

# SWANSEA BAY LHB FINANCE DEPT. PERFORMANCE & FINANCE COMMITTEE – P11 FINANCE REPORT

Period 11 Data (February 2020)

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EXECUTIVE SUMMARY: PERIOD 11

In Month

£ 1,197,000 overspent

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	-22,668	-22,376	292	1.29%
Pay	49,141	48,925	-216	-0.44%
Non Pay	51,223	52,317	1,094	2.13%
Total	77,697	78,867	1,197	1.51%

Cumulative

£ 13,493,282 overspent

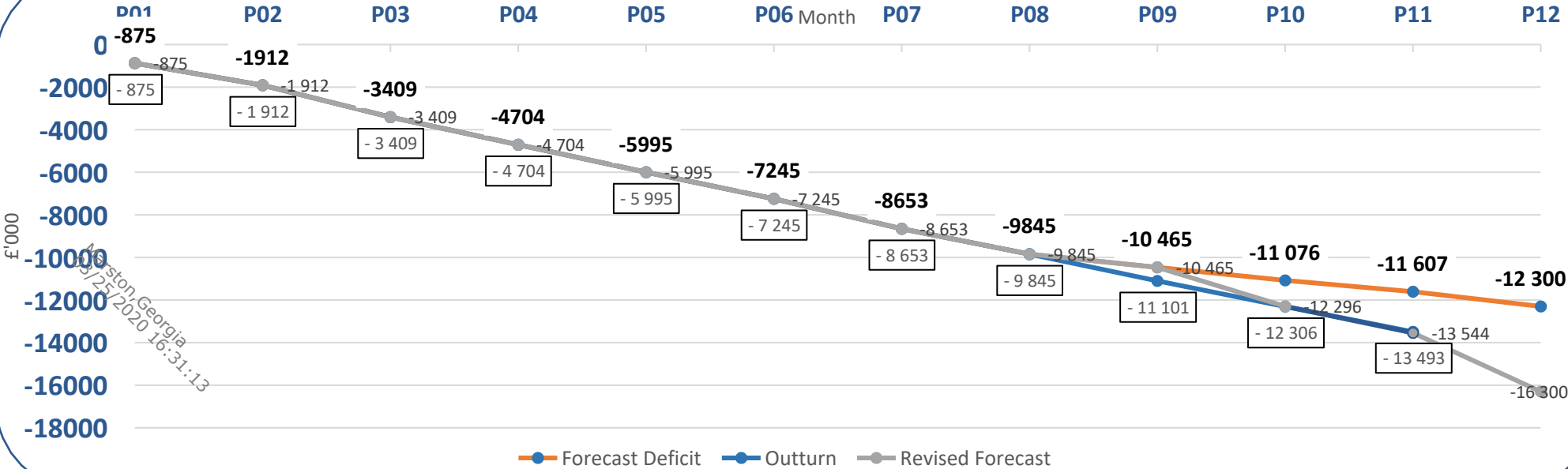
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	-241,890	-242,968	-1,077	-0.45%
Pay	510,071	508,566	-1,505	-0.30%
Non Pay	541,133	557,209	16,076	2.97%
Total	809,314	822,808	13,493	1.67%

Forecast

£16,300,000

Type	Full Year Budget (£'000)	Full Year Forecast (£'000)	Forecast Variance (£'000)	% Variance
Income	(242,653)	(244,298)	(1,645)	(0.68%)
Pay	527,657	526,107	(1,550)	(0.29%)
Non Pay	564,764	584,259	19,495	3.45%
Total	849,768	866,068	16,300	1.9%

Full Year Financial Performance and Projection



# TARGETS

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)	1,197	↑
Reported year to date financial position – deficit/(surplus)	13,493	↑
Current reported year end forecast – deficit/(surplus)	16,300	→

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	→
Cumulative year to date position – deficit/(surplus) – Forecast Amber	(1,910)	↓
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	93.9	↑

## Revenue

- The Health Board committed to achieving financial balance in 2019/20 and developed a balanced core financial plan. This however excluded the impact of the diseconomies of scale associated with the clinical and corporate management costs following the Bridgend Boundary Change, which were identified as £5.4m and added a significant additional pressure to the Health Board's delivery requirement.
- Throughout the financial year, the Health Board has been reporting an overspend and as the year progressed the ability to recover and deliver financial balance became more challenging. In Month 9 the Health Board revised its year-end forecast outturn from financial balance to a deficit of £12.3m, this position was supported by the review undertaken by KPMG, who assessed the year-end forecast to be between £12m-£14m. The £12.3m forecast deficit included the delivery of the suite of actions that the Health Board agreed in November. In January, the forecast was increased to £16.3m which recognised the delivery risks of the agreed Health Board actions, further savings slippage and also two technical Personal Injury costs that had not been anticipated.
- The Month 11 reported position is an in-month overspend of £1.197m, which whilst broadly in line with recent months performance and is aligned to the Health Board forecast position. The Health Board remains confident of the delivery of the £16.3m deficit forecast

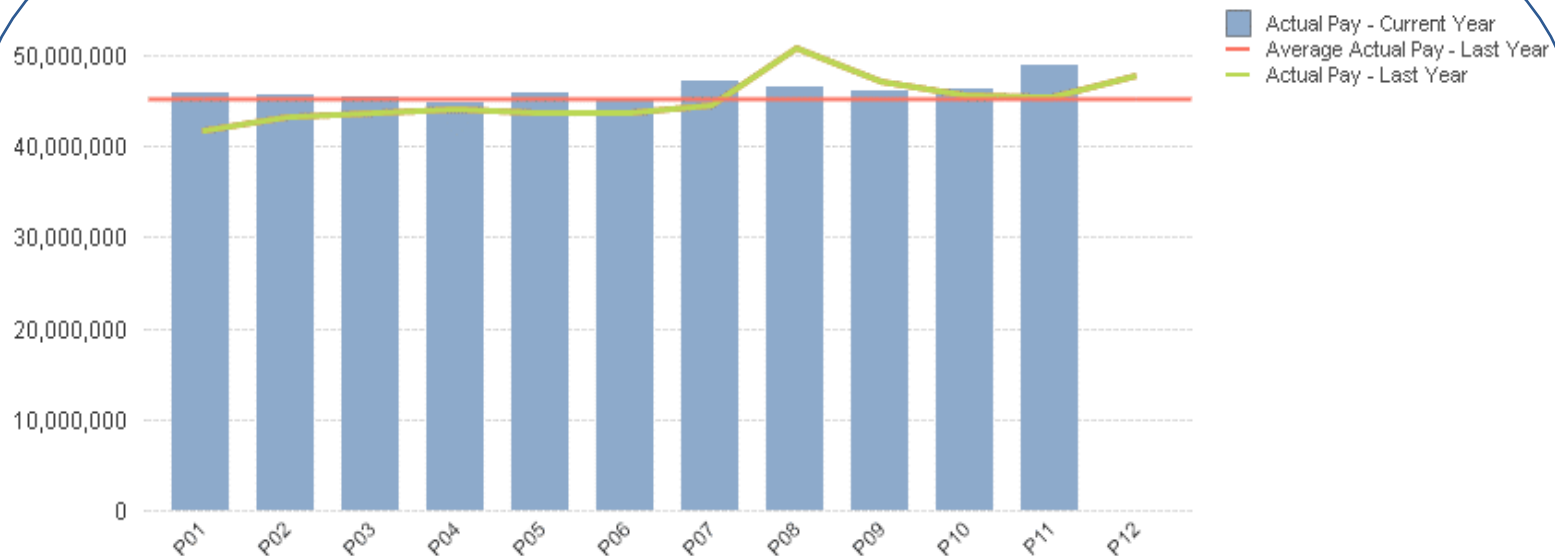
## Capital Narrative

- Approved CRL value for 19/20 issued on 07/02/20 is £30.731m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Underspend to date relates to a number of schemes as detailed in the Annex, there is no anticipated impact on the year end forecast due to these underspends to date.
- There are 5 All Wales Capital schemes reported to Welsh Government as high risk. There is 1 scheme classified as medium risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government.
- The forecast outturn position for 19/20 is breakeven.

## PSPP Narrative

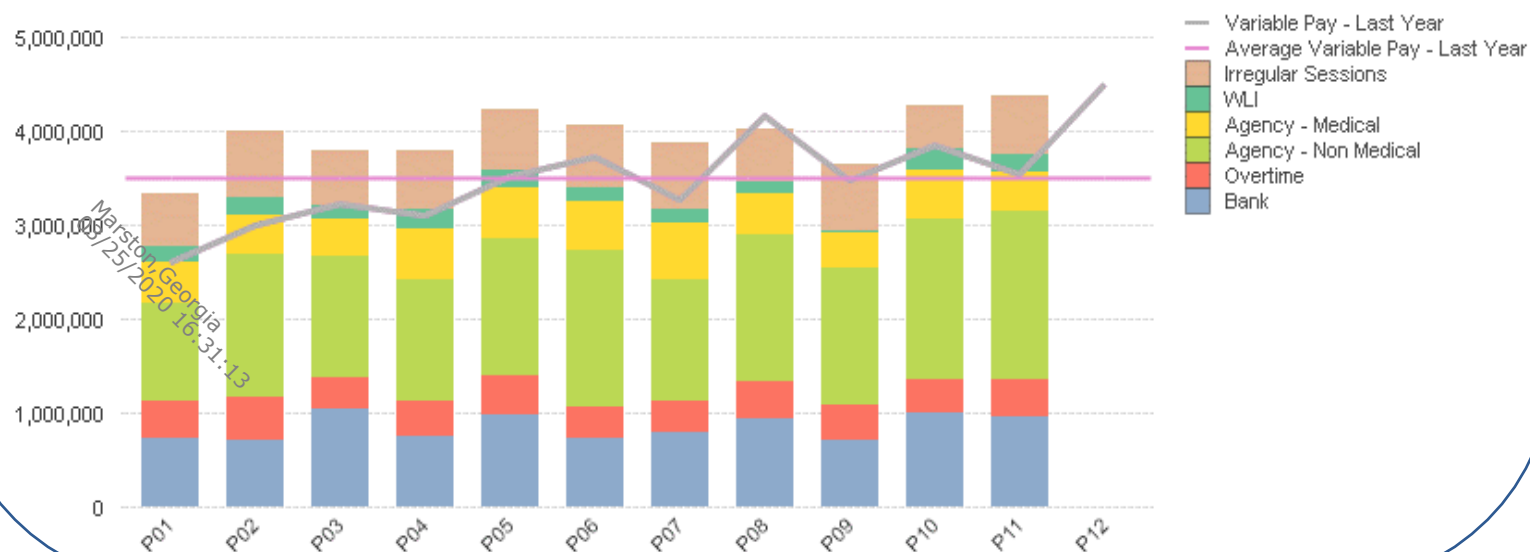
- The number of invoices paid within 30 days in February was above the 95% target, with in month performance being 95.29%.
- The performance in February resulted in the cumulative compliance for the year increasing slightly from 93.8% to 93.9%. However, given the cumulative position at the end of February it is probable that even if performance is significantly above 95% in March that the cumulative figure will be below the 95% target for the 2019/20 financial year.

## Actual Pay Expenditure This Year and Last Year



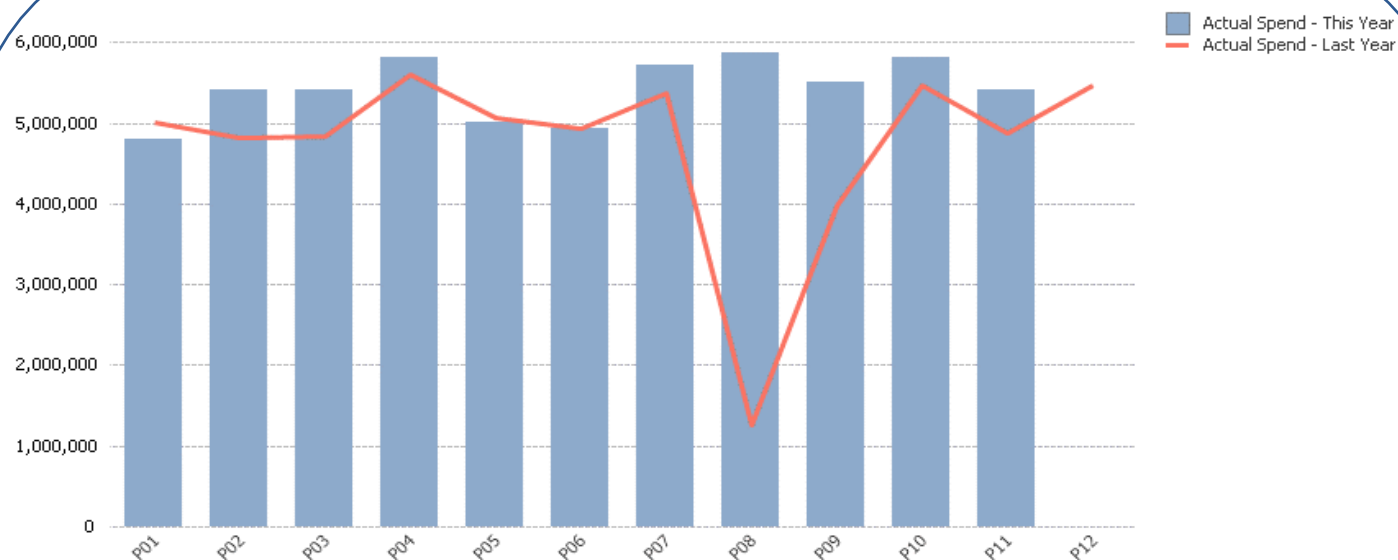
- The overall pay spend in P11 has increased by around £2.6m.
- This increase reflects the payment of Christmas enhancements which are planned and matched by budget phasing.
- Generally spend is above that of the average for the previous year.

## Variable Pay Expenditure This Year and Last Year

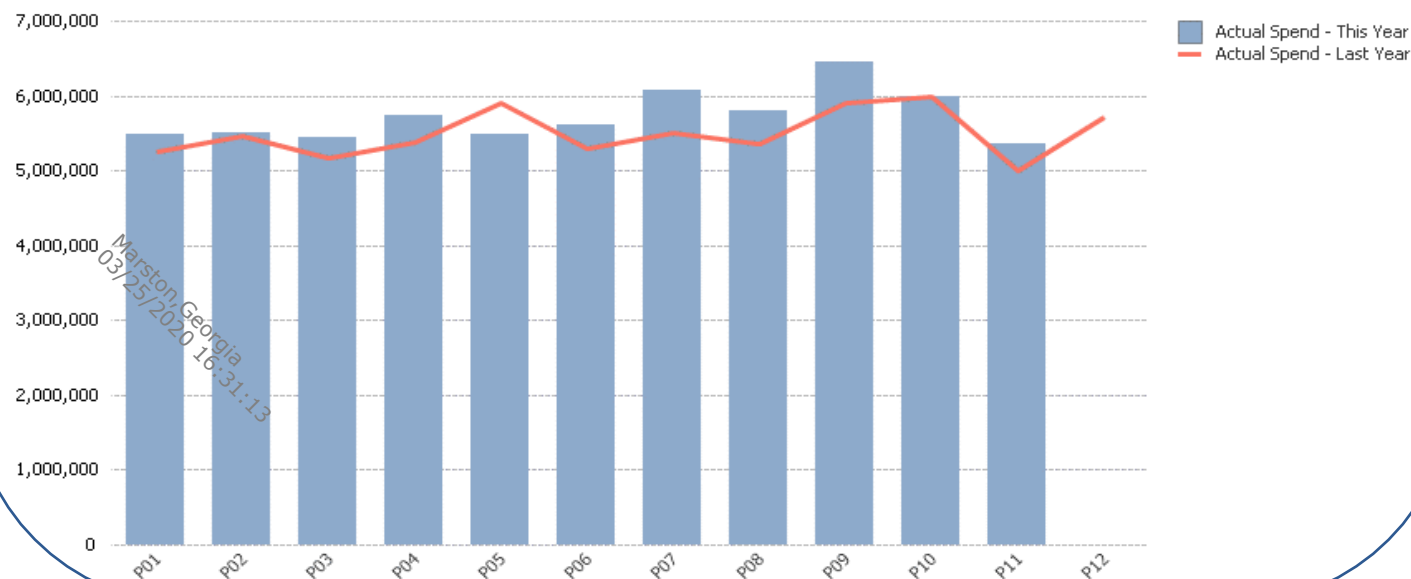


- Variable Pay spend has increased in-month.
- This month has seen the highest level of nursing bank and agency costs. This is reflective of the significant operational pressures experienced by the Health Board.
- Medical Variable Pay (excluding WLI) has remained broadly static.

## Secondary Care Drugs Trend Analysis



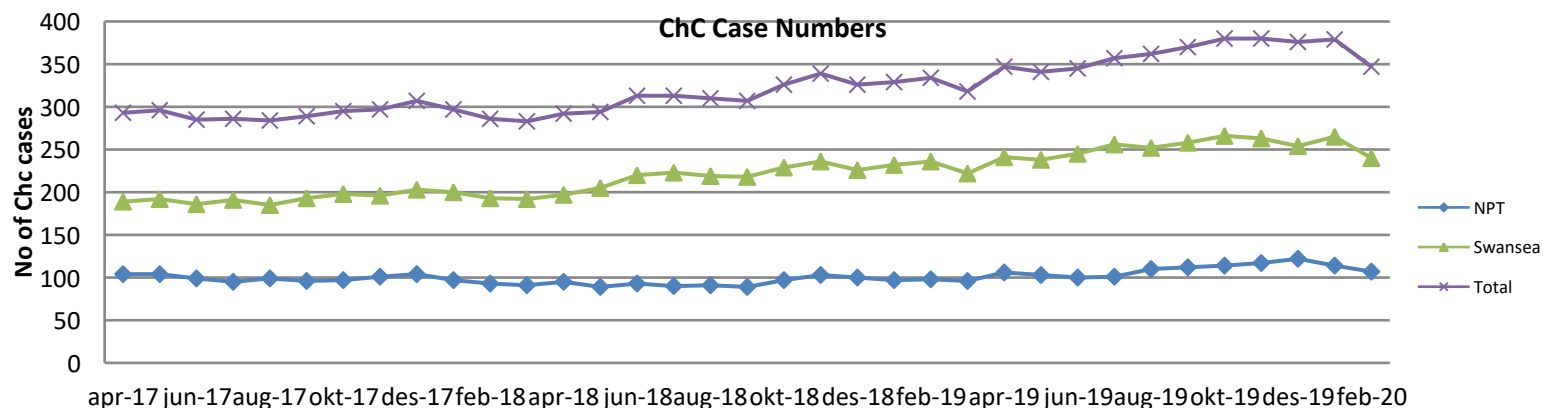
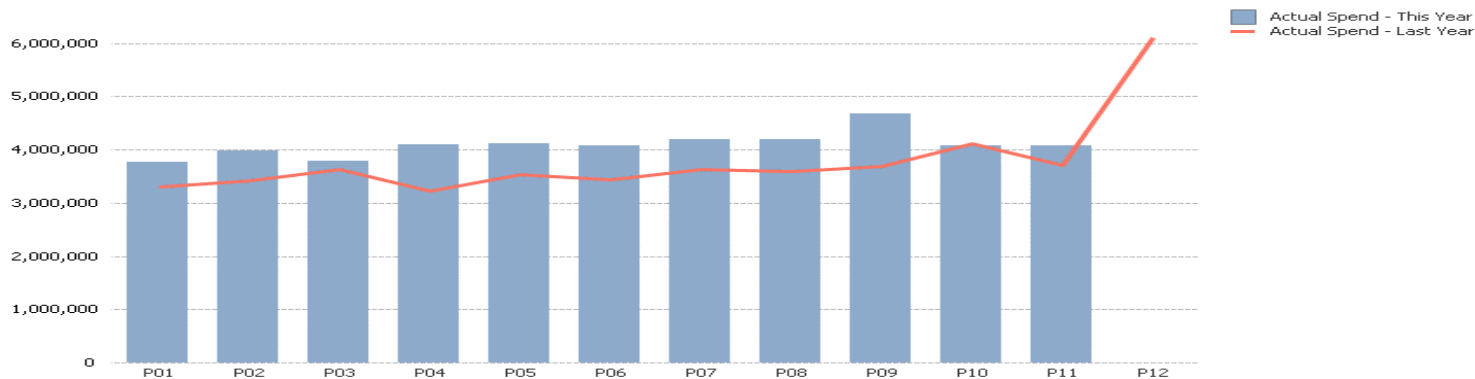
## Primary Care Drugs Trend Analysis



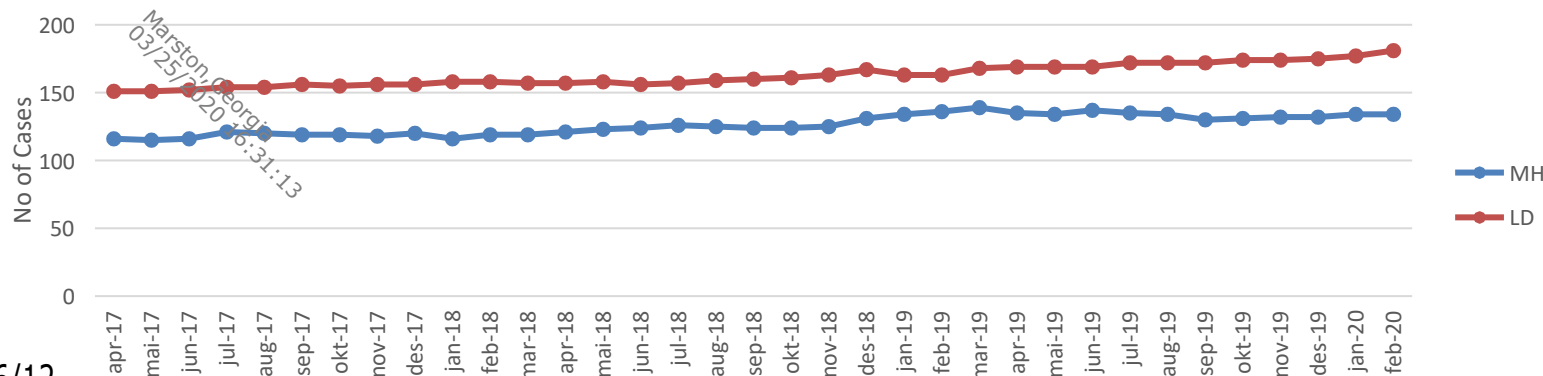
- Secondary drugs were stable in 2018/19, with little or no increase in costs reported compared to previous year.
- This year has seen secondary care drugs running above previous year expenditure levels. This is particularly reflected in NICE/High Cost drugs, with significant new approvals and more rapid implementation of new drugs.
- The HB has also been working with HMP Swansea and Public Health Wales on Hep C within the prison population, which resulted in increased costs during P2-P4.
- The significant reduction in P8 spend in previous year reflects a one-off technical benefit.

- Primary Care drugs were less volatile in 2018/19 than the previous year, due to greater stability of NCSO price concessions.
- The Cat M drug price increases experienced earlier in the year and now expected to reduce in Q4. This impact is being estimated at this point due to the time lag in Primary care drugs expenditure being available.

ChC Trend Analysis



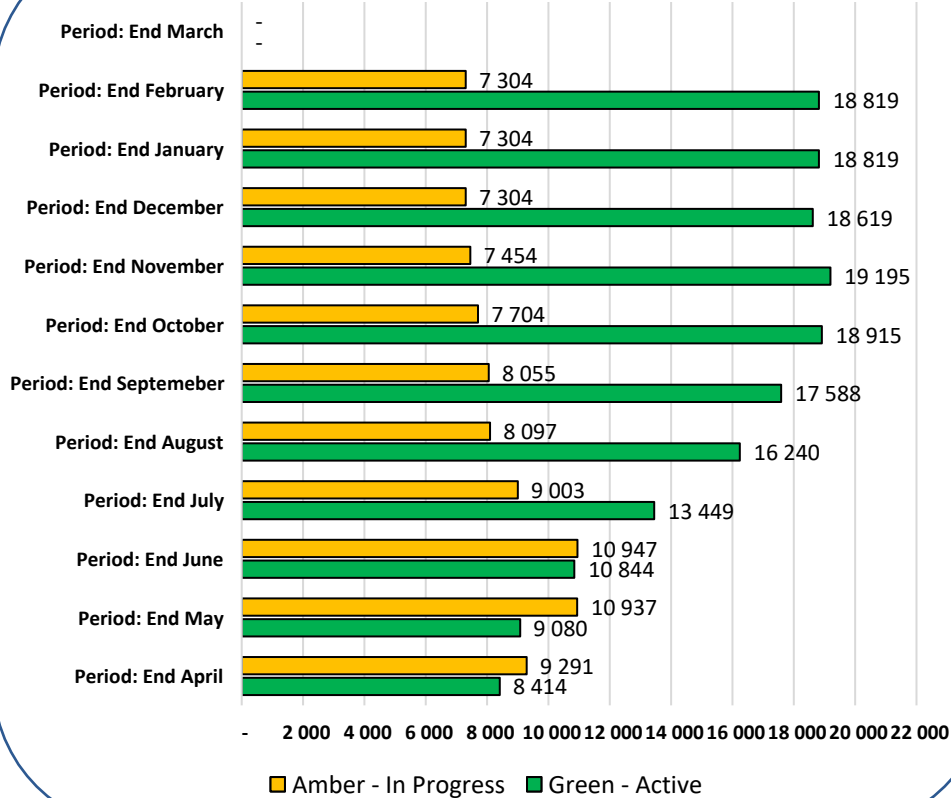
MH&LD ChC Case Numbers



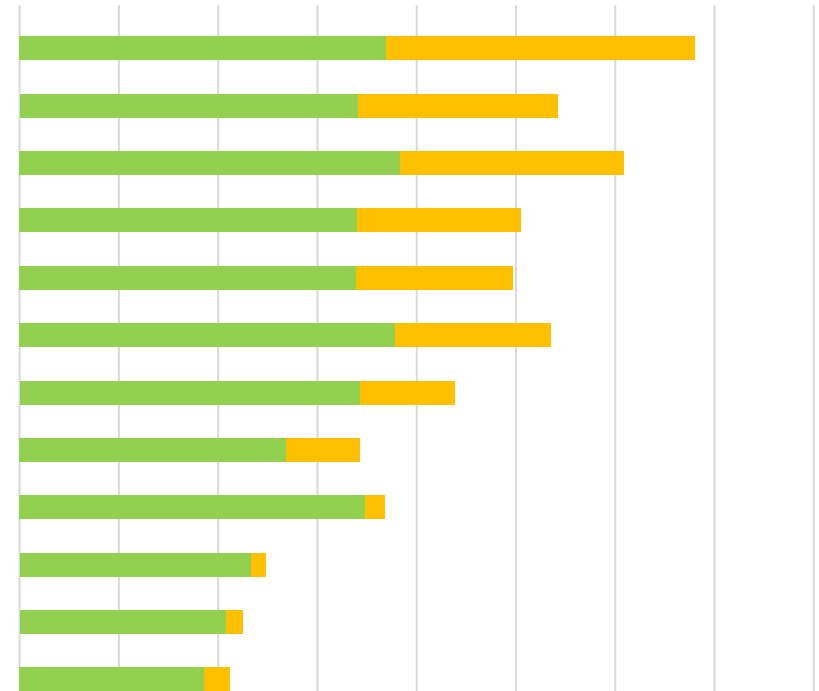
- ChC expenditure saw a steady growth in 2018/19, due to increasing case numbers across all areas.
- The expenditure for 2019/20 is significantly above that of the same period in the previous year and costs are continuing to escalate.
- The last two months have seen lower than average expenditure is slightly lower this is due to reductions in general ChC case numbers.
- MH and LD cases have however continued to increase.
- Please note that P09 expenditure reflects the application of the FNC and ChC inflationary uplifts which are backdated to the 1<sup>st</sup> April 2019

# SAVINGS ANALYSIS

## Trend over time



## Current Profile of Savings



## Narrative

- The Health Board financial plan required £22m savings to be delivered.
- The level of Green and Amber savings has remained broadly static for a number of months at £26m.
- It should be noted that this includes the initially identified green and amber schemes from the start of the year as WG reporting does not allow these to be reclassified once designated as green or amber.
- The forecast delivery against the identified schemes is £19.3m, which is £2.7m short of the required savings level.
- There is a 26% slippage rate against identified green and amber schemes, which indicates that the delivery confidence assessment was possibly too optimistic.

## Narrative

- The savings delivery reduced in Month 11 compared with the previous month.
- The actual savings delivery for the first eleven months of the year is £16.8m, with £2.5m forecast delivery in the last month of the year, which is around £0.5m more than has been delivered in any month this year. There are however a number of year end non-recurrent opportunities included within this forecast position.

# P11 UNIT PERFORMANCE

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Cumulative
	In Month	In Month	In Month	In Month	In Month	In Month	In Month	In Month	In Month	In Month	In Month	Position
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Service Delivery Units</b>												
Mental Health & LD	145	198	215	218	225	170	90	68	57	35	30	1,451
Morrison	137	236	561	553	525	597	583	575	592	366	321	5,046
NPT Unit	7	122	42	38	60	84	66	31	27	95	10	582
PC & Community	202	363	259	128	362	253	401	256	400	372	454	3,450
Singleton	124	132	143	254	190	151	280	270	339	206	239	2,328
<b>Directorates</b>												
Board Secretary	79	65	71	54	75	68	69	85	63	13	39	681
Chief Operating Officer	107	147	172	144	144	-30	-84	-33	-214	131	-36	448
Director of Strategy	37	57	44	-13	-11	12	-18	20	60	-30	-15	143
Director of Transformation	-1	-22	17	1	-2	36	4	1	2	3	-4	35
Finance	44	84	76	61	9	10	38	35	24	30	10	421
Informatics	4	-15	13	-46	-57	-54	-9	-30	-15	-97	-77	-383
Medical Director	6	-8	-3	-3	-3	-1	-1	-1	-4	-5	-10	-33
Nurse Director	3	24	23	26	20	48	41	41	50	45	44	365
Workforce & OD	84	78	122	85	57	129	167	104	102	86	93	1,107
Clinical Medical School	-21	-24	-21	-18	-20	-22	-19	-11	-29	-21	-18	-224
Research & Development	0	0	0	0	0	0	0	0	0	0	0	0
Corporate I&E	-68	0	-41	13	-82	0	0	0	0	71	217	110
<b>Delegated Budget Position</b>	<b>889</b>	<b>1,437</b>	<b>1,693</b>	<b>1,495</b>	<b>1,492</b>	<b>1,451</b>	<b>1,608</b>	<b>1,411</b>	<b>1,454</b>	<b>1,300</b>	<b>1,297</b>	<b>15,527</b>
Corporate Plan	0	-400	-200	-200	-200	-200	-200	-200	-200	-100	-100	-2,000
												0
<b>Hosted Services</b>												
Delivery Support Unit	-9	5	4	0	-1	-1	0	-19	2	-5	0	-24
EMRTS	-5	-5	0	0	0	0	0	0	0	0	0	-10
<b>Health Board Position</b>	<b>875</b>	<b>1,037</b>	<b>1,497</b>	<b>1,295</b>	<b>1,291</b>	<b>1,250</b>	<b>1,408</b>	<b>1,192</b>	<b>1,256</b>	<b>1,195</b>	<b>1,197</b>	<b>13,493</b>

- The Month 11 reported position is an in-month overspend of £1.197m, which results in a cumulative overspend of £13.493m.
- The key drivers continue to be :
  - Operational pressures, most significantly workforce costs, ChC and activity related income.
  - Identified savings being below required level and slippage against planned savings.
  - Bridgend Boundary Change diseconomies of scale impact.



	Financial Plan	Plan Assessment	Plan Assessment
	2019-20	at Month 8	at Month 10
	£m	£m	£m
<b>Forecast Opening Position Post Bridgend Transfer*</b>	<b>-23.3</b>	<b>-23.3</b>	<b>-23.3</b>
Unavoidable Cost Pressures	-42.3	-42.3	-42.3
Application of Core Funding Uplift	33.2	33.2	33.2
LTA Benefit	0.4	0.4	0.4
<b>Required Savings</b>	<b>-32</b>	<b>-32</b>	<b>-32</b>
WG Non Recurrent Funding : supporting developments	10	10	10
Savings Requirement	22	20.2	19.4
<b>Position prior to Bridgend Boundary Change</b>	<b>0</b>	<b>-1.8</b>	<b>-2.6</b>
Current Diseconomies of Scale	-5.4	-5.4	-5.4
Mitigating Actions to manage Diseconomies of Scale	5.4	0.4	0.4
BBC Transitional Support	0	2	2
<b>Position including impact of Bridgend Boundary Change</b>	<b>0</b>	<b>-4.8</b>	<b>-5.6</b>
In Year Operational Cost Pressures		-10.8	-11.5
Board Agreed Actions to Mitigate Operational Pressures		2.6	1.1
<b>Position Reflecting Operational Pressures</b>		<b>-13</b>	<b>-16</b>
<b>Other Issues Not Anticipated in Plan :</b>			
Final Pension Charges		-1.5	-1.5
Commitments in Advance of Funding		2.5	2.5
Maximising Balance Sheet and Technical Benefits		2.5	2.5
Cat M Price Increases		-1.2	-1.2
Welsh Risk Pool		-1.6	-1.6
Change in Discount Rate		0	-0.5
New PI Case Provision		0	-0.5
<b>Updated Forecast</b>		<b>-12.3</b>	<b>-16.3</b>

- The table sets out the key movements from the Health Board initial financial plan, the in-year cost pressures and the actions agreed by the Health Board.
- These culminate in a year-end forecast deficit increasing from the planned financial balance to £12.3m and then increasing to £16.3m.
- This assumes £10m WG support is retained and no performance claw-back.

# FORECAST POSITION IMPACT ON DELEGATED POSITION

	Control	Latest Forecast	Variance from
	Total	Review	control total
	£000	£000	£000
<b>Service Delivery Units</b>			
Mental Health & LD	1,218	1450	232
Morrison	4,452	5350	898
NPT Unit	591	682	91
PC & Community	2,387	3800	1,413
Singleton	1,597	2600	1,003
<b>Directorates</b>			
Board Secretary	546	722	176
Chief Operating Officer	629	611	-18
Director of Strategy	108	199	91
Director of Transformation	51	37	-14
Finance	278	446	168
Informatics	-531	-531	0
Medical Director	-45	-39	6
Nurse Director	269	405	136
Workforce & OD	1,167	1155	-12
Clinical Medical School	-250	-250	0
Research & Development	0	0	0
Corporate I&E	-350	0	350
	0		
<b>Delegated Budget Position</b>	<b>12,117</b>	<b>16637</b>	<b>4520</b>

- The table sets out the control totals set for each of the Units and Directorates to enable the delivery of a £12.3m year-end outturn forecast.
- The table also provides the latest forecast position from the Units/Directorates and the distance from the control totals.
- The current forecasts are £4.5m above the control totals required to deliver the £12.3m forecast deficit. This along with other specific risks has resulted in the Health Board forecast deficit increasing to £16.3m
- This variance from control total reflects a combination of delivery risk on the Health Board agreed actions, savings slippage and continued cost pressures.

	Average Spend £000	Target Max Spend £000	Month 9 Spend £000	Month 10 Spend £000	Month 11 Spend £000
Discretionary Non Pay Reduction	480	355	438	643	466
A&C Bank/Overtime/Agency	237	118.5	135	124	180
AHP Bank/Overtime/Agency	114	102.6	75	103	84
HCS Bank/Overtime/Agency	92	82.8	78	52	134
E&A Bank/Overtime/Agency	137	123.3	139	147	173
ADH Reduction	644	579.6	701	463	617
<b>Total Position</b>	<b>1704</b>	<b>1361.8</b>	<b>1566</b>	<b>1532</b>	<b>1,653</b>
	Average weekly wte	Target Max weekly wte	Month 9 weekly wte	Month 10 weekly wte	Month 11 weekly wte
Christmas	482.74	241.37	260.07	300.25	
HCSW Agency Cessation	24.29	0	16.29	24.11	24.38
Thornbury Usage Cessation	2.73	0	7.85	8.9	7.22

- The table shows that there has been progress and achievement against some of the actions.
- However the expenditure reductions have not been as significant as planned.
- The operational pressures have also resulted in agreed cessation of HCSW agency and Thornbury agency not being able to be delivered.

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The Key drivers of the Month 11 financial performance continue to be:

- Workforce costs, particularly the premium rate costs of contingent labour and the additional staffing requirements to support performance and operational pressures;
- ChC growth and inflation, which need to be contained;
- Delivery of the planned savings requirement;
- Diseconomies of Scale following Bridgend Boundary Change

The Key Actions for the Health Board are :

- To ensure all Units and Directorates deliver at worse their current forecasts and every effort is made to improve on these forecasts.
- To continue to drive and monitor the implementation of the Board agreed actions to ensure maximum delivery and support the delivery and improvement of the Unit and Directorate forecasts.
- To ensure that any local cost pressures are managed within existing resources through mitigations actions, savings and prioritisation of resources.
- To ensure any slippage on investments and commitments are reflected as improvement in financial performance rather than re-invested.

These actions are supported by the Delivery Support Team and KPMG work.

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