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Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>26<sup>th</sup> April 2022</b>	<b>Agenda Item</b>	<b>2.1</b>
<b>Report Title</b>	Financial Report – Interim Outturn Position Financial Year 2021/22		
<b>Report Author</b>	Samantha Moss, Deputy Director of Finance Alison McLennan, Finance Business Partner		
<b>Report Sponsor</b>	Darren Griffiths, Director of Finance and Performance		
<b>Presented by</b>	Darren Griffiths, Director of Finance and Performance		
<b>Freedom of Information</b>	Open		
<b>Purpose of the Report</b>	<p>The report advises the Performance and Finance Committee of the Health Board on the interim outturn financial position for Period 12 (March) 2021//22.</p> <p>The position will be interim until signed off through audit processes.</p>		
<b>Key Issues</b>	<p>The report invites the Performance and Finance Committee to note the interim financial position for Period 12 (March) 2021/22.</p> <p>At the time of completing this report, the Financial Ledger for month 12 had not yet closed. The figures in the report only provide the interim statement pending completion of the Draft Annual Accounts at the end of April 2022.</p> <p>Key messages: -</p> <ul style="list-style-type: none"> <li>• Delivery of forecast revenue deficit (£24.4m) is anticipated, subject to audit sign off</li> <li>• Caporal Resource Limit (CRL) is predicted to be delivered subject to audit sign off</li> <li>• Public Sector Payment Policy (PSPP) will be just under the 95% target at 94.2%</li> <li>• Risks remain unchanged but key actions planned for quarter 1 of 2022/23</li> </ul> <p>The Committee is asked to note the next steps and timetable for the finalisation of the 2021/22 Annual Accounts, as shared with Audit Committee.</p> <p>Risks have been updated.</p>		
<b>Specific Action Required (please choose one only)</b>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Recommendations</b>	Members are asked to:		

	<ul style="list-style-type: none"><li>• <b>NOTE</b> the Board's interim outturn financial performance for Financial Year 2021/22, in particular:<ul style="list-style-type: none"><li>▪ the revenue draft outturn position;</li><li>▪ the capital draft outturn position; and</li><li>▪ PSCP draft outturn position.</li></ul></li><li>• <b>NOTE</b> the ongoing risks.</li><li>• <b>NOTE</b> the Annual Accounts Time and the next steps in finalising the 2021/22 Financial Position.</li></ul>
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## FINANCIAL REPORT – PERIOD 12

### 1. INTRODUCTION

The report provides the Performance and Finance Committee with an interim statement on the accounts of period 12 for 2021/22.

The report remains interim as the final month 12 position for 2021/222 will be confirmed once the full audit process has been completed during April 2022 to June 2022 and the 2021/22 Annual Accounts submitted to Welsh Government (WG) for the Audit General for Wales to approve on 15<sup>th</sup> June 2022. In the meantime, this report provides a summary of the information available at the 11<sup>th</sup> April 2022.

### 2. BACKGROUND

The Health Board agreed the Annual Plan for 2021/22 at its meeting on 23<sup>rd</sup> June 2021, having approved the draft annual plan in March 2021. This included a financial plan, which reflected a £42.077m opening underlying deficit and indicated that in-year cost pressures and investment commitments could be met by WG allocation uplift and planned savings. The Health Board plan therefore produces a £42.077m forecast deficit.

	2021-22 Plan Update £m
20/21 Core Underlying Position	24.405
20/21 Savings COVID impact	17.672
<b>20/21 Underlying Position</b>	<b>42.077</b>
Cost pressures	25.600
WG Allocation	-15.100
Investment Commitments	8.500
Planned Savings	-27.700
Investments to enable Savings	8.700
<b>Forecast Position</b>	<b>42.077</b>

The savings requirement for 2021/22 of £27.7m is a gross saving position, which recognises and allows for the investments to support the delivery of efficiency opportunities.

The Health Board was also anticipating around £132m of COVID funding for this financial year, this is based on assumed costs for 12 months. This £132m includes non-recurrent funding to mitigate the COVID impact on 2020/21 savings. **This reduced the forecast deficit to £24.405m.**

### 3. FINANCIAL PERFORMANCE

The information presented in section 3 is based on the interim financial position before the ledger is closed and the draft Annual Accounts are completed.

### 3.1 Revenue Position

The Health Board was forecasting a £24.405m deficit for 2021//22. The interim position at 14<sup>th</sup> April was £22.1m deficit. However, there is a further allocation adjustment outstanding, which will change the position to a reported deficit of £24.4m.

This final allocation adjustment is linked to the Annual Leave accrual. The Health Board had a £14.015m accrual on the Balance Sheet. However, when the 2021/22 Annual Leave figure was finalised on 8<sup>th</sup> April 2021 the actual accrual required was less than the value on the Balance Sheet. As the stepped increase in the value of 2020/21 accrual was funded by WG, the benefit from the reduction in the accrual has resulted in an allocation adjustment in 2021/22.

### 3.2 Capital Position

The approved Capital Resource Limit (CRL) value, at 31<sup>st</sup> March 2022, was £68.7M. The approved CRL value includes Discretionary Capital and the schemes under the All Wales Capital Programme.

The interim spend against this target was £68.7M, resulting in a small underspend of £0.03M.

### 3.3 PSPP (Public Sector Payment Policy)

The Health Board is expected to deliver a target of 95% against the total number of Non NHS Invoices Paid Within 30 Days. The PSPP target was achieved for the first 6 months of the financial year, however performance deteriorated in the months 7, 8 and 10 which has impacted on the cumulative performance. Therefore, at the 31<sup>st</sup> March 2021 the interim performance for the year was 94.2% against the 95% target.

For noting, the deterioration was due to a very high volume of nurse agency invoices which is resulting in a delays in authorising and processing. Actions have been taken to provide additional support in this area, however this continues to be extremely challenging.

## 4. RISK ASSESSMENT

There are four Board level financial risks: -

**Residual Cost Base (risk 73):** There remains a potential for a residual cost base increase post COVID-19 as a result of changes to service delivery models and ways of working - **Risk Rated 20**. A detailed submission has been shared with Finance Delivery Unit and discussions have commenced at a National Welsh level on handling of the impact of COVID on underlying pressures from 2022/23. **It is proposed that this risk remains unchanged whilst this work is undertaken.**

**Resource required lower than health board recovery plan ambition (risk 79):** The Performance and Finance Committee agreed that this risk be established for 2021/22. During 2020/21 the COVID-19 pandemic impacted services in many different ways. Of particular concern has been the impact on access to services, particularly outpatients, diagnostic tests, elective surgery and therapy services. The recovery of access times to pre-pandemic levels will require a significant amount of human, estates and financial resource to

support it. There is potential for the scale of ambition that the Health Board has in terms of access recovery will be unaffordable in context of the current financial plan. **The risk is reported as severe impact (5) but moderate likelihood (3) score 15.**

The Health Board has received £22M in 2021/22 to address access pressures and has received a further £21.6M recurrently to address Covid Recovery. It is therefore proposed that the risk score remains the same but that the risk be modified to incorporate 2022/23.

**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.

**Bed savings release (risk 83).** The September 2021 Committee also agreed to add an additional risk regarding the **savings schemes related to bed release**. A significant amount of work is underway on this area at the moment with changes planned in the Emergency Department itself, GP services in support of this, length of stay reduction plans and the purchase of care home beds to increase patient flow. These developments are intended to reduce admission and occupancy and will ultimately release bed capacity. In the first instance this released capacity will be used to reduce risk in the delivery of care, but then will be further used to reduce cost.

It is therefore proposed that **a current score of 15 be maintained this month** with a high impact but medium likelihood. The mitigation of the risk will come through the actions of the Urgent Emergency Care (UEC) Programme Board and will be considered through a number of detailed discussions in April 2022 and May 2022 to refresh the savings profile for the Health Board.

The risk to the 2021/22 financial plan has been mitigated by applying substitute savings schemes.

## 5. ACTIONS AND NEXT STEPS

The key dates and milestones from the main Annual Accounts Closure Timetable are summarised in the table below:

Annual Accounts Task	Deadline
Issue NHS Debtor Balance Statements to other NHS Wales bodies (WG Deadline)	5th April 2022
Sign off date for Agreement of NHS Wales Debtors & Creditors (WG Deadline)	8th April 2022
Issue Income transactions to NHS Wales bodies (WG deadline)	12th April 2022
Sign off date for agreement of NHS Wales Income & Expenditure (WG Deadline)	21st April 2022

Annual Accounts Task	Deadline
Finalise Health Board Outturn Position (HB set)	12th April 2022
Close Health Board old year financial ledger (HB set)	12th April 2022
Submit LMS to Welsh Government (WG Deadline)	22nd April 2022
Preparation of draft Accounts for Senior Finance Team review (HB set)	25th April 2022
Submission of draft Accounts (WG Deadline)	29th April 2022 (Noon)
Submission of Audited Accounts (WG Deadline)	15th June 2022 (Noon)

## 6. RECOMMENDATIONS

Members are asked to:

- **NOTE** the Board's interim outturn financial performance for Financial Year 2021/22, in particular:
  - the revenue draft outturn position;
  - the capital draft outturn position; and
  - PSPP draft outturn position.
- **NOTE** the ongoing risks.
- **NOTE** the Annual Accounts Time and the next steps in finalising the 2021/22 Financial Position.

<b>Governance and Assurance</b>		
<b>Link to Enabling Objectives</b> <i>(please choose)</i>	<b>Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities</b>	
	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"/>
	<b>Deliver better care through excellent health and care services achieving the outcomes that matter most to people</b>	
	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"/>	
<b>Health and Care Standards</b>		
<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"/>
<b>Quality, Safety and Patient Experience</b>		
Financial Governance supports quality, safety and patient experience.		
<b>Financial Implications</b>		
The Board is reporting an interim £22.1m year-end deficit financial outturn before final allocation adjustments, which will take it to £24.4m. Against the CRL target the Board has an underspend of £0.03M.		
<b>Legal Implications (including equality and diversity assessment)</b>		
No implications for the Committee to be aware of.		
<b>Staffing Implications</b>		
No implications for the Committee to be aware of.		
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>		
No implications for the Committee to be aware of.		
<b>Report History</b>	The Committee receives an update on the financial position at every meeting	
<b>Appendices</b>	The standard appendices are not available at this point.	