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Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	26th January 2023	Agenda Item	5.2
Report Title	Financial Report – Period 9 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 Board of the Health Board financial position for Period 9 (December) 2022 and sets out the current forecast revenue year end outturn.		
Key Issues	<p>The report invites the Board to note the detailed analysis of the financial position for Period 9 (December) 2022.</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>The report invites the Board to note the cash position, key balance sheet movements and the capital position.</p>		
Specific Action Required <i>(please choose one only)</i>	Information	Discussion	Assurance
	<input checked="" 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 updated 2022/23 financial plan • NOTE that actions being undertaken to reduce the risk in the plan in terms of: - <ul style="list-style-type: none"> • operational run rate • savings delivery • COVID costs • reserve flexibility • CONSIDER and comment upon the Board’s financial performance for Period 9 2022/23 (Revenue and Capital) • NOTE the balance sheet position 		

FINANCIAL REPORT – PERIOD 9

1. INTRODUCTION

The report advises the Board that the in-month Period 9 (December 2022) revenue financial position is an overspend of £0.203m.

The report invites the Board to note the detailed analysis of the Period 9 (December) revenue financial position.

The report provides an analysis of the revenue impact of the COVID-19 response.

The report invites the Board to note the cash position and key balance sheet movements and the capital position for Period 9 (December).

The report also provides a summary, within section 3, of the first year of the 3-year recovery and sustainability plan approved by the Board on 28th July 2022.

2. BACKGROUND

2.1 The Health Board has two key statutory duties to achieve:

- **To submit an Integrated Medium Term Plan (IMTP) to secure compliance with breakeven over 3 years.**

2020/21 No Approved Plan
2021/22 Annual Plan submitted
2022/23 3-year plan approved

The Health Board has achieved this Statutory Duty.

- **To achieve financial breakeven over a rolling three-year period, which commenced on 1st April 2020 and will end on 31st March 2023.**

2020/21 £24.305m Overspend
2021/22 £24.400m Overspend
2022/23 Forecast breakeven position

The Health Board will fail to achieve this Statutory Duty.

2.2 Summary of Performance against Key Financial Targets

Financial KPIs (key performance indicators) : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £000
Reported in-month financial position – deficit/(surplus)	0.203
Reported cumulative financial position – deficit/(surplus)	4.301
Capital KPIs: To ensure that costs do not exceed the capital resource limit set by Welsh Government	Value £000
Reported year to date financial position – deficit/(surplus)	(1.656)
Forecast outturn financial position – deficit/(surplus)	1.018

Financial KPIs (key performance indicators) : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £000
PSPP (public sector payments) Target : To pay a minimum of 95% of all non NHS creditors within 30 days of receipt of goods or a valid invoice	Value %
Cumulative year to date % of invoices paid within 30 days (by number)	95.05

3. FINANCIAL IMPLICATIONS

IMTP (Integrated Medium Term Plan) / 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. The composition of this is set out below.

Table 1: 2022/23 IMTP

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 (brought forward) = £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 (real living wage) / NI (national insurance)) funded in full by WG as per forecasts at Month 3

For clarity the COVID transition and extraordinary cost pressure cover is an assumed allocation as instructed by WG. Some COVID transition funding has been received by the Health Board for part of 22-23, but there is no certainty that the Health Board will receive the funding requested in full.

4. 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: Summary Revenue Performance

	In Mth	Year To Date	Forecast 31st March 2023
	£M	£M	£M
Variance Against RRL Deficit / (Surplus)	0.20	4.30	0
Additional Expenditure Anticipated to be Funded by WG			
- Covid (excluding National Programmes)	2.99	27.54	37.18
- Extraordinary Pressures	1.38	12.64	18.07
2022/23 Savings Delivery Target Shortfall (inc unmet b/f)	0.24	3.75	3.75

Summary:

- **Variance Against Revenue Resource Limit (RRL)** – The actual Month 9 variance was £0.203m, with the YTD position at Month 9 showing an overspend of £4.3m against a breakeven target.
- **Additional Expenditure** – this is the value of the additional funding required to support COVID Transition and extraordinary pressures. Part year funding has been received for COVID Transition costs and the extraordinary pressures. Although balance for COVID Transition remains as a risk given final allocation is yet to be confirmed.
- **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 9 the shortfall against this target as per the ledger was £0.24m and Year-To-Date £3.75m, with an estimated shortfall of £3.75m by month 12.

To support the challenging financial position reported within the Health Board since Month 3, a series of immediate actions have been undertaken starting in August. A summary of those are provided below, along with updates where applicable:

- As the Accountable Officer, the CEO has issued letters to all the Service Groups and Directors and the expectation regarding financial performance in 2022/23.
- The letters outline both the increase in savings target but also clearly outlining the target (outturn control total) each area must achieve in 2022/23 to ensure the HB delivers a balanced financial position. There

is a stretch revenue outturn position in place for Morriston, in part mitigated by the additional savings.

- 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, was transacted through the ledger and the Monthly Monitoring Return (MMR) in Month 6.

Update – Updates on saving delivery reported in Section 5.4 of this report and shows ongoing progress to achieve increased target.

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

Update: Following meetings with the Chief Executive Officer have been held since September 2022 with those areas not delivering, Further meeting were held in October 2022 and November 2022 to review the position. Progress continues to be made and updates will be provided to the Chief Executive Officer via the weekly Savings report.

- On 7th September 2022 all Executive Directors, Service Group Directors and direct reports met (at a summit held by the CEO and the Director of Finance and Performance) to discuss the financial position and to address 2 key questions (1) what actions can be taken in the next 2 months to address the 2022/23 deficit and ensure delivery of control totals; and (2) what actions can be taken to deliver improvements to support a sustain financial plan for 2023/24 and beyond. The meeting agreed: -

- All 2022/23 Savings targets to be met in full by 9th September 2022
- All Savings targets for 2022/23 to be delivered through green and amber schemes by end of September 2022
- Recurrent savings requirement to be fully identified by end of September 2022

- 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 Directorates will be clear on both their target and funding in which they will need to remain within.

Update: Work has now been finalised on the investment programme for 2022/23 and correspondence is due out in January.

- 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: In Month 9 the Morriston Service group position reduced in month from £2.3m overspend to £1.7m overspend reflecting some of the actions. However, the pressures from NPTS (Neath Port Talbot Singleton) Service Group reduced some of the benefits of this on the YTD (year to date) position. However, discussions at Performance & Finance Committee have highlighted the need to capitalise on the work of the specialist financial improvement by sharing learning and opportunities across all areas of the Health Board. Whilst the December

improvement is positive there are a number of points of note that could impact in Month 10 onwards:

- In December 2022 there is usually a downward trend on the use of agency as less substantive staff take annual leave. And this has been seen in the % of staff available to work on the ward areas during December 2022.
- The pressures on NHS in December 2022 has resulted in staff being offered double time to cover shifts which is not within the position and could take up to 6 weeks to be reflected in Pay.
- Additional Surge beds have been opened to support pressures in December and continue into January, which will require additional staff and are likely to mean an increase in the use of Variable Pay for both medical and non-medical roles.

Based on the Weekly Savings Report dated 5th January 2022 there remains a significant shortfall on the in-year delivery in Morrision Service group, which links to the work being undertaken through the specialist financial improvement support. There also remains £0.9m of red schemes the Morrision plan and these are under review currently to ensure that they do not overlap with the benefits planned to be released from the Acute Medical Services Redesign plans.

The output from the above actions will form the foundations of the Financial Recovery Plan for 2022/23 and will be reported to the Performance & Finance Committee for noting and to monitor progress. Delivery against these actions will be used to inform the ongoing assessment of the financial position to Welsh Government as part of the monthly reporting requirements.

At the end of Month 9 the £4.3m overspend is broken down by Service Group and Corporate Directorate as per the table 3 below:

Table 3: Summary Position by Service Group/ Directorate @ Month 9

	Target	Year-To-Date @ Month 9
	£000	£000
Service Groups		
Mental Health & LD	-	1,357
Morrison	9,000	13,959
NPT & Singleton	-	3,865
PC & Community	-	2
Directorates		
Board Secretary	-	-60
Chief Operating Officer	-	609
Director of Strategy (excluding COVID)	-	-304
COVID	-	0
Director of Transformation	-	-45
Finance & Estates	-	880
Digital	-	-157
Medical Director	-	-80
Nurse Director	-	-324
Workforce & OD	-	-64
Clinical Medical School	-	0
Research & Development	-	18
DSU	-	0
EMRTS	-	-62
Director Insight, Communication & Engagement	-	-62
Corporate I&E	-	-32
Public Health	-	1
Delegated Budget Position	9,000	19,500
In year deficit £24.4M		-
Opportunities Released	- 9,000	- 15,196
Current Delegated Position	-	4,304

Actions/Comments Linked Table 3:

- Morrison Service Group– A Finance Improvement Director was appointed and commenced w/c 19th September. The Month 9 position reported by the Morrison Service Group remains a concern and the Group is now significantly over the £9m target set, with 3 months of the financial year remaining. The Service Group is forecasting a £18.5m overspend, which would take them £9.5m over target if no action is taken. However, the work of the Finance Improvement Director, in conjunction with the Service Group has led to the development of Financial Improvement Plan that could deliver a £5m improvement on this forecast, which was provided as an attachment to the Month 8 paper. In Month 9 the Service Group showed some improvement of £0.5m, however this will need to continue for the remainder of the financial year and at an enhanced level to achieve the £5m.
- Mental Health/Learning Disabilities Service Group – overall this has improved since Month 5 following allocation of £3.3m of resources to support Continuing Healthcare from central reserves. There remains overspend within CHC area, along with non-delivery of savings Year-To-Date, which is partly offset by underspends on Pay.
- Finance & Estates – this is due to pressures on general Estates building and Engineering maintenance and consumables.
- NPT & Singleton Service Group – Year-To-Date overspend up to Month 8 was primarily linked to (1) pressures on secondary care drugs; (2) clinical supplies and services; (3) non delivery of savings. In Month 9 two other pressures have emerged (1) increase in pay costs which supporting the non-pay overspends and (2) primary care prescribing.
- Chief Operating Office – pressures continue on variable pay with continued progress being made during the month towards the savings shortfall.

5. KEY DRIVERS IMPACTING REVENUE

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

5.1 Pay / Variable Pay – Trends

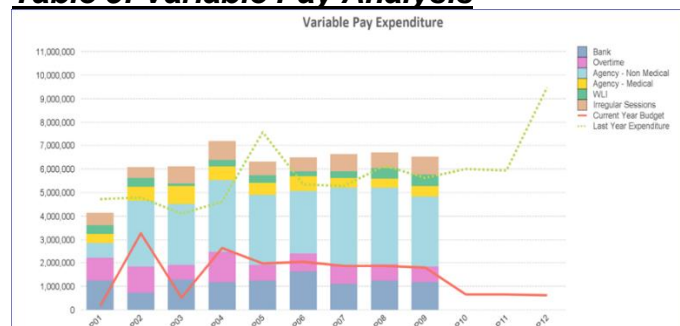
The performance against budget both in month and YTD is provided below, with the variance split between Variable Pay costs and fixed staff costs.

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
Mth 7	58,845	58,954	6,536	- 6,428	109
Mth 8	57,308	58,371	6,602	- 5,539	1,063
Mth 9	47,391	47,789	6,435	- 6,037	398
YTD	502,362	504,340	56,803	- 54,825	1,977

The performance of Variable Pay in comparison to 2021/22 is summarised in table 5 below. At this point in the year, Variable Pay is above last year's month 9 level with continued pressures in non-medical agency costs although a small reduction is evident in month 9 when compared to month 8.

Table 5: 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

5.2 Non Pay

The performance against budget both in month and Year-To-Date is provided below. The variance linked to the deficit is now negated.

Table 6: 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
Mth 7	63,894	64,429	-	536	536
Mth 8	62,339	62,504	-	165	165
Mth 9	64,178	64,369	-	190	190
YTD	543,248	548,495	-	5,247	5,247

The overall non pay variance can be summarised as set out in table 7 below.

Table 7 – Key variances driving non pay overspend

	Variance £m
Continuing Healthcare	7.392
Drugs/FP10 Drug Scripts	1.449
Clinical services/supplies	3.621
Savings	3.754
Sub total	16.216
Offset by underspends across income/losses/clinical negligence/recharges/other corporate expenditure on Z095 #1	(10.960)
Total Variance Non Pay	5.256

Note #1 – full impact on this will not be known until closer to year end as many of these items on only finalised in March 2023.

5.2.1 Continuing Healthcare

One area of the non-pay with significant variance against budget in Month 1-9 is Continuing Healthcare. An analysis of actual spend and patient numbers for 2022/23 is provided in table 8 below on a month by month basis.

Table 8: - Continuing Healthcare Breakdown

Service Area	General		Mental Health		Learning Disabilities		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
Mth 7	378	2,316,074	194	1,275,215	196	1,603,363	768	5,194,652
Mth 8	380	2,320,729	195	1,328,834	196	1,684,113	771	5,333,677
Mth 9	379	2,679,235	194	1,177,666	196	1,961,716	769	5,818,618
Total		20,032,662		10,422,627		16,000,127		46,455,415

5.2.2 Primary Care Prescribing

The August Prescribing Audit report (PAR) first showed a significant increase in costs from first four months of the year and this has continued. The latest Par, which is October shows that spend has remained high and this data along with the modelling jointly by the Finance and Pharmacy Teams is indicating the this will be £2.4m above plan at Month 12, which is £1m higher than the reported variance in Month 8. This is being driven by a numbers of issues (1) No Cheaper Stock Obtainable; (2) further Category M price changes; (3) continued growth above planning assumptions; and (4) impact Strep A and a growth in prescription

of antibiotics for children and also adults. Further work continues to be undertaken by the Pharmacy Teams on this and updates will be provided each month.

5.2.3 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 9 were found in General Clinical Supplies (M&SE narrative on Ledger). Partly linked to activity in the last few months and also the ongoing pressures linked to inflation.

5.3 Income

Table 9: Variance on Income 2022/23

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
Mth 7	- 25,117	- 25,249	- 132
Mth 8	- 24,023	- 24,850	- 827
Mth 9	- 22,463	- 22,849	- 386
YTD	- 216,544	- 219,467	- 2,924

In Month 9 the overachievement in income is attributable to Research & Development, Long Term Agreements & WG income, with other income categories broadly achieving a balanced position.

5.4 Savings

At the end of Month 9 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 Murrison Service Group taking the combined target to £33.6m. As per the weekly Savings report dated 5th January (supporting the WG Month 9 submission), the total value of schemes identified for 2022/23 is £34.3m (£23.6m recurrently) and these values are included in the tables below. However, the actual likely delivery for 2022/23 as per Table 10b is £29.9m (which assumed delivery of all Red Schemes).

Table 10 a: Saving Overview #1

		Reported PFC Aug £m	Reported PFC Sept £m	Reported PFC Oct £m	Reported PFC Nov £m	Reported PFC Dec £m	Reported PFC Jan £m	Movement £m
2022/23 (Planned)	Identified	27.4	29.5	32.0	34.1	34.3	34.3	0.0
2022/23 Recurrently	Identified	22.2	24.1	26.4	27.1	24.0	23.6#	(0.4)

#Reduction linked to the removed off Red Schemes between Month 7 and Month 8.

To date, slippage on the savings plan is contributing to a non-pay overspend of £3.75m

Table 10b: Savings Overview #2

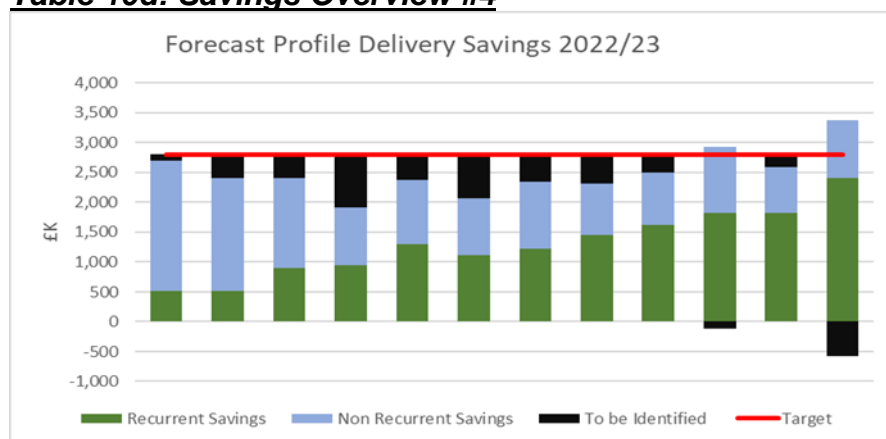
Summary Breakdown	Target 2022/23 £k	Actual Identified 2022/23 £k	Shortfall £k	Actual Recurrently Identified £k	Recurrent Shortfall £k
Corporate	6,125	6,236	-111	5,008	738
Morrison	10,447	7,409	3,038	4,299	6,148
NPTS	7,089	6,961	128	6,454	-66
MHLD	4,188	4,188	-1	3,461	277
PCC	3,975	3,976	-1	3,324	181
IMM and Health Board Wide	1,819	1,170	649	1,000	819
	33,642	29,940	3,702	23,546	8,096

Note: Identified column in table 10b reflects forecast delivery whereas identified in Table 10a is total value of identified schemes. The difference reflects that in year not all planned schemes are reporting as deliverable in full

Table 10c: Savings Overview #3

	Total		Morrison		NPTS		MHLD		PCC		Corp/Other	
	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s
Red	950	2,220	0	300	593	1,773	-	-	-	-	357	147
Amber	1,125	2,980	706	1,101	150	150	9	320	1	831	259	578
Green	27,865	18,346	6,703	2,898	6,218	4,532	4,179	3,141	3,975	2,493	6,789	5,283
	29,940	23,546	7,409	4,299	6,961	6,454	4,188	3,461	3,976	3,324	7,406	6,008
% of CIPS Green	93.07%	77.92%	90.47%	67.41%	89.33%	70.21%	99.79%	90.75%	99.97%	74.99%	91.68%	87.94%

Table 10d: Savings Overview #4



The Services Group and Corporate Directorates will be using 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 savings report is produced by the Programme Management Office (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.
- Targeted meetings to be held with areas not achieving target either in-year or recurrently. All Service Group Directors and Corporate Directors
- Focused attention to ensure that 100% of the green and amber schemes are delivered in line with the plans identified. All Service Group Directors and Corporate Directors

- Where savings delivery is not assured through the last round of meetings central action will be taken to close all gaps.

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

5.5 Long Term Agreements (including Welsh Health Specialised Services Committee) Performance

Historic background to the Long Term Agreements were provided in previous monthly reports. The Month 6 report included Q1 data, with plan to provide updates each quarter. As we were required to provide a full update on latest financial data at the Mid-Year Review as assessment was provided on Month 5 data, which was included in the Month 7 and current Month 8 report. The planned update is now included in the Month 9 report.

Table below is the performance of Swansea Bay HB at the end of Month 9 as a provider, for services commissioned by other Health Boards. Under the previous Long Term Agreements, the full year forecast for underperformance would be £9.8m, under the interim arrangements that risk has reduced to £2.044m.

Table 11: Performance SB as Provider

SBU Provider	LTA Value	Old LTA Rules		Mitigated	
		Variance M8	F/C	Variance M8	F/C
Hywel Dda (Excluding NICE)	37.494	-1.325	-1.988	-0.514	-0.771
AB	0.916	-0.002	-0.004	0.023	0.034
C&V	4.215	-0.052	-0.078	0.028	0.042
CTM Bridgend	17.028	-0.655	-0.983	0.029	0.044
CTM former CT	1.114	-0.023	-0.035	0.047	0.071
CTM - CCSLA (NPTH)	7.674	-0.744	-1.116	0.054	0.081
Powys	8.501	-0.214	-0.321	-0.006	-0.009
WHSSC (Exc Pass Through)	112.402	-3.005	-4.507	-1.024	-1.536
LTA Sub Total	189.343	-6.022	-9.033	-1.363	-2.044

Table 12 is the performance of contracts provided by other Health Boards at Month 9 but commissioned by Swansea Bay. Here under the previous Long Term Agreements arrangements we would have seen a benefit of £5.6m but under the interim arrangement that has reduced to £3.8m.

Table 12: Performance SB as Commissioner

SBU Commissioner	LTA Value	Old LTA Rules		Mitigated	
		Variance M8	F/C	Variance M8	F/C
Hywel Dda (Excluding NICE)	4.755	-0.831	-1.247	-0.616	-0.924
AB	0.204	0.010	0.015	0.055	0.082
C&V	3.685	-0.111	-0.166	-0.386	-0.579
CTM Bridgend	24.327	-2.177	-3.265	-1.504	-2.256
CTM former CT	3.001	0.015	0.023	0.042	0.064
CTM - CCSLA (NPTH)	1.814	-0.256	-0.384	-0.099	-0.149
Powys	1.122	-0.078	-0.117	-0.065	-0.098
Velindre (Excluding NICE)	0.301	-0.026	-0.039	-0.015	-0.023
LTA Sub Total	39.209	-3.454	-5.180	-2.588	-3.883

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 the information indicated underperformance as a provider will be offset by underperformance as a

commissioner, but this will be monitored closely as we near the end of the financial year.

5.6 COVID Transition (Response)

The national COVID programmes of Trace Test Protect, Mass Vaccinations and Personal Protective Equipment (PPE) are confirmed as funded by WG. Whilst the COVID Transition costs are recognised by WG, and some funding has recently been received which is under review. However, within the financial position and plan is it continued to be assumed this will be funded via an anticipated allocation.

In 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 9 is included in the table below and has been reported in detail to WG as part of the MMR submissions:

Table 13: RRL COVID Anticipated Allocation 2022/23

Income Assumptions	Received	Anticipated	2022/23 Forecast @ mth 9	Total By Type
	£'000	£'000	£'000	£'000
National Programmes: Tracing	3,890	1,711	5,601	21,010
National Programmes: Testing	1,290	985	2,275	
National Programmes: Mass Vaccinations	4,744	3,142	7,886	
National Programmes: PPE (Exc Stores Staff)	1,751	2,553	4,304	
National Programmes: Long COVID	-	436	436	
National Programmes: Nonsocomial	508	-	508	2,336
COVID Impact Funding Received: Extended Flu Funded to Date	918	-	918	
COVID Impact Funding Received: Dental Income Shortfall (as per WG Letter)	1,418	-	1,418	34,845
COVID Impact : Cleaning Standards	1,271	635	1,906	
COVID Impact: Dental Income Shortfall (Balance)	-	260	260	
COVID Impact: Other	22,059	10,620	32,679	
Total Table B3	37,849	20,342	58,191	58,191

The Transition Costs of £5.6m linked to prescribing were challenged by WG and it was agreed at the Mid-Year Review meeting that these would be removed for COVID. The Health Board will use additional opportunities to support this change in funding flows.

Actions:

- Forecast continues to be refined and updated based on discussions with Service Groups.
- Actions from COVID Check & Challenge meetings, chaired by the Chief Executive Officer and held on 3rd and 4th November 2022 were issued in 7th November and will be followed up in the next round of meeting scheduled for January 2023.
- Continued discussion with WG on the risks regarding funding as part of the weekly Check in Sessions with Finance Delivery Unit.

Whilst COVID Transition funding has been received for part of 2022/23 from WG there is no certainty that the Health Board will receive the funding requested in full. This is reflected in the risk section later.

5.7 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 14: COVID Recovery Fund 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	3,220,151	- 343,498
Regional Cataract Services	1,398,337	606,229	792,108
Regional Orthopaedics	3,419,104	55,729	3,363,375
Strengthened Diagnostic & Imaging services	4,499,529	3,596,930	902,599
Implementation of the Critical Care Plan	-	-	-
Cancer	1,280,070	1,052,091	227,979
Other Capacity	4,139,711	5,922,920	- 1,783,209
Other Eyes	318,825	261,132	57,693
Primary Care Pathway Redesign	26,448	234,632	- 208,184
Other - Pre Committed	3,221,803	1,414,448	1,807,355
Therapies	121,543	101,023	20,520
Other (WHSSC)	297,978	344,260	- 46,282
TOTAL	21,600,000	16,809,545	4,790,455

At end August the plan against the funding was £0.4m over committed. This has increased to £1.4m at the end of December and so options to deliver breakeven must be finalised during January 2023.

5.8 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 7 position it is assumed these costs, above the £8.1m budget, will be funded by WG. At Director of Finance Meeting held in November 2022 Health Boards were told that these will be funded and to remove the risk from Month 8. This has been actioned and some funding has been received in year. A breakdown of the estimated costs above budget and funding received to date for the three areas is provided below:

Table 15: Anticipated Allocations Extraordinary Items

RRL Extraordinary Items Allocations	Received	Anticipated	Total Forecast 22/23
	£'000	£'000	£'000
National Insurance Health & Social Care Levy	4,042	-	4,042
Real Living Wage (Care Homes Only)	2,995	-	2,995
Energy Costs (inc Non British Gas items)	4,180	6,849	11,029
TOTAL ALLOCATION	11,217	6,849	18,066

Actions:

- Continual review of each area and refinement of forecast.

5.9 Capital Resource Limit (CRL)

The approved Capital Resource Limit (CRL) value issued on 5th December is £36.896m. The approved CRL value includes Discretionary Capital and schemes under the All-Wales Capital Programme.

Outturn Performance

The forecast outturn shows a reduced overspend position of £1.018m. Allocations are anticipated on the schemes shown below which will provide a balanced position.

The forecast outturn shows a reduced overspend position of £1.018m. Allocations are anticipated on the schemes shown below which will provide a balanced position.

The impact of the reductions to the discretionary capital funding this year continue to emerge. There has however been some slippage against the estimated spend profile this month on two of the WG funded schemes (Imaging and Sub Station 6). The impact of this will result in additional funding being available this year to fund some of the emerging service pressures within the discretionary programme. There is however no overall financial benefit, as the funding will need to be repaid to those schemes from the discretionary capital programme next year.

Scheme	£m / Risk Level	Narrative
Regional Pathology	0.900 / Low	Funding anticipated from WG.
Eye Care - Open Eyes Ophthalmology System	0.061 / Medium	Funding anticipated from WG.
Sapphire Suite	0.030 / Medium	Funding anticipated from Regional Capital.
Welsh Intensive Care Information System (WICIS)	0.027 / Medium	Funding anticipated from WG.

The following allocations are all classed as high risk. The in-year underspends on the AWCP (all-Wales capital programme) schemes are being offset with increased spend on discretionary schemes and as discussed with the WG

Capital & Estates team on 10th January, a change to the funding assumptions on the City Deal.

Table 16: Capital funding risks

Scheme	£m / Risk Level	Narrative
National Programme – Imaging Phase 2	0.900/ High	<ul style="list-style-type: none"> All works contracts have now been let, but contractors have indicated increased programmes timescales and reduced spend profiles this year.
Morrison Hospital Infrastructure Modernisation – Phase 2 Stage 2	0.400 / High	<ul style="list-style-type: none"> Work has commenced later than anticipated, resulting in a reduced spend profile from the SCP (single cancer pathway).

All other schemes on the Capital Programme are categorised as low risk and any variances are linked to planned contributions from discretionary.

5.10 Balance Sheet

As at the end of December 2022 there has been an increase of £43.301m in net assets employed compared to the balances as at 31st March (13.2%). Total assets increased by £10.343m, and total liabilities reduced by £32.957m. The main movement in assets and liabilities is detailed in the following paragraphs.

The inventory value has increased by £1.394m from £9.372m at the end of March 2022 to £10.766m at the end of December 2022. The increase mainly relates to drugs stocks across all hospital sites of £0.793m, blood products stocks of £0.324m and theatre stocks of £0.277m.

There has been an increase in trade receivables of £14.441m from March 2022 to December 2022. This comprises an increase of £20.593m in the Welsh Risk Pool debtor relating to the Welsh Risk Pool funded element of the clinical negligence, personal injury, redress and GP indemnity scheme provisions. The information used to calculate the provision and the corresponding Welsh Risk Pool debtors is based on quantum reports provided by NWSSP Legal and Risk Services, with the values advised for the second quarter of 2022/23 showing a large increase against the reports provided at the end of March 2022.

The remaining reduction amounting to £6.152m is made up of a reduction in NHS Debtors of £8.042m, a reduction in NHS Bad debt provision of £0.935m and an increase in non NHS income accruals, which amount to £2.743m.

The closing December 2022 cash balance was £1.868m, well below the Welsh Government best practice cash target for the Health Board of £6m and in line with the cash balance held at the end of March 2022 of £4.398m.

In respect of liabilities, there has been a reduction of £61.851m in trade and other payables. This comprises a reduction of £3.481m in capital payables and a reduction of £58.370m in revenue payables. The reduction in revenue payables mainly relates to reductions in goods received not invoiced, outstanding invoices with Accounts Payable, the payment of clinical negligence settlements treated as creditors at year end and a reduction in both NHS and non-NHS creditors with payments made to staff who opted to sell back their untaken annual leave from 2021/22 which was accrued for at year end.

The reduction in capital payables reflects the clearance of the large number of capital items received and not invoiced at the end of March 2022 and the payment of invoices received at the very end of March 2022 after the final supplier payment runs had been processed.

The reduction in trade and other payables is largely offset by the increase of £28.894m in provisions linked to the increase in provisions for clinical negligence, personal injury, redress and GP indemnity scheme claims as advised by NWSSP (NHS Wales Shared Services Partnership) Legal and Risk Services.

5.11 Cash

As at the end of December 2022, the Health Board had a cash balance of £1.868m which is in line with the planned month end cash balance of between £1m and £2m.

The current cash forecast of a deficit of £34.470m is the current best estimate of the year end position, but there are a number of factors impacting on this cash forecast. These factors and the cash requirement associated with each are detailed in the table below which confirms the current working capital cash requirements.

The forecast cash deficit reported is predicated on the receipt of all anticipated cash allocations from Welsh Government and it is a major concern that as at the end of December 2022 there remains £40.019m of anticipated allocations not yet confirmed. This includes particularly large amounts in respect of COVID (£20.342m) and for the energy price increase (£6.849m). It is essential that these allocations are confirmed and issued to the Health Board as soon as possible to provide more certainty in respect of the cash forecast. As will be noted from the cash flow forecast reported to Welsh Government if these allocations are not available for draw down by mid-February at the latest then the Health Board will have insufficient cash to meet its payment commitments from the beginning of March, given that working capital cash cannot be drawn down until March.

The second factor informing the cash flow forecast is the significant forecast reduction in capital creditors of £21.664m. Whilst the HB has received an initial temporary increase of £15m to the CRL (capital resource limit) in respect of this movement, conversations with WG have indicated that this cash cannot be included in the cash forecast until confirmation of the availability of this cash is made following the supplementary budget in February 2023. This cash has therefore been removed from the cash flow forecast in March 2023 as agreed

with WG, contributing £21.664m to the cash forecast deficit (the £15m identified plus the remaining capital creditors forecast reduction of £6.664m).

The third factor is the forecast reduction in revenue working capital balances and the associated cash impact. As can be seen from the statement of financial position, revenue creditors are forecast to reduce by £35.091m, which comprises a number of elements. There are payments to staff who have sold back annual leave in 2022/23 and backfill costs associated with covering the additional leave that staff carried over at the end of 2021/22, the allocations in 2021/22 for this being resource only with no cash. There are forecast reductions in other creditor areas as part of the balance sheet releases discussed with WG and the Finance Delivery Unit at the mid-year review some of which are cash impacting and some of which are not, as well as reductions in trade creditors and goods received not invoiced as part of the Health Board's ongoing push to improve its PSPP compliance. Whilst an element of the reduction in creditors can be offset through reductions in receivables, the cash impact of forecast movement in provisions and through managing cash payments closely during March 2023, this still leaves a sum of £17.204m needing to be covered through additional cash to cover the forecast cash deficit. This figure will also increase if the full value of the anticipated allocations is not provided in cash, reinforcing the requirement for those anticipated allocations to be confirmed and issued as soon as possible.

Finally, another factor at play and impacting on revenue cash is the fact that revenue cash is owed £6.477m from capital cash as the capital cash payments made in 2021/22 exceeded the cash drawn down via the CRL. Therefore, £6.477m capital cash is also required in addition to the £21.664m capital cash requirement for movement in working capital balances. Receipt of this £6.477m together with the opening cash balance as at 1st April 2022 would therefore leave a revised cash requirement of £7.104m for movement in revenue working capital balances, giving a small cash surplus of £0.775m at the end of March 2023 as in the table below.

Table 17: Cash forecast

Cash Position for Month 8	Total
	£'000
Opening balance as at 01/04/22	4,398
Reduction in Capital Creditors	-21,664
Forecast deterioration in revenue working balances	-17,204
Forecast Closing Cash Balance	-34,470
Cash Support Required	
Movement in working capital - capital cash	21,664
Capital cash to repay revenue	6,477
Cash required for revenue working capital balances	7,104
Total	35,245
Revised Cash Balance	775

The cash flow is updated daily and any changes to the forecast cash position at year end will be reported through these returns.

5.12 Public Sector Payment Policy (PSPP)

Up until September 2022 (Quarter 2), the Health Board had achieved the 95% PSPP target in each month of the 2022/23 financial year to date.

The Health Board missed the 95% PSPP target for Quarter 3 with compliance being 94.6% for non NHS and 86.3% for NHS for the Quarter. The issue in Quarter 3 were the delays in nurse agency invoices being paid due to the increase in the number of invoices for shifts worked.

The December in month performance being 96.81%. The cumulative performance for the year to date stood at 95.1% at the end of December.

6. RISKS (Revenue Income & Expenditure)

Within the Monthly Monitoring Return submission to WG is a list of the risks that could impact on the Income & Expenditure position, which we have been reporting each month. The Risks are now grouped under two headings:

- Breakeven
- COVID Response

Within these headings are the sub categories of:

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

As reported above at the end of Month 9 the in-month position is an overspend of £0.203m, taking the YTD position to £4.301m overspent. Given the fact that the Health Board is reporting a deficit of £4.301m at Month 9 the table below summarises how the Health Board moves from current deficit to balance by 31st March 2023. These are reflective of the operational risks detailed in Table 18.

	£M
Potential Deficit (£4.1m extrapolated to Month 12)	5.70
Actions required Month 9-12:	
1. CKS Challenge Joint Package Funding	(1.25)
2. Financial Improvement Programme Murrison	(4.50)
3. Further Opportunities (Pension changes & slippage above plan)	(2.40)
Further Risks:	
1. Prescribing	2.40
Potential Risk Adjusted Forecast	(0.050)

Table 18 – Risk rating per formal Monitoring Return reporting

RISKS		
AREA	£'000	Risk Score C x L
Risk 1: Breakeven Revenue		
Operations Pressures		
- Delivery of Run Rate Reduction in Morriston Service Group to Delivery Target	- 4,500	16
- COVID Recovery not able to be constrained within funding	- 1,445	12
- Delivery Continuing Healthcare Joint Cases Review (CKS)	- 1,250	16
- Prescribing (Primary Care)	- 2,400	16
Savings		
- Savings Delivery above current identified Schemes	- 3,702	12
Investments		
- Maintain Investment within Financial Plan	- 500	8
SUB TOTAL	- 13,797	
Risk 2: COVID Response & Extra-ordinary Costs		
-Covid Funding WG (Transition)	- 11,515	16
SUB TOTAL	- 11,515	
TOTAL RISKS	- 25,312	

Further details on the RED risks:

- Delivery of Run Rate Reduction Morriston – refer to section 4.
- COVID Recovery – refer to section 5.7.
- Continuing Healthcare – refer to section 5.2.1.
- COVID Funding (Transition) – refer to section 5.6.
- Prescribing – refer to section 5.2.2.

Action:

- Continued focus and review of the operational forecast to support the reported forecasted breakeven end of year position.
- Continued review and refinement of all Risks each month.

7. ACTIONS

Detailed actions have been reported to the Board this month to provide assurance on actions to manage the financial position. Whilst there is a £4.3m variance from plan at the end of period 9, there is sufficient risk in the plan to warrant immediate action to correct the position as early as possible. Whilst the detail of actions underway is included above, the key areas of focus are: -

- Re-balance the operational position through significant run rate reductions over quarter 4
- Further assure savings delivery
- Reduction costs for COVID response to minimal levels give financial outlook for 2023/24
- Assess final funding for areas linked to Extraordinary Pressures and COVID.

8. RECOMMENDATIONS

Members are asked to: -

- **NOTE** the agreed updated 2022/23 financial plan

- **NOTE** that actions are being undertaken to reduce the risk in the plan in terms of: -
 - operational run rate
 - savings delivery
 - COVID costs
 - reserve flexibility
- **CONSIDER** and comment upon the Board's financial performance for Period 9 2022/23 (Revenue and Capital)
- **NOTE** the balance sheet 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 type="checkbox"/>
	Partnerships for Care	<input 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 type="checkbox"/>
Quality, Safety and Patient Experience		
Financial Governance supports quality, safety and patient experience.		
Financial Implications		
The Board is reporting a breakeven financial outturn.		
Legal Implications (including equality and diversity assessment)		
No implications for the Board to be aware of.		
Staffing Implications		
No implications for the Board to be aware of.		
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)		
No implications for the Board to be aware of.		
Report History	Board receives an update on the financial position at every meeting	
Appendices	none	