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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board

SWANSEA BAY LHB FINANCE DEPT. PERFORMANCE & FINANCE COMMITTEE – FINANCE POSITION

Period 01 Data (April 2019)

In Month

£ 875,033 overspent

Type	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(20,464,963)	(20,594,104)	(129,140)	-0.63%
Pay	46,113,468	45,841,710	(271,758)	-0.59%
Non Pay	46,315,561	47,591,493	1,275,932	2.75%
Total	71,964,066	72,839,099	875,033	1.22%

Cumulative

£ 875,033 overspent

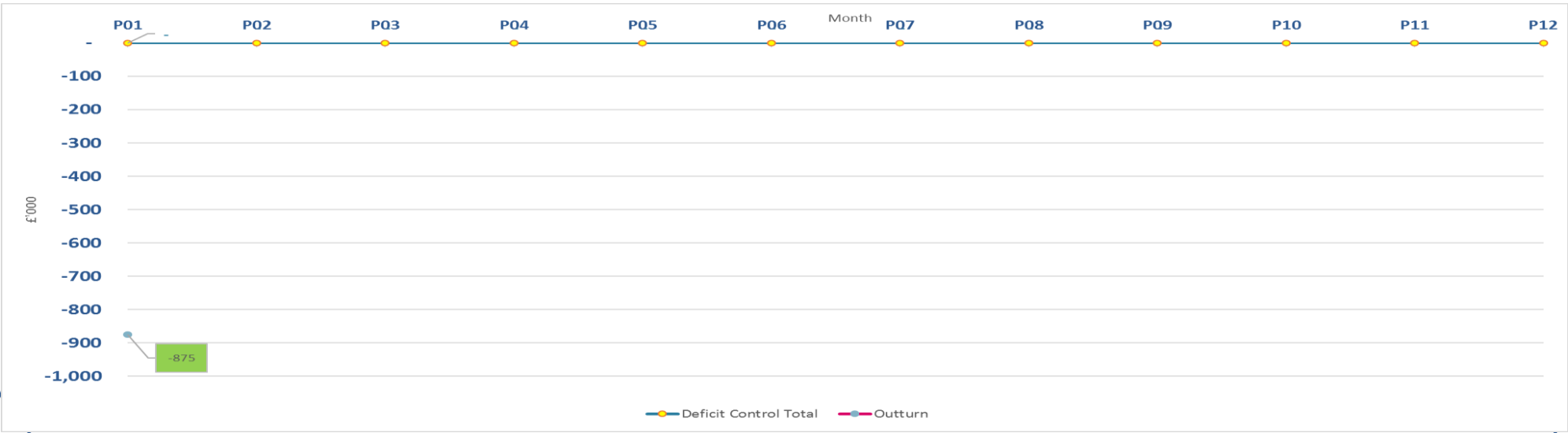
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(20,464,963)	(20,594,104)	(129,140)	-0.63%
Pay	46,113,468	45,841,710	(271,758)	-0.59%
Non Pay	46,315,561	47,591,493	1,275,932	2.75%
Total	71,964,066	72,839,099	875,033	1.22%

Forecast

Breakeven

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

Full Year Financial Performance and Projection



Revenue		
Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £'000	Trend
Reported in-month financial position – deficit/(surplus) – Forecast Green	875	➡
Reported year to date financial position – deficit/(surplus) – Forecast Amber	875	➡
Reported year to date compared to forecast financial plan deficit – Forecast Amber	875	➡
Current reported year end forecast – deficit/(surplus) – Forecast Amber	0	➡

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	Break-even	➡

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	96.1	⬆

Revenue

- The HB has a balanced core financial plan for 2019/20, however this excludes the impact of the £5.4m diseconomies of scale following the Bridgend Boundary.
- This adds significant pressure to delivery for the HB and further support will be required.
- The month 1 financial position is an overspend of £0.875m
- The key drivers of the overspend :
 - Actions to mitigate diseconomies not in place
 - Identified savings below required level
 - Ongoing costs associated with Bridgend Boundary Change work
 - Operational pressures including contingent labour and ChC

Capital Narrative

- Approved CRL value for 19/20 is £21.916m which includes Discretionary Capital and the schemes under the All Wales Capital Programme. (See Annex).
- The Discretionary Capital plan was approved by the Health Board on the 31st January 2019. Amendments to this plan were approved by the Investment and Benefits Group on the 30th April 2019. These amendments were required to reflect events such as scheme slippage and additional allocations in 2018/19.
- Profiles for all schemes are currently being confirmed and performance against these profiles will be reported in the Month 2 position.
- Spend across all schemes in Month 1 totalled £1.766m

PSPP Narrative

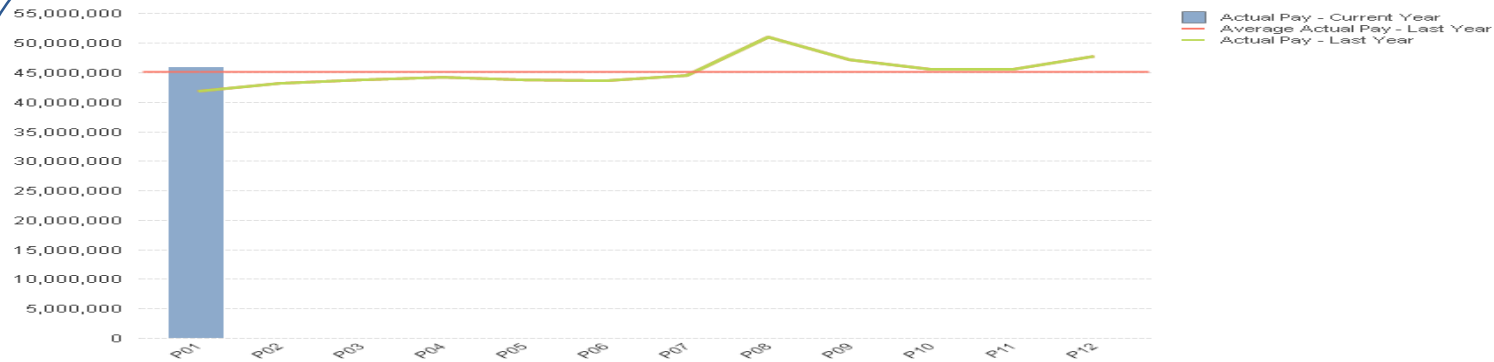
- The number of invoices paid within 30 days in April exceeded the 95% target, with the performance for the month being 96.1%.
- Work will continue within the health board to ensure that this compliance figure is maintained each month and to work on improving the payment performance of NHS creditors.

	Month 1
	In Month
	£000
Service Delivery Units	
Mental Health & LD	145
Morriston	137
NPT Unit	1
PC & Community	202
Singleton	129
Directorates	
Board Secretary	79
Chief Operating Officer	100
Director of Strategy	42
Finance	46
Informatics	4
Medical Director	6
Nurse Director	3
Workforce & OD	84
Clinical Medical School	-21
Research & Development	0
Corporate I&E	-68
Delegated Budget Position	889
Corporate Plan	0
Hosted Services	
Delivery Support Unit	-9
EMRTS	-5
Health Board Position	875

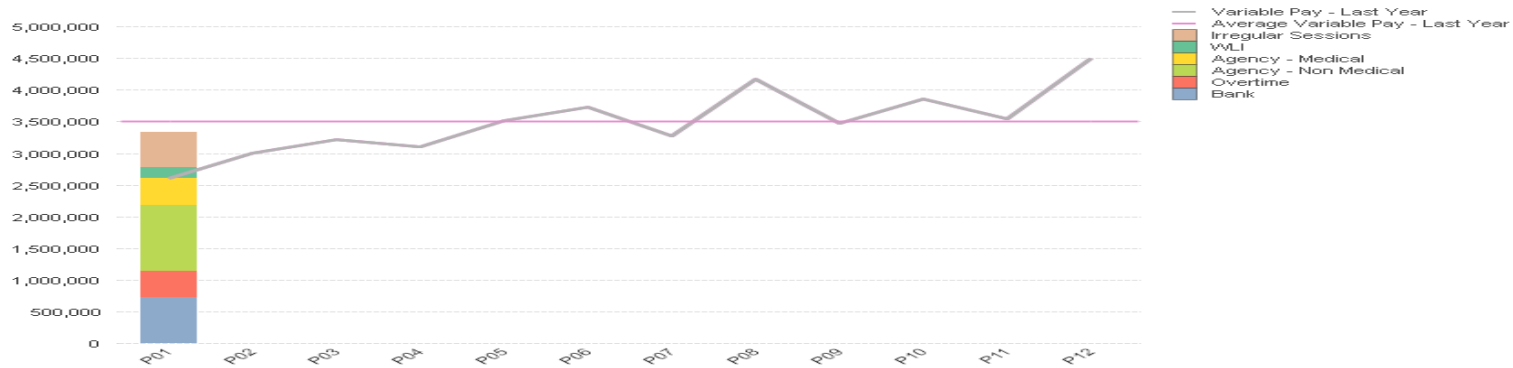
Month 1	Month 1	Month 1
CIP	Diseconomies	Operational
£000	£000	£000
-17	10	152
32	3	102
23	43	-65
247	23	-68
105	12	12
3	75	1
24	89	-13
6	12	24
9	25	12
11	0	-7
3	16	-13
5	41	-43
0	81	3
0	0	-21
0	0	0
0	20	-88
451	450	-12
451	450	-12

- The Month 1 reported position is an overspend of £0.875m.
- The table shows this position by Service Delivery Unit and Directorate and also provides an analysis of the key drivers of the overspend ie Savings, Diseconomies of Scale impact and Operational pressures.
- The savings position relates to both the required level of savings not being identified £0.3m and slippage against identified savings plans £0.15m
- The diseconomies of scale reflect the agreed SBU position at SDU/Directorate level.
- Whilst overall operational pressures are breaking even, there are key areas of operational pressure emerging. The two key pressure areas and therefore financial risks are ChC and workforce costs.

Actual Pay Expenditure This Year and Last Year



Variable Pay Expenditure This Year and Last Year

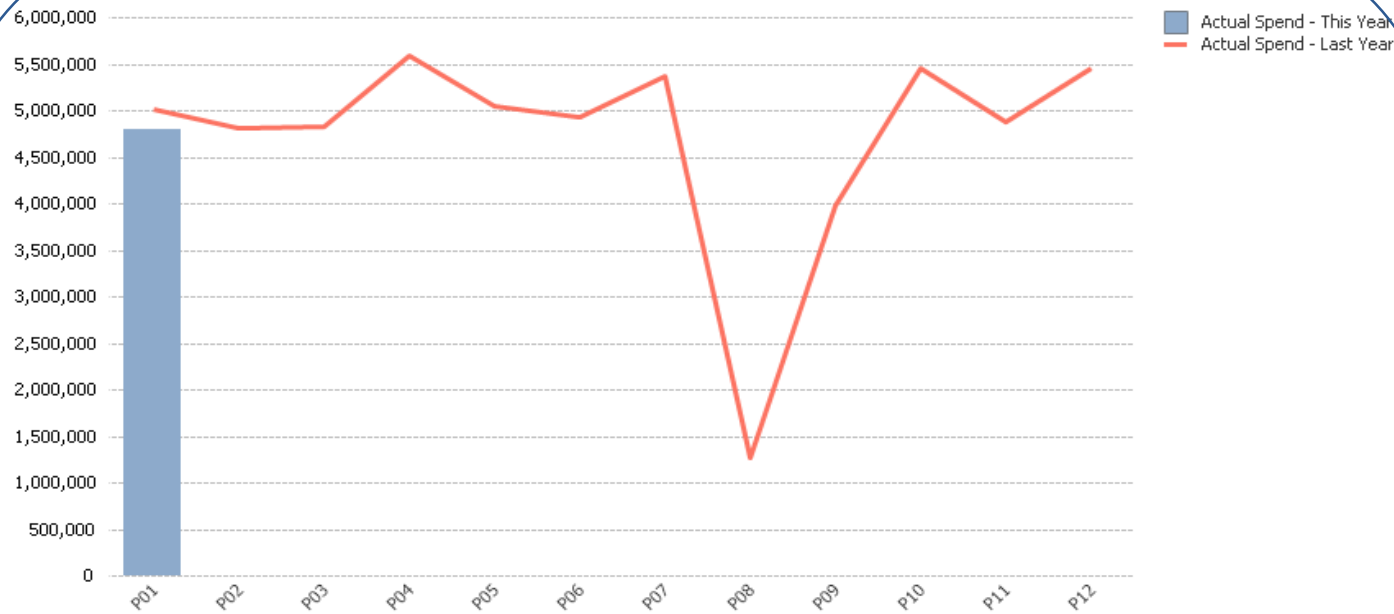


Substantive & Variable Pay Expenditure This Year and Last Year

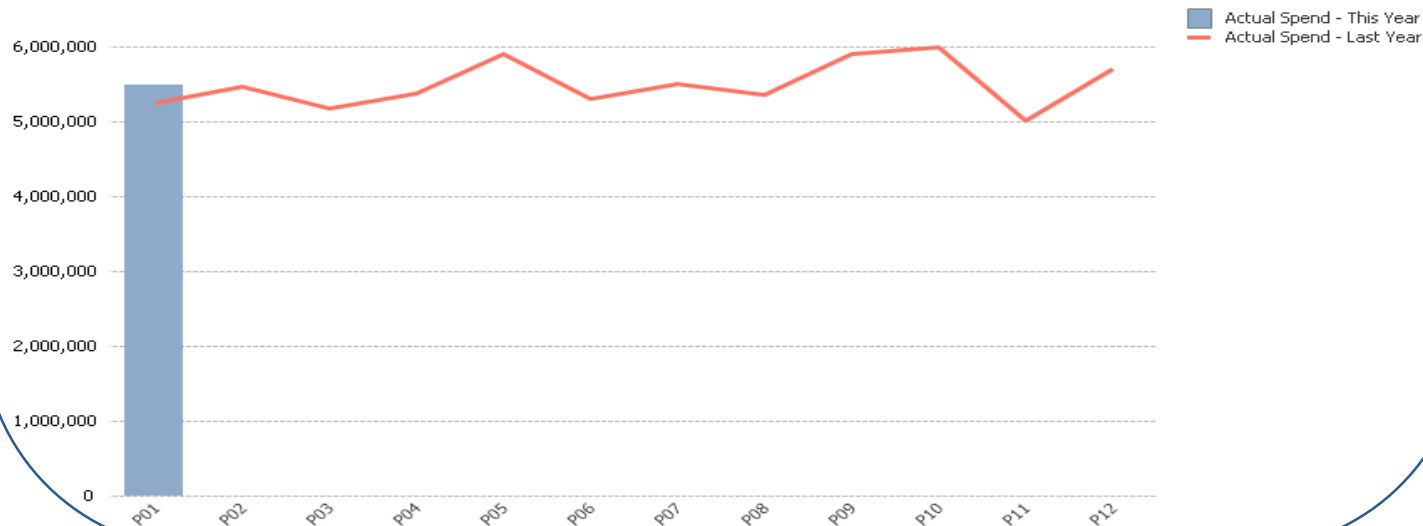


- The prior year trends have been adjusted to remove Bridgend.
- The actual pay expenditure in April 2019/20 is £4m higher than the same period in 2018/19. £3.3m of the increase is on substantive pay and £0.7m on variable pay. The pay inflation for 2018/19 and 2019/20 accounts for around £2.5m of the substantive pay increase.
- The variable pay increase is almost exclusively nursing agency increases.

Secondary Care Drugs Trend Analysis

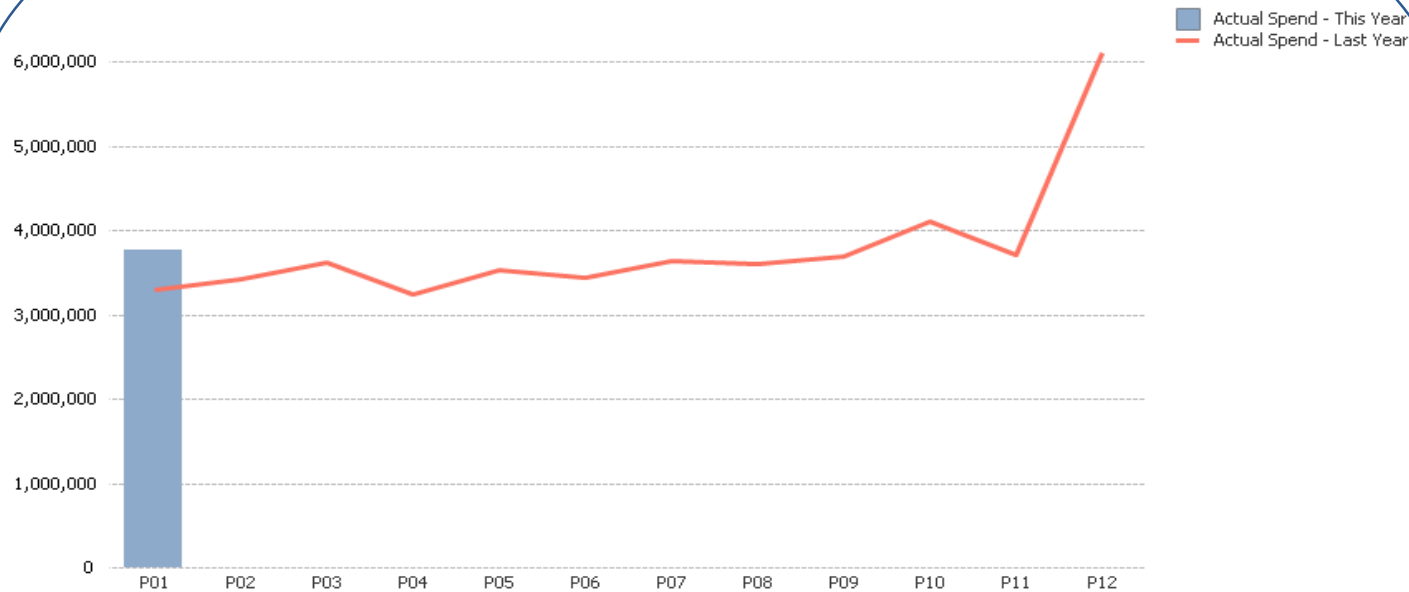


Primary Care Drugs Trend Analysis

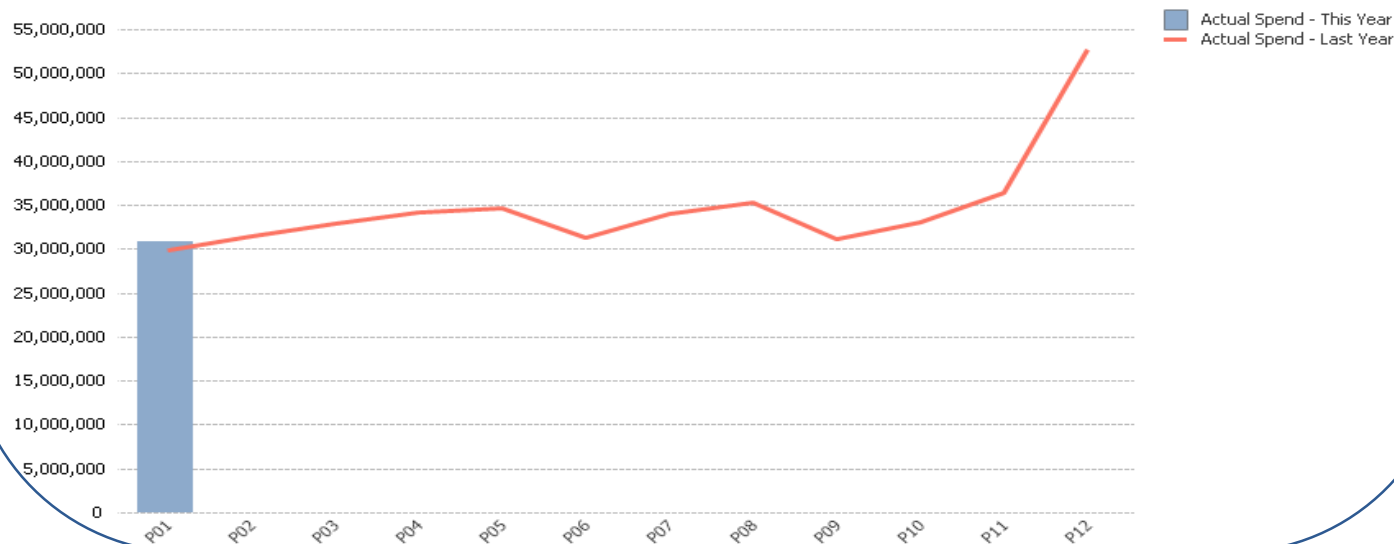


- Secondary drugs were stable in 2018/19, with little or no increase in costs reported compared to previous year.
- The Month 1 2019/20 expenditure is below that of the same period of the previous year.
- Primary Care drugs were less volatile in 2018/19 than the previous year, due to greater stability of NCSO price concessions.
- The spend in Month 1 2019/20 is higher than the same period of the previous year, however it must be highlighted that at this point the Month 1 expenditure is based on an estimate due to the two month time lag in reporting primary care drugs expenditure.

CHC Trend Analysis

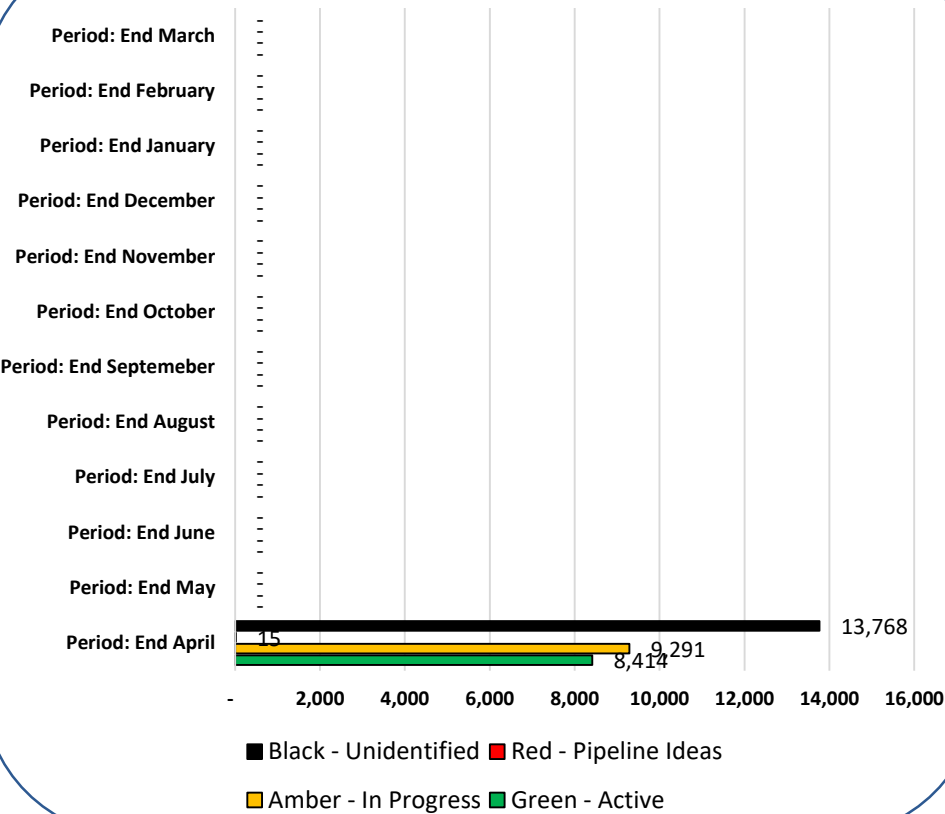


Other Non Pay Trend Analysis exc Cap Charges

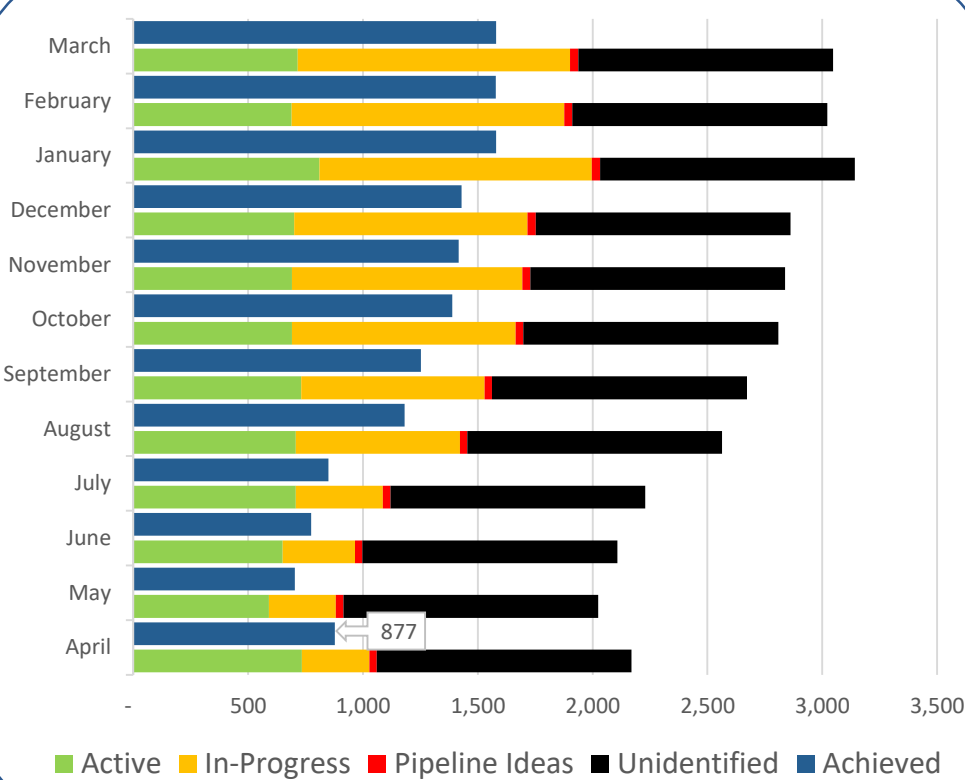


- ChC expenditure saw a steady growth in 2018/19, due to increasing case numbers across all areas.
 - The expenditure for Month 1 2019/20 is above that of the same period in the previous year.
 - This area represents a financial risk given the full year impact of 2018/19 case growth and ongoing growth levels.
 - Category B - cost control savings – require the Units to absorb growth – £2.2m
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- Other non-pay expenditure is broadly as anticipated.

Trend over time



Current Profile of Savings



Narrative

- The Health Board has identified £17.7m of schemes, which is 80% of the overall planned £22m savings requirement.
- Around 48% of the identified savings are classified as green and therefore high delivery confidence.
- The HB is focussed on identifying the remaining savings requirement.
- Category A Unit Savings schemes are currently considered Amber. Around 65% of the required savings have been identified, however there is already slippage on delivery of some of the identified schemes
- Category B Cost Down Savings are considered Green, with high levels of delivery confidence in most areas. The most significant risk is on ChC growth containment.
- Category C High Value Opportunities are currently Amber/Red, with further work underway to increase confidence levels.

Narrative

- The anticipated profile of savings delivery for Month 1 was £1.027m against which £0.877m was delivered, resulting in savings slippage of £0.150m.
- It is essential that this slippage is clearly identified to ensure necessary actions are taken to recover this position.

FINANCIAL RISKS & OPPORTUNITIES LOG

#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Key Decision Point and Summary Mitigation	Risk Owner Name
	Annual Plan Deficit		0	0	0		
1	Savings Requirement not fully delivered	The full £22m savings requirement is not identified or delivered	0	-5000	-3000	Focus on full identification of savings through Financial Recovery meetings and Financial Management Group. Identify and assess the impact of slippage on savings delivery	Lynne Hamilton, Director of Finance
2	Nurse Staffing Act	Expansion of Nurse Staffing Act increases nurse resource requirement	0	-1000	-500	Nurse Staffing Act must be clearly scrutinised and options considered including reconfiguration of clinical capacity	Gareth Howell, Director of Nursing and Patient Experience
3	WG Additional Funding Support	Financial Plan includes £10m additional funding support provided by WG non-recurrently in 2018/19.	0	-10000	0	Continue to work closely with WG	Lynne Hamilton, Director of Finance
4	Ophthalmology Gold Command	Ophthalmology potential clinical risk related to follow up capacity	0	-1000	-500	Assess clinical risk and identify options to increase capacity to mitigate clinical risk	Chris White, Chief Operating Officer
5	Performance Sustainability]	Health Board Plan provides funding to support performance sustainability across Unscheduled Care, RTT and Cancer. Potentially this could be insufficient	0	-3000	-2000	Review impact of current operational pressures on sustainability and financial plans. Identify opportunities to increase efficiency and reduce resource requirement	Chris White, Chief Operating Officer
6	Bridgend Boundary Change Diseconomies of Scale	The diseconomies of scale associated with the Bridgend Boundary change have been identified. The forecast assumes that these costs are mitigated and managed.	0	-5400	-4000	Identify opportunities to reduce the impact through efficiency and restructure. Ongoing discussion with WG over transitional support	Hannah Evans, Director of Transformation
7	Management of New Income Streams	Maximise the opportunities linked to new income streams	1000	0	500	Ensure that all opportunities to access and utilise new income streams are maximised	Lynne Hamilton, Director of Finance
			1,000	- 25,400	- 9,500		