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Bae Abertawe
Swansea Bay University
Health Board



Meeting Date	30th March 2023	Agenda Item	6.2
Report Title	Financial Report – Period 11 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 11 (February) 2023 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 11 (February) 2023.</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 11 2022/23 (Revenue and Capital) • NOTE the balance sheet position 		

FINANCIAL REPORT – PERIOD 11 2022/23

1. INTRODUCTION

The report advises the Board that the in-month Period 11 (February 2023) revenue financial position is an underspend of £1.735m.

The report invites the Board to note the detailed analysis of the Period 11 (February) 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 11 (February).

The report also summarised the on the 2022/23 Financial Plan contained within the 3-year recovery and sustainability plan (3YP hereafter).

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 : 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)	(1.735)
Reported cumulative financial position – deficit/(surplus)	2.357
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)	(1.610)
Forecast outturn financial position – deficit/(surplus)	0.833

Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £000
PSP 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)	94.78

3. FINANCIAL IMPLICATIONS

IMTP / 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	Submissi on (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

For clarity the COVID transition and extraordinary cost pressure cover is an assumed allocation as instructed by WG. All COVID transition funding has been received by the Health Board for 22-23.

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)	- 1.74	2.36	0
Additional Expenditure Anticipated to be Funded by WG			
- Covid (excluding National Programmes)	1.21	31.43	37.08
- Extraordinary Pressures	1.86	16.05	18.19
2022/23 Savings Delivery Target Shortfall (inc unmet b/f)	0.00	4.02	3.74

Summary:

- **Variance Against Revenue Resource Limit (RRL)** – The actual Month 11 variance was an underspend of (£1.74m). The Year-To-Date plan at Month 11 should be breakeven but actual variance is an overspend of £2.36m, with ongoing forecast to deliver breakeven by 31st March 2023.
- **Additional Expenditure** – this is the value of the additional funding required to support COVID Transition and extraordinary pressures. At the time of writing this report only 1 item of COVID funding remained outstanding linked to loss of contract income (£0.142m), and all other funding had been received.
- **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 11 that has been achieved and the Year-To-Date showing a shortfall of £4.02m, with estimated shortfall of £3.74m by Month 12 (see section 5.4).

To support the challenging financial position reported within the Health Board since Month 3, a series of 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 was 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 was sent out in January.
- Independent, specialist financial improvement support has been identified to assist Morriston Service Group with its financial challenges. This support commenced during the week commencing 12th September 2022.
Update: In Month 11 the Morriston Service group position remained at similar level to Month 10, which was in part supported by the RBNI release and further updates are provided later in the report.
- On 15th February a Workshop put in place to discuss options regarding Run Rate Reductions both the support 2022/23 position and the 2023/24 impact of current overspends. The output from this was the establishment of 5 workstreams with appointed clinical leads to focus on:
 - Diabetes

- MSK
- Frailty
- Respiratory
- Heart failure

Based on the Weekly Savings Report dated 3rd March 2023 there remains a significant shortfall on the in-year delivery within the Murrison Service group, which links to the work being undertaken through the specialist financial improvement support. There also remains £0.6m of red schemes for NPTS and these are under review.

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 11 the £2.4m 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 11

	Target	Year-to-date@ Month 11
	£000	£000
Service Groups		
Mental Health & LD		2,219
Morrison	9,000	18,156
NPT & Singleton		5,933
PC & Community		-553
Directorates		
Board Secretary		-70
Chief Operating Officer		630
Director of Strategy (excluding COVID)		-446
COVID		0
Director of Transformation		-98
Finance & Estates		682
Digital		-341
Medical Director		-158
Nurse Director		-451
Workforce & OD		-188
Clinical Medical School		0
Research & Development		24
DSU		0
EMRTS		-107
Director Insight, Communication & Engagement		-106
Corporate I&E		-38
Public Health		-8
Delegated Budget Position	9,000	25,088
In year deficit		-
Opportunities Released	- 9,000	-22,731
Current Delegated Position	-	2,357

Actions/Comments Linked Table 3:

- Morrison Service Group – A Finance Improvement Director was appointed and commenced w/c 19th September 2022. The Month 11 position reported by the Morrison Service Group remains a concern and the Group is now significantly over the £9m target set, with only 1 month of the financial year remaining. Within the Health Board forecast it is assumed that the Service Group will overspend by £20.3m, £11.3m over target. The Service Group has a Financial Improvement Plan in place which will now be taken forward by the appointment of an additional post in Morrison (replacing the Improveemtn Director) to deliver the improvements that will support and complement the overall run rate reductions actions required for the 2023/24 Plan.
- 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 was primarily linked to (1) pressures on secondary care drugs; (2) clinical supplies and services; (3) non delivery of savings (4) increase in pay costs (5) 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

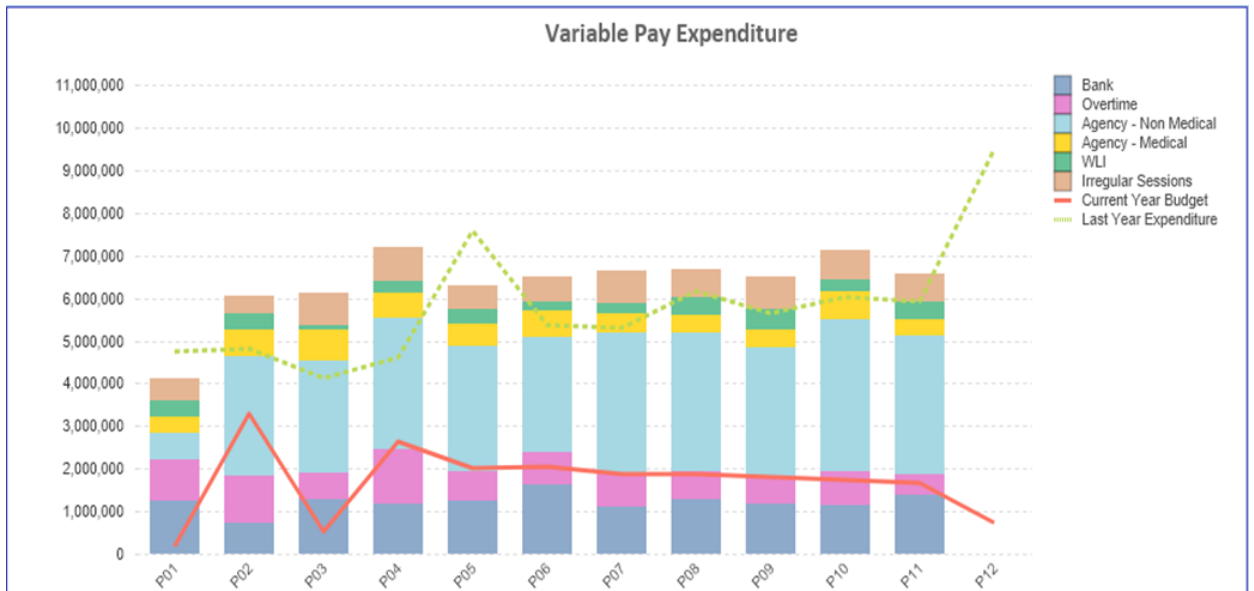
The performance against budget both in month and YTD is provided below, with the variance spilt between Variable Pay costs and fixed staff costs.

Table 4: Variance on Pay 2022/23

Pay	Budget	Actual	Variance	Variance	Total
	£'000	£'000	Variable Pay £'000	Fixed Costs £'000	Variance £'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
Mth 10	56,709	57,397	7,058	- 6,370	688
Mth 11	58,654	58,604	6,485	- 6,535	- 51
YTD	617,725	620,341	70,346	- 67,730	2,615

The performance of Variable Pay in comparison to 2021/22 is summarised in graph 1 below. With the exception of Month 1 Variable Pay has been above last year's levels. In Month 11 there was continued pressures in bank and WLI, although there is a small reduction in non-medical agency costs, agency medical costs and overtime when compared with the month 10 position.

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
Mth 10	63,211	62,432	-	- 779	- 779
Mth 11	64,899	62,558	-	- 2,340	- 2,340
YTD	671,358	673,486	-	2,128	2,128

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	9.767
Drugs/FP10 Drug Scripts	1.413
Clinical services/supplies	4.945

Savings	4.017
Sub total	20.142
Offset by underspends across income/losses/clinical negligence/recharges/other corporate expenditure on Z095 #1	(17.198)
Total Variance Non Pay	2.944

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 1-11 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
Mth 10	377	2,371,729	203	1,372,568	192	1,925,712	772	5,670,009
Mth 11	363	2,073,256	200	1,142,462	200	1,738,678	763	4,954,396
Total		24,477,647		12,937,657		19,664,517		57,079,820

5.2.2 Primary Care Prescribing

The August 2022 Prescribing Audit Report (PAR) first showed a significant increase in costs from the first four months of the year and this has continued. The latest data 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; (4) continued growth above planning assumptions; and (4) impact Strep A and a growth in prescription of antibiotics for children and also adults during the winter months. Final assessment of these issues and the latest PAR will be undertaken in early April 2023 to assess the most likely outturn for 2022/23 as part of the year end closedown process. This assessment will look at the most recent data, trends and information from the service to determine the accrual for the two months of costs that are always unavailable at the 31st March 2023.

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 11 were found in Disposable 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
Mth 10	- 24,977	- 25,095	- 118
Mth 11	- 28,431	- 27,776	655
YTD	- 269,951	- 272,338	- 2,387

In Month 11 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 11 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 Savings report dated 2nd March (supporting the WG Month 11 submission), the total value of schemes identified for 2022/23 is £35.2m (£21.4m recurrently) and these values are included in the tables below. However, the actual likely delivery for 2022/23 as per Table 8b is £29.9m (which assumed delivery of all Red Schemes).

Table 10 a: Saving Overview #1

	Reported PFC Oct £m	Reported PFC Nov £m	Reported PFC Dec £m	Reported PFC Jan £m	Reported PFC Feb £m	Reported PFC Mar £m	Movement £m
2022/23 Identified (Planned)	32.0	34.1	34.3	34.3	34.7	35.2	0.5
2022/23 Identified Recurrently	26.4	27.1	24.0	23.6#	22.7#	21.4	(1.3)

#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 £2.128m

Table 10b: Savings Overview #2

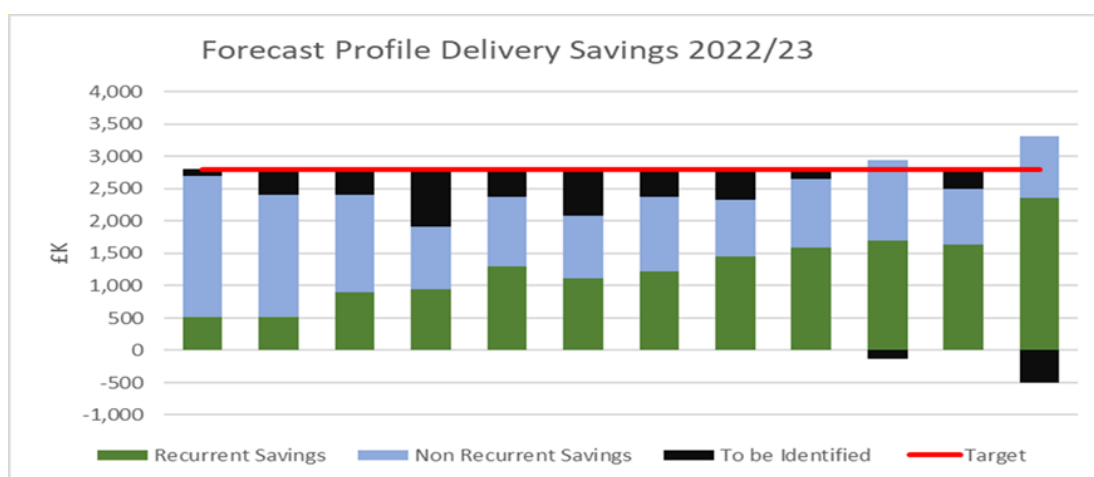
Summary Breakdown	Target 2022/23 £k	Actual Identified 2022/23 £k	Shortfall £k	Actual Recurrently Identified £k	Recurrent Shortfall £k
Corporate	6,124	6,238	-113	4,536	1,209
Morrison	10,447	7,437	3,010	3,940	6,507
NPTS	7,089	6,961	128	6,454	-66
MHLD	4,188	4,117	71	2,944	794
PCC	3,975	3,990	-16	2,543	962
IMM and Health Board Wide	1,819	1,170	649	1,000	819
	33,641	29,913	3,728	21,416	10,225

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	870	1,920	0	-	593	1,773	-	-	-	-	277	147
Amber	493	1,152	343	836	150	150	0	-	1	-	-	166
Green	28,550	18,345	7,095	3,104	6,218	4,532	4,117	2,944	3,989	2,543	7,131	5,223
	29,913	21,416	7,437	3,940	6,961	6,454	4,117	2,944	3,990	2,543	7,408	5,536
% of CIPS Green	95.44%	85.66%	95.39%	78.78%	89.33%	70.21%	100.01%	100.00%	99.97%	100.00%	96.26%	94.35%

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 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 recurrent savings delivery is not assured, central action will be taken to close all gaps, including the removal of vacancies. This will be part of the work to upload both the recurrent budgets and the plan into the 2023/24 Ledger.

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 Variance M8	F/C	Mitigated 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 (TTP), Mass Vaccinations and Personal Protective Equipment (PPE) are confirmed as funded by WG. Whilst the COVID Transition costs are recognised by WG, and funding expected has now been received in full.

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 11 is included table 9 below and has been reported in detail to WG as part of the Monthly Monitoring Return submissions. The table provides both the forecast and the funding received. Since the Mth 11 closedown the £0.430 for Long COVID has been received and only the £0.142m remains outstanding.

Table 13: RRL COVID Anticipated Allocation 2022/23

Income Assumptions	Received	Anticipated	2022/23 Forecast @ Mth 11	Total By Type
	£'000	£'000	£'000	£'000
National Programmes: Tracing	5,601	-	5,601	20,997
National Programmes: Testing	2,286	-	2,286	
National Programmes: Mass Vaccinations	7,886	-	7,886	
National Programmes: PPE (Exc Stores Staff)	4,285	0	4,285	
National Programmes: Long COVID	-	430	430	
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	34,744
COVID Impact: Cleaning Standards	1,906	-	1,906	
COVID Impact: Dental Income Shortfall (Balance)	-	142	142	
COVID Impact: Other	32,696	-	32,696	
Total Table B3	57,504	573	58,077	58,077

5.7 COVID Recovery

The Health Board has received £21.6M recurrently (reducing to £15.2m in 2023/23) 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	3,692,490	- 815,837
Regional Cataract Services	1,398,337	758,278	640,059
Regional Orthopaedics	3,419,104	104,905	3,314,199
Strengthened Diagnostic & Imaging services	4,499,529	4,168,992	330,537
Implementation of the Critical Care Plan	-	16,500	- 16,500
Cancer	1,280,070	1,115,749	164,321
Other Capacity	4,139,711	7,113,211	- 2,973,500
Other Eyes	318,825	356,874	- 38,049
Primary Care Pathway Redesign	26,448	253,992	- 227,544
Other - Pre Committed	3,221,803	1,460,730	1,761,073
Therapies	121,543	105,472	16,071
Other (WHSSC)	297,978	372,522	- 74,544
TOTAL	21,600,000	19,519,715	2,080,285

At end August 2022 the plan against the funding was £0.4m over committed. This increased to £1.4m at the end of December 2022, and has been revised to £0.6m at the end of January 2023. At the end of February 2023 the spend is forecast to be aligned to the funding received of £21.6m.

5.8 Extraordinary Pressures

As per the 3 Year Recovery and Sustainability Plan submission, there are three areas of extraordinary pressures within 2022/23. All funded required to support these areas have been received in full from WG. A breakdown 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)	11,157	-	11,157
TOTAL ALLOCATION	18,194	-	18,194

5.9 Capital Resource Limit (CRL)

The approved Capital Resource Limit (CRL) value issued on 22nd February is £37.639m. The approved CRL value includes Discretionary Capital, schemes under the All-Wales Capital Programme and New/Renewal IFRS 16 Leases.

During February 2023, additional funding was received from Welsh Government (WG) for;

- Housing with Care Fund (HCF) – Tonna £0.100m.

Outturn Performance

The forecast outturn shows an overspend position of £0.833m. Allocations are anticipated on the schemes shown below which will provide a balanced position.

Scheme	£m / Risk Level	Narrative
Regional Pathology	0.500 / Low	Funding anticipated from Welsh Government.
Re:fit Phase 4 – Solar Farm Extension	0.300 / Low	Funding anticipated from Welsh Government.
Ambulance Shoreline Connections	0.018 / Low	Funding anticipated from Welsh Government.
Natural Language Processing (NLP) Server	0.015 / Low	Funding anticipated from Welsh Government.

The following allocations are all classed as high/medium risk. The in-year slippage on AWCP schemes is being offset with increased spend on discretionary schemes.

Table 16: Capital funding risks

Scheme	£m / Risk Level	Narrative
National Programme – Imaging P2	0.462/ 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.
Ring- Fenced Orthopaedic Beds, Morriston	0.385 / High	<ul style="list-style-type: none"> • Extended works programme due to increased lead time for materials and equipping.
EMRTS	0.367 / Medium	<ul style="list-style-type: none"> • Risk of non-delivery this financial year on two ACCTS vehicles.

Scheme	£m / Risk Level	Narrative
Housing with Care Fund (HCF): Dan-y-Deri	0.362 / High	<ul style="list-style-type: none"> As agreed with Health and Housing officials since late approval means design fees to be managed by the Health Board and consequently pushed into next year.
DPIF - Digital Medicines Transformation Portfolio	0.185 / High	<ul style="list-style-type: none"> Clinical evaluation still ongoing on type of devices to be used in a Mental Health setting.
Morrison Hospital Infrastructure Modernisation – Phase 2 Stage 2	0.111 / High	<ul style="list-style-type: none"> Work has commenced later than anticipated, resulting in a reduced spend profile from the Supply Chain Partner (SCP).

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 February 2023 there has been an increase of £42.857m in net assets employed compared to the balances as at 31st March (13%). Total assets increased by £9.988m, and total liabilities reduced by £32.869m. The main movement in assets and liabilities is detailed in the following paragraphs.

The inventory value has increased by £1.357m from £9.372m at the end of March 2022 to £10.729m at the end of February 2023. The increase mainly relates to drugs stocks across all hospital sites of £0.870m, blood products stocks of £0.268m and theatre stocks of £0.220m.

There has been a decrease in trade receivables of £3.332m from March 2022 to February 2023.

This comprises an increase of £8.306m 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 £11.638m is made up of a reduction in NHS and Other Debtors of £14.658m, a reduction in NHS Bad debt provision of £0.903m and an increase in non NHS income accruals, which amount to £3.923m.

The closing February 2023 cash balance was £8.628m, which was slightly above the Welsh Government best practice cash target for the Health Board of £6m and above with the cash balance held at the end of March 2022 of £4.398m.

In respect of liabilities, there has been a reduction of £51.161m in trade and other payables. This comprises a reduction of £1.431m in capital payables and

a reduction of £49.730m 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 £10.740m in provisions linked to the increase in provisions for clinical negligence, personal injury, redress and GP indemnity scheme claims as advised by NWSSP Legal and Risk Services.

5.11 Cash

As at the end of February 2023, the Health Board had a cash balance of £8.628m, which is just above the Welsh Government target and the best practice cash target for the Health Board of up to £6m at month end.

The current cash forecast is that of a cash surplus of around £1m following the receipt and draw down of all approved allocations up to today (21st March 2023), £21.664m of capital working capital cash, £6.477m of capital cash to reimburse revenue as detailed in the Capital Resource Limit and £7.515m revenue working capital cash. The health board has also received £7.015m of additional cash to cover the costs of the 1.5% non-consolidated pay award which was paid in March salaries.

At the time of finalising this report, (21st March 2023), the monthly salaries have been paid and so the cash remaining of around £18m is available to support creditor payment runs to the 31st March 2023. This amount should be sufficient to cover those payment runs based on anticipated payments leaving a balance of around £1m in cash as at 31st March. The Health Board is working closely with NWSSP Accounts Payable to manage the remaining creditor payment runs and daily cash reviews are now in place to monitor the cash position.

5.12 Public Sector Payment Policy (PSPP)

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.

Cumulative compliance is still above 95% at 95.1% and the issue in Quarter 3 related to delays in the authorisation of NHS invoices within the service groups as a result of the service pressures being experienced by frontline staff responsible for the authorisation of NHS invoices.

The Health Board remains focussed on improving PSPP compliance for NHS invoices and ensuring that performance remains above 95% for Non NHS invoices.

6. RISKS (Revenue Income & Expenditure)

As reported above at the end of Month 11 the in-month position is a underspend of (£1.74m), taking the YTD position to £2.36m overspent. Given the fact that the Health Board is reporting a deficit of £2.336m at Month 11 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	2.360
Mitigating Actions:	
1.RBNI Oct 20-April 21	(0.500)
2. Further Opportunities from B/S Review	(1.900)
Potential Risk Adjusted Forecast	(0.040)

7. 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 11 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	