



Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board

ABMU FINANCE DEPT. PERFORMANCE & FINANCE COMMITTEE

Period 04 Data (July 2018)

In Month

£ 2,245,415 overspent

Type	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(21,467)	(23,033)	(1,565)	7.29%
Pay	54,218	54,434	(217)	0.40%
Non Pay	56,691	60,286	3,594	6.34%
Total	89,442	91,687	2,245	2.51%

Cumulative

£ 8,961,117 overspent

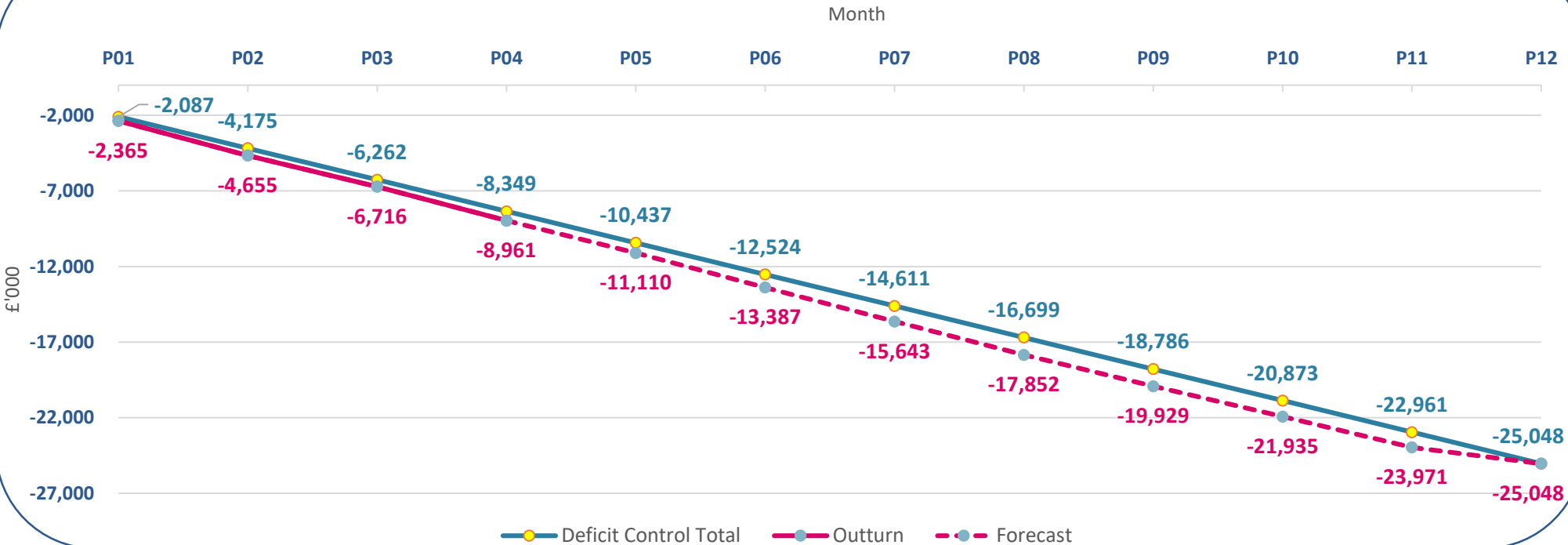
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(81,074)	(82,127)	(1,053)	1.30%
Pay	215,194	213,910	(1,284)	0.60%
Non Pay	219,861	231,159	11,298	5.14%
Total	353,980	362,942	8,961	2.53%

Forecast

£25,048,000 overspent

Type	Full Year Budget (£'000)	Full Year Forecast (£'000)	Forecast Variance (£'000)	% Variance
Income	(225,779)	(225,779)	-	-
Pay	646,245	646,245	-	-
Non Pay	890,897	915,945	25,048	2.80%
Total	1,311,363	1,336,411	25,048	1.90%

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) – Forecast Red	2,245	↑
Reported year to date financial position – deficit/(surplus) – Forecast Red	8,961	↑
Reported year to date compared to forecast financial plan deficit – Forecast Amber	612	↑
Current reported year end forecast – deficit/(surplus) – Forecast Red	25,048	→

Capital		
Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government	Value £000	Trend
Current reported year end forecast – deficit/(surplus) – Forecast Green	Breakeven	→
Reported in-month financial position – deficit/(surplus) – Forecast Amber	(673)	→

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	92.3%	↓

Revenue

1. The Health Board P04 in-month overspend was £2.245m a deterioration from the P03 in-month overspend of £2.061m
2. The Health Board Annual Operating Plan results in a year end forecast of £25.048m, which is being discussed with WG.
3. The year to date overspend is £0.612m over the forecast deficit plan based on 4/12ths of £25.048m. This reflects the non-delivery of required savings, which has been partially offset by the release of identified mitigating opportunities, including slippage on some committed reserves and other recurrent and non-recurrent opportunities.
4. The opportunities and risks continued to be reviewed to maintain delivery of the £25.048m forecast.

Capital Narrative

1. Approved CRL value for 18/19 is £20.034m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
2. Underspend to date relates in the main to a slight delay in the completion of the Moriston Renal Refurbishment. The scheme is now complete and in final commissioning stages – see risk assessment in Annex
3. A number of additional funding opportunities totalling £2.3m are being explored with Welsh Government. If successful this would provide additional resource over and above the current committed Discretionary Capital Funding.

PSPP Narrative

1. The number of invoices paid within 30 days continues to be below the 95% target.
2. The clearance of the older nurse agency invoices in July following the allocation of additional temporary resources to address the backlog of outstanding invoices had the impact of reducing the cumulative compliance from 92.3% at the end of June to 92.0% at the end of July as many of the invoices paid in July were already out of compliance. This also impacted on the in month compliance for July which was 90.9%.
3. Given the progress made in clearing the backlog of nurse agency invoices, it is anticipated that PSPP performance will improve in August.

OUR P04 FINANCIAL PERFORMANCE AT SDU LEVEL

Pre CIP Adjustment

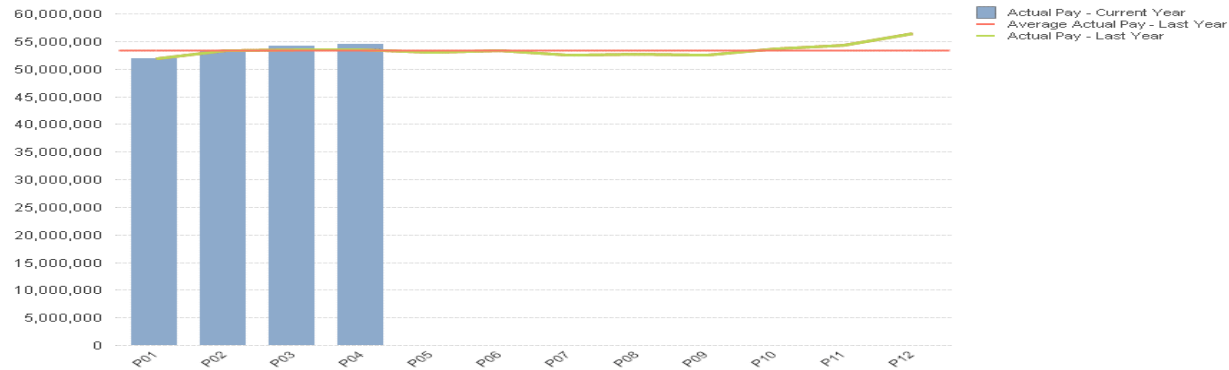
	Month 1	Month 2	Month 3	Month 4	Cumulative	Movement
	In Month	In Month	In Month	Pre CIP Adj	Pre CIP Adj	in Month
	£000	£000	£000	£000	£000	£000
Service Delivery Units						
Singleton	96	91	103	121	411	18
POW	240	278	279	487	1,284	208
Morrison	38	22	37	413	510	376
Mental Health & LD	63	67	59	85	274	26
PC & Community	20	19	32	-39	32	-71
NPT Unit	0	-54	-49	-32	-135	17
Directorates						
Nurse Director	-1	-9	-5	-18	-33	-13
Medical Director	-25	-24	-31	-43	-123	-12
Workforce & OD	25	14	8	20	67	12
Informatics	-3	-20	-114	-17	-154	97
Finance	-1	-3	0	-2	-6	-2
Board Secretary	11	11	9	7	38	-2
Director of Therapies	2	1	2	2	7	0
Director of Strategy	0	14	13	30	57	17
Corporate I&E	-33	-50	23	-23	-83	-46
Delegated Budget Position	432	357	366	991	2,146	625
Corporate Plan	1,933	1,933	1,695	1,254	6,815	-441
Health Board Position	2,365	2,290	2,061	2,245	8,961	184

Post CIP Adjustment

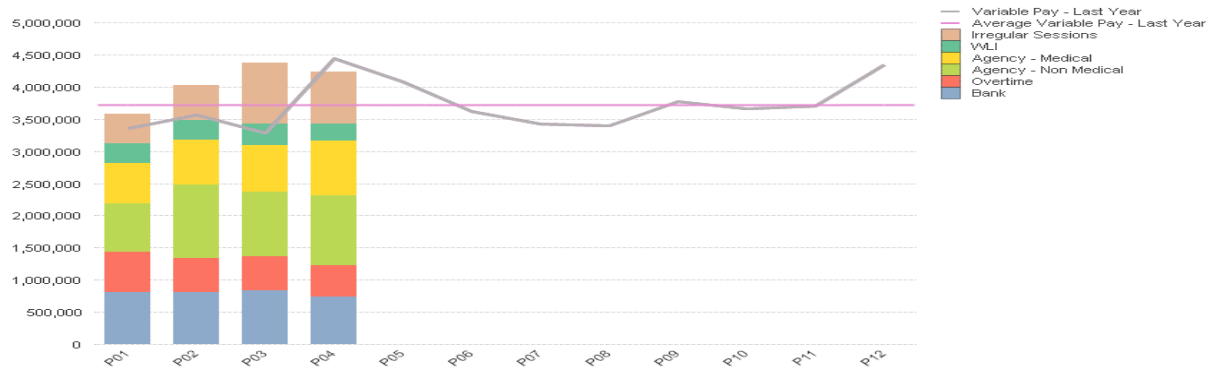
	Month 1	Month 2	Month 3	Month 4	Cumulative	Movement
	In Month	In Month	In Month	Post CIP Adj	Post CIP Adj	In Month
	£000	£000	£000	£000	£000	£000
Service Delivery Units						
Singleton	96	91	103	-19	271	-122
POW	240	278	279	366	1,163	87
Morrison	38	22	37	186	283	149
Mental Health & LD	63	67	59	-382	-193	-441
PC & Community	20	19	32	-39	32	-71
NPT Unit	0	-54	-49	-96	-199	-47
Directorates						
Nurse Director	-1	-9	-5	-18	-33	-13
Medical Director	-25	-24	-31	-43	-123	-12
Workforce & OD	25	14	8	20	67	12
Informatics	-3	-20	-114	-17	-154	97
Finance	-1	-3	0	-2	-6	-2
Board Secretary	11	11	9	7	38	-2
Director of Therapies	2	1	2	2	7	0
Director of Strategy	0	14	13	30	57	17
Corporate I&E	-33	-50	23	-23	-83	-46
Delegated Budget Position	432	357	366	-28	1,127	-394
Corporate Plan	1,933	1,933	1,695	2,273	7,834	578
Health Board Position	2,365	2,290	2,061	2,245	8,961	184

- The Pre CIP Adjustment table provides the monthly analysis prior to the adjustment to Unit savings targets that were transacted in Month 4. This highlights the significant increase in delegated position overspend to just under £1m compared to an average of £0.385m for Quarter 1. An element of this reflects the service redesign workstream which was planned to impact from Quarter 2.
- The Post CIP Adjustment table reflects the reported position after reducing savings targets. Whilst this shows a breakeven delegated position in month, this includes a retrospective benefit of over £0.75m.
- Both tables highlight significant financial performance issues in POW and Morrison, with both units citing Medical and Nursing pressures and non-delivery of savings as their key issues.

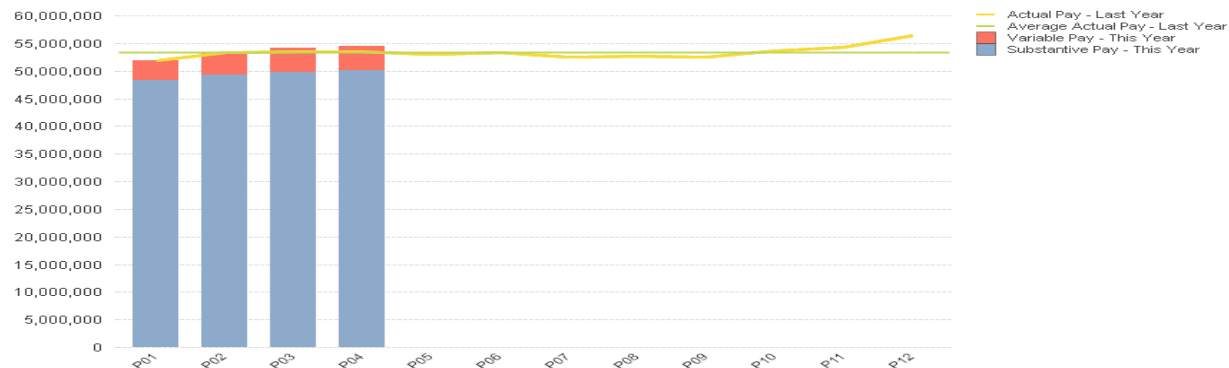
Actual Pay Expenditure This Year and Last Year



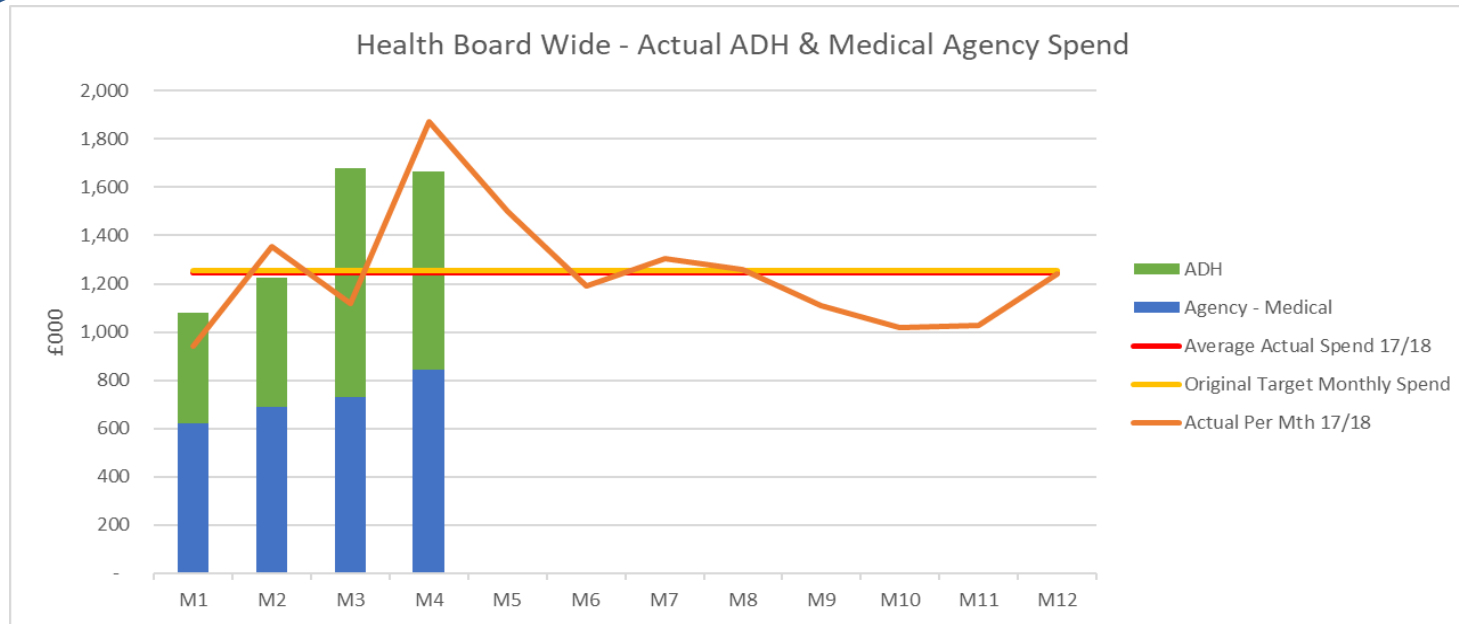
Variable Pay Expenditure This Year and Last Year



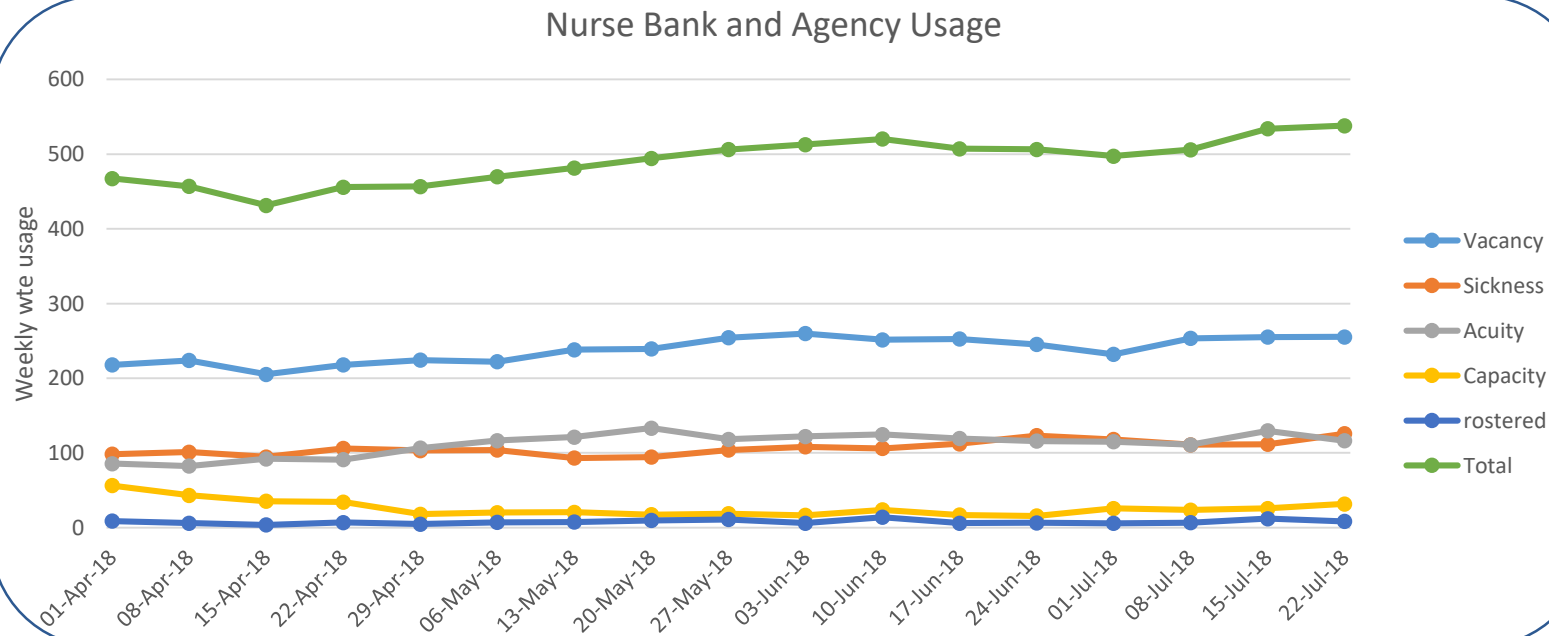
Substantive & Variable Pay Expenditure This Year and Last Year



- The overall pay expenditure in P04 is above the average for 2017/2018 and the actual P04 in 2017/18.
- The variable pay spend in P04, is above the average for 2017/18 but has reduced slightly from P03.
- The main increase in variable pay spend is in medical and nurse staffing.

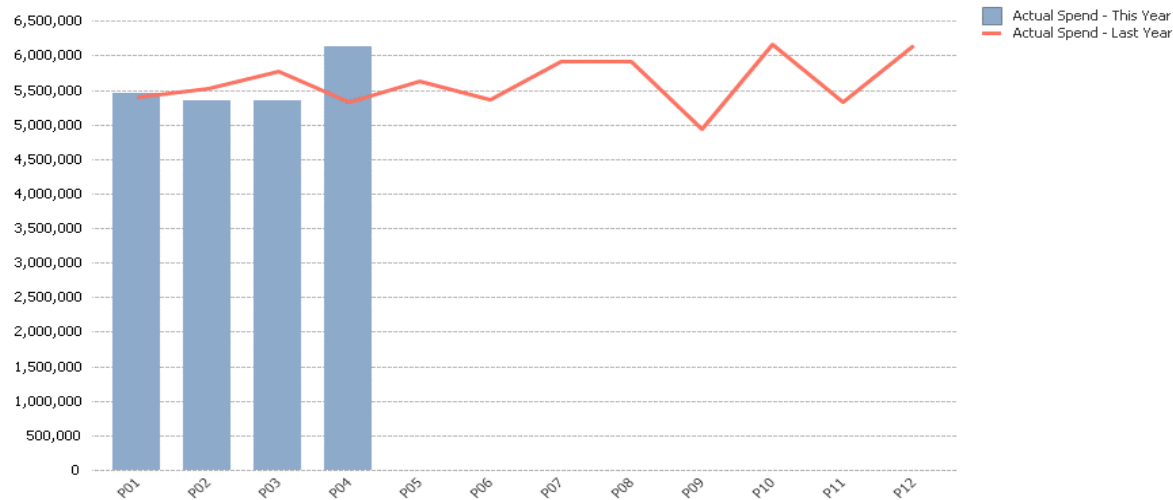


- Significant escalation in medical staff variable pay.
- Spend in last two months is above the average for 2017/18, although a similar increase was reported in Month 4 last year.
- Position is concerning given the increasing levels of junior doctor vacancies anticipated from August, particularly in Singleton and Morriston.

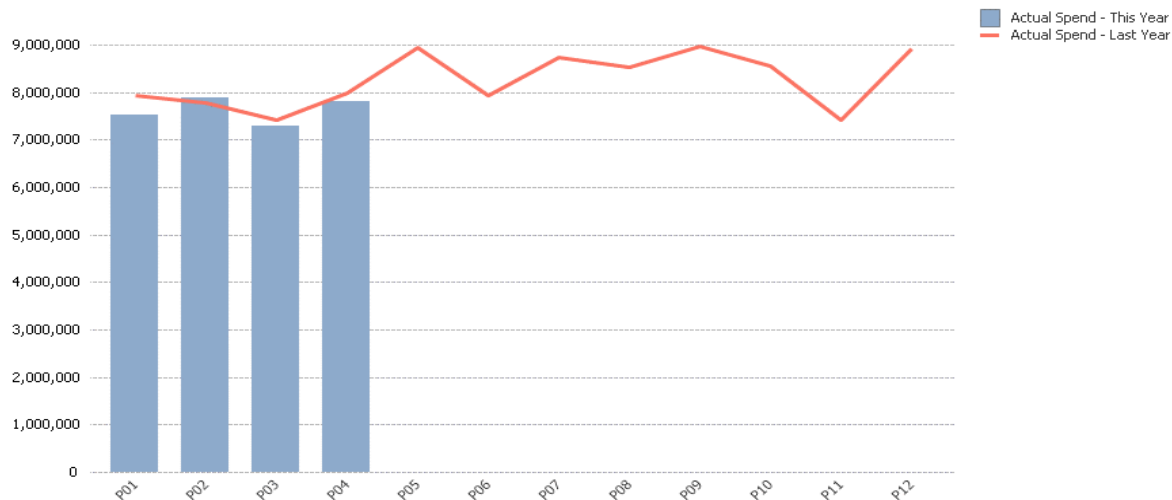


- The use of bank and agency has been steadily increasing over the last few months.
- Significant increases attributed to Acuity, which needs to be further examined.
- More detailed analysis at unit level is being undertaken.

Secondary Care Drugs Trend Analysis



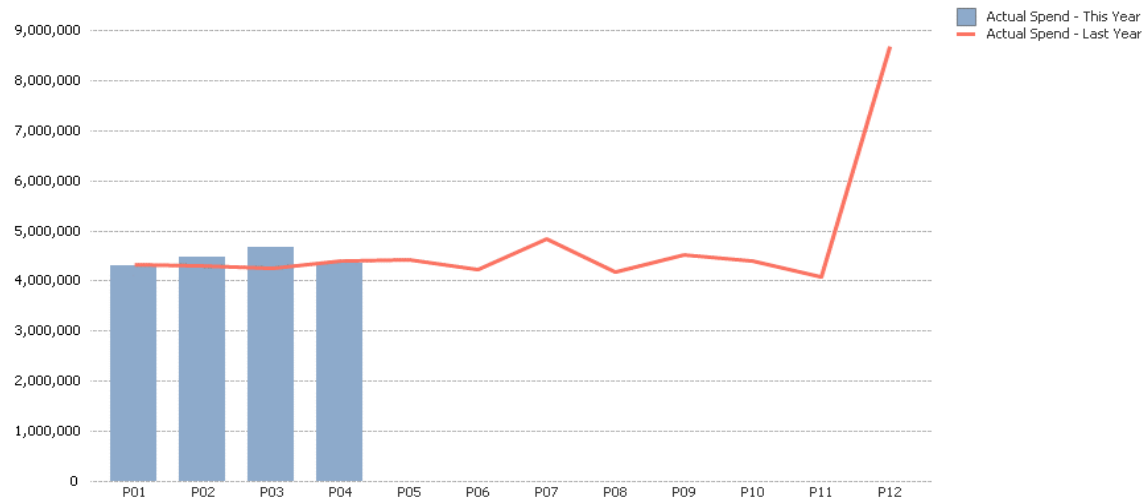
Primary Care Drugs Trend Analysis



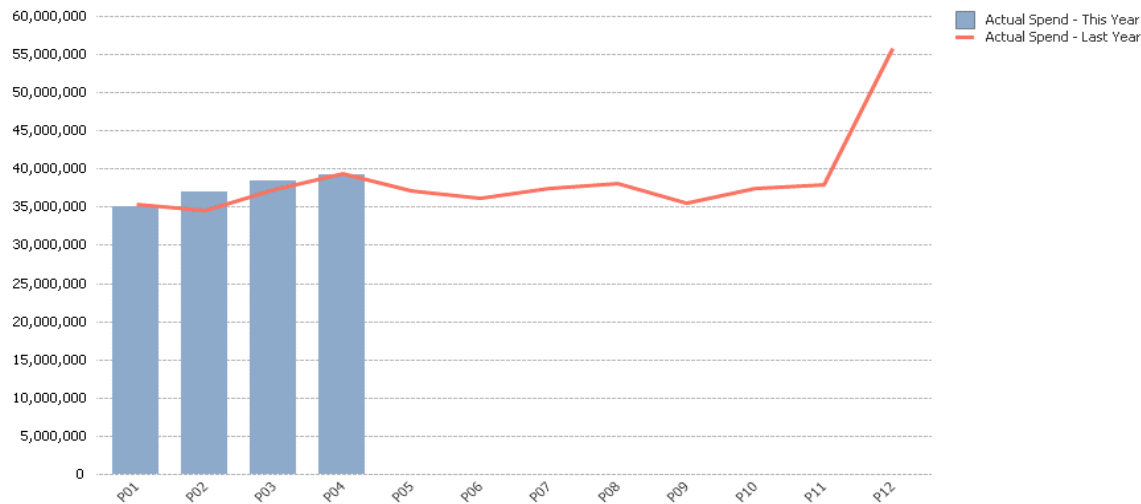
- Secondary Care drugs spend had been relatively stable in 2017/18 but P04 of 2018/2019 it has increased. The increase reflects NICE and High cost drugs spend which was funded and has not impacted on the overall HB financial position.

- Primary Care drugs are extremely volatile and there were significant pressures during 2017/18 due to NCSO price concessions. To date the overall spend for Q1 is lower than Q1 of the previous year. However there is only 2 months of actual data for 2018/19 available at this point. This continues to be monitored closely

CHC Trend Analysis



Other Non Pay Trend Analysis exc Cap Charges



- ChC/FNC has been stable throughout 2017/18. The spike in expenditure in March reflects the accounting for FNC judicial review and ChC Ombudsman impact. The P04 figures have reduced from P03 and in line with 2017/2018 spend.

- Other non pay held well during 2017/18. This expenditure covers a wide range of costs, including all clinical and general supplies, utilities, maintenance, travel as well as Primary Care contracts and other Primary Care related expenditure. The P04 figures are in line with the spend in the same period of 2017/2018. Please note the other non pay has now been amended to exclude Capital Charges.

Directorate / Unit	18-19 Assigned Target	Total Green Schemes		Total Amber Schemes		Total Red Schemes		Unidentified / Over Identified	
	(£)	(£)	%	(£)	%	(£)	%	(£)	%
Clinical Procurement	1711	11	1%	1014	59%	0	0%	686	40%
Corporate Overheads	1000	565	57%	0	0%	0	0%	435	43%
Medicines Management	1675	1800	107%	0	0%	0	0%	-125	-7%
Procurement	2062	396	19%	1052	51%	28	1%	586	28%
Reducing Waste, Harm & Variation	0	0	0%	0	0%	0	0%	0	0%
Ring Fenced Funding Review	0	0	0%	0	0%	0	0%	0	0%
Service Remodelling	4822	73	2%	2275	47%	481	10%	1993	41%
Unit Cost Down Savings	3659	5701	156%	1739	48%	146	4%	-3927	-107%
WHSCC	1000	1000	100%	0	0%	0	0%	0	0%
Total	15,929	9546	60%	6080	38%	655	4%	-352	-2%

Narrative

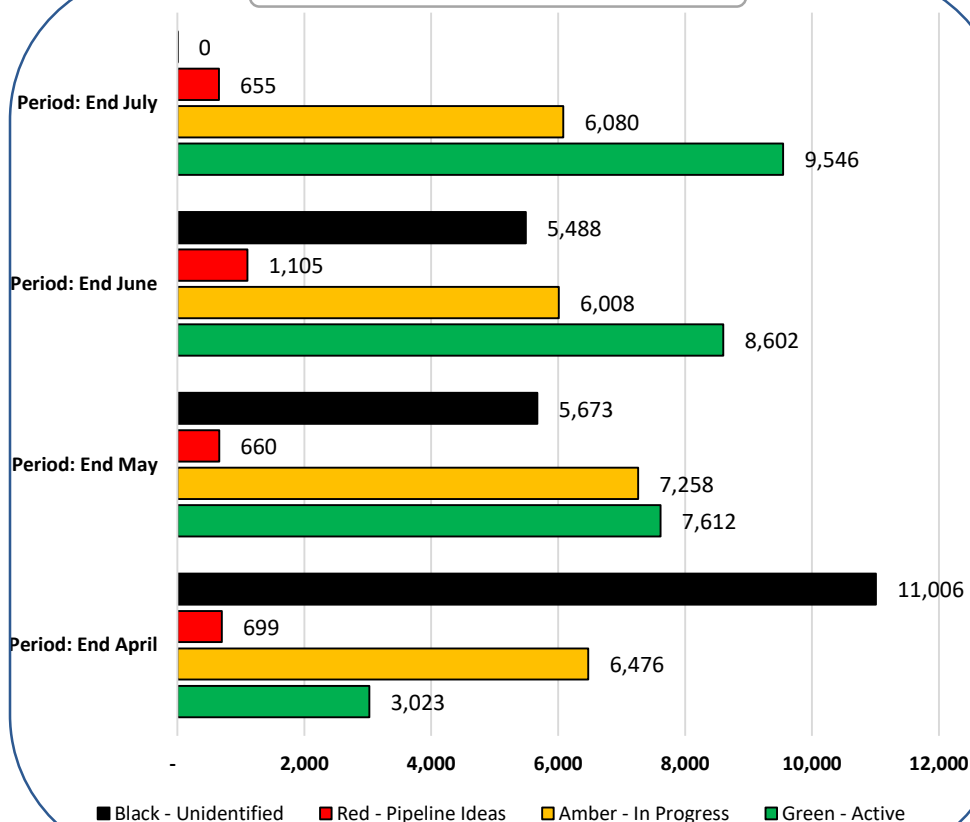
- The HB Annual Plan for 2018/19 included a savings requirement of £21.2m. This savings requirement was allocated to Workstreams.
- The review at the end of Q1 identified that some schemes whilst continuing to be developed were unlikely to deliver any material savings in 2018/19. These were namely Reducing Waste, Harm and Variation, Ring Fenced Funding Review and Workforce Redesign.
- Mitigating Opportunities have been identified to offset the non-delivery of these workstreams and effectively the target has been removed for this financial year, reducing the savings target requirement by £5.3m to £15.9m.
- To date schemes of £16.3m have been identified against the £15.9m target, however £0.66m of the savings are still shown as red and should therefore be considered high risk.
- Not all workstreams are planned to deliver in full and Service Delivery Units have been identifying local cost down opportunities to offset these shortfalls.

Directorate / Unit	18-19 Assigned Target	Total Green Schemes		Total Amber Schemes		Total Red Schemes		Unidentified / Over Identified	
	(£)	(£)	%	(£)	%	(£)	%	(£)	%
Board Secretary	38	37	98%	0	0%	0	0%	1	2%
Director of Strategy	1332	96	7%	0	0%	0	0%	1236	93%
Director of Therapies & Health Sciences	13	0	0%	0	0%	0	0%	13	100%
Finance	124	77	62%	0	0%	0	0%	47	38%
Informatics	265	258	97%	0	0%	0	0%	7	3%
Medical Director	28	49	174%	0	0%	0	0%	-21	-74%
Nursing Director	65	74	114%	0	0%	0	0%	-9	-14%
Workforce & OD	96	28	29%	0	0%	0	0%	68	71%
MH & LD Delivery Unit	263	147	56%	0	0%	0	0%	116	44%
Morrison Delivery Unit	3783	834	22%	3287	87%	395	10%	-733	-19%
NPT Delivery Unit	1305	2328	178%	507	39%	211	16%	-1741	-133%
POW Delivery Unit	2088	980	47%	522	25%	0	0%	586	28%
Primary Care & Community Delivery Unit	1565	1030	66%	750	48%	0	0%	-215	-14%
Singleton Delivery unit	2289	559	24%	1014	44%	49	2%	667	29%
Health Board Wide	2675	3050	114%	0	0%	0	0%	-375	-14%
Total	15,929	9546	60%	6080	38%	655	4%	-352	-2%

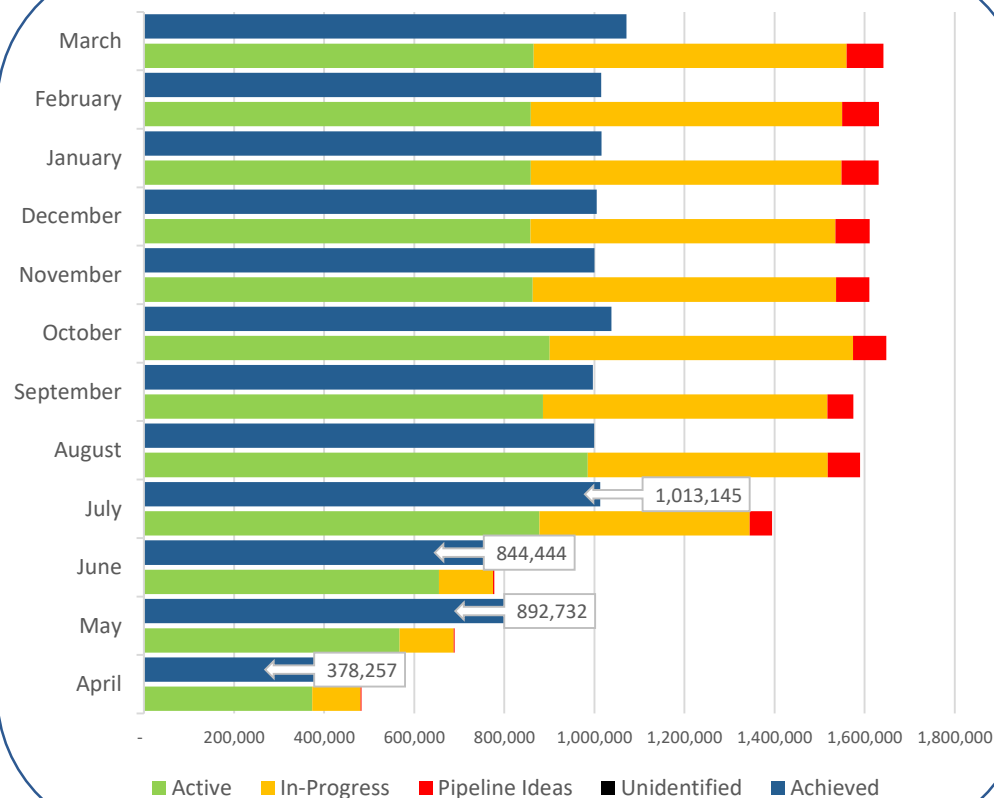
Narrative

- The table provides an analysis of targets and savings identified at a Service Delivery Unit and Directorate level.
- This analysis shows that some SDUs and Directorates have exceeded their savings target, whilst others have not yet met their target.
- Some of the over-achievement of target relates to non-recurrent opportunities and measures.
- The value of non-recurrent savings identified is £3.6m.

Trend over time



Current Profile of Savings



Narrative

- The Health Board has £16.3m of schemes, which is 77% of the overall planned savings requirement.
- The identification of mitigating opportunities has offset 3 of the work streams; Reducing Waste, Harm and Variation, MH Ring Fence and Workforce Redesign. This has effectively reduced the savings requirement to £15.9m.
- Whilst the adjusted savings target has been fully identified, it is essential that these are fully delivered. Some slippage has already been reported and this must be recovered immediately.
- £3.6m of the £16.3m is non-recurrent.

Narrative

- The savings profile identified a significant step up in savings delivery requirement across Quarter 2. This has resulted in a significant level of slippage in Month 4. However due to over-delivery in Q1, the overall year to date slippage is around £0.15m
- It is essential that the actions required to fully deliver the identified savings are taken quickly. The current delivery assessment is shown on the following slide.

Winter Pressures

	£'000	£'000
Available Funding		2,000
Costs Incurred April - July:		
Singleton Additional Bed Capacity	(76)	
Singleton Patient Flow Team	(15)	
Morrison Bed Capacity	(31)	
Morrison ITU Capacity	(23)	
Mental Health Tonna Beds	(30)	
Morrison ED Progress Tracker	(23)	(198)
Available Funding	-	1,802

Winter Pressure Plan

- The Health Board has established a £2m reserve to manage winter pressures in 2018/19
- The winter pressure expenditure in 2017/18 was £2.921m, however this included £0.573m for the TAU/Vanguard Unit which in 2018/19 will be supported via RTT funding
- In Quarter 1 2018/19 expenditure was incurred in respect of additional capacity opened during 2017/18 winter period that had not been closed. The Tonna beds were closed at the end of June. Some additional ITU capacity continues to be supported through this funding.
- A progress chaser in ED has been supported as a pilot to assess impact on performance.
- A patient flow team in Singleton has also been supported as a pilot.
- The costs incurred to date are £0.198m which has reduced the funding available for 2018/19 winter pressures to £1.802m
- Additional Medical cover for ED has been if available, this again would be to assess impact on performance. To date no costs have been supported in this area.

RTT Funding Available

	£000
RTT Funding	10,300
Spend to Date	(3,922)
Funding Shortfall	(6,378)

Narrative - RTT

- The Health Board has £2m funding for RTT included within its £25m planned deficit.
- A further £8.3m funding support has been provided by WG, however this funding has been provided with the following performance expectations:
 - RTT – at most, 2685 people waiting over 36 weeks
 - Diagnostics – zero 8 week breaches in all disciplines
 - Therapies – no patients waiting over 14 weeks
- To date £3.922m has been spent against the £10.3m available budget.
- It must be recognised that if the agreed performance expectations are not met, then the WG funding will be subject to claw back. This is likely to be based on progress made in December, rather than waiting until the end of the year.

RTT Expenditure Profile

		April	May	June	July	Total
		£000	£000	£000	£000	£000
Outsourcing/Insourcing	Morrison		554	581	242	1377
	Singleton	108	226	120	423	877
	Total	108	780	701	665	2254
Internal WLI	Morrison	101	89	130	179	499
	Singleton	34	53	56	51	194
	POW	6	228	137	151	522
	Total	141	370	323	381	1215
Infrastructure	Morrison	102	99	93	159	453
	Total	102	99	93	159	453
Total Expenditure		351	1249	1117	1205	3922

Delivery Profile		April	May	June	July
		£000	£000	£000	£000
36 weeks	Target	3,363	3,398	3,349	3,283
	Actual	3,398	3,349	3,319	3,383
26 weeks	Target	249	200	150	100
	Actual	166	120	55	30

Forecast

Forecast Summary 2018/19	£m
Delegated Position Forecast as at P2	10
Deficit Plan	25
NSA - Prioritised Plan	1.4
Forecast Deficit prior to Mitigating Opportunities	36.4
Mitigating Opportunities	
Release £2m Reserves	-2
I2S Release	-0.8
Release of 17/18 YE Opportunities	-1
PFI Benefit	-0.5
LTA Inflation Benefit	-0.5
Other Non-Recurrent Benefits not yet confirmed	-1.5
Slippage on New monies	-0.6
Review of Provisions and Accruals	-4.5
Forecast following deployment of Mitigating Opportunities	25

Narrative

- The Service Delivery Units and Directorates initial forecasts as at Period 2 indicate a year-end overspend of £10m. This is against a requirement to breakeven.
- Further work will be undertaken following the Period 3 position closedown to validate and refine the forecast. However given the known delivery issues with the 2017/18 schemes (£3.5m) and the shortfall in 2018/19 savings identified (£6.3m), the £10m position appears reasonable.
- A delegated position overspend of £10m plus the Nurse Staffing Act would result in a £36.4m year-end deficit, against the £25m planned deficit, prior to the deployment of any mitigating opportunities and further performance improvements.
- A number of mitigating opportunities have been identified for deployment to support the Health Board delivery of the £25m forecast deficit. The majority of these mitigating opportunities are non-recurrent which are a cause for concern for future year delivery.
- WG have challenged the Health Board to improve the forecast deficit from £25m to £20m. This will require a significant improvement in the delegated positions performance. A range of mitigating actions has been mobilised to support further improvements, however the impact of all mitigating actions must be assessed against other duties and responsibilities to ensure the quality and safety of care is not compromised.

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		-25048	-25048	-25048		
1	Underlying Position Savings not Delivered	S117 anticipated income has been assumed written off /counter-balanced within the forecast. Potential for some recovery.	1400	0	0	Ongoing negotiations with LAs are challenging but continuing. It is unlikely that significant income is recovered	David Roberts, Service Director, MH&LD
2	Operational expenditure reductions are not sustained	Operational expenditure reductions experienced in 2017/18 are not sustained and some increase in operational expenditure is experienced.	0	-2000	-500	Financial Control measures to be continued, including vacancy control panel.	Chris White, Interim Chief Operating Officer
3	ChC Ombudsman	The annual plan includes £1.5m for the settlement of ChC Ombudsman claims. There is a potential that if all claims are fully discharged in 2018/19, the impact could be higher than £1.5m	0	-600	0	Review settlements and closures on a quarterly basis	Lynne Hamilton, Director of Finance
4	CHC and FNC inflation exceeds plan	The HB is currently agreeing the CHC inflationary increases through Care Forum Wales. This is based on current 1% pay award expectation. If pay award exceeds 1% there is a potential further impact on ChC and FNC rates	0	-250	-110	Agree current settlements and consider and negotiate linkages to pay rates	Lynne Hamilton, Director of Finance
5	Nurse Staffing Act	The Health Board has agreed to an implementation prioritised based on risk assessment. To date the forecast includes £1.4m of cost for 2018/19, but depending on implementation plan, the financial impact could exceed the £1.4m included in forecast	0	-1500	-500	Agree the implementation and appointment plan	Gareth Howells, Director of Nursing & Patient Experience
6	Nurse Rostering - Shift Pattern Standardisation	The HB has been consulting on standardised shift patterns for ward nursing to support efficient rostering. The proposed shift patterns would add additional handover hours to current roster practice.	0	-600	0	The standardisation of shifts should not result in increased financial costs. The shifts patterns are being reviewed as a matter of urgency.	Gareth Howells, Director of Nursing & Patient Experience
7	Non-recurrent Mitigating Benefits	Forecast assumed £1,5m Non-recurrent mitigating benefits that are not yet confirmed.	0	-1500	0	Ensure all non-recurrent opportunities and benefits are identified and maximised	Lynne Hamilton, Director of Finance
8	Mitigating Actions - Holding of Commitments	£2m of commitments are being released to support the forecast. There is a potential that some of these commitments will be required.	0	-750	-200	Robustly assess any request to commit additional resources	Lynne Hamilton, Director of Finance
9	Welsh Language Standards	Welsh Language Standards effective from 29th June 2018 increase requirement for bilingual services within the Health Board, which in the first instance is likely to increase translation costs	0	-50	-10	Plan to be formulated to address the requirements of the Welsh Language Standards.	Pam Wenger, Director of Corporate Governance
10	Impact of TAVI report	The Health Board has a number of patients awaiting treatment and additional capacity will need to be resourced to support delivery	-1000	-2400	-1700	Options being considered and plan being formulated	Rebecca Carlton, Service Director, Morriston Service Delivery Unit
11	Mitigating Actions - Improved Delegated Positions	The forecast requires an improvement in delegated positions of £5m	5000	0	3000	Ensure all mitigating actions and opportunities are driven along with workstreams to maximise improvements in financial position	Lynne Hamilton, Director of Finance

-	19,648	-	34,698	-	25,068
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The following key actions have been considered and a clear action plan has been developed :

- Review POW Deep Dive report, agree action plan and assess potential impact.
- Rollout Unit Deep Dives to other units – Singleton next focus, followed by Morriston.
- Consider planned savings delivery assurance (workstreams and Units) and agree actions to improve assurance levels and forecast delivery.
- Identify further savings opportunities, both locally and through Efficiency Framework analysis.
- Identify plans to improve the Medical staffing position including Long Term locum review, Locum on duty, e-job plan management, use of Kendall Bluck and variable pay usage and rates. In addition the forecast impact of current junior doctor position needs to be considered.
- Analysis of Nurse staffing position has been undertaken. Need to agree key actions ie No HCSW agency, management and escalation of additional capacity, control and escalation of patient acuity requirements.
- Review of Discretionary Spends, considering both savings and impact ie WLI, Outsourcing, Study Leave etc.
- Review of Opportunities and Risks to agree actions to crystallise opportunities and minimise risks.
- Review progress against the PWC report to identify opportunities not yet addressed.
- Consider commissioning information to identify opportunities for demand management, referral thresholds and low value interventions.
- Consider short term “turnaround” measures, assessing potential risks and unintended consequences.