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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	25th October 2022	Agenda Item	2.1
Report Title	Financial Report – Period 6 2022/23		
Report Author	Samantha Moss, Deputy Director of Finance Alison McLennan, Finance Business Partner		
Report Sponsor	Darren Griffiths, Director of Finance and Performance		
Presented by	Darren Griffiths, Director of Finance and Performance		
Freedom of Information	Open		
Purpose of the Report	The report advises the Performance & Finance Committee of the Health Board on the financial position for Period 6 (September 2022) 2022/23 and sets out the current forecast revenue year end outturn.		
Key Issues	<p>The report invites the Performance & Finance Committee to note the detailed analysis of the financial position for Period 6 (September 2022) 2022/23.</p> <p>The report includes an analysis of the COVID-19 revenue impact and the forecast year-end revenue position based on current planning assumptions.</p> <p>Risks have been updated.</p>		
Specific Action Required <i>(please choose one only)</i>	Information	Discussion	Assurance
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • NOTE the agreed 2022/23 financial plan. • CONSIDER and comment upon the Board’s financial performance for Period 6 2022/23. • NOTE the actions to ensure delivery of the financial forecast with a specific focus on savings delivery: - <ul style="list-style-type: none"> ○ 100% delivery of savings and all schemes to be green and amber with work to finalise red schemes to be completed by 13th September, where not delivered focused meetings with CEO. All Service Group Directors and Corporate Directors ○ Focused attention to ensure that 100% of the green and amber schemes are deliver in line with the plans identified. All Service Group Directors and Corporate Directors • NOTE increased cost control in respect of COVID response costs: - <ul style="list-style-type: none"> ○ Actions from the Check & Challenge meetings in July 2022 to be followed up in November 2022 with 		

	<p>updates required from all Services Groups in next round of meetings with DOF/CEO, to provide assurance on delivery to the Committee. All Service Group Directors</p> <ul style="list-style-type: none"> ○ DoF to continue engagement with WG on the risks regarding funding and updates on COVID response costs submitted WG in Month 6 MMR submission. ○ To ensure that the allocation of resources is directed to delivering WG expectations in balance with risk profile of patients on waiting lists. ● NOTE actions to ensure the operational pressures are mitigated and areas return to financial balance. <ul style="list-style-type: none"> ○ Focused attention of the delivery of Financial Recovery as per the actions from the Summit meeting on 7th September. All Service Group Directors and Corporate Directors ○ Actions with regard to the Financial Improvement Director appointment for Morriston SG and the requirement for updates to future Committee meetings in Q3. ● AGREE the risk handling for the risks noted. ● NOTE all actions and updates to support the management of the 2022/23 financial position.
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FINANCIAL REPORT – PERIOD 6

1. INTRODUCTION

The report provides the Committee with an account of the period 6 2022/23 revenue position.

2. FINANCIAL PLAN 2022/23

The Health Board (HB) agreed the 3-year recovery and sustainability plan for 2022/23 at its meeting on 31st March. The plan has subsequently been revised and updated following notification from Welsh Government (WG) that the deficit of £24.4m would be funded recurrently, and was approved on 28th July 2022.

Table 1: 2022/23 Year 1 of Recovery and Sustainability Plan

SBUHB Financial Plan 2022-23	Submission (inc £24.4m)
	£m
Opening deficit	24.4
FY21 savings gap	17.7
FY22 savings gap	0.0
2022/23 opening position	42.1
WG Allocation applied against sustainability	(12.4)
Additional WG allocation applied against sustainability	(24.4)
Savings required to manage FY21 Savings Gap	(5.3)
2022/23 underlying position after sustainability application	0.0
Application of core WG funding based on 2%	(9.7)
Cost pressures & Investments	31.4
Cost pressures Operational	0.0
CIPs - 4%	(21.7)
Deficit/(surplus) for year 2022-23 - base plan	(0.0)
Extraordinary cost pressures	24.1
Deficit/(surplus) for year 2022-23 - after extraordinary pressures	24.1
COVID Scheduled & Unscheduled care Sustainability Funding	(21.6)
COVID Recovery Costs	21.6
COVID Response Costs	42.9
Covid Transition & Extraordinary Pressures Funding	(67.0)
Deficit/(surplus) for year	(0.0)

Key assumptions underpinning the plan:

- Starting with underlying deficit b/f = **£42.1m**
- Increase in WG funding for 22/23 = **£22.1m**
- Additional Funding WG = **£24.4m**
- Savings requirement = **£27.0m**
- Recognised growth & investment = **£31.4m**
- Anticipated that COVID transition and extraordinary Pressures (Utilities / RLW / NI) funded in full by WG as per forecasts at Month 3

3. FINANCIAL PERFORMANCE

The key metrics linked to the revenue position are provided in the table below. Further details on the key drivers to this are provided in section 4 of the report.

Table 2: Key Variances

	Revised Plan	In Mth	Year To Date	Forecast 31st March 2023
	£M	£M	£M	£M
Variance Against RRL Deficit / (Surplus)	0	0.69	3.18	0
Additional Expenditure Anticipated to be Funded by WG				
- Covid (excluding National Programmes)	42.9	3.37	21.59	42.18
- Extraordinary Pressures	24.1	1.71	9.43	18.13
2022/23 Savings Delivery Target Shortfall (inc unmet b/f)	33.6	2.08	13.86	32.00

- **Variance Against RRL** – The HB should now be achieving a breakeven position following confirmation that the previously identified deficit of £24.4m would be funded by WG. The actual Month 6 variance was an overspend of £0.69m. The YTD plan at Month 6 should be breakeven but actual variance is an overspend of £3.18m.
- **Additional Expenditure** – this is the value of the additional funding required to support COVID Transition and extraordinary pressures. At the end of Month 6 funding for COVID Transition costs of £39.8m and the extraordinary pressures £18.13m remain anticipated allocations and noted as a risk.
- **Savings Delivery** – With a 2022/23 annual target of £27.0m, plus £4.6m unmet savings b/f and a further £2m added in Month 6, the in-month delivery is anticipated at £2.1m. For Month 6 the shortfall against this target as per the ledger was £0.72m and YTD £2.94m.

At the end of Period 6 the £3.18m is broken down by Service Group and Corporate Directorate as per the table 3 below:

Table 3: Summary Position by Service Group/ Directorate @ Month 6

	Month 6 Performance £000
Service Groups	
Mental Health & LD	649
Morrison	7,736
NPT & Singleton	1,504
PC & Community	47
Directorates	
Board Secretary	-51
Chief Operating Officer	327
Director of Strategy (excluding COVID)	-172
COVID	0
Director of Transformation	-26
Finance & Estates	579
Digital	-14
Medical Director	-68
Nurse Director	-133
Workforce & OD	50
Clinical Medical School	0
Research & Development	12
DSU	0
EMRTS	0
DICE	
Corporate I&E	-16
Delegated Budget Position	10,424
In year deficit £24.4M	-
Opportunities Released	- 7,240
Current Delegated Position	3,184

Actions/Comments in Month 6 Summary:

- Morrison – The CEO has requested enhanced support/escalation to focus on both assurance regarding financial control, clarity on why actual spend is increasing and actions to return spend to pre-pandemic levels, along with a continued focus on savings. A Finance Improvement Director has been appointed and commenced w/c 19th September.
- MH/LD – overall this has improved since Month 5 following allocation of £3.3m of resources to support CHC from central reserves. There remains some overspend in this area, along with non-delivery of savings YTD
- Finance & Estates – this is linked to the ongoing pressures with regard to Utilities, funding for extraordinary pressures (section 4.9) and what forecast will be for the year given the volatility of the Energy Markets.
- NPTS – overall Pay is underspending YTD. The £1.5m pressure is primarily linked to non-pay, with secondary care drugs and clinical supplies being the main contributors to the overspend along with non-delivery of savings.

4. KEY DRIVERS IMPACTING REVENUE

This section will provide the reader with the key aspects within the Health Board position that is influencing the financial performance against the Revenue Resource Limit.

4.1 Pay / Variable Pay – Trends

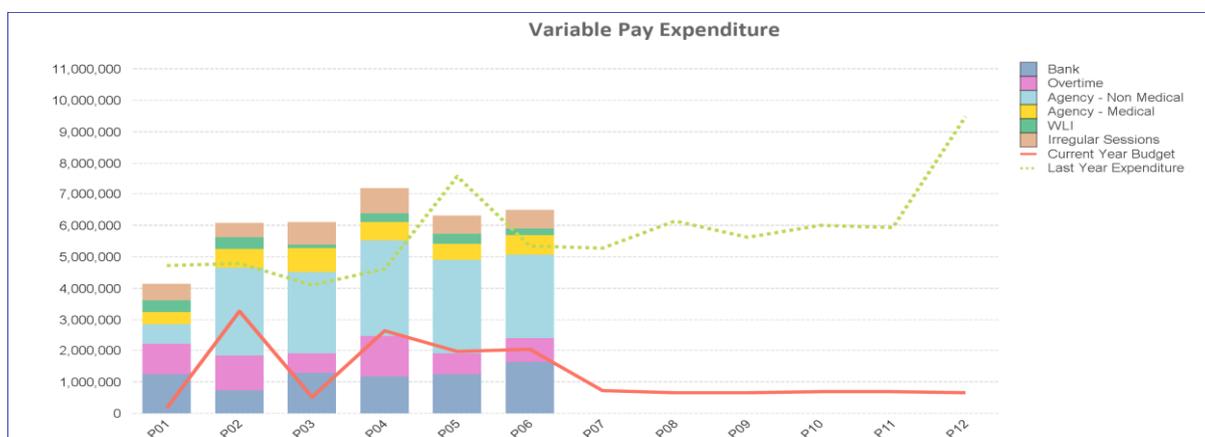
The performance against budget both in month and YTD is provided in table 4 below, with the variance split between Variable Pay costs and fixed staff costs.

Table 4: Variance on Pay 2022/23

Pay	Budget	Actual	Variance Variable Pay	Variance Fixed Costs	Total Variance
	£'000	£'000	£'000	£'000	£'000
Mth 1	49,837	49,556	5,401	- 5,682	281
Mth 2	55,348	55,298	6,177	- 6,227	50
Mth 3	53,589	53,819	6,015	- 5,786	230
Mth 4	55,956	55,973	7,076	- 7,059	17
Mth 5	54,690	55,630	6,206	- 5,266	940
Mth 6	69,398	68,949	6,353	- 6,802	449
YTD	338,819	339,226	37,229	- 36,822	407

The performance of Variable Pay in comparison to 2021/22 is summarised in graph 1 below. At this point in the year, Variable Pay is above last year's month 6 level with continued pressures in non-medical and medical agency costs in month 6. Bank costs have increased during the month when compare to month 5.

Graph 1: Variable Pay Analysis



Note: The Agency Non-Medical for Month 1 reflects an error in the system generating the report, this has been corrected in the Month 2 reporting. The error did not impact on overall position, only this analysis, making comparisons between Month 1 and Month 2 difficult from this chart.

4.2 Non Pay

The performance against budget both in month and YTD is provided below. The variance linked to the deficit is now negated.

Table 5: Variance on Non-Pay

Non Pay	Budget	Actual	Variance Linked Deficit	Variance Non Pay Pressure	Total Variance
	£'000	£'000	£'000	£'000	£'000
Mth 1	51,733	54,108	2,034	341	2,375
Mth 2	58,231	60,897	2,034	632	2,666
Mth 3	58,977	61,574	2,034	563	2,597
Mth 4	64,111	59,244	- 6,102	1,235	- 4,867
Mth 5	60,888	61,216	-	328	328
Mth 6	58,898	60,154	-	1,256	1,256
YTD	352,837	357,193	-	4,356	4,356

The overall non pay variance can be summarised as set out in table 6a below.

Table 6a – Key variances driving non pay overspend

	Variance £m
CHC	3.793
Drugs/FP10s	0.551
Clinical services/supplies	1.754
CIP	2.939
Sub total	9.037
Offset by underspends across losses/clinical negligence/recharges/other corporate expenditure on Z095 #1	(4.681)
Total Variance Non Pay	4.356

Note #1 – full impact on this will not be known until closer to year end as many of these items are only finalised in March. However financial implication will be assessed as part of the Mid Year Forecast and ongoing review of Z095 (see section 4.4).

4.2.1 CHC

One area of the non-pay with significant variance against budget in Month 1-6 is CHC. An analysis of actual spend and patient numbers for 2022/23 is provided in table 6 below on a month by month basis. *The reduction in MH expenditure in Month 3 reflects adjustment made for savings delivery and is a one off in month adjustment.*

Table 6b – CHC breakdown

Service Area	General		MH		LD		Total	
	Patient No.	£	Patient No.	£	Patient No.	£	Patient No.	£
Mth 1	357	1,947,177	182	1,120,588	197	1,774,467	736	4,842,232
Mth 2	352	2,135,283	182	1,187,727	196	1,805,067	730	5,128,078
Mth 3	364	2,101,956	182	734,588	196	1,630,935	742	4,467,480
Mth 4	364	2,118,112	186	1,121,814	195	1,818,387	745	5,058,314
Mth 5	359	2,206,096	187	1,230,746	195	1,822,278	741	5,259,120
Mth 6	363	2,207,998	190	1,245,448	195	1,899,799	748	5,353,246
Total		12,716,623		6,640,912		10,750,934		30,108,469

4.2.2 Primary Care Prescribing

As the Primary Care prescribing data is 2 months in arrears there is only 5 months 2022/23 data at this point. The accrual has been calculated

based on historical trends. Updates will be provided in Q3, when a number of months' data is available.

Within the COVID transition costs is £5.6m of prescribing costs. Discussions are being held with WG on whether this can be allocated to COVID and will be a key item on the Mid-Year Review agenda on 24th October.

4.2.3 Other key issues arising In Year

In most months, there are numerous under and over spends against the various non-pay subjective codes. This section will be used to identify any material issues that impact on the financial performance in each month.

Whilst there were variances across various areas of clinical consumables the most significant pressures in Month 6 were found in general M&SE. Work continues to understand if the pressures linked to activity/demand.

4.3 Income

Table 7 – income by month

Income	Budget	Actual	Variance
	£'000	£'000	£'000
Mth 1	- 23,248	- 23,094	154
Mth 2	- 23,126	- 23,356	- 229
Mth 3	- 25,905	- 26,159	- 254
Mth 4	- 23,854	- 24,380	- 526
Mth 5	- 24,271	- 24,878	- 607
Mth 6	- 24,537	- 24,653	- 117
YTD	- 144,940	- 146,520	- 1,579

In Month 6 the overachievement in income is attributable to R&D, LTA & WG income, with other income categories broadly achieving a balanced position.

4.4 Central Cost Centre Z095

Centrally there has historically been a cost centre (Z095), which holds all the income from Commissioners for both LTA and SLAs, along Health Board wide issues such as Overseas Visitor Income and RTA income. The work on income has been completed during Q2 but during Q3 further work will be undertaken on the Non Pay area. However much of the non-pay will be linked to actions completed as part of year end processes, for example Losses, Clinical Negligence and Depreciation.

Any further updates will be provided separately from items 4.1-4.3 in future months, along with a proposal on how the budgets are managed from 2023/24, once the work detailed above is complete.

4.5 Savings

At the end of Month 6 the 2022/23 savings target is £27m, with a further £4.6m of unmet savings brought forward from 2021/22, which takes the combined target to £31.6m. A further £2m was added to the savings target in month 6 to allow for a recognised year end targeted overspend for the Morriston Service Group taking the combined target to £33.6m. As per the weekly CIP report dated 5th October (supporting the WG Month 6 submission), the total value of schemes identified for 2022/23 is £32m (£26.3m recurrently) and these values are included in the tables below.

Tables 8a – Savings Overview (as at 05/10/22)

	Reported PFC May £m	Reported PFC June £m	Reported PFC July £m	Reported PFC August £m	Reported PFC September £m	Reported PFC October £m	Movement £m
2022/23 Identified (Planned)	22.0	23.0	27.1	27.4	29.5	32.0	2.5
2022/23 Identified Recurrently	20.8	20.7	22.5	22.2	24.1	26.4	2.3

To date, slippage on the savings plan is causing a non-pay overspend of £2.94m as noted in Section 3.

Table 8b – Savings Overview (as at 05/10/22)

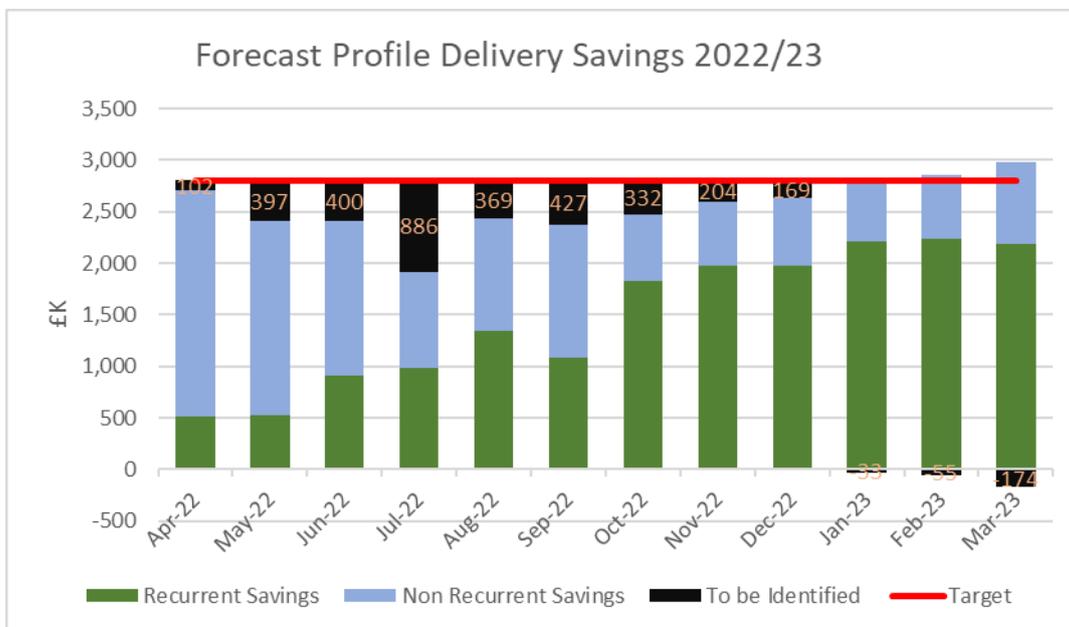
Summary Breakdown	Target 2022/23 £k	Actual Identified 2022/23 £k	Shortfall £k	Actual Recurrently Identified £k	Recurrent Shortfall £k
Corporate	6,125	5,381	745	4,111	1,635
Morriston	10,447	10,447	0	8,826	1,621
NPTS	7,089	5,707	1,382	5,252	1,137
MHLD	4,188	4,039	149	3,859	-122
PCC	3,975	3,975	-1	3,354	151
IMM and Health Board Wide	1,819	1,000	819	1,000	819
	33,642	30,549	3,093	26,401	5,241

Note: Identified column in table 8b reflects forecast delivery whereas identified in Table 8a is total value of identified schemes. The difference reflects that in year not all planned schemes are reporting as deliverable in full.

Tables 8c – Savings Overview (as at 05/10/22)

	Total		Morriston		NPTS		MHLD		PCC		Corp/Other	
	22-23	FYE	22-23	FYE	22-23	FYE	22-23	FYE	22-23	FYE	22-23	FYE
Red	2,695	6,102	2,570	4,712	85	670	-	-	-	640	40	80
Amber	3,969	6,402	1,185	1,246	1,969	3,243	224	690	114	645	478	578
Green	23,886	13,897	6,693	2,868	3,654	1,339	3,815	3,169	3,862	2,069	5,863	4,453
	30,549	26,401	10,447	8,826	5,707	5,252	4,039	3,859	3,975	3,354	6,380	5,111
% of CIPS Green	78.19%	52.64%	64.07%	32.49%	64.02%	25.49%	94.45%	82.12%	97.14%	61.67%	91.89%	87.13%

Tables 8d – Savings Overview Future Months (as at W/C 05/10/22)



Note: included latest version of Table 8d to allow Committee to see where challenges will arise if savings not identified in full, against £33.6m target.

The Services Group and Corporate Directorates will be using, where possible, Non-recurrent opportunities to ensure that the gap of ‘to be identified’ is addressed in 2022/23 but the recurrent delivery is equally as important to deliver.

Actions:

- Each Wednesday a weekly report is produced by the PMO and issued to Executive and Service Group Directors to ensure there is a constant focus. Within the weekly report are detailed actions that will be taken and updates provided on progress against these.
- CEO set target for 100% delivery of savings and all schemes to be green and amber by the end of June 2022 revised to 13th September 2022. Where service areas have not identified 100% by the deadline, meetings with the CEO have been held, with follow ups anticipated in October/November.
- Immediate attention is required to address the shortfall in savings in Quarter 3 of the financial year.
- Focused attention to ensure the 100% of the green and amber schemes are delivered in line with the plans identified. Thus ensuring plan and actual align.

NOTE: failure to deliver savings will result in slippage, and/or cessation, of investment plans to develop services to maintain financial balance.

4.6 LTA (inc WHSSC) Performance

Historically LTA contracts have been based on a Cost and Volume approach, which reflects adjustments for under and over performance. From the start of the COVID pandemic in April 2020 all LTA agreements in both England and Wales transferred to a block arrangement, whereby commissioners funded providers on 2019/20 levels uplifted by nationally agreed rates with no adjustment for performance. From 1st April 2022 the previous block arrangements have ceased and a hybrid model adopted where under or over performance adjustments will become applicable above a tolerance level. This will be relevant to both services

we commission from other Health Boards and services commissioned from SBU HB.

This information will be shared on a quarterly basis. The position for Quarter 1 is provided in the tables below, and Quarter 2 information will be shared in the November report.

Table 1 is the performance of Swansea Bay HB as a provider, for services commissioned by other Health Boards. Under the previous LTA arrangement due the full year forecast for underperformance would be £12.0m, under the interim arrangements that risk has reduced to £4.2m.

Commissioners	LTA Value	Old LTA Rules		Interim LTA Approach	
		Variance to Mth 3	Full Year Forecast	Variance to Mth 3	Full Year Forecast
	£m	£m	£m	£m	£m
Hywel Dda (Exc NICE)	37.494	-0.472	-1.886	-0.219	-0.876
AB	0.916	0.004	0.015	0.014	0.058
C&V	4.215	-0.033	-0.134	0.01	0.041
CTM Bridgend	17.028	-0.26	-1.041	0.159	0.634
CMT - Former CT	1.114	-0.015	-0.06	0.008	0.046
CTM - CCSLA (NPTH)	7.674	-0.265	-1.058	-0.135	-0.81
Powys	8.501	-0.173	-0.691	-0.031	-0.123
WHSSC	112.402	-1.799	-7.196	-0.791	-3.164
Total	189.344	-3.013	-12.051	-0.985	-4.194

Table 2 is the performance of contracts provided by other Health Boards but commissioned by Swansea Bay. Here under the previous LTA arrangements we would have seen a benefit of £5.6m but under the interim arrangement that has reduced to £3.8m.

Providers	LTA Value	Old LTA Rules		Interim LTA Approach	
		Variance to Mth 3	Full Year Forecast	Variance to Mth 3	Full Year Forecast
	£m	£m	£m	£m	£m
Hywel Dda (Exc NICE)	4.755	-0.348	-1.392	-0.254	-1.017
AB	0.204	0.007	0.029	0.028	0.11
C&V (Exc NICE/Robot pass-through)	3.685	-0.155	-0.622	-0.159	-0.636
CTM Bridgend	24.327	-0.689	-2.757	-0.499	-1.996
CTM - Former CT	3.001	0.006	0.023	0.023	0.091
CTM - CCSLA (POWH)	1.814	-0.103	-0.412	-0.045	-0.182
Powys	1.122	-0.119	-0.474	-0.026	-0.104
Velindre (Exc NICE)	0.301	-0.01	-0.04	-0.006	-0.026
Total	39.209	-1.411	-5.645	-0.94	-3.758

Therefore, at this point in the financial year we are assuming nil impact on the overall financial position of the HB on the basis that Q1 information indicated underperformance as a provider will be offset by underperformance as a commissioner.

4.7 COVID Transition (Response)

The national COVID programmes of TTP, Mass Vaccinations and PPE are confirmed as funded by WG. Whilst the COVID Transition costs are recognised by WG, there is no confirmed funding at this point. However, within the financial position and plan is it assumed this will be funded via an anticipated allocation.

Within the 3 Year Recovery and Sustainability Plan submitted at 31st March 2022, the Health Board included anticipated costs of £25m (excluding the national programmes), however the first full assessment reported to WG in mid-April included costs of circa £40m and the figure in the updated 3 Year Recovery and Sustainability Plan was £42.9m.

The forecast position for 2022/23 at the end of Month 6 is included table 9 below and has been reported in detail to WG as part of the MMR submissions:

Table 9 – COVID Allocations and Anticipated Allocations

RRL COVID Allocations	2022/23 Forecast @ mth 6	Total By Type
	£'000	£'000
National Programmes: Tracing	5,600	20,967
National Programmes: Testing	2,286	
National Programmes: Mass Vaccinations	7,666	
National Programmes: PPE (Exc Stores Staff)	4,505	
National Programmes: Long COVID	402	
National Programmes: Nonsocomial	508	
COVID Transition Funding Received: Extended Flu Funded to Date	918	2,336
COVID Transition: Dental Income Shortfall (as per WG Letter)	1,418	39,845
COVID Transition: Cleaning Standards	1,906	
COVID Transition: Dental Income Shortfall (Balance)	357	
COVID Transition: Other	37,582	
Total Table B3	63,148	63,148

To support WG with the request for additional funding for NHS Wales, there have been a number of discussions with the FDU on the challenging position regarding the Transition COVID costs and the funding required. As a result of these discussions the HB provided a summary of the forecast (based month 4) linked to the ongoing impact of the COVID on areas such as Clinically Optimised Patient, bed pressures and sickness, which were provided to the FDU on 6th September. In summary the key points are detailed below.

- At Month 4 the COVID forecast spend, excluding national programmes, dental income and cleaning standards = £37.2m
- On analysing the £37.2m of forecast costs, these can be attributed to 2 key areas (1) surge beds above pre-pandemic levels in part linked to the legacy of COVID on Clinical Optimised Patient levels; and (2) Sickness rates/absences that is COVID specific.
- In assessing the additional costs as a result of ongoing impact of COVID on beds and coverage for sickness from a top down approach using average costs per day the total value was circa £38m.

This work has helped to clarify why the HB forecast as a result of the COVID Impact remains higher than WG were anticipating and a further update will be included within the Mid Year Review presentation for 24th October.

Actions:

- Forecast continues to be refined and updated based on discussions with Service Groups.
- Linked to above given the de-escalation guidance service areas need to review requirements and update forecast with support of the Finance Business Partners (FBPs).
- Check & Challenge meetings with CEO were held in July 2022, which picked up the actions from the point above.
- Actions from meetings in July 2022 to be followed up in the next round of meeting in November, to provide assurance on delivery to the Committee.
- Continued discussion with WG on the risks regarding funding.

Although there continues to be a significant amount of work in this area there is no certainty that the COVID Transition element will be funded by WG or that WG will agree with the Health Board's assessments of COVID costs. This is reflected in the risk section later. Therefore the actual expenditure must be materially managed downwards as funding is uncertain in 2022/23 and likely to cease for all transition costs in 2023/24

4.8 COVID Recovery

The Health Board has received £21.6M recurrently to support COVID recovery. The funding is held in a central budget and issued out based on the cost of the work undertaken called down by the Service groups each month. There continues to be close monitoring of the financial performance against this budget and an update of the spend by recovery areas is provided below. The budget column is an indicative estimate of costs by area, but the Health Board needs to ensure that whilst one area may require more investment this is offset but under commitments in other areas of the Recovery Plan. The Table below is a summary reconciled to the headings the Service Group have called the funding down against.

Table 10 – COVID Recovery Allocation

COVID Recovery Areas	Indicative Budget 2022/23	YTD Funding Committed	Balance Funding Remaining 2022/23
	£'000	£'000	£'000
National Endoscopy Programme	2,876,653	1,902,221	974,432
Regional Cataract Services	1,398,337	296,209	1,102,128
Regional Orthopaedics	3,419,104	-	3,419,104
Strengthened Diagnostic & Imaging services	4,499,529	2,906,613	1,592,916
Implementation of the Critical Care Plan	-	-	-
Cancer	1,280,070	750,075	529,995
Other Capacity	4,139,711	3,854,831	284,880
Other Eyes	318,825	173,473	145,352
Primary Care Pathway Redesign	26,448	80,191	- 53,743
Other - Pre Committed	3,221,803	1,243,880	1,977,923
Therapies	121,543	92,196	29,347
Other (WHSSC)	297,978	344,260	- 46,282
TOTAL	21,600,000	11,643,949	9,956,051

Actions:

- To ensure that the allocation of resources is directed to delivering WG expectations in balance with risk profile of patients on waiting lists.
- At end August the plan against the funding was £0.4m over committed. This has increased to £0.9m at the end of September and so options to deliver breakeven must be finalised in Q3.

4.9 Extraordinary Pressures

As per the 3 Year Recovery and Sustainability Plan submission, there are three areas of extraordinary pressures within 2022/23. For planning purposes and within the Month 6 position it is assumed these costs, above the £8.1m budget, will be funded by WG. A breakdown of the estimated costs above budget, as per the WG reporting requirements, for the three areas is provided below:

Table 11 – Extraordinary item cost assessment

Extraordinary Items	2022/23 Forecast @ Mth 6
	£'000
NI Health & Social Care Levy #	4,042
RLW (Care Homes Only)	2,042
Energy Costs (inc Non BG items)	12,044
TOTAL ALLOCATION	18,128

These forecast costs have reduced significantly from the £38.6m reported in Month 5 linked to Central Government decisions:

- NI Health & Social Care Levy will not only be for 7 months as opposed to the full year
- Energy figure in Table 11 is after the Central Government support, which has seen the British Gas forecast reduce by 47%.

Actions:

- Continual review of each area and refinement of forecast.
- Continued discussions with WG on the risks regarding funding and the methodology assessing the '2021/22 levels'.

5. SUMMARY ALL RISKS – REVENUE

Within the MMR submission to WG is a list of the risks that could impact on the I&E position, which we have been reporting each month. For Month 6 reporting we have developed the Risks further by grouping the issues into two headings:

- Breakeven
- COVID Response

Within these headings are the sub categories of :

- Operational / Corporate Pressures
- Savings
- Investments
- Balance Sheet.

Table 12 – Risk rating per formal Monitoring Return reporting

RISKS		
AREA	£'000	Risk Score C x L
Risk 1: Breakeven Revenue		
Operations Pressures		
- 'LTA 'Go Live' with 10% tolerance	- 4,200	12
- WAST Transition Plan Full Year Impact	- 200	6
- CTMSLA disag	- 1,000	8
- Net Impact ALN	- 200	9
- Service Group Cost Pressures excluding Covid Response	- 5,000	16
- Digital Service cost pressures linked to SLA	- 605	12
- Childrens Services response	- 267	6
- CHC growth volume and cost	- 1,250	12
- Replacement of SAN Full year Costs	- 360	8
-COVID Recovery not able to be constrained within funding	- 935	8
Savings		
- Savings Delivery above current identified Schemes	-	
Investments		
- Maintain Investment within Financial Plan	- 12,500	8
Balance Sheet		
- Assumptions Regarding Annual Leave Release	- 3,000	16
SUB TOTAL	- 29,517	
Risk 2: COVID Response & Extra-ordinary Costs		
- Energy Funding Assumption variance to IMTP	- 119	6
- Extraordinary Funding WG	- 18,128	16
-Covid Funding WG (Transition)	- 39,845	16
SUB TOTAL	- 58,092	
TOTAL RISKS	- 87,608	

Further details on the RED risks:

- Service Group Pressures – refer to section 6 and the actions set by CEO
- CHC – refer to section 4.2.1.
- COVID Funding (Transition) – refer to section 4.7.
- Extraordinary Funding – refer to section 4.9.

Action:

- Focused review of the operational forecast to support the Mid-Year Review requirements with WG on 24th October.
- Continued review and refinement of all Risks each month.

6. SUMMARY RISKS, OPPORTUNITIES AND FORECASTS ON 2022/23 PLAN

Within the Month 5 report were the full details of the actions being taken by the Health Board to support the position and the challenges (action point 4.1). The information below only reflects updates to the actions previously reported and is not the full list: -

- Action: To mitigate the increased operational pressures all areas (excluding Morriston Service Group) will be required to deliver, a further £2m of savings on a non-recurrent basis. This additional £2m, on top of

the £27m, will be transacted through the ledger and the MMR in Month 6.

Update – this has been transacted through the ledger and updates on saving delivery reported in Section 3 and 7 of this report.

- Action: As outlined by the CEO the expectation is all savings (£27m+21/22 b/f+£2m) must be identified by 9th September (and reported on 13th September 2022) before further actions will be taken by the CEO to ensure delivery.

Update: The CEO met, during September, with 2 services areas (NPTS Service Group and COO Directorate) who had not identified their in year full savings delivery as required by 13th September. Both areas are undertaking further work to support delivery and will be expected to meet with the CEO to update on progress in October.

- Action: A further letter will be issued late Sep/Oct 2022 confirming the final elements of budget linked to the 2022/23 investment programme as part of the 3-year recovery and sustainability plan. At this point, with the exception of any in year WG funding, the Service Groups and Corporate Directorate will be clear on both their target and funding in which they will need to remain within.

Update: Work is being finalised on the investment programme in the next 2-3 weeks before funding and final letters issued.

- Action: Independent, specialist financial improvement support has been identified to assist Morriston Service Group with its financial challenges. This support will commence during the week commencing 12th September 2022.

Update: additional support now in 4th week of delivery and updates will be provided in future reports. The Financial Improvement Plan linked to this support is expected shortly which will drive the focus and delivery of the Service Group, from a financial perspective, for the remainder of the financial year.

The actions above and those from the Financial Summit meeting held in September will be built into the work required for the Mid-Year review. At the time of completing this report the pack for this review meeting with WG had not been finalised. The meeting is scheduled for 24th October.

7. RISK ASSESSMENT

As outlined in the Performance and Finance Committee in August 2022 it was agreed there would be two Board level financial risks: -

- **Achieving financial balance**, which replaces the risks previously reported and referenced as 73, 79 and savings, with the key elements as follows: -
 - Risk of delivery of savings quantum
 - Risk of operational overspend being in excess of slippage to cover in year
 - Risk of residual COVID costs becoming part of base expenditure for the Board
 - Risk of WG funding not being forthcoming to cover extraordinary cost pressures and COVID response costs
 - Risk of commitment of reserves being above reserves available.

A score of 20 is suggested at this stage as whilst the financial forecast for 2022/23 is reporting balanced, a number of risks remain and the detailed elements of these risks are noted in Section 5 of this report.

• Availability of capital (risk 72). This risk has been re-opened for 2022/23 as the initial draft financial plan is not balanced given a 24% reduction in discretionary capital allocation. Work is underway to manage schemes to reduce commitments in 2022/23 and to produce a balanced plan. This risk varies during the year as more details on schemes emerge and potential slippage funding is made available by Welsh Government. **A score of 20 is suggested at this stage as the whilst plan is now balanced a number of schemes are on hold and the flexibility within the plan is extremely limited given the reduction in the allocation.**

8. FINANCIAL MATURITY

There are no items of exception to be reported to the Committee in Month 6.

9. SUMMARY OF ACTIONS AND UPDATES

Items that have been completed and closed are now removed from the list below and moved to Appendix 1

Table 15 – Action Summary

Area	Ref	Action	Update- September Report
Financial Performance	M04.1	CEO has asked the Director of Finance to prepare a financial improvement plan to enable the forecast balances position to be achieved.	Following meeting between CEO and DOF on 1 st August a number of actions to support plan were agreed and will be actioned during August.
Financial Performance	M04.3	Review of corporate cost centre Z095 to ensure no additional risks regarding Corporate Income associated with SLA/LTA/RTA and Oversea visitors	Work commenced in August and continues into Q3 with updates to be included future PFC papers as necessary.
Financial Performance	M05.2	Following the Summit meeting on 7 th September a list of agreed actions have been developed, which will form the basis of the Financial Recovery Plan.	Updates on progress will be provided to the committee each month.
Savings	M02.1	CEO set target for 100% delivery of savings and all schemes to be green and amber by the end of June.	Update of Performance included in Section 4.5.
Savings	M02.2	Further work is required on mitigating the b/f unmet savings delivery from 2021/22 and this will need to be part of the review in assessing the utilisation on central budgets.	Update of Performance included in Section 4.5.
Savings	M03.2	Focused attention to ensure the 100% of the green and amber schemes are deliver in line with the plans identified. Thus ensuring plan and actual align.	Ongoing Review linked updates provided in section 4.5
COVID Transition	M01.3a	Forecast continue to be refined and updated based on most relevant	Continually being reviewed and updated

Area	Ref	Action	Update- September Report
		information from the Service Groups.	
COVID Transition	M01.4	Check & Challenge meeting with CEO were held in July 2022, which picked up the actions from the point above.	Actions from May meetings were reviewed and updated actions following July meetings were issued to Service Groups. Next set meetings scheduled for November. Further updates to be presented to PFC.
COVID Transition	M01.5	Continued discussion with WG on the risks regarding funding.	Discussions are taking place regularly. See update in section 4.7 on discussions and presentation to FDU.
COVID Recovery	M03.3	To ensure that the allocation of resources is directed to delivering WG expectations in balance with risk profile of patients on waiting lists.	Allocations are updated and revised monthly
COVID Recovery	M04.2	Continual review to ensure plan is balance by the end of September.	Updates provided each month to WG and PFC. Enhanced monitoring commenced in Q2 to link activity and finances.
Extraordinary Pressures	M01.8	Continued discussions with WG on the risks regarding funding and the methodology assessing the '2021/22 levels'.	Part of regular discussions with Finance Delivery Unit
Extraordinary Pressures	M01.7	Continual review of each area and refinement of forecast.	Updates provided each month to WG and PFC.
Risks	M02.4	Review of the operational forecast to continue through August-September to inform updated position for 2022/23 and the anticipated Mid-Year review with WG.	
Opportunities (Central Budgets)	M01.9	Continue to development of the process for reporting of central budgets that is helpful to the reader to improve the transparency of the financial position. With updates provided on a quarterly basis.	Further information was provided to the PFC in the Month 2 Finance Report to support a move towards a more transparent approach, with updates to be provided each quarter as a minimum.

10. RECOMMENDATIONS

Members are asked to:

- **NOTE** the agreed 2022/23 financial plan.
- **CONSIDER** and comment upon the Board's financial performance for Period 6 2022/23.
- **NOTE** the actions to ensure delivery of the financial forecast with a specific focus on savings delivery: -

- 100% delivery of savings and all schemes to be green and amber with work to finalise red schemes to be completed by 13th September, where not delivered focused meetings with CEO. **All Service Group Directors and Corporate Directors**
- Focused attention to ensure that 100% of the green and amber schemes are deliver in line with the plans identified. **All Service Group Directors and Corporate Directors**
- **NOTE** increased cost control in respect of COVID response costs: -
 - Actions from the Check & Challenge meetings in July 2022 to be followed up in November 2022 with updates required from all Services Groups in next round of meetings with DOF/CEO, to provide assurance on delivery to the Committee. **All Service Group Directors**
 - DoF to continue engagement with WG on the risks regarding funding and updates on COVID response costs submitted WG in Month 6 MMR submission.
 - To ensure that the allocation of resources is directed to delivering WG expectations in balance with risk profile of patients on waiting lists.
- **NOTE** actions to ensure the operational pressures are mitigated and areas return to financial balance.
 - Focused attention of the delivery of Financial Recovery as per the actions from the Summit meeting on 7th September. **All Service Group Directors and Corporate Directors**
 - Actions with regard to the Financial Improvement Director appointment for Morriston SG and the requirement for updates to future Committee meetings in Q3.
- **AGREE** the risk handling for the risks noted.
- **NOTE** all actions and updates to support the management of the 2022/23 financial position.

Governance and Assurance		
Link to Enabling Objectives <i>(please choose)</i>	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 checked="" 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		
<i>(please choose)</i>	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 forecast year-end deficit financial outturn prior to the impact of COVID-19.		
Legal Implications (including equality and diversity assessment)		
No implications		
Staffing Implications		
No implications		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
No implications		
Report History	Updates on the financial position are provided at every meeting	
Appendices	none	

LIST OF CLOSED ITEMS:

Area	Ref	Action	Update- September Report
Savings	M01.1	Each Wednesday a weekly report is produced by the PMO and issued to Executive and Service Group Directors to ensure there is a constant focus. Within the weekly report are detailed actions that will be taken and updates provided on progress against these within the report.	Weekly report continues to be updated and shared widely. ACTION: CLOSED
COVID Transition	M01.3b	Following the latest de-escalation guidance service need to continually review requirements and update forecast with support of the FBP.	Revised forecasts to be brought to discussions with CEO and Director of Finance and Performance during July. ACTION: CLOSED
COVID Transition	M02.3	Linked to M01.3 above given the latest de-escalation guidance service areas need to review requirements and update forecast with support of the FBP.	Completed for CEO meetings in July. ACTION: CLOSED
LTA Performance (Providers & Commissioner)	M01.2	Update to be provided during Q2 and quarterly from that point.	Q1 update included in September report with further updates on Quarterly basis of PFC ACTION: CLOSED
Financial Performance	M03.1	Morrison – The CEO has requested enhanced support/escalation to focus on both assurance regarding financial control, clarity on why actual spend is increasing and actions to return spend to pre-pandemic levels, along with a continued focus on savings as Morrison has 84% of the total HB red schemes..	Work is underway to procure this support for commencement in September ACTION: CLOSED
Opportunities (Central Budgets)	M02.5	Look at options for sharing the Main Central Budget in a format that assists the reader of the report.	By end of Quarter 2 ACTION: CLOSED
Financial Maturity	M01.10	Various developments	Refer to Section 8 of the report ACTION: CLOSED
Financial Maturity	M05.01	All aspects	Going forward it is proposed that items under this section are reported to the Committed by exception and that the standard information is removed. ACTION: CLOSED

APPENDIX 2: