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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	30th July 2020		Agenda Item	2.6
Report Title	Financial Report – Period 3 2020/21			
Report Author	Samantha Lewis, Deputy Director of Finance			
Report Sponsor	Darren Griffiths, Interim Director of Finance			
Presented by	Darren Griffiths, Interim 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) 2020/21 and sets out the current estimated revenue year end outturn.			
Key Issues	<p>The report invites the Board to note the detailed analysis of the financial position for Period 3 (May) 2020/21.</p> <p>The report also includes an analysis of the COVID-19 revenue impact and the forecast year end revenue position based on current planning assumptions.</p> <p>The report also invites the Board to note the capital budget, cash position and key balance sheet movements.</p>			
Specific Action Required (please choose one only)	Information	Discussion	Assurance	Approval
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • CONSIDER and comment upon the Board's financial performance for Period 3 (May) 2020/21, in particular: <ul style="list-style-type: none"> i. the revenue outturn position of £16.328m deficit; ii. the capital outturn position; iii. balance sheet movements; iv. cash position; and v. performance against the Public Sector Payment Policy compliance. • NOTE the COVID-19 revenue impact for Period 3 2020/21 and the current estimated revenue year end outturn. • NOTE the risks and opportunities. 			

FINANCIAL REPORT – PERIOD 3

1. INTRODUCTION

The report advises the Board that the Period 3 (June 2020) revenue financial position is an overspend of £16.328m.

The report invites the Board to note the detailed analysis of the Period 3 (June 2020) revenue financial position.

The report provides an analysis of the revenue impact of the COVID-19 response in June 2020.

The report also invites the Board to note the capital budget 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.**

2018/19 No Approved Plan

2019/20 No Approved Plan

2020/21 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.**

2018/19 £9.9m Overspend

2019/20 £16.284m Overspend

2020/21 £24.4m Forecast Overspend prior to impact of COVID-19

The Health Board will fail to achieve this Statutory Duty.

The recent announcement of write off of past debts suggests that these previous year overspends will no longer be need to pay back when organisations are in a sufficiently strong financial position to do so. It is not clear at this stage exactly what the treatment of this will be and further updates will be provided as the position becomes clearer.

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)	699
Reported cumulative financial position – deficit/(surplus)	16,328
Variance from Planned Deficit – deficit/(surplus)	10,228

Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £000
Capital KPIs: To ensure that costs do not exceed the capital resource limit set by Welsh Government	Value £000
Reported year to date financial position – deficit/(surplus)	993
Forecast outturn financial position – deficit/(surplus)	7,210
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)	92.7%

3. FINANCIAL IMPLICATIONS

3.1 Revenue Position

3.1.1 Summary Revenue Position

The Health Board plan for 2020/21 which was agreed by the Board for submission to Welsh Government in March 2020, including a financial plan with a forecast deficit of £24.4m.

	2020/21 £m
2020/21 Underlying Deficit	28.0
Inflationary/Demand Pressures	35.5
WG Allocation Uplift	-21.6
Investment Commitments	5.4
Planned Savings	-23.0
Planned Forecast Deficit for 2020/21	24.4

This plan did not include any impact of the COVID-19 pandemic.

The £28m underlying deficit which had in the previous year been reflected as overspends within the Service Delivery Units and Corporate Directorates has been transferred to the Corporate Plan. This has enabled the Service Delivery Unit and Corporate Directorate budgets to be established at a level that broadly reflects the 2019/20 expenditure profiles.

The revenue position can be analysed as follows and shows the movement from the Health Board baseline financial plan.

	Month 1	Month 2	Month 3	Cumulative
	£m	£m	£m	£m
Income	1.261	1.074	0.188	2.523
Pay	0.577	2.859	-4.630	-1.194
Non-Pay	0.244	3.255	2.770	6.269
Savings Slippage	1.749	1.480	1.318	4.547
Slippage on Planned Investments	-0.468	-0.468	-0.980	-1.916
Planned Deficit	2.033	2.033	2.033	6.099
Total Position	5.396	10.233	0.699	16.328

The table shows a significant reduction in the level of overspend in Month 3, this reflects the provision of Welsh Government funding for excess COVID-19 workforce costs for Quarter 1 which was provided in Month 3 along with an initial revenue allocation for field hospital set up.

Following the issue of funding to support COVID-19 workforce costs the key drivers of the overspend in excess of planned deficit are income and non-pay impacts of COVID-19 response and the savings delivery slippage which has also been impacted by COVID-19.

3.1.2 Income

Income budgets have reported an under-achievement of £2.523m after three months. This reflects reductions in income from key activities undertaken by the Health Board as a result of COVID-19. This reduction can be seen both in terms of direct service activity, including private patients, injury cost recovery scheme, overseas patients, non-contracted activity and dental income and also other income sources for example catering income. Much of this reduction in income would also see a reduction in cost.

3.1.3 Pay

Pay budgets have reported a £1.194m underspend after three months after the application of £6.831m Welsh Government funding. Whilst the net additional COVID-19 workforce costs have been assessed as £6.892m, the HB has also seen reductions in variable pay costs linked to use of deployed staff and reduced activity levels.

The Quarterly pay expenditure for Quarter 1 is around £7m higher than for the first three Quarters of 2019/20, adjusted for pay inflation.

The most significant increases have been students, which reflects the costs of student nurses and medical staff, of which £0.266m relates the costs of medical students.

The cost of newly recruited staff for COVID, other than students is around £0.750m.

Around £3m of the increased workforce costs is due to increasing costs of existing substantive and bank staff who have been working in excess of previous working arrangements.

3.1.4 Non Pay

Non-pay budgets have reported an overspend of £14.999m after the first three months. This includes the impact of savings non-delivery £4.547m, the planned deficit £6.099m and the release of investments not fully committed £1.916m, the net impact of these items is £6.269m.

The Health Board incurred significant additional non-pay costs associated with COVID-19 preparedness and operational support. The key costs included PPE and uniforms, staff accommodation, minor works and equipping, clinical consumables and drug costs particularly the impact of NCSOs within primary care prescribing. Whilst some costs are reducing

due to refined decision making, improved procurement routes and preparedness costs, the latest assessment of primary care prescribing costs linked both to price concessions and prescribing practice has increased significantly. This will continue to be reviewed as more data becomes available.

3.1.5 Savings and Recovery Challenge

The Health Board financial plan identified a £23m savings requirement for 2020/21 to support the delivery of the £24.4m deficit financial plan.

The Health Board financial plan identified £11.5m of savings scheme that were assessed as Green and Amber, with a further £11.5m of schemes that are linked to the opportunities pipeline that was developed with the support of KMPG. These further schemes however are not developed sufficiently to be considered Green or Amber.

The response to COVID-19 has required all management capacity and focus and this has resulted in progress on savings being halted, which has impacted both on the delivery of the £11.5m Green and Amber schemes and also in the development of the further schemes.

The impact of non-delivery of savings in Quarter 1 is £4.547m. It is essential that over the forthcoming months the savings are re-assessed and considered against the COVID-19 recovery plan.

3.1.6 COVID-19

The COVID-19 pandemic started to impact on the Health Board's financial position during March 2020. The key areas of cost impact have been reviewed and assessed for Quarter 1 2020.

The table below reflects the analysis shown earlier in the paper :

	Month 1	Month 2	Month 3	Cumulative
	Actuals	Actuals	Actuals	Actuals
	£m	£m	£m	£m
Impact on Savings Delivery	1.749	1.480	1.318	4.547
COVID-19 Gross Costs	3.176	8.709	27.099	38.984
COVID-19 Cost Reductions	-1.179	-1.589	-1.840	-4.608
Slippage on Planned Investments	-0.468	-0.468	-0.980	-1.916
TOTAL COVID-19 IMPACT	3.278	8.132	25.597	37.007

The Health Board recorded additional COVID-19 response costs of £27.099m during June 2020, with a cumulative gross expenditure of £38.984m. These costs were partially offset by reduced expenditure related to the restriction of planned care activity £4.608m. This resulted in a net cumulative additional expenditure of £34.376m for Quarter 1 of the financial year.

These costs have been offset by £26.828m Welsh Government funding, which is made up of £19.997m for Bay Field Hospital set up and construction costs and £6.831m for Quarter 1 COVID-19 workforce costs.

The most significant areas of expenditure for Quarter 1 are :

	Quarter 1			
	Month 1	Month 2	Month 3	Total
	Actuals	Actuals	Actuals	Actuals
	£m	£m	£m	£m
Workforce	0.606	2.949	3.337	6.892
Field Hospital Set Up	0.088	1.431	20.292	21.811
Other Equipping	0.037	1.162	0.045	1.244
PPE	0.662	1.455	0.168	2.285
Loss of Income	0.946	0.777	0.856	2.579
Primary Care Prescribing	0.250	0.150	1.172	1.572
TOTAL COVID-19 IMPACT	2.589	7.924	25.870	36.383

The other £2.6m additional costs cover such items as clinical consumables, accommodation staff uniforms, cleaning and catering services, IT, mortuary and transport services.

In addition, the impact on savings delivery has also been assessed as a COVID-19 impact. This has been identified as £4.547m.

The Health Board has also identified slippage on planned investments and new funding streams which is offsetting some of the additional costs. This has increased in Month 3 to reflect the confirmation of WHSSC commissioner slippage for Quarter 1.

3.2 Capital

The approved Capital Resource Limit (CRL) value, issued on 05/06/20 is £29.629m. This includes Discretionary Capital and the schemes under the All Wales Capital Programme.

3.2.1 Outturn Performance

The forecast outturn shows an overspend position of £7.210m. This includes the discretionary plan approved by the Board in March 2020 and the latest estimates for COVID expenditure across our surge capacity, Field Hospitals and new ways of working, including home working.

Following on from the Quarter 2 planning guidance and discussions at our June Capital Review Meeting (CRM), we are reviewing our approved plan against a number of options, to mitigate the adverse national funding position, while trying to maintain delivery and pace on a number of critical priority projects. These include health & safety (Singleton cladding and anti-ligature) and maintaining the cancer clinical pathways (replacement of the CT-SIM).

We are experiencing some delays with financial impacts across a number of our building and engineering schemes due to the COVID outbreak. This applies to schemes on-site due to the impact of social distancing and the unavailability of Health Board premises. It is also likely that we will experience increased costs as we go out to tender for new schemes.

3.3 Balance Sheet

As at 30th June, there has been a reduction of £2.328m in net assets employed compared to the balances as at 1st April (0.68%). Total assets reduced by £6.008m, with total liabilities reducing by £3.680m.

The main asset movements were increases in fixed assets of £2.739m with asset additions in month being higher than the depreciation for the month and £0.261m in cash balances held. These increases, however, were more than offset by reductions of £8.850m in trade and other receivables, with debtor invoices being settled more quickly than anticipated and a small reduction of £0.158m in stock balances primarily due to a reduction in drugs stocks at Singleton Hospital.

The reduction in liabilities was in trade and other payables (£1.027m) which was reflective of the improvement in the PSPP compliance figure during June, together with a reduction of £2.653m in provisions, with payments being made against clinical negligence, personal injury and redress provisions.

3.4 Cash

As at the end of June, the Health Board had a cash balance of £0.747m which was broadly in line with the planned month end cash balance of between £1m and £2m. The health board was able to bring its cash balance down to normal levels in June following the high cash balance of £7.689m at the end of May, by adjusting its June cash request.

Whilst it is still early in the financial year to provide a robust forecast cash position for the year, the cash forecast is predicated on the forecast year end deficit and the current early assessment of the impact of any movement in working capital balances on the cash position. The current forecast as at the end June, indicates a forecast cash deficit (taking into account anticipated allocations) of £95.308m, with the health board drawing down its full revenue cash drawing limit by February 2021. The cash flow is updated daily and a full review of the forecast is undertaken at the end of each month taking into account movements in the forecast year end deficit and the latest estimates of the movement in working capital balances.

3.5 Public Sector Payment Policy (PSPP)

For the first Quarter of 2020/21 the health board paid 92.69% of its non NHS invoices within 30 days, below the target of 95%. Compliance with the 95% target has improved each month with 96.93% of non NHS invoices being paid within 30 days in June, 94.33% in May and 87.86% in April when the COVID-19 pandemic was at its peak. It is this poor performance in April when there were significant delays in receipting as staff focussed on front line duties, that has resulted in the cumulative compliance being only at 92.69% for the 3 month period.

In respect of NHS invoices, to the end of June 91.4% of invoices have been paid within 30 days, with the % of non NHS invoices paid within 30 days following the same trend as for NHS invoices, performance being 98.71% for June, 90.68% for May and 87.61% for April.

The health board is committed to working with all staff responsible for receipting orders and authorising invoices as well as Accounts Payable to sustain the performance levels achieved in June for the remainder of the financial year.

4. REVENUE FORECAST

The Health Board forecast has been developed to reflect the Quarter 2 Operational Plan and the current planning assumptions for Quarter 3 and 4. Quarter 3 and 4 include the costs of utilising the field hospitals but this position is continuing to be reviewed.

The year-end forecast is currently assessed as £100.680m. This includes Welsh Government funding allocations for workforce costs for Quarter 1 £6.831m and the field hospital and internal surge capacity construction, set up and equipping costs of £32.753m.

The £100.68m forecast can be broadly assessed as: -

- £24.4m baseline plan
- £18.0m slippage on savings
- £58.3m net COVID impact after applying (£32.8m and £6.8m of Welsh Government funding).

5. RISKS AND OPPORTUNITIES

The Health Board forecast includes a number of opportunities and risks, which may impact on the current forecast assessment. These are being regularly reviewed and mitigation options considered.

6. ACTIONS AND NEXT STEPS

Following the period of immediate response to the COVID-19 pandemic the Health Board has:

- Reinstated financial review meetings from period 2
- Continued to hold routine weekly meetings with Finance Business Partnering Teams
- Issued a clear approach to the in-year financial framework: -
 - Focus on remaining within base budget and controlling the run rate within this
 - Focus on exploring all savings opportunities to mitigate savings loss risk
 - Ensure clear analysis and accounting for COVID-19 costs and controlling these proportionately to the need to respond whilst maintaining good governance and value for money
- Commenced a specific reassessment of service models driving cost forecasts to identify opportunities to cost avoid and appropriately reduce possible future costs
- Began to develop a revised system for the consideration of financial issues arising outside of the currently agreed plan

7. **RECOMMENDATION**

Members are asked to:

- **CONSIDER** and comment upon the Board's financial performance for Period 3 (June) 2020/21, in particular:
 - i. the revenue outturn position of £16.328m deficit;
 - ii. the capital outturn position;
 - iii. balance sheet movements;
 - iv. cash position; and
 - v. performance against the Public Sector Payment Policy compliance.
- **NOTE** the COVID-19 revenue impact for Period 3 2020/21 and the current estimated revenue year end outturn.
- **NOTE** the risks and opportunities.

Governance and Assurance		
Link to Enabling Objectives (please choose)	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		
(please choose)	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 £24.4m forecast year-end deficit financial outturn prior to the impact of COVID-19.		
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 – P03 – 20 Financial Report Supporting Detail Appendix 2 – P03 – 20 Further analysis	



Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board

SWANSEA BAY LHB FINANCE DEPT. HEALTH BOARD REPORT

Period 03 Summary Report (June 2020)

Darren Griffiths

In Month

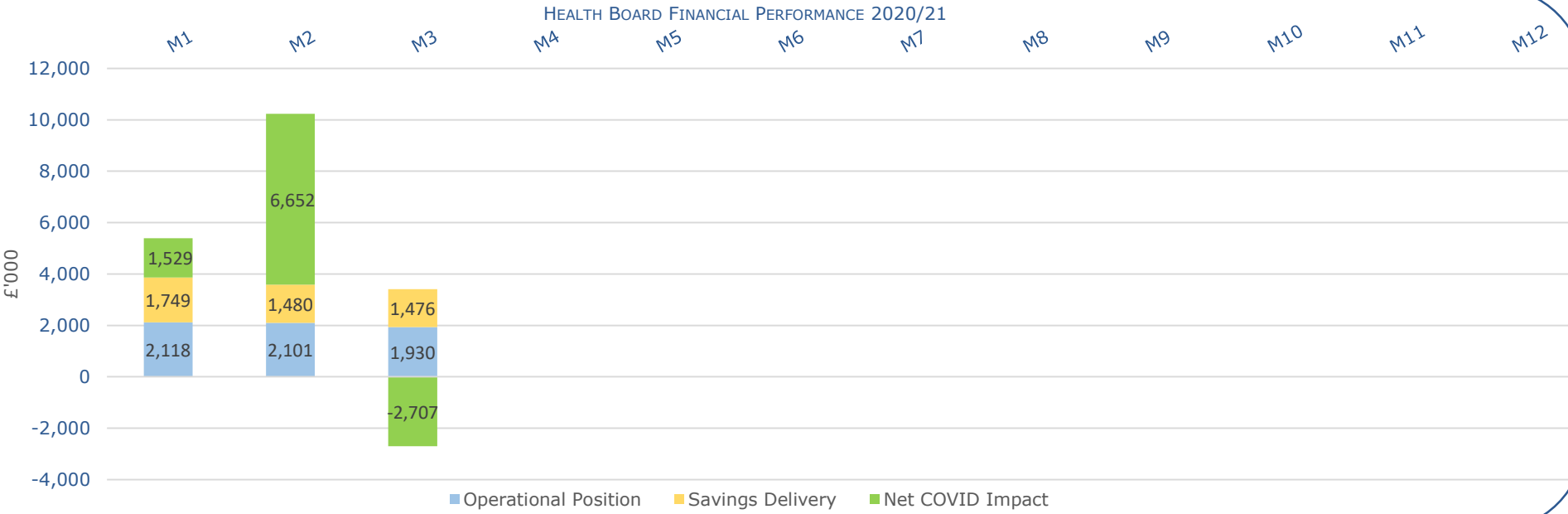
£ 699,092 overspent

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	-22,524	-22,336	188	0.84%
Pay	54,259	49,628	-4,630	-8.53%
Non Pay	66,849	71,990	5,141	7.69%
Total	98,584	99,283	699	0.71%

Cumulative

£ 16,327,716 overspent

Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	-68,110	-65,587	2,523	3.70%
Pay	148,315	147,121	-1,194	-0.81%
Non Pay	158,673	173,672	14,999	9.45%
Total	238,879	255,206	16,328	6.84%



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) – Red	699	↓
Reported year to date financial position – deficit/(surplus) – Red	16,328	↑
Reported year to date compared to forecast financial plan deficit – Red	10,228	↓

Capital		
Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government		
Reported in-month financial position – deficit/(surplus) – Forecast Red	993	↓
Current reported year end forecast – deficit/(surplus) – Forecast Red	7,210	↓

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	92.7	↑

Revenue Narrative

- The Health Board has reported an in-month overspend of £0.699m in Month 3, which gives a cumulative overspend of £16.328m. This position compares to the planned deficit of £6.101m (3/12ths of the £24.4m deficit plan).
- WG issued £26.828m funding in relation to COVID-19 expenditure in Month 3, this funding comprises of £19.997m part funding of the Bay Field construction costs and £6.831m staffing costs for Quarter 1. The construction funding matches costs incurred in Month 3. The workforce funding has been applied in Month 3, of which £3.555m relates to costs incurred in previous month.

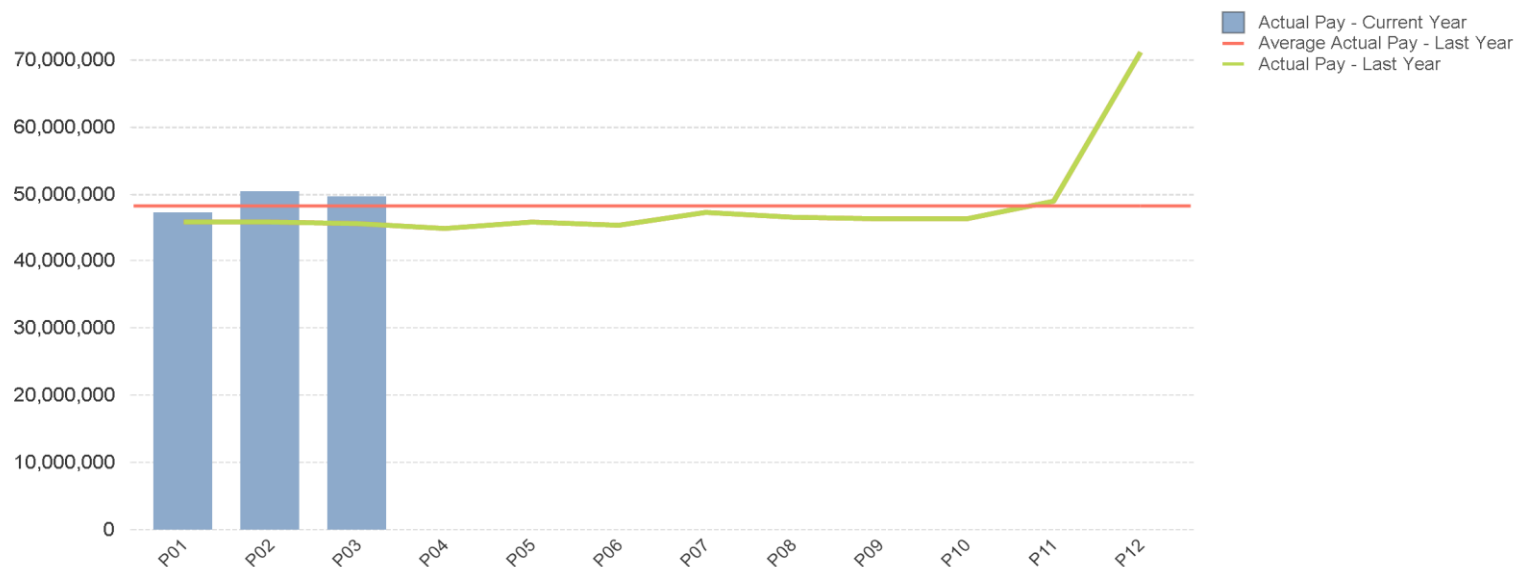
Capital Narrative

- Approved CRL value for 20/21 issued on 05/06/20 is £29.629m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Overspend to date relates to a number of schemes as detailed in the Annex.
- There are 3 All Wales Capital schemes reported to Welsh Government as high risk. There are 2 All Wales Capital schemes classified as medium risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government.
- The forecast outturn position for 20/21 is £7.210m overspent.
- Following on from the quarter 2 planning guidance and discussions at our June CRM, we are reviewing our approved plan against a number of options, to mitigate the adverse national funding position, while trying to maintain delivery and pace on a number of critical priority projects. These include health & safety (Singleton cladding and anti-ligature) and maintaining the cancer clinical pathways (replacement of the CT-SIM). This is expected to be ratified by the main Board in July, with an update position provided in month 4.

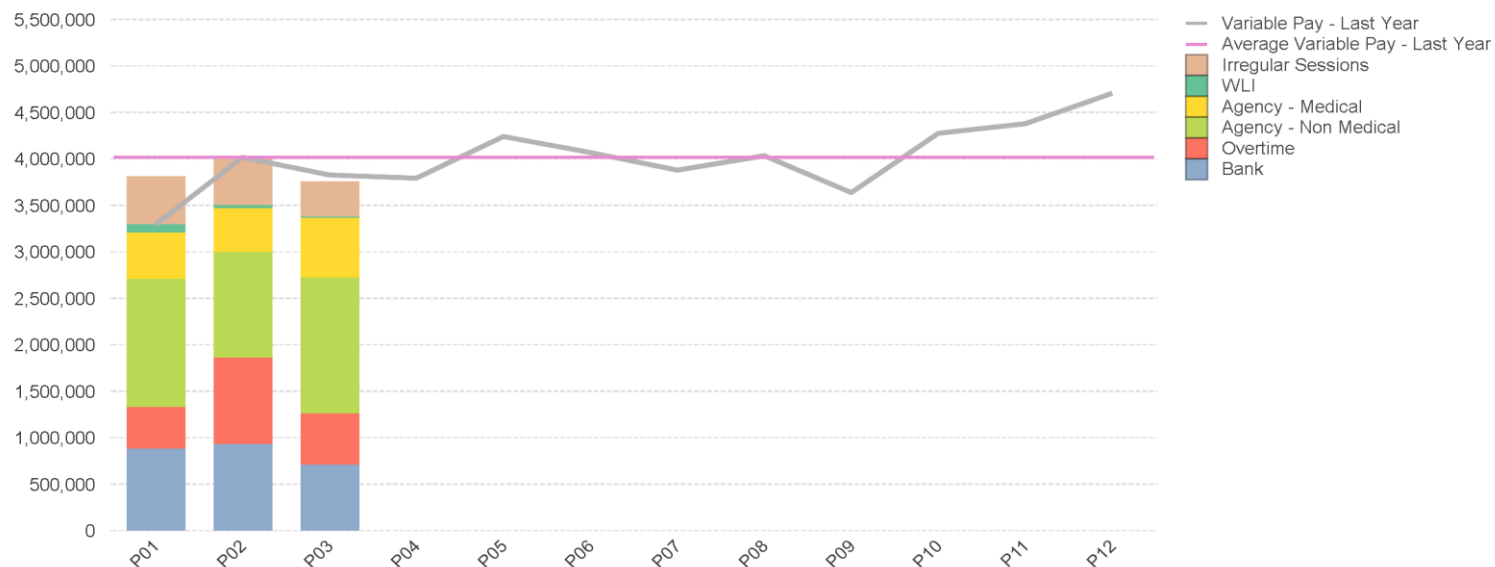
PSPP Narrative

- The number of invoices paid within 30 days in June exceeded the 95% target, with in month performance being 96.93%. This is the first month of the new financial year that the PSPP target has been achieved following performance of 94.33% in May and 87.86% in April when the COVID-19 pandemic was at its peak.
- The June performance has increased the cumulative compliance for the year to date from 90.73% at the end of May to 92.69% at the end of June.
- It is now imperative that the monthly PSPP performance exceeds 95% for the remainder of the financial year in order to ensure that a cumulative compliance figure of 95% is achieved for the 2020/21 financial year.

Actual Pay Expenditure This Year and Last Year



Variable Pay Expenditure This Year and Last Year



- Pay costs have reduced in Month 3 by just under £700k.
- This reduction is expected as it reflects the profiling of enhancement payments.
- Total variable pay has reduced from previous month.
- Reductions have been seen in overtime particularly, this is reflective of the additional contribution made by staff in the early weeks of the pandemic.
- It should be noted that the agency costs are increasing particularly in Medical and registered nursing staff groups.
- The average quarterly spend has increased by over £7m compared to the previous year.
- Around £2.9m relates to staff appointed for COVID including students, around £3m relates to increased costs of existing substantive and bank staff and the balance relates to increased agency costs.

	Month 1	Month 2	Month 3	Cumulative
	Actuals	Actuals	Actuals	Actuals
	£m	£m	£m	£m
Impact on Savings Delivery	1.749	1.480	1.318	4.547
COVID-19 Gross Costs	3.176	8.709	27.099	38.984
COVID-19 Cost Reductions	-1.179	-1.589	-1.840	-4.608
Slippage on Planned Investments	-0.468	-0.468	-0.980	-1.916
TOTAL COVID-19 IMPACT	3.278	8.132	25.597	37.007

The Health Board recorded additional costs of £27.099m during June 2020. These costs were partially offset by reduced expenditure related to the restriction of other Health Board activity £1.840m. This resulted in a net additional expenditure of £25.259m.

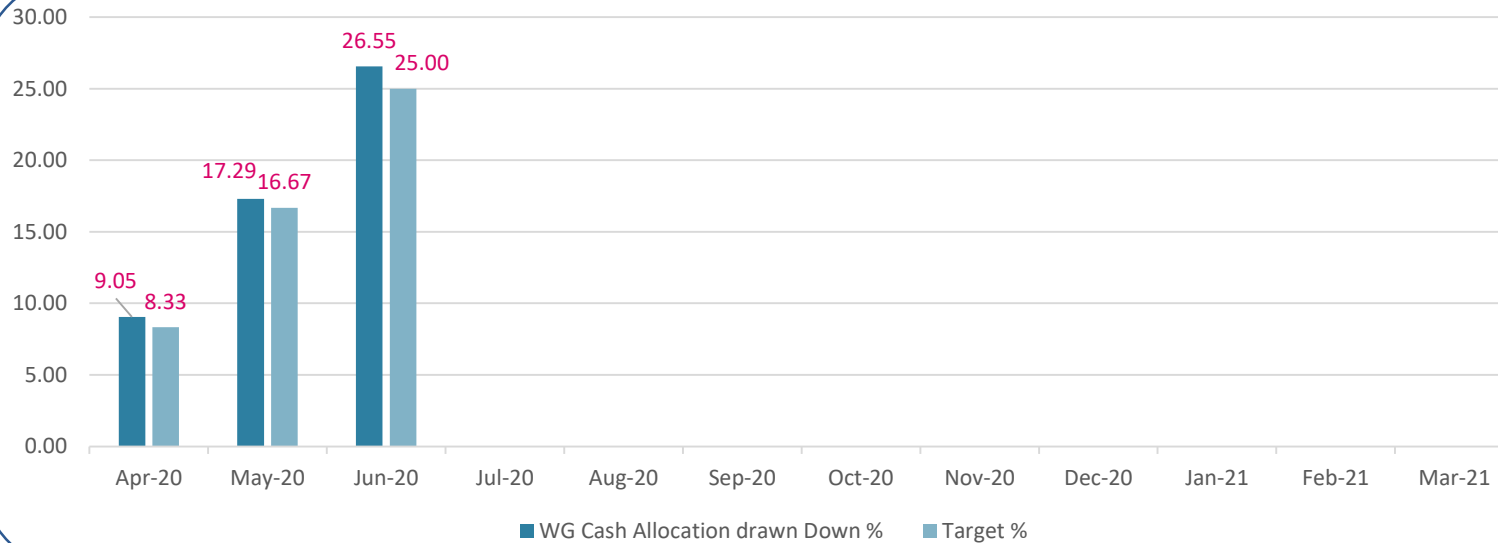
This additional cost is primarily related to :

- Additional staff costs
- Construction and equipping costs for Bay Field Hospital
- Loss of income
- Primary Care Prescribing

In addition, the impact on savings delivery has also been assessed as a COVID-19 impact. This has been identified as £1.318m.

The Health Board has also identified slippage on planned investments and new funding streams which is offsetting some of the additional costs.

Welsh Government Draw Down



Analysis of Forecast Cash Position



1. As at the end of June, the Health Board had a cash balance of £0.747m which is broadly in line with the planned month end cash balance of between £1m and £2m. The health board was able to bring its cash balance down to normal levels in June following the high cash balance of £7.689m at the end of May, by adjusting its June cash request.
2. Whilst it is still early in the financial year to provide a robust forecast cash position for the year, the cash forecast in Table G is predicated on the forecast year end deficit and the current early assessment of the impact of any movement in working capital balances on the cash position. The current forecast as at the end June, indicates a forecast cash deficit (taking into account anticipated allocations) of £95.308m, with the health board drawing down its full revenue cash drawing limit by February 2021. The cash flow is updated daily and a full review of the forecast is undertaken at the end of each month taking into account movements in the forecast year end deficit and the latest estimates of the movement in working capital balances.

- The Health Board has recently submitted its Quarter 2 Operational plan, which included an assessment of the Quarter 2 additional cost profile. This indicated a net additional COVID impact for Quarter 2 of £12.775m.
- The forecasts for Quarters 3 and 4 as less well defined, particularly in respect of the utilisation of field hospitals. The net additional costs for these two quarters are reflected as £24.4m per quarter.
- There is an emerging cost pressure on primary care prescribing has also been added into the forecast.
- These forecasts, the current position and the Health Board planned deficit, results in a forecast of £100.68m

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual
	Actuals	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Impact on Savings Delivery	4.547	3.937	4.387	4.517	17.388
COVID-19 Gross Costs	38.984	25.97	23.684	23.435	112.073
COVID-19 Cost Reductions	-4.608	-3.274	-1.282	-1.185	-10.349
Slippage on Planned Investments	-1.916	-1.104	-0.12	-0.11	-3.25
TOTAL COVID-19 IMPACT	37.007	25.529	26.669	26.657	115.862
WG Funding Allocation	-26.828				-26.828
WG Funded Anticiapted		-12.756			-12.756
TOTAL COVID-19 IMPACT AFTER FUNDING	10.179	12.773	26.669	26.657	76.278
Operational Position	6.149	6.101	6.101	6.051	24.402
Health Board Forecast Position	16.328	18.874	32.77	32.708	100.68

#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Risk Rating	Key Decision Point and Summary Mitigation	Risk Owner Name
	Forecast Deficit		- 100,680	- 100,680	- 100,680			
1	ChC - Additional COVID impact	HB is collating claims from Care Homes for additional costs incurred as a result of COVID.	-	- 1,500	- 500	Medium	Claims to be assessed and verified with inconsistencies between Care Homes reviewed. WG payment proposals and funding arrangements to be confirmed.	Hilary Dover, Service Director Primary and Community Care
2	Major Conditions Funding	Major Conditions funding has been removed from WG allocations and is being managed by NHS Collaborative, which may put the funding at risk	-	- 700	- 700	Medium	Review of costs supported by this funding and consider the implications of managing services if funding is withdrawn. Liaise with NHS Collaborative on likelihood of funding.	Chris White, Chief Operating Officer
3	HCSW Banding - Theatres	Review of staff experience and competence and impact on banding	- 200	- 1,000	- 300	Medium	Position in theatres is agreed and the impact is being worked through. There is a potential consequential impact on other areas of the Health Board	Hazel Robinson, Director of Workforce and OD
4	Final Pension Charges	Final Pension charges may be incurred linked to the changes in the pension regulations	- 250	- 2,000	- 1,000	Medium	Potential final pension charges may be incurred in year. Some awareness of potential impacts.	Hazel Robinson, Director of Workforce and OD
5	NICE and High Cost Drugs	Impact of NICE technology appraisals and changes in service models	- 250	- 2,000	- 1,000	Medium	Monitor through the NICE and HCD group.	Judith Vincent, Chief Pharmacist
6	Additional Capacity	Potential requirement for additional capacity to support essential service provision	-	- 5,000	- 3,000	Medium	Ongoing impact of COVID on service provision and the potential delivery of essential services, which might require	Chris White, Chief Operating Officer
7	Field Hospital Capacity	Review of field hospital capacity	15,000	-	10,000	High	Currently reviewing the field hospital capacity and key planning assumptions	Sian Harrop-Griffiths, Director of Strategy
8	Primary Care Prescribing Price Concessions	Price Concessions are high at the moment due to the global impacts of COVID	2,500	-	1,500	Medium	Monitored through the Medicines Management Group	Judith Vincent, Chief Pharmacist
9	Savings Delivery	Opportunities to improve savings delivery	5,000	-	3,000	Medium	Review of the KPMG pipeline of opportunities and develop clear plans for the implementation of the opportunities within service reset and recovery	Darren Griffiths, Interim Director of Finance
			- 78,880	- 112,880	- 92,680			

KEY MESSAGES & ACTIONS

The Board are asked to note the Health Board position at the end of Quarter 1, the COVID cost assessment, impact of savings non-delivery and the assessed forecast based on the current planning assumptions.

Following the period of immediate response to the COVID-19 pandemic the Health Board has:

- Reinstated financial review meetings from month 2
- Routine weekly meetings with Finance Business Partners Partnering Teams
- Issued a clear approach to the in- year financial framework: -
 - o Focus on remaining within base budget and controlling the run rate within this
 - o Focus on exploring all savings opportunities to mitigate savings loss risk
 - o Ensure clear analysis and accounting for COVID-19 costs and controlling these proportionately to the need to respond whilst maintaining good governance and value for money
- Specific reassessment of service assessments driving cost forecasts to identify opportunities to cost avoid and appropriately reduce possible future costs.



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Health Board

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

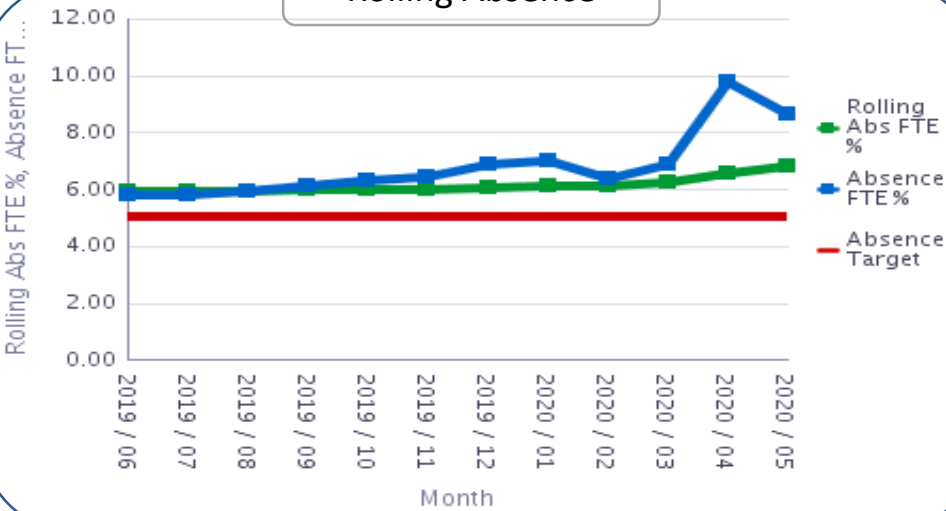
Period 03 Data (June 2020) – Annex Pack

Darren Griffiths

Summary (May 20 Data)

	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Rollin g 12 Mths
Cost Absenc e £000	3,193	2,112	2,107	2,108	2,382	2,359	2,659	2,686	2,200	2,565	3,884	3,570	30,682
% Absenc e	5.83%	5.85%	5.94%	6.15%	6.33%	6.47%	6.94%	7.02%	6.43%	6.98%	9.92%	8.63%	6.85%
Average No. Staff Absent Per Day	757	765	787	817	845	874	926	943	869	944	1,351	1,231	921

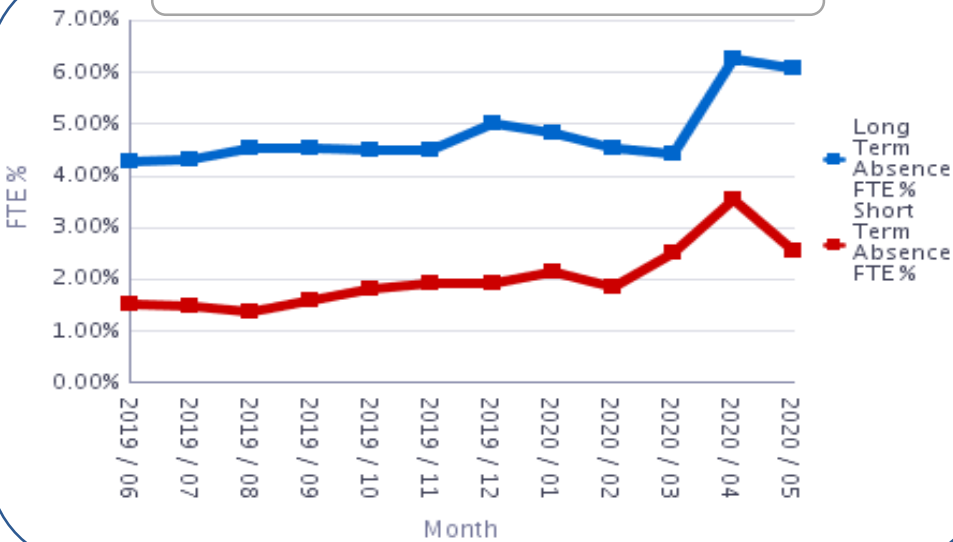
Rolling Absence



Cumulative % & £ Per Staff Group

	Absence % (FTE)	Absence Estimated Cost (£)
Add Prof Scientific and Technic	4.63%	£742,067
Additional Clinical Services	12.87%	£6,119,921
Administrative and Clerical	6.64%	£4,483,071
Allied Health Professionals	5.25%	£1,641,362
Estates and Ancillary	12.73%	£2,559,634
Healthcare Scientists	4.44%	£646,121
Medical and Dental	2.85%	£2,585,842
Nursing and Midwifery Registered	9.84%	£11,890,026
Students	1.39%	£13,477
Grand Total	8.63%	£30,681,521

Long Term and Short Term Trends



Category	Balance at 30 th June 2020 (£000)	Balance at 31st March 2020 (£000)	Movement (£000)	Analysis
Tangible & Intangible Assets	468,702	465,963	2,739	Movement is due to asset additions offset by depreciation.
Trade & Other Receivables	159,976	168,826	(8,850)	Main movements is reduction in outstanding trade and NHS debtors with payments made for final quarter invoices outstanding as at 31 st March.
Inventories	9,854	10,012	(158)	Main movement is reduction of £0.148m in Singleton drug stocks.
Cash	747	486	261	Cash balance is in line with the local target of holding between £1m and £2m in cash at month end. The balance was achieved after adjusting the June cash draw down following the high balance reported at the end of May.
Total Assets	639,279	645,287	(6,008)	
Trade & Other Payables	163,740	164,767	(1,027)	Main movement is a reduction in outstanding trade creditor invoices. This has also resulted in improved PSPP compliance in June.
Provisions	134,409	137,062	(2,653)	Reduction is due to payments against existing clinical negligence, personal injury and redress provisions.
Total Liabilities	298,149	301,829	(3,680)	
Total Assets Employed	341,130	343,458	(2,328)	
Financed By				
General Fund	308,586	310,914	(2,328)	Movement is capital cash received and the I&E overspend.
Revaluation Reserve	32,544	32,544	0	
Total Taxpayers Equity	341,130	343,458	(2,328)	

Forecast Outturn

The forecast outturn against the current CRL shows an overspend of £7,210k.

The risk assessments on schemes which are not considered to be low risk for Welsh Government reporting are:

Scheme	Risk Profile	Risk Value £'000	Comments
Perinatal Mother & Baby Unit at Tonna Hospital	Medium	248	Following Ministerial approval to proceed with the full design and tender of the interim solution at Tonna, costs have increased during the full design. Tenders have been issued, returns expected back middle August, with on-site works planned for October.
COVID 19 (3 Schemes): - Surge - Llandarcy Field Hospital - Bay Field Hospital	High	4,631	<p>This reflects the COVID return submitted to Welsh Government on 8th June. This is a best estimate at this stage, as we await completion of remaining elements of our critical care surge capacity in Morriston. The estimate excludes equipment being procured through the national equipping teams, as we await an updated assessment of these costs from Shared Services. The majority of the equipping costs for the Field Hospitals have been excluded from these figures, as they have been reflected in revenue, given there will be no long term asset.</p> <p>Included in 'Table E – Resource Limits' is the anticipated allocation of £2.641m (letter received). The remaining £1.990m has been requested.</p>
Morriston Access Road	Medium (Within Discretionary)	1,000	A contract for the design of the proposed new access road at Morriston Hospital was let last year. The programme provides for completion of the design and submission of a hybrid planning application this year. Discussions have taken place with various WG departments, the local authority and the Swansea Bay City Region Deal around accessing funding streams for both the design and construction of the road. A positive meeting was held in December with officials from the Capital and Estates Team to request assistance with pump prime funding for this design as we await longer term funding opportunities through the City Deal. Following recent correspondence with the Capital and Estates Team, we understand that the financial position due to COVID, means it is unlikely that any funding support from WG will be available in the short-term. We are reviewing the contractual commitments against the backdrop of our overall discretionary capital plan.
Repayment of Business Case Fees	Medium (Within Discretionary)	346	Repayment of a number of business cases where fees have been incurred: Anti-ligature, Environmental Modernisation, Cladding, Adult Acute SOC. We are reviewing the position against the backdrop of our overall discretionary capital plan.
Neonatal and Post-Natal Capacity at Singleton Hospital	Medium	197	Increased COVID-19 related costs due to impacts of social distancing and other precautionary measures.
Singleton Cladding	Medium (Within Discretionary)	788	Design fees for production of the technical BJC. We are reviewing the contractual commitments against the backdrop of our overall discretionary capital plan.

	Year To Date			Forecast		
	Plan £'000	Actual £'000	Variance £'000	Plan £'000	F'cast £'000	Variance £'000
All Wales Capital Programme:						
Neonatal and Post-Natal Capacity at Singleton Hospital	640	784	143	1,549	1,852	303
Additional works linked to Neonatal Development in Singleton Hospital	646	710	64	727	990	263
EDCIMS	87	0	(87)	270	481	211
RE-FIT Carbon Reduction Project	2,067	701	(1,366)	5,710	6,101	391
Replacement Gamma Cameras - Singleton Hospital	0	7	7	2,620	2,809	189
Swansea Wellness Centre	29	(1)	(30)	1,044	1,075	31
National Imaging Programme – Neath Port Talbot MRI	19	18	(1)	800	1,365	565
Perinatal Mother & Baby Unit at Tonna Hospital	0	21	21	1,496	1,714	218
Slippage from 19/20 (Environmental Modernisation Phase 2 Morriston)	79	68	(11)	33	86	53
Slippage from 19/20 (Pharmacy Equipment) into 20/21	13	(4)	(17)	20	72	52
Slippage from 19/20 (Digital Funding) into 20/21	474	583	109	614	664	50
Slippage from 19/20 (Additional end of year funding) into 20/21	489	449	(40)	631	668	37
Linacc B – Singleton	41	0	(41)	225	225	0
ICF - Neath Integrated Wellbeing Hub	0	(1)	(1)	184	184	0
ICF - Strategic Vision for CAMHS – Provision of Clinics	0	0	0	186	186	0
Invest to Save - Theatre Stock Omnicell	52	33	(19)	555	838	283
COVID 19 - Surge	148	3,098	2,951	811	4,922	4,110
COVID 19 - Llandarcy Field Hospital	19	251	231	107	357	250
COVID 19 - Bay Field Hospital	18	18	(0)	101	372	271
Sub Total	4,823	6,736	1,912	17,683	24,960	7,277
Discretionary:						
I.T.	872	493	(379)	2,945	2,674	(271)
Equipment	1,358	1,036	(322)	4,106	2,856	(1,250)
Statutory Compliance			0			0
Estates	993	780	(214)	5,357	6,281	924
Other	(36)	(41)	(5)	44	574	530
Sub Total	3,188	2,269	(920)	12,452	12,385	(67)
Total Expenditure	8,012	9,004	993	30,135	37,345	7,210
Donations:						
Donated Assets			0			0
Sub Total	0	0	0	0	0	0
Asset Disposals:						
Coelbren Disposal	0	0	0	165	165	0
Glyneath Disposal	71	71	0	71	71	0
Resolven Disposal	0	0	0	70	70	0
Fairfield Disposal	0	0	0	200	200	0
Sub Total	71	71	0	506	506	0
CHARGE AGAINST CRL	7,940	8,933	993	29,629	36,839	7,210
PERFORMANCE AGAINST CRL (Under)/Over		993			7,210	
Less Assumed Income					0	
FORECAST OUTTURN					7,210	