



**GIG**  
CYMRU  
**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>26<sup>th</sup> September 2019</b>	<b>Agenda Item</b>	<b>2.5</b>
<b>Report Title</b>	Financial Report – Period 5		
<b>Report Author</b>	Samantha Lewis, Assistant Director of Finance		
<b>Report Sponsor</b>	Lynne Hamilton, Director of Finance		
<b>Presented by</b>	Samantha Lewis, Assistant Director		
<b>Freedom of Information</b>	Open		
<b>Purpose of the Report</b>	The report advises the Board of the Health Board financial position for Period 5 (August 2019).		
<b>Key Issues</b>	<p>The report invites the Board to note the detailed analysis of the financial position for Period 5 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>		
<b>Specific Action Required (please choose one only)</b>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Recommendations</b>	<p>Members are asked to:</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the Health Board year-end breakeven forecast and the risks associated with delivery.</li> <li>• <b>CONSIDER</b> and comment upon the Board's Period 5 financial performance, in particular: <ul style="list-style-type: none"> <li>i. the revenue outturn position; cumulative overspend of £5.995m, the revenue outturn forecast and the revenue risk profile;</li> <li>ii. the capital forecast position;</li> <li>iii. balance sheet movements;</li> <li>iv. cash position; and</li> <li>v. performance against the Public Sector Payment Policy compliance.</li> </ul> </li> </ul>		

## FINANCIAL REPORT – PERIOD 5

### 1. INTRODUCTION

The report advises the Board that the Period 5 (August 2019) revenue financial position is an overspend of £5.995m.

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 1<sup>st</sup> April 2017 and will end on 31<sup>st</sup> 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

<b>Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government</b>	<b>Value £000</b>
Reported in-month financial position – deficit/(surplus)	1,291
Reported year to date financial position	5,995
Current year-end Forecast – deficit/(surplus)	0

<b>Capital KPIs: To ensure that costs do not exceed the capital resource limit set by Welsh Government</b>	<b>Value £000</b>
Reported In-month financial position – deficit/(surplus)	(1,824)
Forecast Outturn – deficit/(surplus)	0
<b>PSPP Target : To pay a minimum of 95% of all non NHS creditors within 30 days of receipt of goods or a valid invoice</b>	<b>Value %</b>
Cumulative year to date % of invoices paid within 30 days (by number)	96.3

### 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 £1.291m in Period 5 (August 2019), this results in a cumulative overspend to the end of August of £5.995m

The key reasons for the overspend are:

- i. Operational expenditure increases and delegated budget overspends, particularly the workforce and contract income impact of the continuing unscheduled care pressures and also Continuing Healthcare; and
- ii. required savings not being fully identified and delivered;
- iii. corporate and clinical management diseconomies of scale linked to the Bridgend Transfer.

##### 3.1.2 Income

Income budgets have reported an over-achievement of £0.494m for the first five months of the financial year. Despite the over-achievement, there are pressures 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 overspend of £0.529m for the first five months of the financial year. This is a change from early months and indeed previous years, where pay budgets have historically underspend. The key reasons for this change are patient acuity issues and continued high levels of vacancy, resulting in high use of variable pay including agency and the impact of the diseconomies of scale following the Bridgend transfer.

It should also be noted that the relatively low level of overspend 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, which would increase the level of the pay position overspend. **Slide 5.**

### **3.1.4 Non Pay**

Non-pay budgets have reported an overspend of £5.940m in the first five months of the financial year. The key non-pay overspends are ChC costs associated with the increasing patient numbers and savings non-identification and delivery.

### **3.1.5 Savings and Recovery Challenge**

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.

At the start of the financial year, the Health Board had identified £18.2m of savings and by the end of Quarter 1, this had increased to £21.4m. A detailed review of savings plans was undertaken through the Financial Recovery Meetings supported by the Delivery Support Team and this resulted in a forecast savings delivery of £17.1m.

In light of the savings shortfall and the operational financial pressures all Service Delivery Units and Directorates were asked to develop Recovery Plans to support an improvement in financial performance. The Health Board also established a Delivery Support Team, which is a multi-disciplinary team focussing 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.

One of the early priorities of the Delivery Support Team was to review the financial Recovery Plans. The submitted plans were assessed as those suitable for immediate implementation, those considered reasonable but requiring Quality Impact Assessment and those that would require further work to fully assess cross system impacts.

The recovery actions, with high delivery confidence have been added to the savings trackers and this has increased the forecast savings to £20.2m.

Given the initial £22m savings requirement and the £7m forecast operational pressures and the £5.4m Bridgend diseconomies of scale, the Health Board has a further recovery challenge of around £15m.

The Health Board is currently anticipating the delivery of around £5m-£7m further improvement through the directed financial controls and increased implementation and delivery of recovery plan actions.

Further recovery actions and opportunities are therefore required to enable the breakeven position to be delivered. The development and implementation of further recovery actions is being supported by the Delivery Support Team. This support will be further enhanced by the Welsh Government commissioned external support which will be provided by KPMG.

### **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 5 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 5 is a £1.824m under spend to plan. The key reasons for the under spend are:

- **Neonatal and Post-Natal Capacity, Singleton.** Underspend relates to previous delays with asbestos removal, which on its own are not anticipated to impact on the year end position and contractor plans to recover the delay however scheme will be closely monitored. See risk assessment below related to Ward 12 Fire Damage.
- **Linacc B Replacement, Singleton.** Scheme is substantially complete, see risk assessment below. Underspend to date relates to remaining contingency.
- **Environmental Modernisation BJC 2 / Phase 1 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.
- **Discretionary Estates.** Minor delays across a number of discretionary schemes and adjustments to budgets made where required to net impact of year-end forecast position.

### 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	1,320	<p>The discretionary plan is forecasting a breakeven position but is dependent on income being received for;</p> <ul style="list-style-type: none"> <li>• Welsh Risk Pool claim for fire on Ward 12, Singleton £540k. Initial claim being submitted to WRP.</li> <li>• WCCIS £479k. Funding requested through the national IT pipeline for development of the deployment order.</li> <li>• Coelbren Health Centre disposal £165k. Awaiting marketing of property.</li> <li>• Removal of cladding at Singleton Hospital £273k. Previous design fees to be funded through next phase 2 as agreed with WG Capital and Estates.</li> <li>• Business Case fees for cases in production £337k</li> <li>• ICF £73k. Funding request submitted to RPB for shortfall on schemes completing in 19/20</li> </ul>
Neonatal and Post-Natal Capacity at Singleton Hospital	Medium	tbc	<p>There is highly likely to be an impact on the scheme, as the Health Board is unable to handover ward 20 to the contractor until the remedial works on the fire damaged ward 12 are completed. A revised programme and cost plan has been requested from the contractor, which is anticipated to be available by the end of September. The in-year risk value is unknown at this stage, as is impacted by potential</p>

<b>Scheme</b>	<b>Risk Profile</b>	<b>Risk Value £000</b>	<b>Comments</b>
			transfer of ward 20 costs into 20/21 and additional prelim costs in 19/20.
Linacc B	Medium	227	There is currently a £227k contingency remaining on the scheme which is substantially complete and is in the commissioning phase. This was discussed with WG at the last progress meeting and it was agreed a proposal for reinvestment will be submitted for the September CRM.
Environmental Modernisation Phase 2 Morriston	Medium	25	Scheme is currently forecasting a 25k overspend and no remaining contingency. Costs to be reviewed to assess if any savings can be made and the impact of this. Overspend to be funded from discretionary.
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	273	Scheme is forecasting an over spend of £95k against the original allocation plus additional fees for phase 2 have been agreed by Welsh Government and will be funded within the phase 2 allocation.
Welsh Emergency Department Clinical Information System (WEDCIMS)	Medium	270	Current spend profile reflects the plan for the Health Board to go live in Q4 2019-20, however the programme and hence timing of this spend are under review. Initial correction plan meeting held with NWIS and supplier. Further information required on contractual impact of the POW transfer to CTM and whether go-



<b>Scheme</b>	<b>Risk Profile</b>	<b>Risk Value £000</b>	<b>Comments</b>
			live in Q4 can be accommodated within the national programme.
MRI Scanner at NPT	Medium	1,278	Revised programme would allow installation of the MRI in Q4 2019/20. Commencement of works is subject to the agreement of a new form of works contract requested by the PFI contractor.

### **3.2.3 Forecast Outturn**

The forecast outturn against the current CRL shows a breakeven position. This position assumes additional funding of £1.870m (risk £1.320m + current contingency £0.550m) is received as detailed in the risk assessment on discretionary detailed above.

## **3.3 Balance Sheet**

Work has been completed on the disaggregation of the closing Statement of Financial Position 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. The draft S1 (Fixed Assets) and S2 (current assets and liabilities) have been shared with finance colleagues in Cwm Taf Morgannwg University Health Board and Wales Audit Office commenced their audit of the S1 and S2 documents on 10th September.

The balance sheet figures reported as at the end of August are therefore the balances prior to disaggregation, adjusted for movement in those balances during the first 5 months of 2019/20, represented by the actual ledger figure as at 31<sup>st</sup> August 2019.

During the first 5 months of the financial year, there was an increase of £8.705m in net assets employed (1.90%). Total assets reduced by £7.252m with total liabilities reducing by £15.957m.

The main reduction in assets was in respect of trade and other receivables (£6.028m) and tangible and intangible assets (£3.079m) offset by an increase in cash of £1.849m. The reduction in receivables was due to a reduction in the Welsh Risk Pool debtor as a result of reimbursements from Welsh Risk Pool for claims settled,

with the fixed asset reduction being due to depreciation on the asset base. The cash increase due to lower than expected creditor payment runs in the last week of August.

The reduction in liabilities is due to a reduction in both trade payable (£9.308m) linked to a reduction in the tax, national insurance and superannuation creditors following the transfer of staff to Cwm Taf and a reduction in provisions (£6.649m), following payments in respect of clinical negligence and personal injury claims.

### **3.4 Cash**

At the end of August, the health board had a cash balance of £2.679m, 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 is challenging given the necessity to estimate the impact on cash of the movements in working capital balances arising from the Bridgend Boundary Change. The health board has completed the disaggregation of the 2018/19 year-end balance sheet which has identified the assets and liabilities to transfer to Cwm Taf Morgannwg Health Board as at 1st April 2019. At the point that the balances to transfer are signed off by Wales Audit Office and the two health boards, there will be a cash transfer between Swansea Bay University Health Board and CTMUHB for the remaining assets/liabilities.

Over the period April to August, the Swansea Bay 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, and therefore has meant that the health board has drawn down around 46% of its cash allocation to date, which is in excess of the anticipated draw down profile of 42% of allocation.

Based on the current best estimate of the movement in working capital balances, including the impact of the Bridgend boundary change, the forecast breakeven financial position and the £10m Welsh Government support provided in 2018/19 being made recurring the health board is forecasting a cash deficit of £18.665m. This forecast assumes a breakeven financial outturn and a movement in capital working balances of £9.249m and in revenue working balances of £10.246m both linked to reductions in creditor balances between years, offset by the opening cash balance of £0.830m.

### **3.5 Public Sector Payment Policy (PSPP)**

At the end of August the health board has achieved the 95% PSPP target with 96.3% of supplier invoices paid within the 30 day target, with the in month figure for August being 96.6%.

#### 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 5 financial performance, in particular:
  - vi. the revenue outturn position; cumulative overspend of £5.995m, 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 (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 checked="" 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 checked="" 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.		

<b>Staffing Implications</b>	
No implications for the Board to be aware of.	
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>	
No implications for the Board to be aware of.	
<b>Report History</b>	Board receives an update on the financial position at every meeting
<b>Appendices</b>	Appendix 1 – Health Board Slide Deck Appendix 2 – Health Board Annex Pack

# SWANSEA BAY LHB FINANCE DEPT. HEALTH BOARD REPORT

Period 05 Data (August 2019)

Lynne Hamilton

In Month

Cumulative

Forecast

£ 1,290,897 overspent

£ 5,995,159 overspent

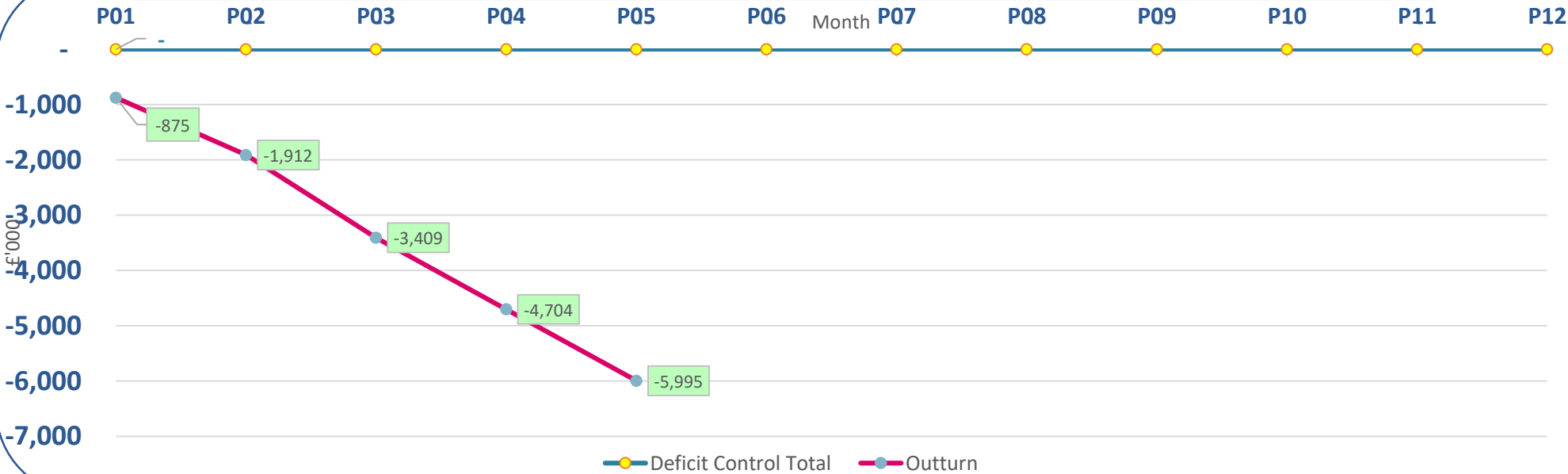
Breakeven

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(22,970)	(23,264)	(294)	-1.28%
Pay	45,571	45,923	352	0.77%
Non Pay	49,345	50,578	1,233	2.50%
Total	71,946	73,237	1,291	1.79%

Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(106,239)	(106,713)	(474)	-0.45%
Pay	227,411	227,940	529	0.23%
Non Pay	240,110	246,050	5,940	2.47%
Total	361,282	367,277	5,995	1.66%

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)	1,291	↓
Reported year to date financial position – deficit/(surplus)	5,995	↑
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	(1,834)	↑

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	96.3	↑

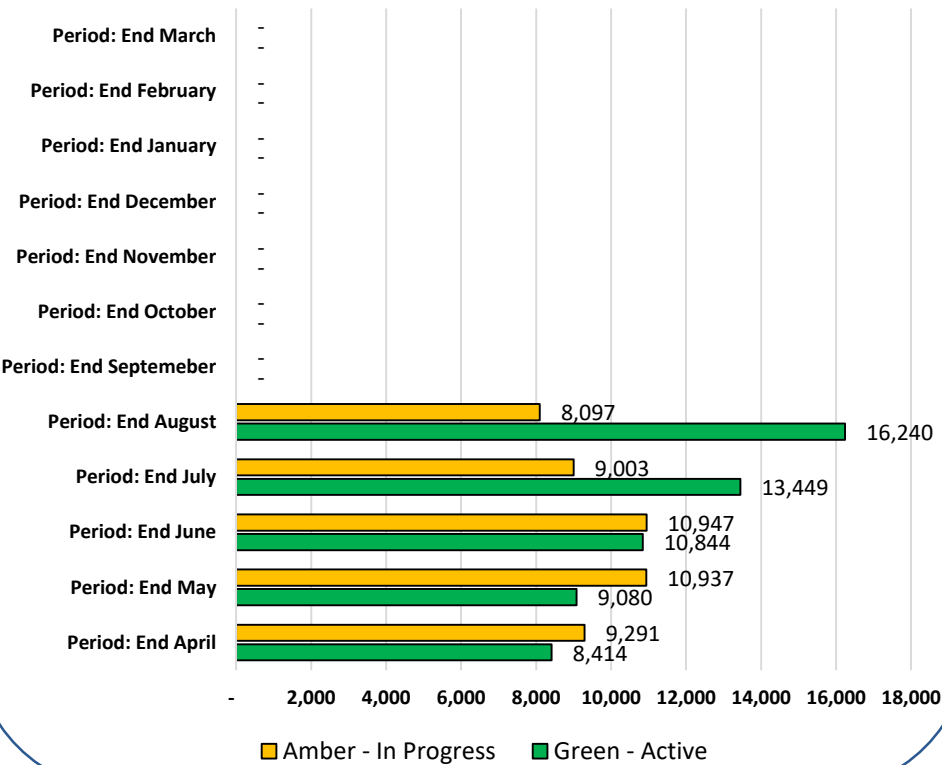
## Revenue Narrative

- 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 5 reported position is an in-month overspend of £1.291m, which is broadly the same as the previous month's performance. The key drivers of the position continue to be:
  - Identified savings being below required level and slippage against planned savings
  - Operational pressures, most significantly workforce costs, ChC and activity related income.
  - Bridgend Boundary Change diseconomies of scale impact
- Significant progress on has been made on identifying Recovery Actions to improve performance, however this is being closely monitored along to ensure forecast improvements are delivered. At this point the delivery of a breakeven financial outturn remains a significant risk.

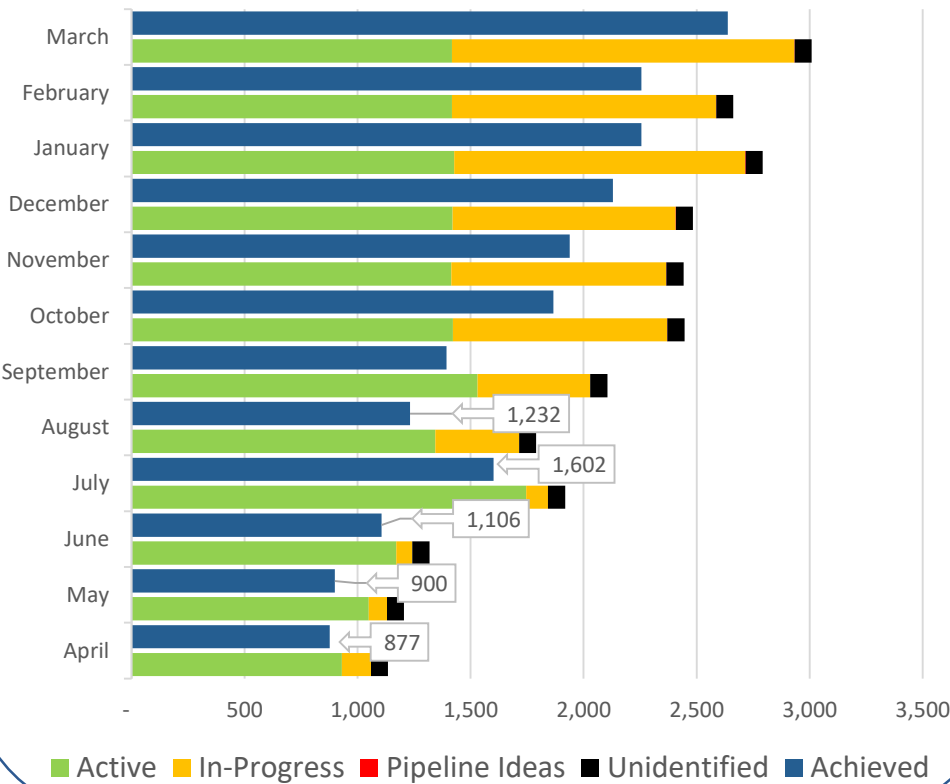
## PSPP Narrative

- The number of invoices paid within 30 days in August again exceeded the 95% target, with the performance for the month being 96.6%.
- The August performance increased the cumulative compliance for the year from 96.2% at the end of July to 96.3% at the end of August.
- This improvement demonstrates the success of the work being done within the health board and with NWSSP Accounts Payable colleagues to ensure that compliance is achieved each month. Work is continuing in an attempt to improve the payment performance of NHS creditors.

Trend over time



Current Profile of Savings



Narrative

- The Health Board financial plan required £22m savings to be delivered.
- To date, £24.4m of Green and Amber savings have been identified, however the forecast delivery against these schemes is £20.2m, which is short of the required savings level and does not provide any mitigation of the operational pressures that have emerged throughout the year to date.
- The savings include the impact of the HVOs. An update of the HVOs is included in as an annex to this pack.
- There are further recovery actions/savings that are not yet able to be rated as Green or Amber as further work is required to assess the impact both financially and on service delivery.
- A review of the Efficiency Framework has also identified areas of opportunity, which are also being developed and linked to Clinical Services Plan, however these are likely to have a greater impact in future years.

Narrative

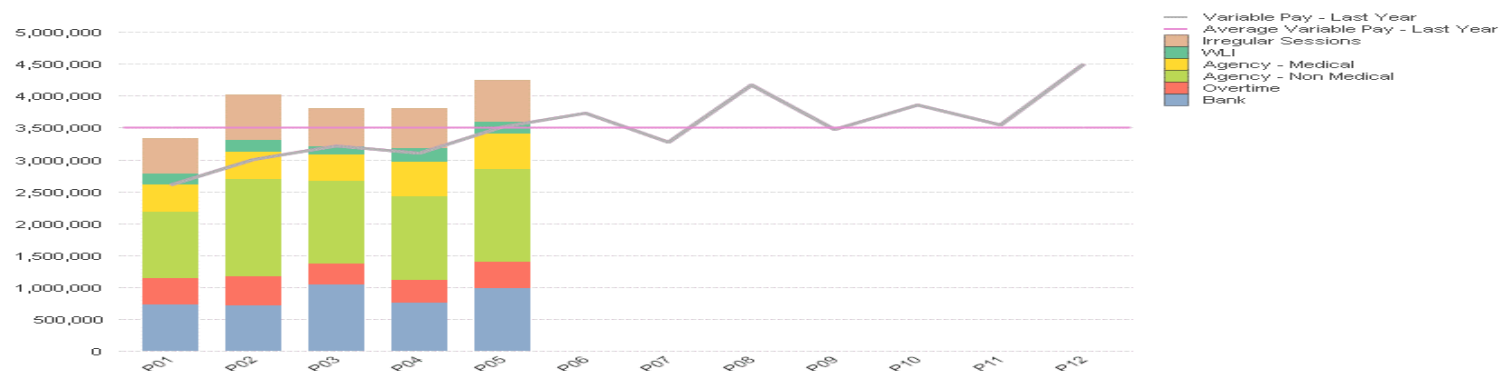
- The actual savings delivery reduced in P5 as non-recurrent opportunities were high in P4.
- The level of slippage against the identified schemes is disappointing. One of the key areas of slippage is the delivery of increased service income at Morriston which is being stifled by ability to access bed capacity.
- The level of savings delivery is required to step up significantly in future months with only £5.7m of the forecast £20.2m delivered in the first 5 months.
- The Delivery Support Team is focussed on supporting the areas of savings slippage and remaining savings plans to ensure full delivery is achieved.



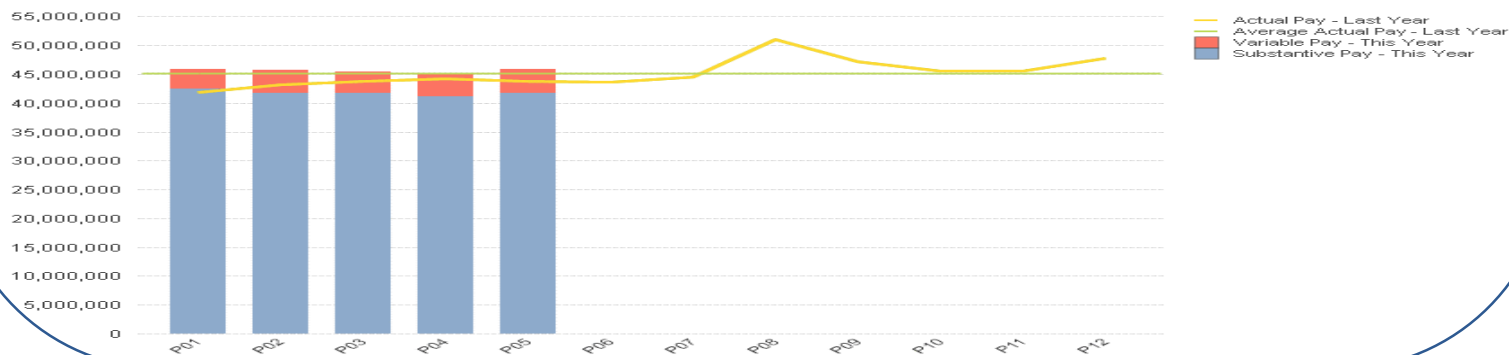
### Actual Pay Expenditure This Year and Last Year



### Variable Pay Expenditure This Year and Last Year

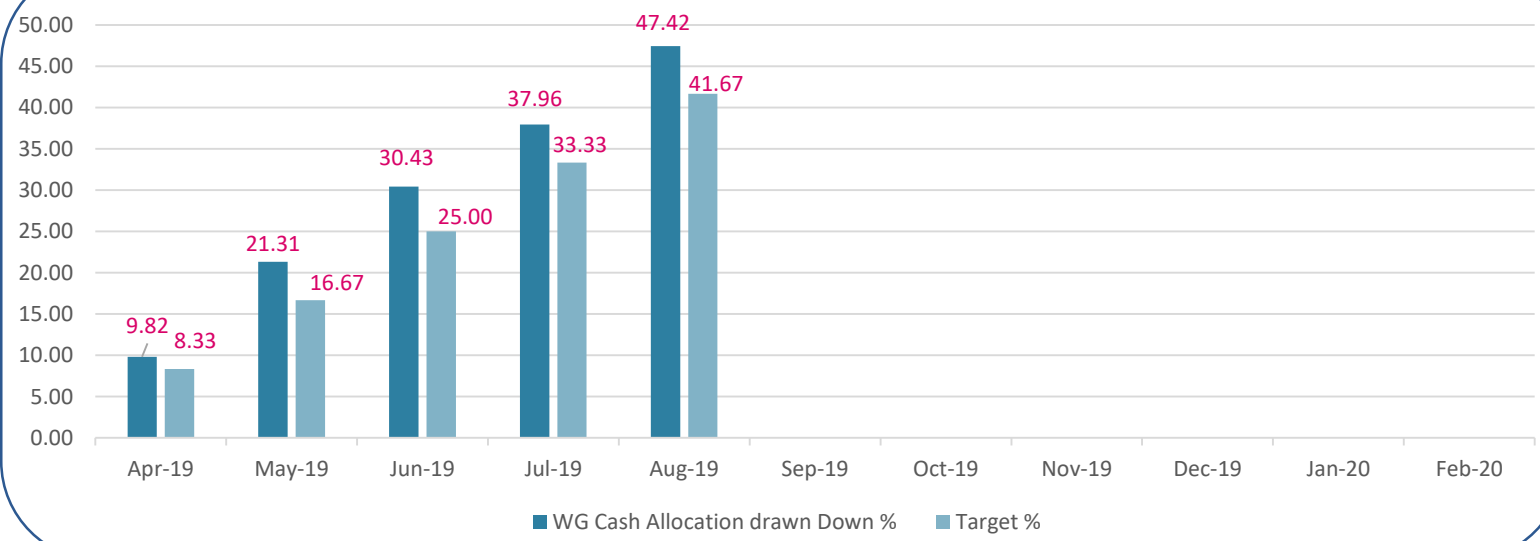


### Substantive & Variable Pay Expenditure This Year and Last Year

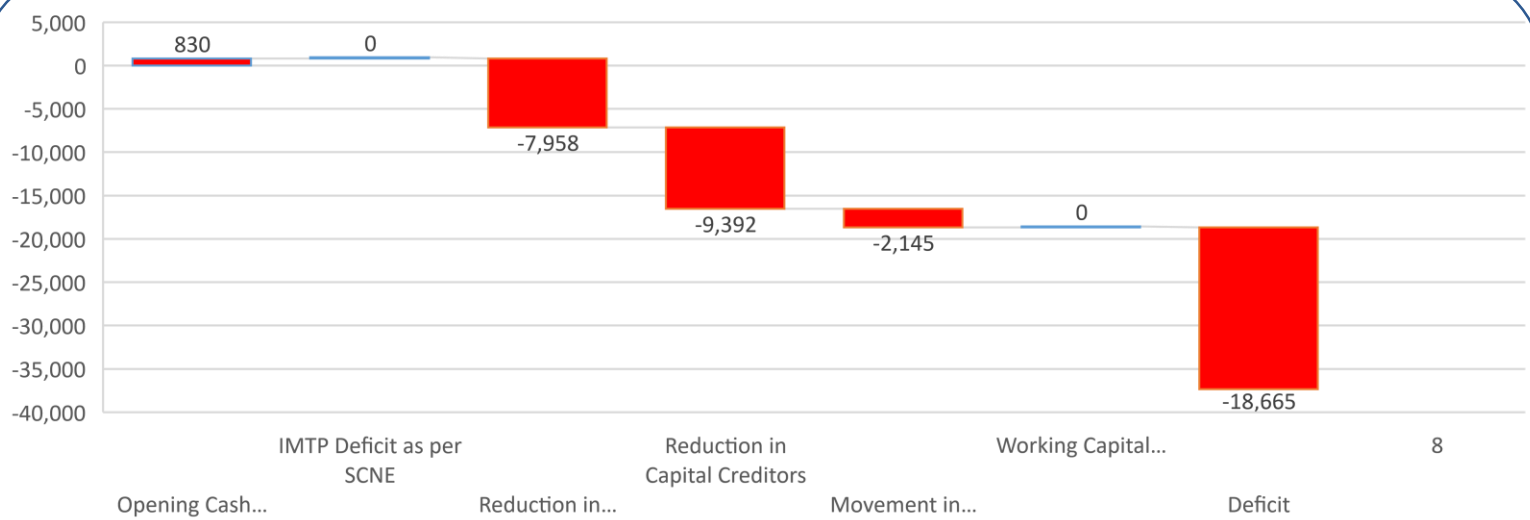


- Overall pay spend has increased by £1m compared with the previous month. Around £0.6m of this reflects the number of weeks enhancements paid to staff due to payroll timetabling. This is reflected in the budget profiling. The remaining increase reflects increases in variable pay.
- Variable Pay spend has increased to £4.25m in Month 5, compared to an average monthly spend in the first 4 months of £3.7m. The main areas of increase are bank costs and both medical and non-medical agency costs.
- Nursing bank and agency hours are 3500 higher than the previous month, with the most significant increases in Morriston (2,237 hours) and MH and LD (1,114 hours).

Welsh Government Draw Down



Analysis of Forecast Cash Position



- 1. The health board had a cash balance at the end of August of £2.679m which is above the local target of holding between £1m and £2m in cash at month end. The higher than planned cash balance was due to lower than forecast supplier payment runs in month.
- 2. In the first 5 months of the financial year the health board has utilised cash to pay invoices for goods and services received before 31<sup>st</sup> March 2019 relating to services that have transferred to Cwm Taf as well as receiving cash for debts for goods and services provided before 31<sup>st</sup> March 2019 for these services. This has resulted in the amount of cash drawn down to the end of August at 47% of the allocation being ahead of profile which will result in working capital cash being required from Welsh Government.
- 3. The current best estimate of the year end cash position is that of a deficit of £18.665m. This assumes a break-even financial position, with the £10m WG support being provided on a recurring basis. The forecast deficit includes £9.392m for a reduction in capital creditors, £7.958m reduction in revenue working capital balances and £2.145m cash impact of movement in provisions, offset by the opening cash balance of £0.830m. The cash flow position continues to be closely monitored daily.

# FINANCIAL RISKS & OPPORTUNITIES LOG

#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Risk Rating	Key Decision Point and Summary Mitigation	Risk Owner Name
	<b>Annual Plan Deficit</b>		<b>0</b>	<b>0</b>	<b>0</b>			
1	Savings Requirement not fully delivered	The full £22m savings requirement is not identified or delivered	0	0	0	Low	The savings plans have been re-assessed and slippage identified and included in the HB forecast. There is a high level of confidence on the delivery of the remaining savings. This delivery is expected to be around £17m. Recovery plans have been developed to mitigate this shortfall	Lynne Hamilton, Director of Finance
2	Nurse Staffing Act	Extension of Nurse Staffing Act into other areas increases nurse resource requirement	0	-1000	-500	Low	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	Low	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	-500	0	Low	Assess clinical risk and identify options to increase capacity to mitigate clinical risk. This risk has been downgraded following access to some WG funding support. Remaining risk is being managed within Performance funding	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	-10000	-5000	Medium	Review impact of current operational pressures on sustainability and financial plans. Identify opportunities to increase efficiency and reduce resource requirement. Discussions with WG colleagues to reflect revised profiles and issues for movement from initial profile	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	-2500	High	The current forecast assumes that the £5.4m is able to be managed through a combination of actions, mitigations and potential transitional support. To date there is no conformation of transitional support and we are awaiting the outcome of the PWC due diligence work. The engagement on structures and new operating model is underway.	Hannah Evans, Director of Transformation
7	Primary Care Prescribing	Revised Cat M pricing has increased forecast prescribing expenditure	0	-1000	-500	Medium	The impact of Cat M pricing is being reviewed along with savings opportunities	Judith Vincent, Chief Pharmacist
8	Final Pension Charge	Impact of increases in salary during last 3 years prior to retirement or withdrawal from pension scheme being charged to HBs following change in guidance	-1000	-2000	-1000	High	A number of charges have already been received and are being challenged with NHS Pensions. This is also being reviewed on an AllWales basis by NHS Wales Employers Unit	Hazel Robinson, Director of Workforce and OD
9	Further Identified Recovery Actions not delivered in full	The recovery actions identified are not able to be delivered as planned	0	-1500	-500	High	The recovery actions have been assessed, however there is a risk that not all are delivered as planned. The delivery is being supported by the Delivery Support Team	Hannah Evans, Director of Transformation
10	Further Recovery Actions and Opportunities not identified and delivered	Further recovery actions and opportunities to close the deficit gap are not identified	0	-3045	-1500	High	Review of Efficiency framework opportunities and other financial plans to ensure opportunities maximised.	Lynne Hamilton, Director of Finance

- 1,000 - 34,445 - 11,500

Executive  
Summary

Targets

Savings

Workforce

Cash

Risks & Issues

Action Plan

## August & September

- 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.
- 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.
- Award of WG Commissioned external support.

## 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



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board

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

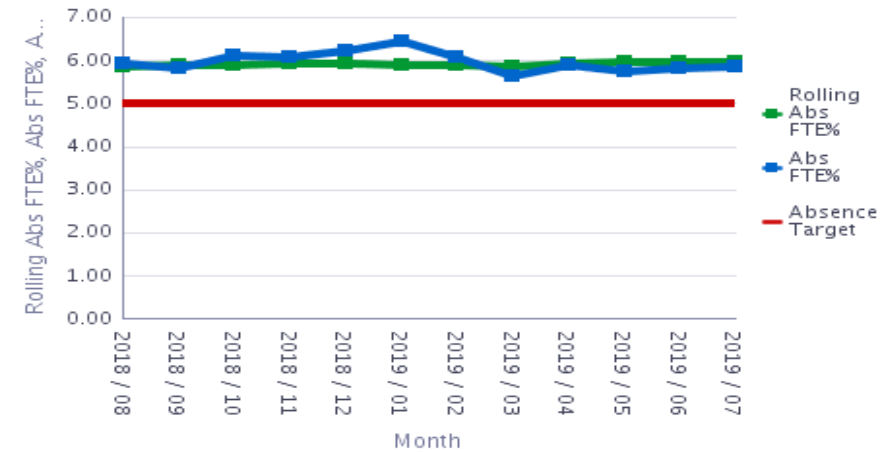
Management Accounts  
Period 05 Data (August 2019)

Lynne Hamilton

## Summary (July'19 Data)

	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Rolling 12 Mths
<b>Cost Absence £000</b>	2,758	2,947	3,033	2,575	2,615	2,217	2,198	3,193	2,112	30,091
<b>% Absence</b>	6.20%	6.39%	6.48%	6.09%	5.80%	6.01%	5.78%	5.83%	5.85%	5.94%
<b>Average No. Staff Absent Per Day</b>	1,027	1,059	1,064	1,002	959	780	756	762	770	909

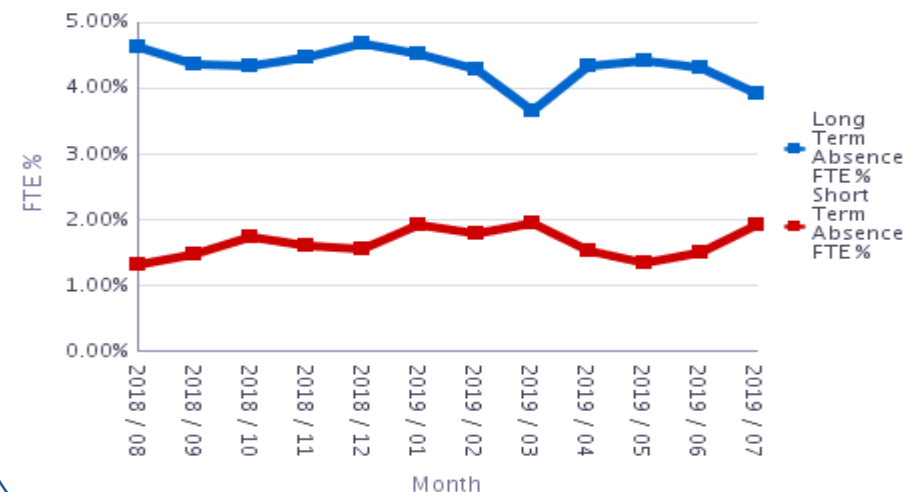
## Rolling Absence



## Cumulative % & £ Per Staff Group

	Absence % (FTE)	Absence Estimated Cost (£)
Add Prof Scientific and Technic	4.48%	848,281
Additional Clinical Services	8.28%	5,905,674
Administrative and Clerical	5.33%	4,157,776
Allied Health Professionals	3.60%	1,704,760
Estates and Ancillary	8.29%	2,754,683
Healthcare Scientists	3.26%	587,001
Medical and Dental	1.70%	1,909,144
Nursing and Midwifery Registered	6.30%	12,223,708
Students	0.00%	-
<b>Grand Total</b>	<b>5.98%</b>	<b>30,091,028</b>

## Long Term and Short Term Trends



Category	Balance at 31 <sup>st</sup> August 2019 (£000)	Balance at 31st March 2019 (£000)	Movement (£000)	Analysis
Tangible & Intangible Assets	611,809	614,888	(3,079)	Movement due to asset additions less depreciation.
Trade & Other Receivables	169,183	175,211	(6,028)	Main movements are a reduction in the Welsh Risk Pool debtor of £6.738m due to payments received from Welsh Risk Pool in July. This is partly offset by an increase in prepayments with reductions in trade and NHS debtors as a result of the Bridgend boundary change.
Inventories	10,240	10,234	6	Small overall increase in drugs stocks.
Cash	2,679	830	1,849	Cash balance is above the local target of holding between £1m and £2m in cash at month end due to lower than forecast supplier payment runs.
<b>Total Assets</b>	<b>793,911</b>	<b>801,163</b>	<b>(7,252)</b>	
Trade & Other Payables	182,041	191,349	(9,308)	Reduction in tax, NI and pension creditor as a result of staff transfers arising from the boundary change. Reduction in trade creditors and goods received not invoiced, offset by an Increase in payments on account as cash in excess of 5/12 of the cash allocation has been drawn down to pay creditors relating to pre 1st April 2019 for services that have transferred.
Provisions	143,857	150,506	(6,649)	Reduction due to payments against existing provisions, mainly in respect of settlement of clinical negligence cases. All new POW claims lodged post 1 <sup>st</sup> April now go to Cwm Taf.
<b>Total Liabilities</b>	<b>325,898</b>	<b>341,855</b>	<b>(15,957)</b>	
<b>Total Assets Employed</b>	<b>468,013</b>	<b>459,308</b>	<b>8,705</b>	
Financed By				
General Fund	417,122	408,417	8,705	Movement is capital cash drawn down offset by I&E overspend.
Revaluation Reserve	50,891	50,891	0	
<b>Total Taxpayers Equity</b>	<b>468,013</b>	<b>459,308</b>	<b>8,705</b>	

Month 5 Position

The approved CRL value at Month 4 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 5 is a £1.824m under spend to plan. The schemes with the largest underspend to plan are detailed below.

Scheme	Underspend to M4 £'000	Comments
Neonatal and Post-Natal Capacity at Singleton Hospital	319	Underspend relates to previous 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	239	Scheme is substantially complete. Underspend to date relates to remaining contingency for which a proposal for reinvestment will be submitted , see also risk assessment
Discretionary - Estates -	293	Minor delays across a number of discretionary schemes, adjustments to budgets made where required to not impact year end forecast position



Forecast Outturn

The forecast outturn against the current CRL shows a breakeven position. This position assumes additional funding of £1.224m 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	1,224	<p>The discretionary plan is forecasting a breakeven position but is dependent on income being received for;</p> <ul style="list-style-type: none"><li>- Welsh Risk Pool claim for fire on Ward 12, Singleton £510k. Initial claim being submitted to WRP.</li><li>- WCCIS £479k. Funding requested through the national IT pipeline for development of the deployment order.</li><li>- Coelbren Health Centre disposal £165k. Awaiting marketing of property.</li><li>- Removal of cladding at Singleton Hospital £273k. Previous design fees to be funded through next phase 2 as agreed with WG Capital and Estates.</li><li>- Business Case fees for cases in production £282k</li><li>- ICF £73k. Funding request submitted to regional board for shortfall on schemes completing in 19/20</li></ul> <p>Funding forecast above has been offset by an element of discretionary spend not fully committed in order to reduce risk value</p>
Linac B	Medium	200	<p>There is currently a £200k contingency remaining on the scheme which is substantially complete and is in the commissioning phase. This was discussed with WG at the last progress meeting and it was agreed a proposal for reinvestment will be submitted for the September CRM</p>
Environmental Modernisation Phase 2 Morriston	Medium	25	<p>Scheme is currently forecasting a 25k overspend and no remaining contingency . Costs to be reviewed to assess if any savings can be made and the impact of this. Overspend to be funded from discretionary.</p>
ICF – Tonna and ICF - Refurb for IAS MAPS ND and CAMHS	Medium	73	<p>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.</p>
Cladding Removal Works @ Singleton Hospital	Medium	95	<p>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.</p>
MRI Scanner at NPT	Medium	1,325	<p>Revised programme recently received which would allow delivery of the MRI in 2019/20. Health Board due to review the programme and confirm</p>

Risk assessments (cont):

Scheme	Risk Profile	Risk Value £000	Comments
Cladding Removal Works Singleton Hospital	Medium	273	Scheme is forecasting an overspend of £95k against the original allocation plus additional fees for phase 2 have been agreed by Welsh Government and will be funded within the phase 2 allocation.
Welsh Emergency Department Clinical Information System (WEDCIMS)	Medium	270	Current spend profile reflects the plan for the Health Board to go live in Q4 2019-20, however the programme and hence timing of this spend are under review. Initial correction plan meeting held with NWIS and supplier. Further information required on contractual impact of the POW transfer to CTM and whether go-live in Q4 can be accommodated within the national programme.
MRI Scanner at NPT	Medium	1,278	Revised programme would allow installation of the MRI in Q4 2019/20. Commencement of works is subject to the agreement of a new form of works contract requested by the PFI contractor.

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	1,938	1,549	(389)	4,933	4,933	(0)
National Clinical Systems	66	62	(4)	68	358	290
Penclawdd - Primary Care Pipeline	449	346	(103)	1,009	991	(18)
Murton - Primary Care Pipeline	274	264	(10)	593	578	(15)
Linac B	1,112	885	(228)	1,115	1,115	(0)
Environmental Modernisation Phase 2 Morriston	1,565	1,095	(470)	3,068	3,095	27
ICF - Refurb for IAS MAPSS ND & CAMHS	190	190	0	214	197	(17)
Cladding Removal Works @ Singleton Hospital	217	82	(135)	315	410	95
MRI Scanner @ Singleton	222	221	(1)	318	226	(92)
ICF - Tonna Hospital	123	96	(27)	121	100	(21)
EDCIMS	17	0	(17)	270	450	180
MRI Scanner @ Neath	58	52	(6)	3,113	3,065	(48)
Sub Total	6,230	4,841	(1,389)	15,137	15,518	381
Discretionary:						
I.T.	417	373	(44)	2,151	1,708	(443)
Equipment	493	443	(49)	2,202	2,250	48
Estates	2,246	1,904	(342)	6,173	6,187	14
Sub Total	3,155	2,720	(435)	10,526	10,145	(381)
Total Expenditure	9,385	7,561	(1,824)	25,663	25,663	(0)
Donations:						
Donated Assets	258	258	0	894	894	0
Asset Disposals:						
Coelbren	0	0	0	165	165	0
CHARGE AGAINST CRL	9,127	7,303	(1,824)	24,604	24,604	(0)
PERFORMANCE AGAINST CRL (Under)/Over		(17,301)			(0)	