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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	25th July 2019	Agenda Item	2.3
Report Title	Financial Report – Period 3		
Report Author	Samantha Lewis, Assistant Director of Finance		
Report Sponsor	Lynne Hamilton, Director of Finance		
Presented by	Lynne Hamilton, Director of Finance		
Freedom of Information	Open		
Purpose of the Report	The report advises the Board of the Health Board financial position for Period 3 (June 2019).		
Key Issues	<p>The report invites the Board to note the detailed analysis of the financial position for Period 3 2019/20.</p> <p>The report also invites the Board to note the capital budget forecast position, cash position and key balance sheet movements.</p>		
Specific Action Required <i>(please choose one only)</i>	Information	Discussion	Assurance
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • NOTE the Health Board year-end breakeven forecast and the risks associated with delivery. • CONSIDER and comment upon the Board's Period 3 financial performance, in particular: <ul style="list-style-type: none"> i. the revenue outturn position; cumulative overspend of £3.409m, the revenue outturn forecast and the revenue risk profile; ii. the capital forecast position; iii. balance sheet movements; iv. cash position; and v. performance against the Public Sector Payment Policy compliance. 		

FINANCIAL REPORT – PERIOD 3

1. INTRODUCTION

The report advises the Board that the Period 3 (June 2019) revenue financial position is an overspend of £3.409m.

The report invites the Board to note the detailed analysis of the revenue financial position.

The report also invites the Board to note the capital budget forecast position, cash position and key balance sheet movements.

2. BACKGROUND

2.1 The Health Board has two key statutory duties to achieve:

- **To submit an Integrated Medium Term Plan (IMTP) to secure compliance with breakeven over 3 years.**

2017/18 No Approved Plan

2018/19 No Approved Plan

2019/20 No Approved Plan

The Health Board will fail to achieve this Statutory Duty.

- **To achieve financial breakeven over a rolling three year period, which commenced on 1st April 2017 and will end on 31st March 2020.**

2017/18 £32.4m Overspend

2018/19 £9.9m Overspend

2019/20 Breakeven forecast

The Health Board will fail to achieve this Statutory Duty.

2.2 Summary of Performance against Key Financial Targets

Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £000
Reported in-month financial position – deficit/(surplus)	1,497
Reported year to date financial position	3,409
Current year-end Forecast – deficit/(surplus)	0
Capital KPIs: To ensure that costs do not exceed the capital resource limit set by Welsh Government	Value £000

Reported In-month financial position – deficit/(surplus)	(1,189)
Forecast Outturn – deficit/(surplus)	0
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 %
Cumulative year to date % of invoices paid within 30 days (by number)	95.8

3. FINANCIAL IMPLICATIONS

3.1 Revenue Position

3.1.1 Summary Revenue Position

The Health Board is committed to delivering a breakeven financial position. The Health Board has developed a balanced core financial plan. However, the savings plan to deliver the balanced core financial plan does not yet include a detailed plan to address the impact of the corporate and clinical management diseconomies of scale following the Bridgend boundary change

The Health Board has reported an in-month overspend of £1.497m in Period 3 (June 2019), this results in a cumulative overspend to the end of Quarter 1 of £3.409m

The key reasons for the overspend are:

- i. operational pressures, particularly the workforce and contract income impact of the continuing unscheduled care pressures and also ChC;
- ii. required savings not being fully identified and delivered;
- iii. corporate and clinical management diseconomies of scale linked to the Bridgend Transfer; and
- iv. ongoing costs associated with the Bridgend boundary change.

3.1.2 Income

Income budgets have reported an over-achievement of £0.203m in Quarter 1, however there is a growing pressure associated with contract income particularly for specialist services as delivery is being adversely impacted on by unscheduled care pressures.

Allocations anticipated by the Health Board include:

- The SBUHB income allocation based on the Welsh Health Circular 2018 050 - 2019-20 Health Board and Public Health Wales NHS Trust Allocations;
- the £10m additional WG non-recurrent funding support which our annual plan written feedback (January 2019) indicated was a reasonable assumption to make, if we deliver a balanced plan; and
- Six month's impact of the Agenda for Change terms and conditions funding.

3.1.3 Pay

Pay budgets have reported an underspend of £0.428m in Quarter 1. It must be highlighted that the level of underspending is reducing due to patient acuity issues and continued high levels of vacancy, resulting in high use of variable pay including agency.

It should also be noted that the level of underspend may be a misleading view as it does not reflect savings not fully delivered. This is because CIPs, and therefore the effect of non-delivery, are classified as non-pay within the All Wales financial reporting structure. If the non-delivery impact was attributed on a 70/30 basis across pay and non-pay, the pay position underspend would be move to a slight overspend. **Slide 5.**

3.1.4 Non Pay

Non-pay budgets have reported an overspend of £3.184m in Quarter 1. The key non-pay overspends are savings non-identification and delivery, and ChC costs associated with the increasing patient numbers.

3.1.5 Savings Requirement

The Health Board financial plan identified a £22m savings requirement for 2019/20 to support the delivery of a balanced financial plan. These savings do not yet include actions required to mitigate and manage the clinical and corporate management diseconomies of scale resulting from the Bridgend Boundary Change. **Slide 4.**

The Health Board savings plan comprises of three elements: local savings, cost containment and management, and High Value Opportunities.

To date the Health Board has identified £21.8m of savings. The anticipated profile of savings delivery for Quarter 1 was £3.4m

against which £2.9m was delivered, resulting in slippage of £0.5m.

To support savings delivery the Health Board has continued its regular Service Delivery Unit Financial Recovery meetings and has also established a Financial Management Group and a Health Care Value and Efficiency Group to support ongoing financial management and the delivery of savings opportunities both in-year and for future years.

To support the Health Board's ambition to achieve financial balance in 2019/20, address the current overspend, and to make progress in identifying and delivering further opportunities, where possible, to mitigate and manage the risks, the Health Board has established a dedicated Delivery Support Team, which will work alongside the Welsh Government commissioned support when this work commences. The Delivery Support Team is a multi-disciplinary team that will focus on:

- Accelerating the delivery of current plans with immediate focus on USC plans and High Value Opportunities;
- Accelerating the development of pipeline plans and opportunities;
- Developing a battle rhythm from monthly progress to daily and weekly focus, unblocking issues, problem solving and supporting system wide working; and
- Ensuring robust "grip and control" in place throughout the Health Board.

3.1.6 Revenue Risks and Opportunities

A number of financial risks and opportunities have been identified and are being monitored. The key risks and opportunities are shown in **Slide 7**. These risks are updated each month and are reported to Welsh Government and reviewed by the Performance and Finance Committee.

3.2 Capital

The approved CRL value at Month 3 is £24.604m. This includes Discretionary Capital and the schemes under the All Wales Capital Programme.

3.2.1 Performance to Date

The reported financial performance at Month 3 is a £1.189m under spend to plan. The key reasons for the underspend are:

- Neonatal and Post-Natal Capacity at Singleton Hospital- Continued delays in asbestos removal. Not anticipated to impact on year end position and contractor plans to recover the delay however scheme will be closely monitored;
- Linac B - Scheme is substantially complete, see risk assessment below regarding remaining contingency;
- Environmental Modernisation Phase 2 Morriston- Scheme is 10 weeks behind programme due to delay in procuring generator to the new standards required. Completion scheduled for November 2019 so will not impact year end spend position;
- Morriston Isolation Room - Delay in works due to Emergency Department pressures limiting access to the working environment. Work is now continuing and this delay is not expected to impact on the year end forecast breakeven position; and
- Health Records Modernisation - delay in go live date from June 2019 to October 2019 due to Welsh Patient Information System integration not completing within the specified timescales. Scheme costs will increase as a result which will be managed within existing discretionary allocations.

3.2.2 Risk Assessment

The risk assessments on schemes which are not considered to be low risk are:

Scheme	Risk Profile	Risk Value £'000	Comments
Discretionary	Medium	1,574	The discretionary plan is forecasting a breakeven position but is dependent on income being received for; <ul style="list-style-type: none"> - Welsh Risk Pool claim for fire on Ward 12, Singleton £500k. Initial claim being submitted to WRP. - WCCIS £524k. Funding requested through the national IT pipeline for development of the deployment order. - Coelbren Health Centre disposal £165k. Awaiting marketing of property. - Removal of cladding at Singleton Hospital £273k. Previous design fees to be funded through next phase 2 as agreed with WG Capital and Estates. - Business Case fees for cases in production £39k - ICF £73k. Funding request submitted to regional board for shortfall on schemes completing in 19/20
Linac B	Medium	200	There is currently a £200k contingency remaining on the scheme which is substantially complete and is in the commissioning phase. There are few minor areas left to work through including agreeing the contractors final account however it is anticipated there will be a contingency remaining. This was discussed with WG at the last progress meeting and will be discussed again when the value is confirmed.
ICF – Tonna and ICF - Refurb for IAS MAPS ND and CAMHS	Medium	73	Schemes have a combined overspend of £73k against the original allocation. This information has been reported to West Glamorgan Regional Partnership to request additional funding.
Cladding Removal Works @ Singleton Hospital	Medium	95	Scheme is forecasting an overspend of £95k against the original allocation, Welsh Government have agreed these costs can be included within the business case for phase 2 of the works.
MRI Scanner at NPT	Medium	1,325	Based on the current programme from the PFI provider the MRI will not be delivered until May 2020. The Health Board are working with all parties to shorten this programme of works and also the associated legal and contractual elements that are unique to a PFI scheme. Revised programme expected end of July 2019
EDCIMS	Medium	270	The programme and hence timing of this spend is not yet confirmed. Current forecast is for spend in the final qtr. of 2019/20 but is subject to agreement of the national programme and so any delay will mean not achieving the full spend in year

3.2.3 Forecast Outturn

The forecast outturn against the current CRL shows a breakeven position. This position assumes additional funding of £1.574m is received as detailed in risk assessment above.

3.3 Balance Sheet

Work is ongoing to complete the disaggregation of the closing balance sheet of the ABMU Health Board, in order to identify the balances as at 1st April 2019 to transfer to Cwm Taf Morgannwg University Health Board and those to remain with Swansea Bay University Health Board following the Bridgend boundary change. This work is due for completion by 31st July 2019 at which point draft S1/S2 transfer documentation will be prepared in line with the critical path dates agreed by the Finance Workstream of the Bridgend boundary change project. The balance sheet figures reported as at the end of June are therefore the balances prior to disaggregation, adjusted for movement in those balances during the first 3 months of 2019/20, represented by the actual ledger figure as at 30th June 2019.

During the first 3 months of the financial year, there was an increase of £5.591m in net assets employed (1.22%). Total assets increased by £4.039m with total liabilities reducing by £1.552m.

The main increase in assets was in respect of trade and other receivables (£3.262m) and cash (£4.085m) offset by a reduction in fixed assets of £3.569m. The increase in receivables was due to income due in respect of the Clinical Services SLA's from Cwm Taf Health Board and for NICE high cost drugs from Hywel Dda Health Board, with the cash increase due to lower than expected creditor payment runs in the last week of June. The fixed asset reduction is due to depreciation on the asset base.

The reduction in liabilities is primarily due to a reduction in provisions (£4.808m), following payments in respect of clinical negligence and personal injury claims, offset by an increase in creditors of £3.256m.

3.4 Cash

At the end of June, the health board had a cash balance of £4.915m, which is above the health board target of holding between £1m and £2m of cash at month end.

Forecasting the cash position for 2019/20 continues to be particularly challenging given the Bridgend boundary change. The disaggregation of the balance sheet will require a cash transfer between Swansea Bay University Health Board and Cwm Taf Morgannwg Health Board to be

made in respect of the remaining assets and liabilities not cleared at the point that the transfer is signed off by Wales Audit Office. At this stage it is unclear as to what the cash impact of this transfer will be on working balances movements during 2019/20.

During the first quarter of 2019/20, the health board has continued to pay invoices relating to the period prior to 31st March 2019 for those services that have transferred so as to minimise disruption to suppliers and to the transferring services. This has resulted in little reduction in the monthly cash payments to suppliers, although this reduction will now manifest itself in future months as the majority of old year invoices have now been cleared. Similarly the health board has continued to receive cash for invoices raised prior to 31st March for services which have transferred to Cwm Taf. Both these factors have made forecasting future months cash receipts and payments particularly difficult.

As a result the cash forecast for 2019/20 contains a number of assumptions which will undoubtedly change as the year progresses as the cash receipts and payments each month begin to crystallise, without the complication of receipts and payments in respect of prior year working capital balances. Based on the best estimate of the impact of the transfer and the current financial position of the health board, a forecast cash deficit of £8.064m is predicted. This cash forecast assumes that the £10m Welsh Government support provided in 2018/19 is made recurring, that there is a potential further £7.1m reduction in the health board's allocation in respect of the share of the financial deficit transferring to Cwm Taf Morgannwg Health Board and that the health board is able to achieve a financial breakeven position in 2019/20.

3.5 Public Sector Payment Policy (PSPP)

At the end of June the health board has achieved the 95% PSPP target with 95.8% of supplier invoices paid within the 30 day target, with the in month figure for June being 95.7%.

4. RECOMMENDATION

Members are asked to:

- **NOTE** the Health Board year-end breakeven forecast and the risks associated with the delivery.
- **CONSIDER** and comment upon the Board's Period 3 financial performance, in particular:
 - vi. the revenue outturn position; cumulative overspend of £0.875m, the revenue outturn forecast and the revenue risk profile;
 - vii. the capital forecast position;
 - viii. balance sheet movements;
 - ix. cash position; and
 - x. performance against the Public Sector Payment Policy compliance.

Governance and Assurance		
Link to Enabling Objectives <i>(please choose)</i>	Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities	
	Partnerships for Improving Health and Wellbeing	<input type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	Deliver better care through excellent health and care services achieving the outcomes that matter most to people	
	Best Value Outcomes and High Quality Care	<input type="checkbox"/>
	Partnerships for Care	<input type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
Health and Care Standards		
<i>(please choose)</i>	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input type="checkbox"/>
	Effective Care	<input type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input type="checkbox"/>
Quality, Safety and Patient Experience		
Financial Governance supports quality, safety and patient experience.		
Financial Implications		
The Board is reporting a balanced end year financial outturn.		
Legal Implications (including equality and diversity assessment)		
No implications for the Board to be aware of.		
Staffing Implications		
No implications for the Board to be aware of.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
No implications for the Board to be aware of.		
Report History	Board receives an update on the financial position at every meeting	
Appendices	Appendix 1 – Finance Report (month 3) Appendix 2 – Finance Annex (month 3)	



Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board

SWANSEA BAY LHB FINANCE DEPT. HEALTH BOARD REPORT

Period 03 Data (June 2019)

Lynne Hamilton

In Month

£ 1,497,458 overspent

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(20,988,697)	(20,968,020)	20,677	0.10%
Pay	44,847,934	45,467,178	419,244	1.38%
Non Pay	48,676,709	49,534,247	1,057,538	1.76%
Total	72,535,946	74,033,405	1,497,458	2.06%

Cumulative

£ 3,409,306 overspent

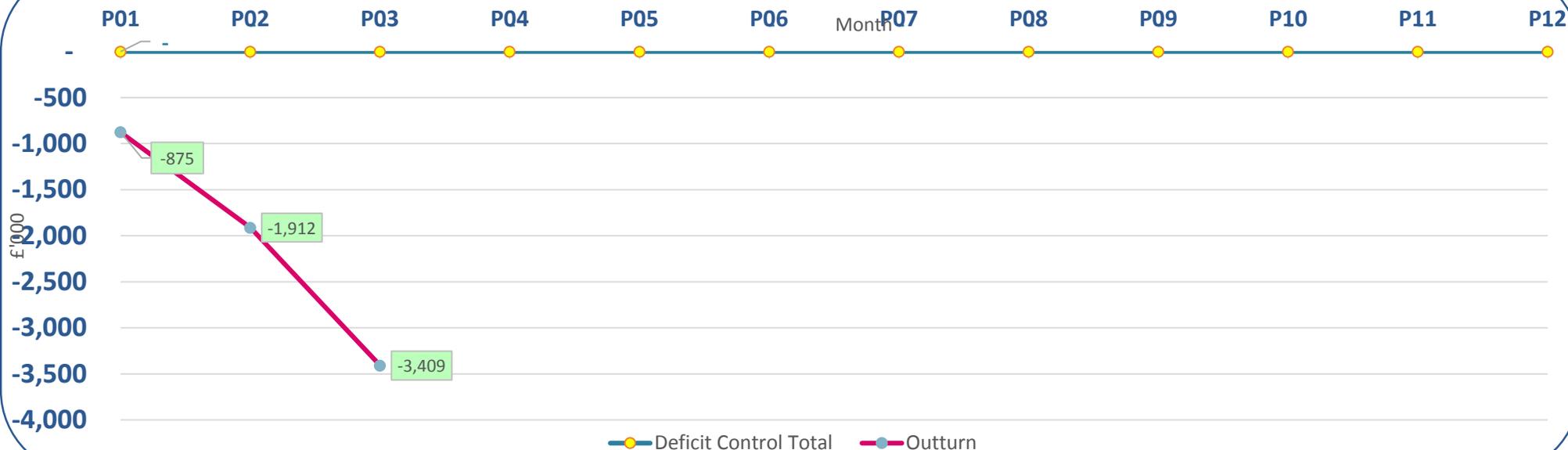
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(62,331,319)	(62,534,563)	-203,244	0.33%
Pay	136,664,440	137,093,268	428,828	0.31%
Non Pay	143,036,298	146,220,020	3,183,722	2.23%
Total	217,369,419	220,778,725	3,409,306	1.57%

Forecast

Breakeven

Type	Full Year Budget (£'000)	Full Year Forecast (£'000)	Forecast Variance (£'000)	% Variance
Income	(242,653)	(243,640)	(987)	(0.41%)
Pay	527,657	527,657	0	0%
Non Pay	564,764	565,751	987	0.17%
Total	849,768	849,768	0	0%

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)	1,497	↑
Reported year to date financial position – deficit/(surplus)	3,409	↑
Current reported year end forecast – deficit/(surplus)	0	→

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 in-month financial position – deficit/(surplus) – Forecast Amber	(1,189)	→

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 Green	95.8	↓

Revenue Narrative

- The Health Board is committed to achieving financial balance in 2019/20. The Health Board has a balanced core financial plan, this however excludes the impact of the diseconomies of scale associated with the clinical and corporate management costs following the Bridgend Boundary Change, which are £5.4m. This adds a significant additional pressure to the Health Board's delivery requirement and will require significant support to deliver savings of this.
- The Month 3 reported position is an in-month overspend of £1.497m. The key drivers of this position are:
 - Operational Pressures, primarily workforce costs, contract income impacts from unscheduled care pressures and ChC
 - Slippage against planned and required savings.
 - Bridgend Boundary Change diseconomies
 - On-going costs associated with the Bridgend Boundary Change work

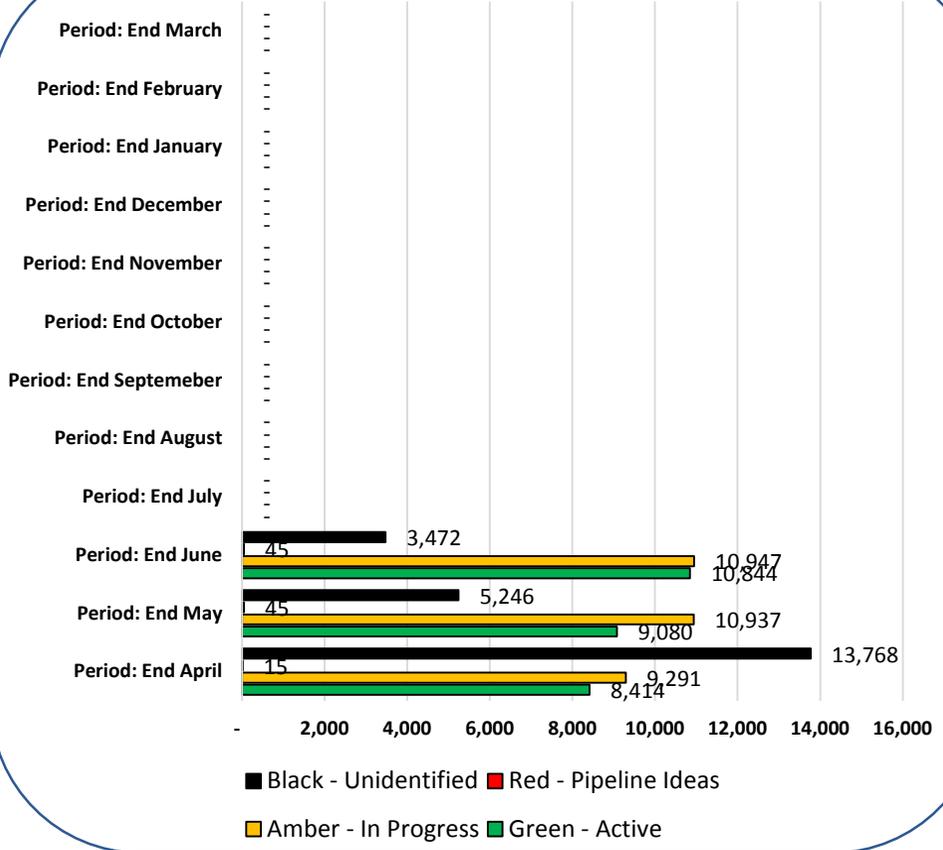
Capital Narrative

- Approved CRL value for 19/20 is £24.604m 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 that are being reported to Welsh Government as medium risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government. In addition discretionary capital has been reported as medium risk due to the value of assumed income the current plan is dependent upon.

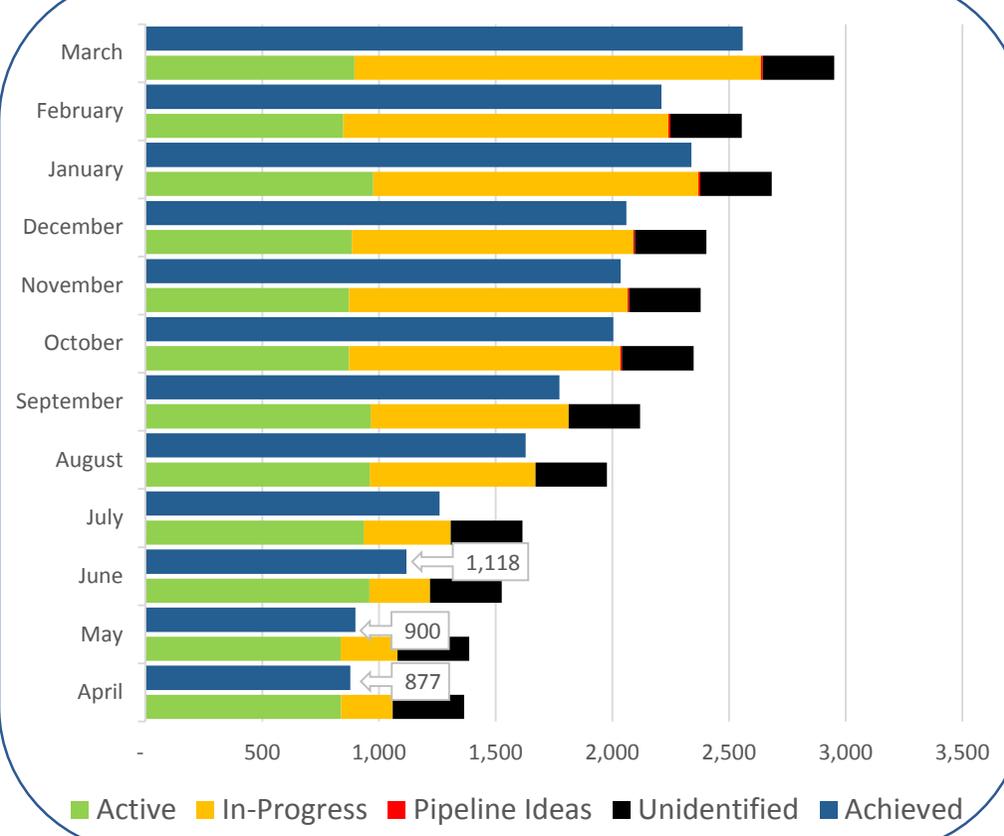
PSPP Narrative

- The number of invoices paid within 30 days in June again exceeded the 95% target, with the performance for the month being 95.7%.
- The June performance reduced the cumulative compliance for the year from 95.9% at the end of May to 95.8% at the end of June.
- Work continues within the health board to ensure that this compliance figure is maintained each month and to work on improving the payment performance of NHS creditors.

Trend over time



Current Profile of Savings



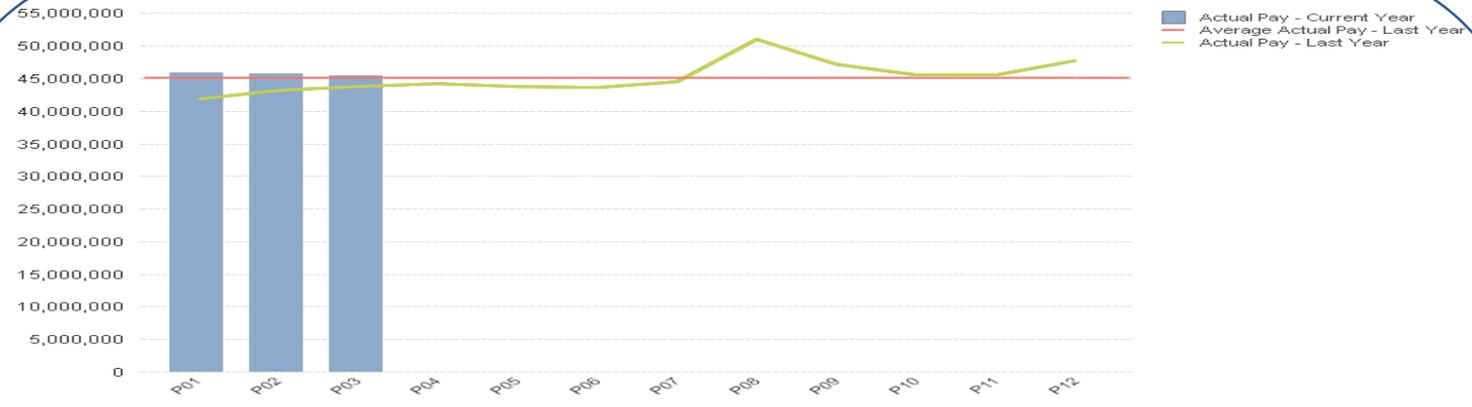
Narrative

- The Health Board has identified £21.8m of schemes, which is 99% of the overall planned £22m savings requirement. The unidentified savings reflect the savings some units are also seeking to manage pressures.
- It is assessed that savings of around £30m will need to be identified to assist in mitigating delivery slippage, and operational pressures.
- All units and Directorates are developing financial recovery plans and these will be tracked via the CIP tracker mechanism.

Narrative

- The actual savings delivery increased in P3, however slippage against identified schemes is still being reported. One of the key areas of slippage is the delivery of increased service income at Morriston which is being stifled by ability to access bed capacity.
- The level of savings delivery is required to step up significantly in future months with only £2.9m of the minimum £22m requirement delivered to date, leaving £19m to be delivered in the remaining 9 months.
- The Delivery Support Team will initially focus on the necessary actions to support the areas of savings slippage and robustly testing the remaining savings plans to ensure full delivery is achieved.

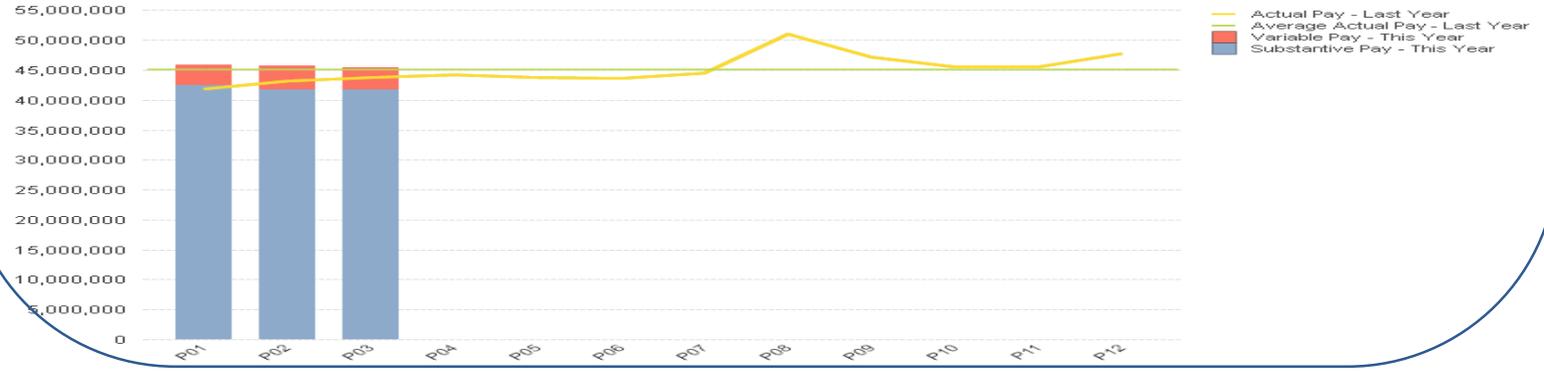
Actual Pay Expenditure This Year and Last Year



Variable Pay Expenditure This Year and Last Year



Substantive & Variable Pay Expenditure This Year and Last Year

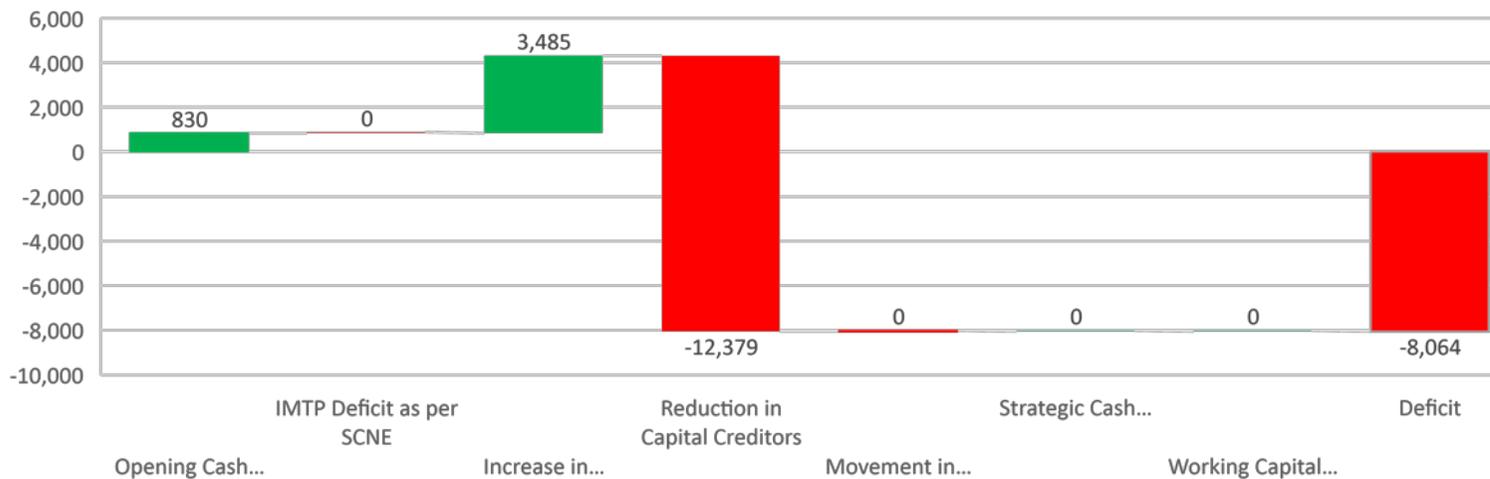


- Overall pay spend has reduced very slightly, which reflects the profiling of enhancements paid to staff. The budgets are also profiled to reflect this.
- Variable Pay spend has reduced from the previous month, but is still running significantly above the same period last year (surge capacity was not open during that period) and the average spend for last financial year.
- The baseline adjusted substantive pay costs have increased throughout the year. This will need to be reviewed to ensure that variable pay costs are seeing a corresponding reduction.

Welsh Government Draw Down



Analysis of Forecast Cash Position



1. The health board had a cash balance at the end of June of £4.915m which is above the local target of holding between £1m and £2m in cash at month end and was due to lower than forecast creditor payment runs in the last week of the month.
2. Forecasting the cash position at present is extremely challenging as a result of the Bridgend boundary change. Swansea Bay Health Board has utilised cash to pay invoices for goods and services received before 31st March 2019 relating to services that have transferred to Cwm Taf as well as receiving cash for debts for goods and services provided before 31st March 2019 for these services. This has resulted in the amount of cash drawn down to the end of June being ahead of the profile of ¼ of the cash allocation. It is anticipated that by mid August, a full analysis of the cash which has been paid and received in the first 3 months for assets and liabilities transferring to Cwm Taf will be completed and any cash transfer to clear the remaining assets and liabilities will be identified.
3. The current best estimate of the year end cash position is that of a deficit of £8.064m. This assumes a break-even financial position, with the £10m WG support being provided on a recurring basis and a £7.1m reduction in the allocation in respect of the deficit transfer to Cwm Taf relating to the Bridgend services.
4. The deficit comprises £12.379m for a reduction in capital creditors, offset by an increase of £3.485m in revenue working capital balances and the opening cash balance of £0.830m. The cash flow position will be closely monitored on a daily basis

FINANCIAL RISKS & OPPORTUNITIES LOG

#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Key Decision Point and Summary Mitigation	Risk Owner Name
Annual Plan Deficit			0	0	0		
1	Savings Requirement not fully delivered	The full £22m savings requirement is not identified or delivered	0	-5000	-3000	Focus on full identification of savings through Financial Recovery meetings and Financial Management Group. Identify and assess the impact of slippage on savings delivery	Lynne Hamilton, Director of Finance
2	Nurse Staffing Act	Expansion of Nurse Staffing Act increases nurse resource requirement	0	-1000	-500	Nurse Staffing Act must be clearly scrutinised and options considered including reconfiguration of clinical capacity	Gareth Howell, Director of Nursing and Patient Experience
3	WG Additional Funding Support	Financial Plan includes £10m additional funding support provided by WG non-recurrently in 2018/19.	0	-10000	0	Continue to work closely with WG	Lynne Hamilton, Director of Finance
4	Ophthalmology Gold Command	Ophthalmology potential clinical risk related to follow up capacity	0	-1000	-200	Assess clinical risk and identify options to increase capacity to mitigate clinical risk	Chris White, Chief Operating Officer
5	Performance Sustainability	Health Board Plan provides funding to support performance sustainability across Unscheduled Care, RTT and Cancer. Potentially this could be insufficient	0	-3000	0	Review impact of current operational pressures on sustainability and financial plans. Identify opportunities to increase efficiency and reduce resource requirement	Chris White, Chief Operating Officer
6	Bridgend Boundary Change Diseconomies of Scale	The diseconomies of scale associated with the Bridgend Boundary change have been identified. The forecast assumes that these costs are mitigated and managed.	0	-5400	-3500	Identify opportunities to reduce the impact through efficiency and restructure. Ongoing discussion with WG over transitional support	Hannah Evans, Director of Transformation
7	Management of New Income Streams	Maximise the opportunities linked to new income streams	1000	0	500	Ensure that all opportunities to access and utilise new income streams are maximised	Lynne Hamilton, Director of Finance
8	Management of Bridgend Boundary Change Impact	Potential impact of the deficit associated with Bridgend residents and services being supported by Swansea Bay	0	-7100	0	Due diligence work underway by PWC. WG position being considered	Tracy Myhill, Chief Executive Officer
9	Enhanced Control Measures	Agree and implement enhanced control measures to support operational financial performance	5000	0	3000	Ensure all non-essential and non-fixed costs are robustly managed. This will be supported by the new Delivey Team	Tracy Myhill, Chief Executive Officer
10	Mitigating Actions and Opportunities	Maximise all opportunities both recurrent and non-recurrent	5000	0	4000	Ensure all opportunities, including recurrent and non-recurrent are maximised to support the overall financial delivery	Lynne Hamilton, Director of Finance
11	LTA Income	Potential LTA income reduction due to lower than planned activity levels	0	-1500	-500	Assess impact of the RTT performance measures/plans on HBs. USC plan to include options to improve elective capacity resilience	Chris White, Chief Operating Officer
			11,000	- 34,000	- 200		

Executive Summary

Targets

Savings

Workforce

Cash

Risks & Issues

Action Plan

June & July

- Delivery Support Team established with initial focus on USC then finance.
- Financial Recovery Action plan developed.
- Updated Spending Controls document issued to all service areas.
- Further development of High Value Opportunities.
- Financial Recovery plans are being developed by all Units and Directorates.
- Weekly Financial Recovery Meeting with a 4 week rolling focus.
- Enhance confidence assessment of the planned savings through Delivery Support team
- Identify further savings opportunities through use of Efficiency Framework and other benchmarking data.
- Review of non-recurrent opportunities and actions to support the financial position.

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** Health Care Value & Efficiency Programme Board to ensure efficiency opportunities for long term sustainability are being progressed.
- **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



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Health Board

SWANSEA BAY LHB FINANCE DEPT. HEALTH BOARD REPORT – FINANCE ANNEXES

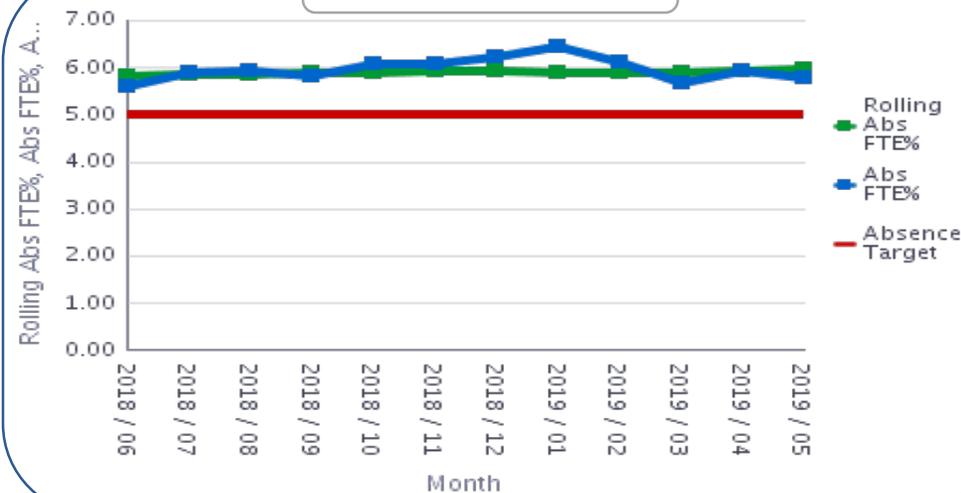
Management Accounts
Period 03 Data (June 2019)

Lynne Hamilton

Summary (May'19 Data)

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Rolling 12 Mths
Cost Absence £000	2,844	2,758	2,947	3,033	2,575	2,615	2,217	2,198	31,530
% Absence Average	6.21%	6.20%	6.39%	6.48%	6.09%	5.80%	6.01%	5.78%	5.94%
No. Staff Absent Per Day	1,020	1,027	1,059	1,064	1,002	959	780	756	944

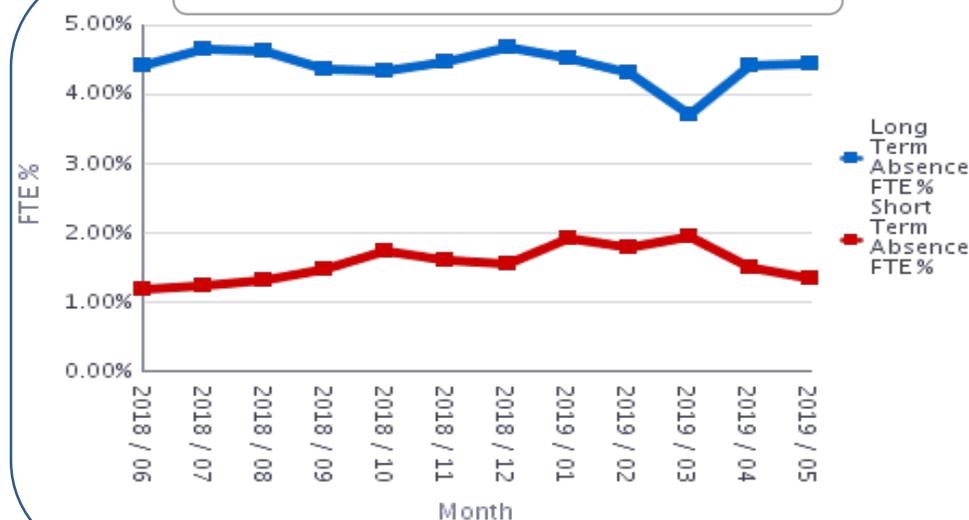
Rolling Absence



Cumulative % & £ Per Staff Group

Staff Group	Absence % (FTE)	Absence Estimated Cost (£)
Add Prof Scientific and Technic	4.37%	889,849
Additional Clinical Services	8.28%	6,072,804
Administrative and Clerical	5.26%	4,173,557
Allied Health Professionals	3.70%	1,789,201
Estates and Ancillary	8.44%	2,940,594
Healthcare Scientists	3.66%	657,301
Medical and Dental	1.80%	2,221,842
Nursing and Midwifery Registered	6.19%	12,462,781
Students	0.00%	-
Grand Total	5.97%	31,207,928

Long Term and Short Term Trends



Category	Balance at 31 st May 2019 (£000)	Balance at 31st March 2019 (£000)	Movement (£000)	Analysis
Tangible & Intangible Assets	612,422	614,888	(2,466)	Movement due to asset additions less depreciation.
Trade & Other Receivables	178,954	175,211	3,743	Increase in income accruals particularly in respect of Cwm Taf SLA's for services provided to Bridgend (£3.027m) and Hywel Dda for NICE high cost drugs (£0.519m).
Inventories	10,358	10,234	124	Increase in drugs stocks, mainly at Morriston
Cash	1,812	830	982	Cash balance is broadly in line with the local target of holding between £1m and £2m in cash at month end. The cash impact of the Bridgend boundary change is difficult to predict in the early months of 2019/20 as Swansea Bay Health Board will continue to pay invoices relating to pre 1 st April 2019 for services that have transferred.
Total Assets	803,546	801,163	2,383	
Trade & Other Payables	189,494	191,349	(1,855)	Main reduction is in the Tax, NI and pensions creditor following the staff transfer to Cwm Taf.
Provisions	147,656	150,506	(2,850)	Reduction due to payments against existing provisions, mainly in respect of settlement of clinical negligence cases.
Total Liabilities	337,150	341,855	(4,705)	
Total Assets Employed	466,396	459,308	7,088	
Financed By				
General Fund	415,505	408,417	7,088	Movement is capital cash drawn down offset by I&E overspend.
Revaluation Reserve	50,891	50,891	0	
Total Taxpayers Equity	466,396	459,308	7,088	

Month 3 Position

The approved CRL value at Month 3 is £24.604m which includes Discretionary Capital and the schemes under the All Wales Capital Programme. Further details on the planned spend can be seen in **Annex 2**. A number of schemes are showing a variance compared to the allocation, unless identified in the below risk assessment this is a planned variance to reflect the recovery of fees spent in prior years. In the case of National Clinical Systems and EDCIMS the Health Board are making an agreed contribution to the scheme from discretionary capital.

The reported financial performance at Month 3 is a £1.189m under spend to plan. The schemes with the largest underspend to plan are detailed below.

Scheme	Underspend to M3 £'000	Comments
Neonatal and Post-Natal Capacity at Singleton Hospital	265	Continued delays in asbestos removal. Not anticipated to impact on year end position and contractor plans to recover the delay however scheme will be closely monitored for potential slippage
Linac B	113	Scheme is substantially complete, see risk assessment below regarding remaining contingency
Environmental Modernisation Phase 2 Morriston	226	Scheme is 10 weeks behind programme due to delay in procuring generator to the new standards required. Completion scheduled for November 2019 so will not impact year end spend position
Discretionary - Estates - Morriston Isolation Room	190	Delay in works early in year due to Emergency Department pressures limiting access to the working environment. Work is now continuing and this delay is not expected to impact on the year end forecast breakeven position
Discretionary - IT	104	RFID -delay in go live date from June 2019 to October 2019 due to HL7 integration not completing within the specified timescales. Scheme costs will increase as a result which will be managed within existing discretionary allocations.

Forecast Outturn

The forecast outturn against the current CRL shows a breakeven position. This position assumes additional funding of £1.574m is received as detailed in the risk assessment on Discretionary detailed below

The risk assessments on schemes which are not considered to be low risk are:

Scheme	Risk Profile	Risk Value £'000	Comments
Discretionary	Medium	1,574	The discretionary plan is forecasting a breakeven position but it dependent on income being received for; -Welsh Risk Pool claim for fire on Ward 12, Singleton £500k. Initial claim being submitted to WRP. -WCCIS £524k. Funding requested through the national IT pipeline for development of the deployment order. -Coelbren Health Centre disposal £165k. Awaiting marketing of property. -Removal of cladding at Singleton Hospital £273k. Previous design fees to be funded through next phase 2 as agreed with WG Capital and Estates. -Business Case fees for cases in production £39k -ICF £73k. Funding request submitted to regional board for shortfall on schemes completing in 19/20
Linac B	Medium	200	There is currently a £200k contingency remaining on the scheme which is substantially complete and is in the commissioning phase. There are few minor areas left to work through including agreeing the contractors final account however it is anticipated there will be a contingency remaining. This was discussed with WG at the last progress meeting and will be discussed again when the value is confirmed.
ICF – Tonna and ICF - Refurb for IAS MAPS ND and CAMHS	Medium	73	Schemes have a combined overspend of £73k against the original allocation. This information has been reported to West Glamorgan Regional Partnership to request additional funding.
Cladding Removal Works @ Singleton Hospital	Medium	95	Scheme is forecasting an overspend of £137k against the original allocation, Welsh Government have agreed these costs can be included within the business case for phase 2 of the works.
MRI Scanner at NPT	Medium	1,325	Based on the current programme from the PFI provider the MRI will not be delivered until May 2020. The Health Board are working with all parties to shorten this programme of works and also the associated legal and contractual elements that are unique to a PFI scheme. Revised programme expected end of July 2019
EDCIMS	Medium	270	The programme and hence timing of this spend is not yet confirmed. Current forecast is for spend in the final qtr. of 2019/20 but is subject to agreement of the national programme and so any delay will mean not achieving the full spend in year

All Wales Capital Programme:	Year To Date			Full Year Forecast		
	Plan	Actual	Variance	Plan	F'cast	Variance
Schemes:	£'000	£'000	£'000	£'000	£'000	£'000
Neonatal and Post-Natal Capacity at Singleton Hospital	886	621	(265)	4,934	4,934	(0)
National Clinical Systems	82	75	(7)	68	415	347
Penclawdd - Primary Care Pipeline	221	141	(80)	1,009	991	(18)
Murton - Primary Care Pipeline	135	101	(35)	593	578	(15)
Linac B	819	706	(113)	1,115	1,116	1
Environmental Modernisation Phase 2 Morriston	598	372	(226)	3,068	3,070	2
ICF - Refurb for IAS MAPSS ND & CAMHS	190	144	(46)	214	193	(21)
Cladding Removal Works @ Singleton Hospital	76	0	(76)	315	410	95
MRI Scanner @ Singleton	134	166	32	318	222	(96)
ICF - Tonna Hospital	123	82	(41)	121	97	(24)
EDCIMS	2	0	(2)	270	450	180
MRI Scanner @ Neath	53	46	(7)	3,113	3,065	(48)
Sub Total	3,320	2,454	(865)	15,138	15,540	402
Discretionary:						
I.T.	330	226	(104)	2,306	1,784	(522)
Equipment	573	748	174	2,451	2,479	28
Estates	1,511	1,116	(395)	5,674	5,766	92
Sub Total	2,414	2,090	(324)	10,431	10,029	(402)
Total Expenditure	5,734	4,544	(1,189)	25,569	25,569	0
Donations:						
Donated Assets	0	0	0	800	800	0
Asset Disposals:						
Coelbren	0	0	0	165	1650	0
CHARGE AGAINST CRL	5,734	4,544	(1,189)	24,604	24,604	0
PERFORMANCE AGAINST CRL (Under)/Over		(20,060)			0	