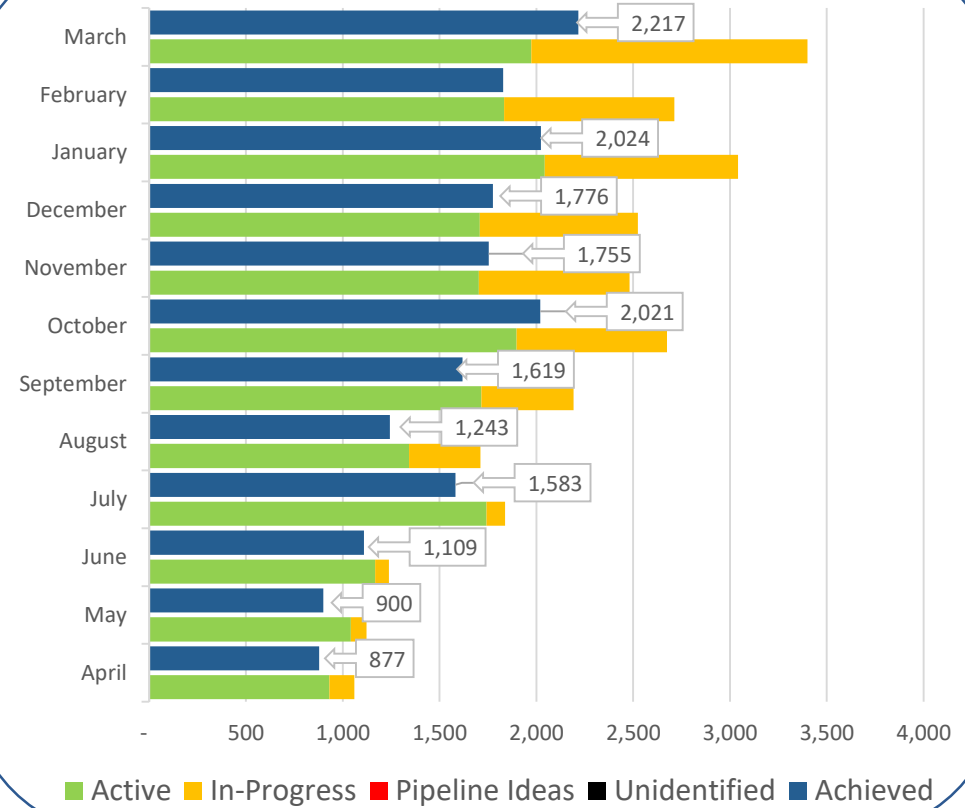
PSPP Narrative

- The number of invoices paid within 30 days in March was above the 95% target, with in month performance being 97.79%.
- The performance in March resulted in the cumulative compliance for the year increasing from 93.8% to 94.3%. However, the board will recall that performance in December and January was around 90%, due to delays in invoices being processed as a result of the health board needing to manage its cash position prior to approval of the requested working capital and strategic cash support.
- The performance in December and January meant that despite achievement of the 95% target in both February and March, that the cumulative position fell just below the 95% target for the 2019/20 financial year.

Trend over time



Current Profile of Savings



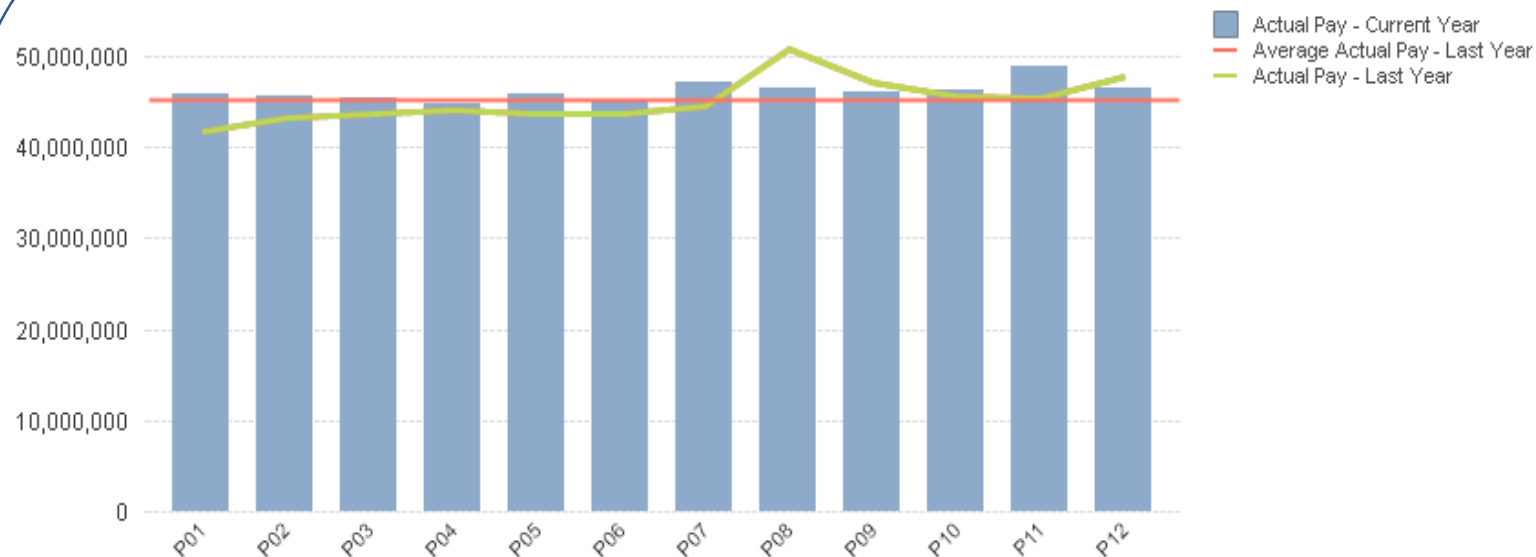
Narrative

- 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 full year delivery outturn against the identified schemes is £19m, which is £3m 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

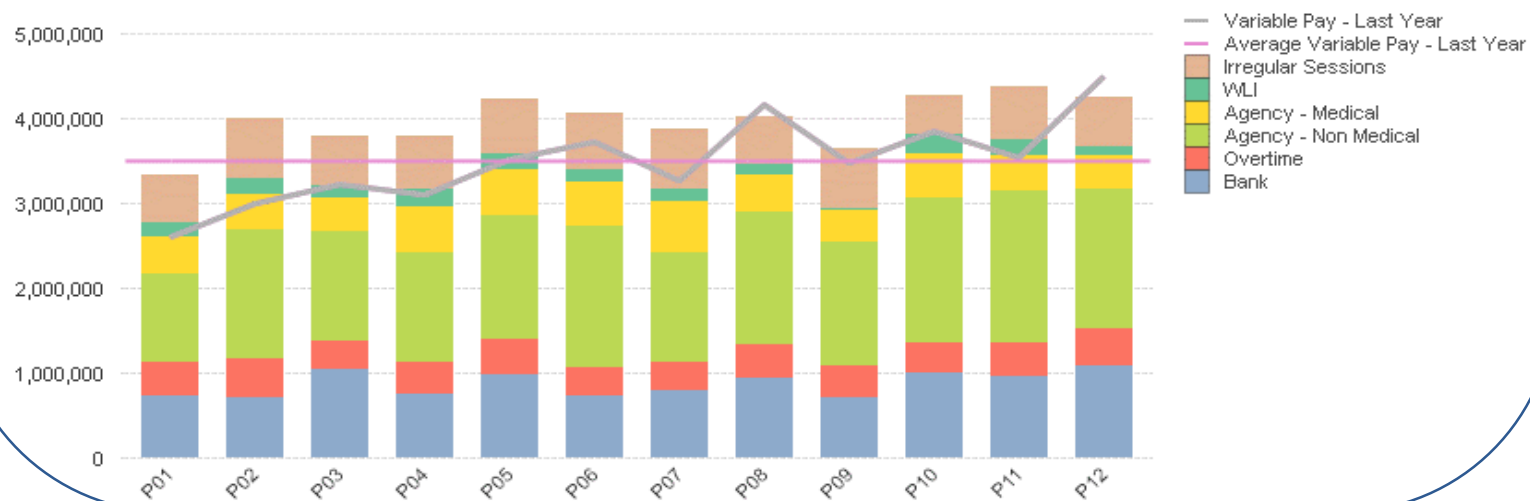
Narrative

- The savings delivery increase in Month 12 compared with the previous month.
- The actual savings delivery for the first twelve months of the year is £19m.

Actual Pay Expenditure This Year and Last Year



Variable Pay Expenditure This Year and Last Year



- The overall pay spend in P12 is broadly aligned with expected position despite the impacts of COVID19.
- In the majority of units, the cover for staff unable to work due to infection/self-isolation has been supported with staff deployed from areas where activity has been restricted. The exception to this was Mental Health and Learning Disabilities where additional costs were incurred.

- Variable Pay spend has reduced slightly in-month.
- The most significant reduction is in WLI due to the restriction of elective activity during the later part of March.
- All other expenditure has remained broadly consistent with the previous winter months.

COVID19 Additional Expenditure 2019-20	£000
Staff Costs	209
<i>Non Pay:</i>	
Set up Costs	130
PPE/Uniforms	125
Clinical Consumables	411
Other Non Pay	60
Total Non Pay	726
Gross Additional Expenditure	935
Planned Care cost reductions	-237
Net Additional Expenditure	698

The COVID19 pandemic started to impact on the costs of providing Health Board services during March 2020.

The key expenditure impacts were :

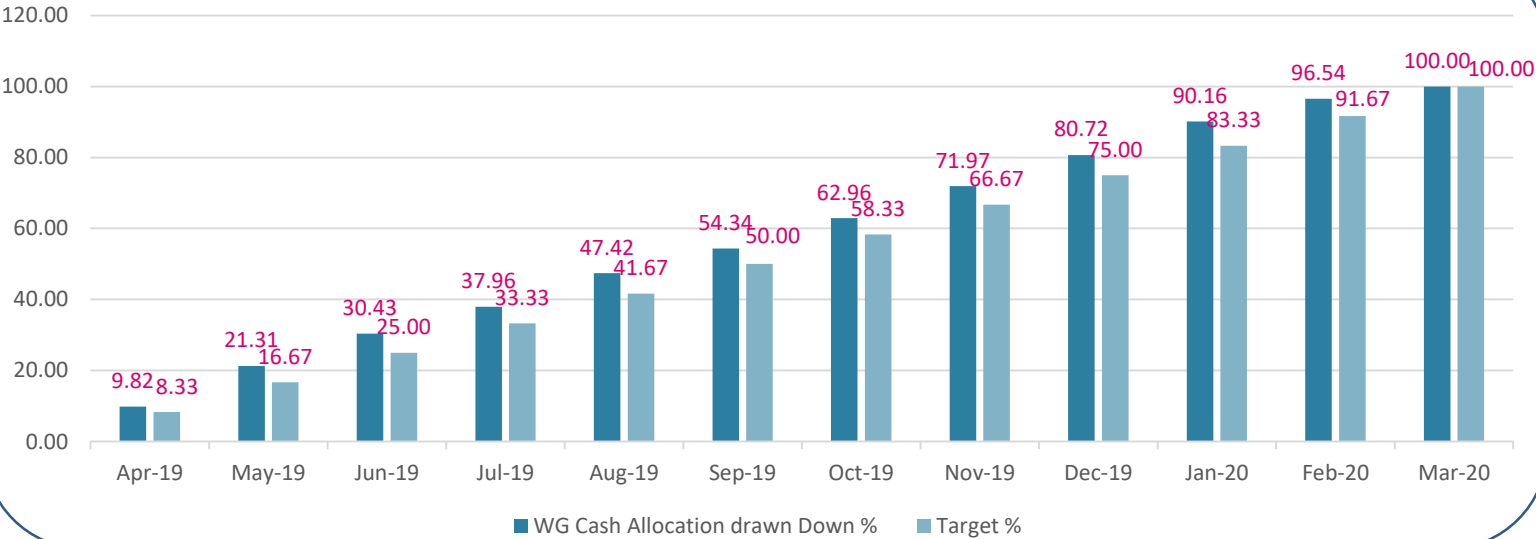
- Set up and equipping costs
- PPE/uniforms
- Clinical consumables
- Staffing costs associated with staff unavailability
- Other costs including digital

The gross additional costs in March were £0.935m.

The Health Board however also saw reductions in planned care activity as a result of COVID19 and this resulted in a reduction in clinical consumable costs.

The net additional cost impact of COVID19 was therefore £0.698m. This has been supported by an additional WG allocation.

Welsh Government Draw Down



- 1. The health board had a year-end cash balance of £0.486m, slightly below the local target of holding between £1m and £2m in cash at month end.
- 2. To achieve the year-end cash balance the health board drew down all cash sums allocated to it by Welsh Government. This included £15.3m strategic cash support, £10.107m capital cash working balances support and £23.687m revenue working capital cash support.
- 3. Whilst the working capital cash support is not repayable, strategic cash support is repayable. The £15.3m strategic cash support received in 2019/20 takes the cumulative amount of strategic cash support received to £78.571m. As the rules currently stand, repayment of this strategic cash assistance will be in accordance with the health board’s future integrated medium term plan.

Analysis of Forecast Cash Position

