

SWANSEA BAY LHB FINANCE DEPT. PERFORMANCE & FINANCE COMMITTEE – P08 FINANCE REPORT

Period 08 Data (November 2020)



In Month

£ 1,910,764 overspent

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	-22,959	-22,355	605	2.63%
Pay	48,621	49,856	1,235	2.54%
Non Pay	54,277	54,348	71	0.13%
Total	79,939	81,849	1,911	2.39%

Cumulative

£ 16,735,608 overspent

Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance	COVID Funding Adjustments	Adjusted YTD Variance
Income	-183,136	-177,240	5,895	3.22%	-5,031	865
Pay	390,672	396,958	6,286	1.61%	-13,238	-6,952
Non Pay	445,659	450,214	4,554	1.02%	18,269	22,823
Total	653,196	669,931	16,736	2.56%	0.00	16,736

- The Health Board established a forecast for 2020/21 through the Q3/Q4 Operational Plan.
- The forecast deficit of £26.431m reflected the Health Board £24.4m pre-COVID deficit plan plus an unplanned £2m impact of TAVI demand.
- The forecast identified that the additional costs incurred as a result of the pandemic, offsetting cost reductions due to activity restrictions and the impact on savings delivery were able to be managed within the additional WG funding allocations, agreed and anticipated.
- The forecast has been reduced to £24.405m in Month 8, due to further refinement of TAVI demand and the deployment of WG funding allocations.

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) – Red	1,911	↓
Reported year to date financial position – deficit/(surplus) – Red	16,736	↑
Reported year to date compared to forecast financial plan deficit – Red	466	↓
Year End Forecast surplus/(deficit) - Red	24,405	↓

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 Red	2,187	↑
Reported in-month financial position – deficit/(surplus) – Forecast Red	(2,783)	↓

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	93.40	↑

Revenue

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- The forecast identified that the additional costs incurred as a result of the pandemic, offsetting cost reductions due to activity restrictions and the impact on savings delivery were able to be managed within the additional WG funding allocations, agreed and anticipated.
- The forecast was reduced in Month 7 to £25.431m following WG advice of a further £1m allocation to support decommissioning costs.
- The forecast has been further revised in Month 8 and the Health Board is now reporting a forecast position aligned to the £24.4m pre-COVID deficit plan. This revision to the forecast reflects reducing levels of forecast TAVI activity and the crystallisation of further slippage on directed funding and investments.

PSPP Narrative

- The number of invoices paid within 30 days in November was again below the 95% target, with in month performance being 94.52%. This represented a significant improvement on the October figure of 89.99%. with a reduction in the number of nurse agency invoices paid after 30 days from 1,359 on October to 171 in November. The in month failure to achieve the 95% target was also as a result of delays in authorisation of NHS invoices and delays in receipting of goods .
- The November performance has increased the cumulative compliance for the year to date from 92.86% at the end of October to 93.04% at the end of November, but performance will need to be above 95% for the remainder of the financial year in order to reach 95% cumulative compliance by financial year end.

Capital Narrative

- Approved CRL value for 20/21 issued on 07/12/20 is £36.521m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Overspend to date relates to a number of schemes as detailed in the Annex.
- There are 4 All Wales Capital schemes reported to Welsh Government as high risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government.
- The forecast outturn position for 20/21 is £2.187m overspent. Allocations on 3 schemes are anticipated from WG which will balance this position.

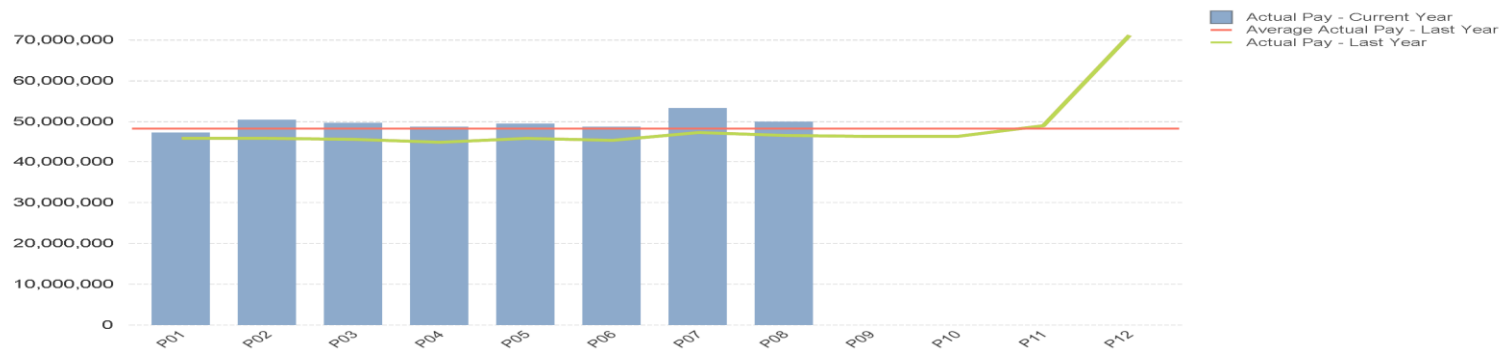
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Cumulative
	In Month	In Month	In Month	In Month	In Month	In Month	In Month	In Month	Position
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Service Groups									
Mental Health & LD	192	294	18	449	323	349	385	482	2,492
Morriston	-286	77	226	806	955	1,282	1,873	1,501	6,434
NPT & Singleton	509	779	1,203	1,140	1,551	1,014	945	1,503	8,644
PC & Community	308	93	-109	568	501	221	710	531	2,823
Directorates									
Board Secretary	15	21	29	27	28	30	15	29	194
Chief Operating Officer	-102	95	-60	111	98	84	171	214	611
Director of Strategy (excluding COVID)	1	8	-6	22	24	-44	8	-31	-18
COVID	2,047	6,176	-3,314	-969	1,620	151	787	874	7,372
Director of Transformation	6	12	23	25	20	28	28	33	175
Finance	5	-1	-3	7	2	-3	-58	-5	-56
Digital	153	218	172	-38	105	114	105	15	844
Medical Director	23	34	16	72	11	-78	11	14	103
Nurse Director	9	17	9	18	16	10	10	-3	86
Workforce & OD	98	217	145	148	24	82	81	25	820
Clinical Medical School	-31	-14	-14	-15	-4	-26	10	1	-93
Research & Development	0	0	37	13	13	12	13	12	100
Corporate I&E	97	143	255	373	227	210	302	139	1,746
Delegated Budget Position	3,044	8,169	-1,373	2,757	5,514	3,436	5,396	5,334	32,277
Corporate Plan	2,367	2,079	2,077	2,078	2,077	-19,303	-3,362	-3,415	-15,402
									0
Hosted Services									
Delivery Support Unit	-15	-15	-5	-35	-9	-35	-18	-8	-140
EMRTS	0	0	0	1	0	0	0	0	1
Health Board Position	5,396	10,233	699	4,801	7,582	-15,902	2,016	1,911	16,736

The Health Board has reported an in-month position £1.911m, resulting in a cumulative deficit of £16.736m.

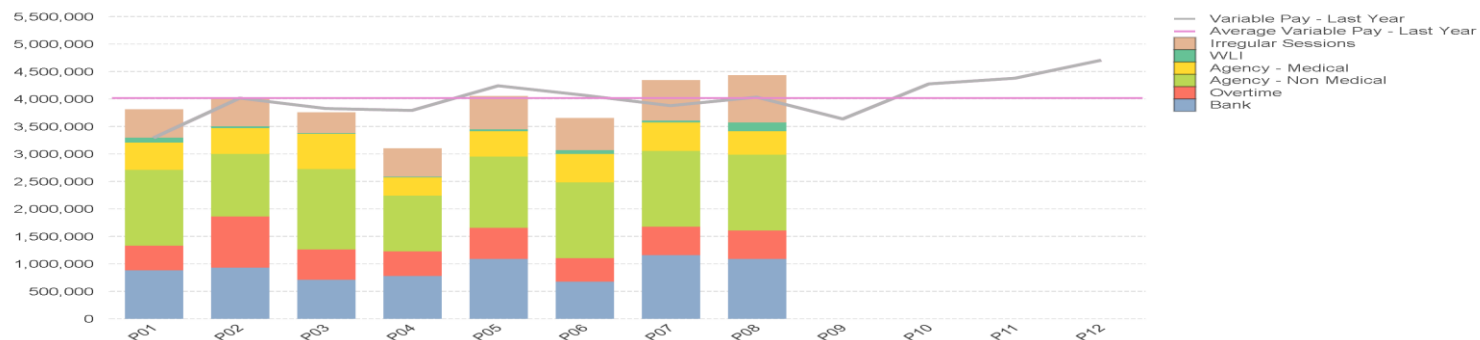
The overall delegated position is broadly aligned with Month 7, however there are variations between Service Groups, this in part reflects varying levels of additional capacity and staff deployment.

HEALTH BOARD – PAY

Actual Pay Expenditure This Year and Last Year

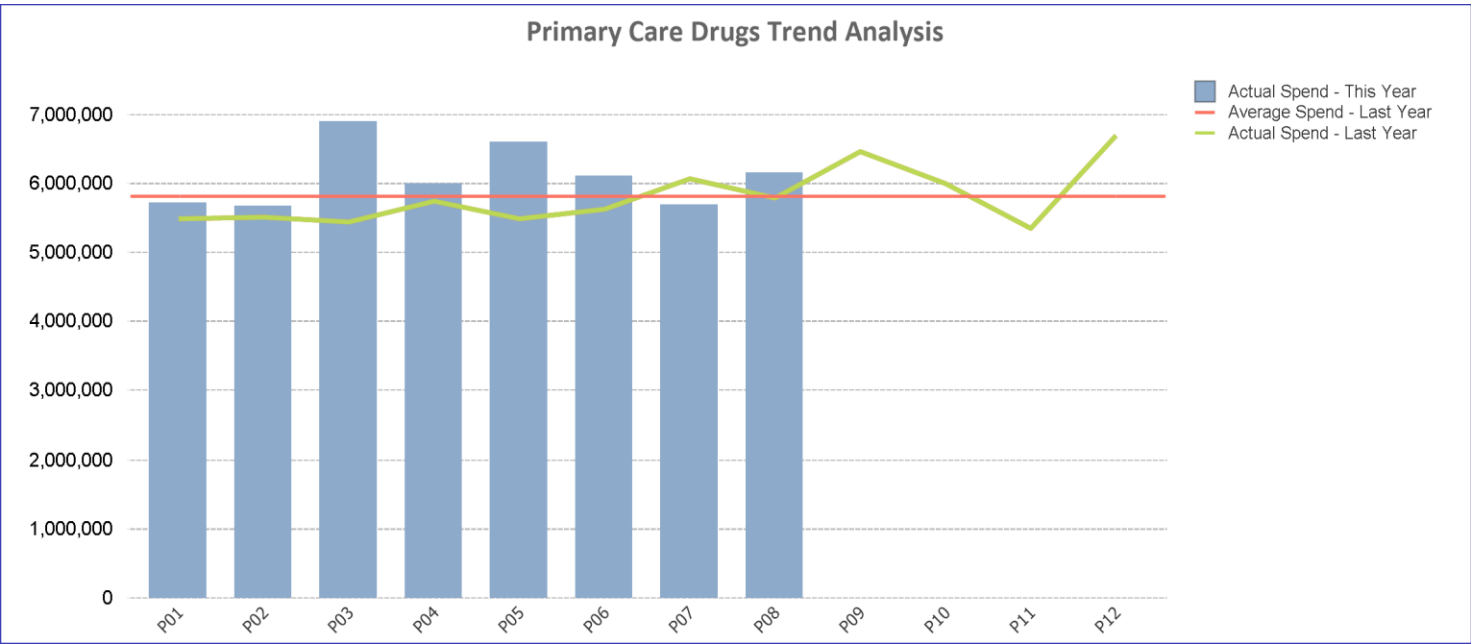
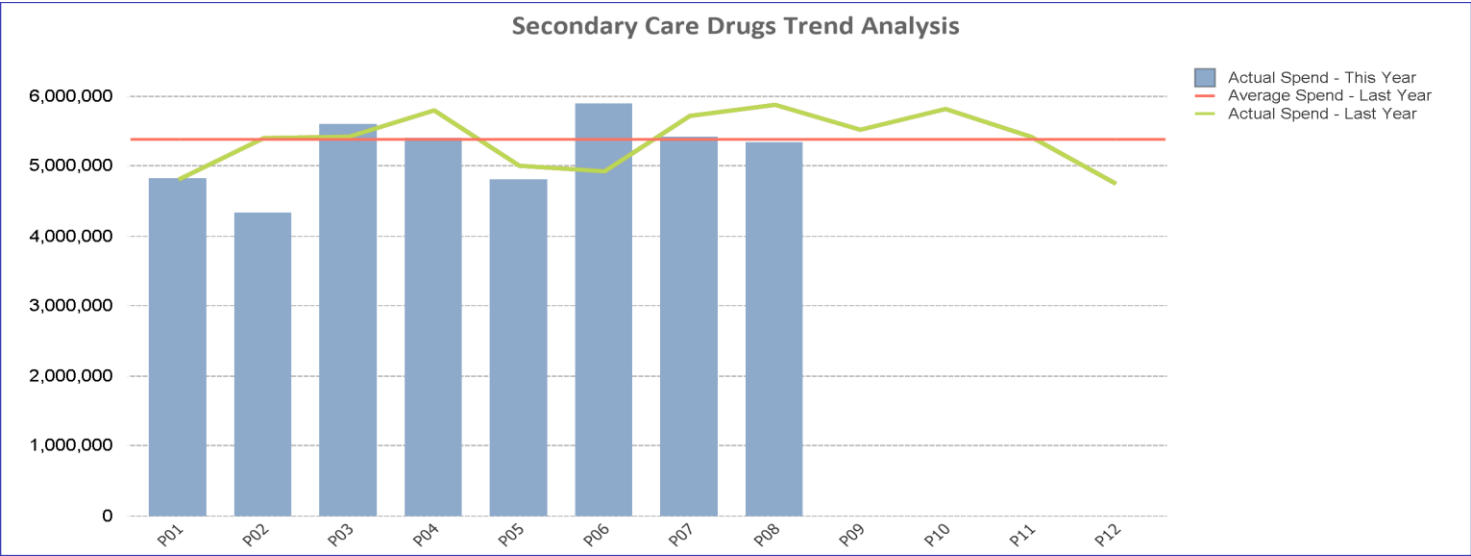


Variable Pay Expenditure This Year and Last Year



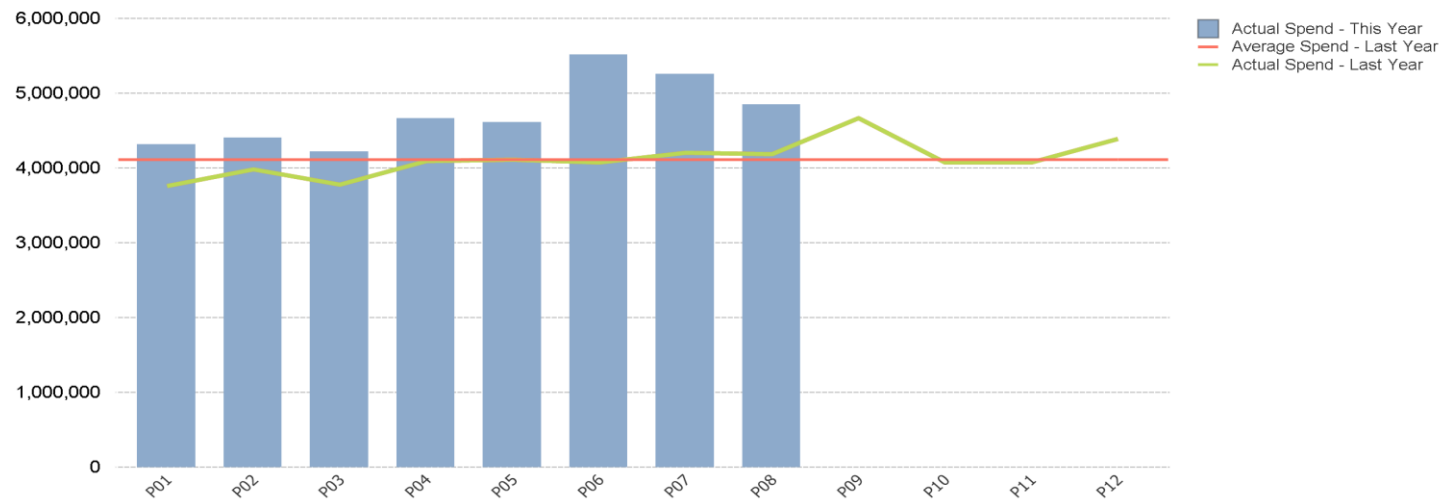
- The overall pay spend in Month 8 is lower, however Month 7 include the arrears payments for medical and dental pay award.
- The Month 8 spend is around £0.7m higher than the Month 6 spend adjusted for pay award.
- The increase in cost reflects the impacts of additional capacity.
- The increase in cost is predominantly reflected as variable pay, with the key increases being in bank and overtime and medical staff irregular session payments.
- Agency costs have remained broadly static which may be reflective of supply constraints.

	2019-20 Month 1-8 Adjusted for inflation	2020-21 Month 1-8	Increase	Increase
	£000	£000	£000	%
Additional Clinical Services	48,126	50,724	2,598	5.40%
Admin & Clerical	50,347	52,439	2,092	4.16%
Aliied Health Professionals	24,902	26,071	1,169	4.69%
Estates & Ancillary	20,308	21,311	1,003	4.94%
Healthcare Scientists	11,343	11,750	407	3.59%
Medical and Dental	88,814	98,158	9,344	10.52%
Nursing and Midwifery	116,801	119,761	2,960	2.53%
Prof, Scientific and Technical	12,053	13,152	1,099	9.12%
Students	5	3,593	3,588	
Total	372,699	396,959	24,260	6.51%

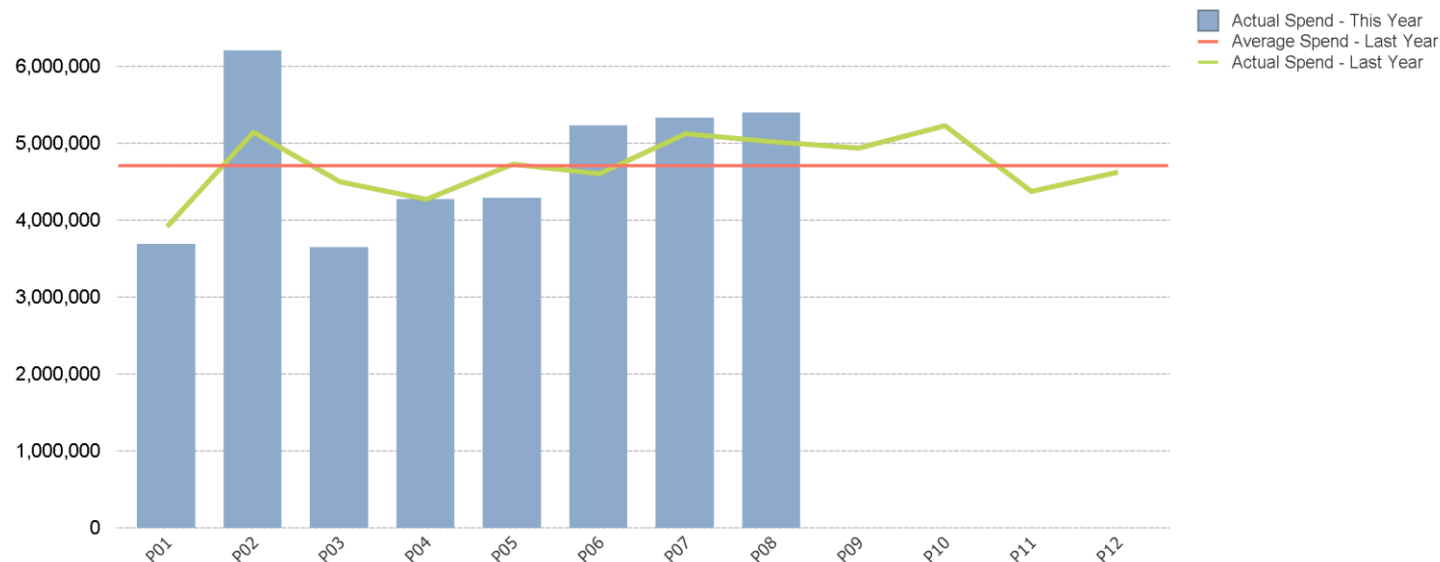


- Secondary care drugs costs have remained static in November.
- The expenditure is forecast to increase due to the approval of Siponimod (MS drug) and increased uptake of recently approved drugs and supporting infrastructure.
- As Primary Care prescribing data has a two month reporting lag. The latest data reflects actual costs to the end of September, which are then used to forecast costs for the following two months.
- The reductions reported through Month 7 position have not been maintained, with spends reverting to more normalised levels.
- Whilst activity/item levels are now more normalised, there is significant growth in items such as DOACs and diabetes prescribing.
- The significant impact of price concessions is continuing and this is currently being forecast to remain for the rest of this financial year.

CHC Trend Analysis



Clinical Supplies and Services Trend Analysis (excluding Secondary Care Drugs)



- General CHC numbers seem to have started to show signs of reduction. This may be reflective of the current pressures on Nursing Homes with many closed to admissions.
- Growing pressures are being experienced on MH and LD case numbers and complexity.

- Whilst clinical supplies costs have been low during the first six months of this financial year, due to lower than normal activity levels, costs are now increasing as planned care activity increases.
- This can particularly be seen for high cost procedure areas such as Orthopaedics.

	Annual Plan	Forecast Annual Delivery	Forecast Slippage	Forecast Delivery	YTD Plan	YTD Delivery	YTD Slippage	YTD Delivery
	£000	£000	£000	%	£000	£000	£000	%
ChC	550	120	430	22%	362	80	282	22%
Commissioned Services	99	-	99	0%	32	-	32	0%
Medicines Management	2,084	1,000	1,084	48%	1,388	600	788	43%
Non Pay	8,003	1,600	6,403	20%	5,290	858	4,432	16%
Pay	12,456	2,981	9,475	24%	8,040	2,304	5,736	29%
Income Generation	248	77	171	31%	161	49	112	30%
Total	23,440	5,778	17,662	25%	15,273	3,891	11,382	25%

Narrative

- The Health Board financial plan identified a requirement to deliver £23m savings.
- At the start of the financial year around £13m of plans were considered green or amber, which the remaining £10m planned but not sufficiently progressed to be considered green and amber.
- The COVID19 pandemic has clearly impacted on the delivery and development of savings.
- The current forecast delivery is £5.778m (25%), giving slippage of £17.662m.
- The year to date position is planned savings £15.273m, actual delivery £3.891m, giving slippage of £11.382m. The actual delivery is therefore 25% if the planned delivery levels.
- All units and directorates have been asked to review and refocus their savings plan opportunities and delivery, particularly the ability to identify and plan recurrent savings to support financial sustainability as we move into the next financial year.

- The Health Board forecast was refined as part of the Q3/Q4 Operational Plan from £96.18m deficit in Month 5 to £26.43m in Month 6. This reflected the inclusion of confirmed and anticipated funding allocations to support incurred and planned costs.
- The forecast was reduced by £1m in Month 7 to reflect WG advice on funding to meet the decommissioning costs of internal surge capacity.
- The forecast has been further refined in Month 8 to reflect revised TAVI demand and the absorption of a number of previously identified risks and opportunities such as final pension contributions and slippage on planned WG support expenditure.
- The year-end forecast is now aligned to the Health Board's original £24.4m planned deficit for 2020/21.
- The Health Board will now be challenged to maintain this forecast position through the management of any subsequent adverse or positive movements against forecast, with risks and opportunities managed within the overall forecast.

- The Health Board forecast, as set out within the Q3/Q4 operational plan, was £26.431m.
- The forecast reduced to £25.431m due to WG guidance to assume further funding support for the assessed decommissioning costs of the internal surge capacity.
- The forecast has been further reduced to reflect the revised TAVI demands and slippage on directed funding. This has enabled the forecast to be revised to the £24.405m pre-COVID planned deficit.
- The key focus for forthcoming months will be :
 - Monitoring alignment to operational plan and managing deviations from the plan
 - Developing clear efficiency opportunities to support the underlying financial position in 2021/22
 - Strengthen current Value Based Healthcare arrangements for increase profile and impact within the Health Board
 - Supporting the development of the Operational plan for 2021/22, aligning service, workforce and financial requirements
 - Maintenance of strong governance and decision making for business as usual and major incident command structures.