

Dyddiad/Date: 14th January 2025

Ms Andrea Hughes
Deputy Head of NHS Financial Management
Welsh Government
King Edward VII Ave
Cardiff
CF10 3NQ

Dear Andrea,

SWANSEA BAY UNIVERSITY HEALTH BOARD MONITORING RETURN 31ST DECEMBER 2024

I enclose with this commentary the completed proformas in respect of the Health Board's Monitoring Returns to 31st December 2024.

On the 26th September 2024 the Health Board submitted a revised Financial Assessment for 2024/25. The assessment and accompanying letter summarised a high degree of confidence in the delivery of £64.1m deficit position by the 31st March 2025, with further opportunities of £13.3m giving the Health Board line of sight to £50.8m. Recognising the risks around the delivery of the £50.8m but with a line of sight to £50.8m the forecast remained at £50.1m. In early December 2024 Welsh Government (WG) issued an additional £6.4m of recurrent funding to the Health Board, which has reduced the deficit plan to £43.7m.

On the 19th December 2024 a Special Board meeting was provided with an assessment of the position based on the information available following Month 8 closedown. In summary the financial assessment showed a possible outturn to end March 2025 of £57.9m, with a gap to the deficit plan figure of £14.3m. Full details of the work underway to mitigate the £14.3m were presented to the Board, which is available on the Swansea Bay Health Board website via this link [Special Board - December 2024 - Swansea Bay University Health Board](#). The full list of actions are not repeated in this letter but the key elements are summarised in the table below:

DETAIL	OVERSIGHT	£M	£M
Assessment to March 2025 @ Mth 8		14.3	
Actions Q4:			14.3
Part 1: Non-Recurrent Options			
Continued Assessment Contingencies (above £17.2m)	Finance	(8.1)	
Part 2: Productivity & Efficiency			(8.1)
Delivery V&S Board Actions	R&S Board	(0.7)	
Focus CHKS/Programme Budgets Opportunities	R&S Board	0.0	
Additional Savings Delivery	R&S Board	0.0	
Variable Pay Risk Adjusted Opportunity	R&S Board	(5.2)	
Part 3: Reducing Capacity			(5.9)
Investment / Funding Review	Board	0.0	
Red Schemes (Pool 2 and 3)	Board	(3.0)	
Activity Cessation (Ministerial Priority Impacting options)	Board		(3.0)
Assessed Position @ Mth 8 Shortfall / (Surplus)			(2.8)

Further details on the delivery of the Q4 actions are provided below:

- Part 1 Non- Recurrent Opportunities £25m – in the Financial Assessment at September 2024, £17.1m of potential non-recurrent opportunities had been identified. An assessment post Month 8 identified this could increase to £25.3m, however it is important to note that there were key items of risk that were not available at that point, including the Changes to Permanent Injury Discount Rate. Following Month 9 and some further information being available the latest assessment of the N/R Opportunities is provided in the table below. The categorisation of RAG = Green achieved and being phased into the position; Amber = partly achieved and built into Table A but value remains uncertain ; Red = less certainty than those items classified as Amber. Those highlighted pink in the table reflect changes from the position at 19th December 2024. On LTA's the assessed performance each month is within the positions Month 1-9, but the final level of performance will remain unknown until Month 12, and so some of the benefits have been held in Month 12 in Table A. On Prescribing there are underspends against budgeted position and based on data available at Month 9, £0.250m of slippage will be brought into the position from Month 9 – Month 12 to reflect this underspend. However, with potential reductions linked to Cat M in Quarter 4, there is the possibility of further opportunities above this £1m, but this has been allocated to Month 12 in Table A due to the uncertainty of delivery.

Potential N/R Opportunities	Original £M	Assessment Mth 8 £M	Assessment Mth 9 £M	Revised RAG
LP1. LTA Contracts Performance (Std & CTM)	(2.1)	(4.5)	(4.5)	
LP2. JCC Pressure Provider	1.5	1.6	1.6	
LP3. NICE	(1.0)	(0.2)	(0.2)	
LP4. PC Prescribing	(2.0)	(1.4)	(1.4)	
LP5. N/R Prior Year VAT Recovery In Position	(0.4)	(0.4)	(0.4)	
LP5.1 N/R Prior Year VAT Recovery O/S	(0.6)	(0.6)	(0.6)	
LP6.PFI Benefits	(1.2)	(1.2)	(1.2)	
LP7.Further B/S Opportunities	(3.2)	(2.2)	(2.2)	
LP8.Overseas Nursing Funding Not Required 2024/25	(0.8)	(0.8)	(0.8)	
LP9.Slippage National Digitals Programmes 2024/25	(1.6)	(1.6)	(1.6)	
LP10.Further Potential Slippage on Investments/Choices	(5.2)	(11.9)	(11.9)	
LP11. RTA Income Above Budget	0.0	0.0	0.0	
LP12. Changes Bad Debt Provision	0.0	0.0	0.5	
LP13. Changes to Permanent Injury Discount Rate	0.0	0.0	0.6	
LP14 SIFT Slippage	(0.5)	(0.5)	(1.0)	
LP15 MS365 VAT (Retrospective Claim)	0.0	0.0	0.0	
Month 8 Addition Health Protection / Long COVID	0.0	(0.8)	(0.7)	
Month 8 Slippage Investment (above LP10)	0.0	(0.3)	(0.3)	
Month 7 VAT (Above 0.4 + 0.6)	0.0	(0.7)	(0.7)	
RISP Onerous Contract	0.0	0.3	0.0	
Final Losses £25k impact 2024/25	0.0	0.0	0.0	
50 Day Funding	0.0	0.0	(0.5)	
Total N/R Opportunities	(17.1)	(25.3)	(25.0)	

- Part 2 Productivity & Efficiency – details are provided in the Board paper referenced in the paragraph above. The value is referenced in Table A as a specific line but currently under Month 12 given the risk of delivery. As majority of this value is attributed to variable pay, aligned to the revised approval approach adopted by the end of December 2024, then within Table A then the realisation of these actions should commence from Month 10 despite the high risk around delivery.
- Part 3 Reducing Capacity – again the details are provided in the Board paper referenced in the paragraph above. At Month 9 there has been no significant improvement in the value of forecast savings delivery for 2024/25. Therefore within Table A the £3m has been attributed to Month 12.

Of noting is that the first R&S Board meeting of 2025 was held on 10th January 2025. The meeting chaired by the CEO focused on the ongoing delivery of both the actions detailed in the opening table to this letter but also what other areas of savings and run rate reductions could be actioned and achieved by 31st March 2025. If all the actions discussed and identified at the R&S Board on 10th January 2025 are delivered these could potentially reduce the £14.3m gap to £12m. However for the purposes of this MMR submission for Month 9 this letter and associated tables reflect the pressures on the £14.3m gap, whilst the HB continues to seek opportunities to reduce the £14.3m. A briefing on the output from the 10th January 2025 R&S Board has also been requested by the Independent Members and a briefing will be provided to ensue the Board is fully sighted on progress on the 14th January 2025.

1. Movement of Opening Financial Plan to Forecast Outturn (Table A)

As discussed with WG and NHSE colleagues on 6th January 2025 for Month 10-12 the Health Board would attempt to represent the discussions and paper presented to the Special Board meeting on the 19th December 2024 into Table A. Entries will be aligned to the principles outlined in the opening paragraphs above.

The forecast will remain at £43.7m, with the risk to achieving this and the delivery of the actions to close the gap on the £14.3m detailed in table A2. In addition, the profiling on Table A attempts to highlight where the risk on delivery and timings remain for achievement of the deficit plan, with the majority of the benefits assumed to deliver in Month 12. If during Q4 those areas deemed most at risk of delivery materialise during Month 10 and Month 11 the phasing will be adjusted in Table A and updates provided via the MMR narrative.

2. Underlying Position (Table A1)

The underlying b/f position reflects the £54.9m, reported both in the Month 12 MMR submission and the MDS submitted on the 29th March 2024. The 2024/25 Annual Planning cycle resulted in an improvement of £4.8m, adjusting the underlying position to £50.1m. This plan is predicated on the recurrent delivery of £34.5m of savings schemes (£26.1m operational and £8.4m of disinvestment decisions made in the planning cycle) and of all Service Areas achieving a breakeven position against their delegated budgets. As the £6.4m issued to Health Board is recurrent the underlying deficit of £50.1m has been adjusted to reflect the revised value of £43.7m in Month 8.

The revised 2024/25 Plan has currently focused on the in-year delivery, however many of the options presented have a higher recurrent value and the impact of this alongside the recurrent operational variances will need to be considered as part of the 2025/26 Planning process. Table A1 will then be updated as the underlying position is reported to the Board during Q4 of 2024/25 and the the 2025/26 Plan finalised.

3. Risk Management (Table A2)

Risks:

For Month 9 the risks have been simplified to reflect the discussions on the 6th January 2025, the discussions at the Special Board on the 19th December 2024 and the outputs from Month 9.

- £14.3m Gap = Part 1 £25m N/R Opportunities

Areas	£M
£25m NR Opportunities - LTA Performance	+3.0
£25m NR Opportunities – PC Prescribing	+1.4
£25m NR Opportunities – Remaining Ambers	+1.0

The table above reflects the most significant risks regarding those items listed as part of the £25m of N/R opportunities and aligns to the detail provided in the opening section of the letter.

- £14.3m Gap = Part 2 Productivity & Efficiency – Table A2 assumes none of the actions under this ‘heading’ and detailed in the paper from the 19th December 2024 are delivered.
- £14.3m Gap = Part 3 Reducing Capacity– Table A2 assumes none of the actions under this ‘heading’ and detailed in the paper from the 19th December 2024 are delivered.
- Non Delivery Service Groups to Achieve Gap £14.3m – the actions within the paper presented to Board on 19th December 2024 assume that the ‘forecast numbers’ assessed at Month 8 remain are delivered in full. However there is a risk that the work required to reach the £14.3m gap may not deliver the anticipated outcome. Whilst the remains significant focus via the R&S Board a prudent £2m has been allocated in Table A2 as a risk.
- In December 2024, (Joint Commissioning Committee) JCC had identified a £8m risk for NHS Wales associated with newly agreed uplifts for English LTAs. JCC was in ongoing discussion with WG about the funding for this but there was a potential impact of £0.7m for Swansea Bay. The latest risk share tables from JCC show forecast risk of £0.4m. The communication from JCC advises that Welsh Government are requiring Health Board MMR submissions to include this as a risk from Month 9. The Health Board does not have actions to mitigate this risk.
- Further impact Pay Changes – we are aware that in January 2025 there will be further pay related changes that include arrears for WLI and staff on maternity leave. These costs have not been included in the values included in Table E or in the submission to WG on 9th January. We are awaiting payroll data to assess this. But initial information from payroll indicate this could be in excess of £1m. This value excludes the Band 8a-9 payment, as this is supported by WG. An update on this will be included in the Month 10 MMR.

In addition, the Health Board needs to consider changes which could impact the delivery of the Financial Assessment, and which will not be known at this point. These include:

- Unplanned costs relating to winter pressures within the Health Board and across partnerships
- Ongoing negotiations regarding the transition of some members of the band 2 workforce to band 3 (detailed work not planned to commence until April 2025) through adoptions of a national framework approach.

Opportunities:

For Month 9 reporting some of the lines previously included here have been removed as per comments below:

- Microsoft VAT Recovery – as per Month 4 submission and in line with WG guidance, the recovery of Microsoft VAT was removed from Table C3. Given there remain no timescales for this materialising in 2024/25, the opportunities have been removed at Month 9, but will be an opportunity for 2025/26.
- Further Non-Recurrent Opportunities – work will continue to assess all aspects of the Health Board position including the balance sheet, use of funding and performance of LTA's. However, at Month 9 all possible opportunities are within the N/R Opportunities £25m table in the opening section of this letter.
- Further Red opportunities – the Health Board continues to work through further Pipeline/Red Schemes, being challenged via the R&S Board, which meets twice a month, chaired by the CEO. In addition for those areas off the internal control total set in September the CEO is now having 1:1 meetings specifically to work through what further opportunities/savings can be identified, both to support the 2024/25 position and the underlying position into 2025/26. However no values have been attributed to this in Table A2.
- R&S Work Plan – the R&S programme is continuing to assess and challenge many areas of expenditure. Outputs from all areas of work will be added to the savings trackers once finalised, and thus have the potential to increase the value of schemes currently included Table C of the MMR. However no values have been attributed to this in Table A2.

Both the latter points are pertinent to the comments within the opening section of this letter on the potential movement from the gap £14.3m to £12m.

4. Monthly Positions (Table B)

4.1 Overview Variance & Plan:

The profile of income and expenditure in Table B is indicative at this stage given the number of actions underway. The profile will also be refined as further analysis is completed on the YTD operational drivers and mitigating actions/options.

Further details regarding the reasons for the variance to plan reported in Table B are provided in section 4.2 below. When comparing the in-month performance in Month 9 to Month 8, it should be considered against the normalised Month 8 position of £1.8m; this is because in Month 8 there was a recognition of 8/12ths of the additional recurrent WG funding to reduce the deficit of £6.4m. The Month 9 position is therefore an improvement of £0.3m compared to Month 8, however this is due to the release of central non-recurrent opportunities (part of the £25m) and does not reflect the operational improvements needed within services.

A summary of the drivers of the In-Month position is summarised in the table below:

Table 2: Key Drivers

Month 9 - In Month	HB Wide £'m	MH/LD £'m	PCT £'m	NPTS £'m	Morr £'m	Corp £'m	Central £'m
Plan 1: Plan							
12th Deficit Plan	3.6	-	-	-	-	-	3.6
Part 2: Savings Delivery							
Non Delivery £26.1m Savings	(2.6)	(4.6)	(1.3)	(0.8)	(0.1)	(0.1)	0.0
Part 3: Operational Pressures							
Income							
- JCC Performance	0.1	-	-	-	0.1	-	-
- Dental PCR Income	0.1	-	0.1	-	-	-	-
- Other	0.0	0.0	-	0.0	-	-	-
Pay							
- Medical	0.8	-	-	0.4	0.4	-	-
- Nursing (inc UQ)	0.7	0.4	-	-	0.3	-	-
- A&C	-	-	-	-	-	-	-
- COO Overtime	0.0	-	-	-	-	-	-
Surge Beds							
- Gorseinon	0.1	-	0.1	-	-	-	-
- SUSD	-	-	-	-	-	-	-
- Singleton	0.3	-	-	0.3	-	-	-
- OPAU Morr / Surge Critical Care	0.3	-	-	-	0.3	-	-
Non-Pay							
- Secondary Care Drugs	0.4	-	-	0.2	0.2	-	-
- Non Pay General (inc.Clinical Supplies/Reserves)	1.6	-	-	0.5	1.1	-	-
- Estates (Building Materials / Energy)	0.0	-	-	-	-	-	-
- COO (Provisions)	-	-	-	-	-	-	-
- CHC (inc LAC)	0.7	-	0.7	-	-	-	-
Sub Total Part 3	5.1	0.4	0.9	1.4	2.4	0.0	-
Part 4: Further Opportunities							
- Balance Corporate Directorates	(0.6)	-	-	-	-	(0.6)	-
- Central Z Codes	(4.0)	-	-	-	-	-	(4.0)
Sub Total Part 4	(4.6)	-	-	-	-	(0.6)	(4.0)
Total	1.5	(4.2)	(0.4)	0.6	2.3	(0.7)	(4.3)

4.2 Movements In-Month / YTD Variance and Forecast Profile

The key areas of variance across the Health Board are summarised in the commentary below. The items below are those that drive the operational run rate pressures currently reported on Ref Line 28 of Table A and relate to the summary provided in Table 2 above:

- **Income**

The Joint Commissioning Committee (JCC) Income as a provider underperformed in-month with reduced activity across most specialities due to capacity issues; the in-month underachievement was £0.1m. The YTD underachievement is £0.4m.

Dental Contract Income underperformed in-month by £0.1m, with an YTD underachievement of £0.9m.

- **Pay**

The Month 9 pay overspend was £1.2m (Month 8, £0.2m), this deterioration was largely due to an increase in surge bed capacity required, increase staff sickness absence and acuity in Critical Care. The YTD pay pressures are driven by a number of factors including the continuation of staffing surge bed capacity, pressures on services across the organisation and high levels acuity, coupled with high levels of sickness.

- **Clinical Consumables**

This area continues to be a pressure with an in-month position of £1.8m (Month 8, £2.2m). There are 80+ subjective lines within this category including secondary care drugs but areas seeing most pressures YTD continue to be general consumables (M&SE), laboratory products and implants (which in part will be driven by activity).

- **Prescribing**

Prescribing is providing a £0.2m underspend in-month following receipt of the latest datasets and there is a YTD underspend of £0.5m. We have at this point received 7 months of PAR data. The Q3 data is below the anticipated levels at this point in the year and therefore some of this anticipated benefit has been recognised in-month. The Pharmacy team are expecting potential further reductions linked to Cat M later in the year; there is the possibility of further opportunities. The position will remain under close review pending further PAR data in the coming months.

As per **action point 2.1** an analysis of items with a forecast greater than £0.5m when compared to an equal twelfth of the end of year total forecast was completed.

- Capital Donation/Government Grant Income is typically confirmed in Month 12.
- Primary Care Contractor has an additional assumed £1.0m in Month 12 in relation to the GP Refresh anticipated allocation – confirmation of this pass-through cost is not typically received until Month 12.
- Primary Care Drugs is phased based on prescribing days in any given month and anticipated timings of Category M drug prices.
- Pay will naturally fluctuate with the timing of starters and leavers, as well as the level of reliance on variable pay linked to sickness, number of open beds, additional activity etc.
- Non-Pay is profiled in line with when services are received or goods are delivered.
- Continuing Care will be driven by the number and price of packages of care at any given time, and the number of calendar days each month.
- Joint Financing and Other has a higher profile in the final quarter of the year than on average year-to-date due to the recognition of £1.3m of additional Local Authority expenditure plans to deliver the 50 Day Integrated Care Winter Challenge, for which the Health Board is the banker (funding confirmed in Month 9).

4.3 Movements In-Month / Forecast Actuals (Table B1)

The keys issues of note from Table B1 against the core heading of (1) PMA = Prior Month Actuals, (2) PMF = Prior Month Forecast and (3) PMFYF = Prior Month Full Year Forecast are provided in the section below:

- Revenue Resource Limit (RRL)
 - PMF/PMFYF: The increase primarily relates to the recognition of the 50 Day Integrated Care Winter Challenge anticipated allocations.
- Welsh NHS LHBs & Trust Income

- PMF/PMFYF: The increase largely relates to the YTD recognition of Public Health Wales SLA income in relation to Bowel Screening and Cervical Cytology.
- Primary Care Contractor
 - PMF/PMFYF: The increase relates to the recognition of the Additional Pharmacy Contractual Framework Funding for Community Pharmacy.
- Provided Services – Pay
 - PMF/PMFYF: The increase primarily relates to the in-month position being higher than forecast, which was driven by higher than anticipated staff sickness levels and higher levels of surge bed capacity being required to be opened.
- Provided Services – Non-Pay
 - PMF: The forecast in-month position was lower than the run rate to Month 8 as expected benefits of savings and other mitigating actions were expected to materialise, against which delivery was lower. M&SE Maintenance and Appliances expenditure in relation to emergency activity was higher than expected. Both factors are expected to be a timing issue and therefore affect the in-month result only.
- Secondary Care Drugs
 - PMF/PMFYF: The in-month position was lower than forecast, which is the main driver of the reduction in the revised end of year forecast; the in-month position was lower primarily due to a reduction in Homecare drugs, suggesting that this is a timing difference due to prescribing cycles typically being accelerated in the previous month, prior to the December festive break.
- Healthcare Services Provided by Other NHS Bodies
 - PMFYF: The forecast has been increased to reflect the pass-through WG funding for Genomics and Vertex to JCC confirmed in Month 9.
- Joint Financing and Other
 - PMFYF: The forecast has been updated to reflect the Local Authority element of the 50 Day Integrated Winter Challenge plans following confirmation of WG funding.

4.4 Actions to Manage Risks and YTD Variance

Through previous MMR submissions, WG will be aware of the work the Health Board has undertaken since Month 1, including the development of the Recovery & Sustainability Board.

Despite these actions an assessment post Month 8 highlighted a gap in delivery of the deficit plan of £14.3m. Further actions were detailed in the paper presented to the Board on 19th December 2025. Full details on these actions are available using this link [Special Board - December 2024 - Swansea Bay University Health Board](#).

4.5 Other Areas of Comment:

- **Energy Forecast (F)**

An update was received on 10th June 2024 from NWSSP regarding the forecast which has been validated and included in Month 3 MMR submission. As a result, Month 1 and 2 actuals have been restated. There is no update for the Month 9 MMR submission.

- **Uncommitted Reserves (G)**

The Health Board is not holding uncommitted reserves, any reserves it holds are linked to projects (e.g. Recovery Programme) or NICE and are issued on an actual basis. We have presented the remaining NICE reserve in sub table G.

- **Accountancy Gains (E)**

The Accountancy Gains identified to date are reported in Table C3; this is profiled in Month 7 following verification. The potential for further Gains will remain under review during the year.

5. Pay, Agency & Other Variable Pay Expenditure (Table B2)

The Health Board Agency expenditure for Month 9 is £1.9m (Month 8, £1.6m), which is 2.8% (Month 8, 1.8%) of the overall pay expenditure.

The key reasons for Agency expenditure in month are set out in the bullets below.

- Vacancy Cover – 60%
- Temporary Absence Cover – 14%
- Additional Support to delivery and performance – 26%
- COVID-19 – 0%

Other Variable Pay (excluding Agency) is classified by the Health Board into the following categories: Bank, Overtime, Waiting List Initiatives (WLI) and Irregular Sessions and all of these have been included within the Table. A summary split by category is provided below:

Category	In-month expenditure £'000
Bank	1,468
Overtime	622
WLI	244
Irregular Sessions	815
Total	3,149

Both Agency/Premium Locum and Other variable pay remain key areas of focus for opportunities to reduce the current run rate of expenditure, with specific reduction targets having been issued to Service Groups.

Drivers of the material movements from the prior month's forecast are provided below:

Table A:

- Nursing & Midwifery: The in-month increase compared to forecast is the primary driver of the end of year increase; this response to the higher than expected demand and acuity levels requiring additional surge capacity and recognising pressures in Critical Care, coupled with increased staff sickness levels, resulted in the forecast reduction in cost not materialising in-month. Pressures are expected to ease during Month 10 and be resolved in Months 11 and 12 as Winter demand reduces and fewer outbreaks of influenza and other infectious diseases improves acute flow and pressure.

Table B:

- No material changes.

Table D:

- No material changes.

6. **COVID-19 (Table B3)**

The total forecast expenditure shown on Table B3 for 2024/25 is currently £7.188m following a capping of expenditure versus the funding provided as part of the Annual Planning cycle. This action has been taken to drive efficiency within this element of the Health Board. The breakdown of this by area of COVID is provided below:

£'000	Funding	Plan / Forecast
Health Protection (including PPE)	3,994	3,154
Vaccination Programme	4,400	3,080
Long COVID	954	954
Total	9,348	7,188

7. **Savings (Tables C, C1, C2, C3)**

The position reported in the MMR by each area is provided in the table below, which will only reflect Green and Amber schemes:

Savings Table 1: Green/Amber

Risk Adjusted Month 8 Savings Report - GREEN and AMBER				In Year			2025-26		
Service Group	Initial Savings Target £000's	Additional Savings Target £000's	Total Savings Target £000's	Total Planned Savings £000's	Total Forecast Savings £000's	Shortfall From Target £000's	Total Planned Savings £000's	Total Forecast Savings £000's	Shortfall From Target £000's
Morrison	7,805	5,961	13,766	8,144	7,389	(6,377)	8,908	8,066	(5,700)
NPTS	7,965	9,619	17,584	15,304	15,578	(2,006)	12,317	12,916	(4,668)
PCTG	3,091	7,962	11,053	7,090	12,471	1,418	4,050	4,050	(7,003)
MHLD	2,603	9,299	11,902	9,569	7,986	(3,916)	6,498	5,970	(5,932)
Service Group Sub Total	21,464	32,841	54,305	40,107	43,425	(10,880)	31,774	31,003	(23,302)
Corporate	4,654	291	4,945	5,316	4,958	13	4,851	4,856	(89)
Total	26,118	33,132	59,250	45,423	48,383	(10,867)	36,624	35,859	(23,391)

Overall, there has been progress in the identification of opportunities and further pipeline ideas, aligned in part to the work outlined in Section 4.4. As the Health Board will need to deliver mitigating cost reduction actions to address the YTD overspend and run rate pressures the overall level of savings and mitigating actions required will be more than the £26.1m planned target. Following the financial assessment and the issuing of control totals to Service Groups and Corporate Directorates we have restated the required savings targets to the above £59.2m.

A summary of the total opportunities at 8th January 2025, is provided in the table below:

Savings Table 2: All Schemes

Month 8 Savings Report - ALL RAG Rating				In Year			2025-26		
Service Group	Initial Savings Target £000's	Additional Savings Target £000's	Total Savings Target £000's	Total Planned Savings £000's	Total Forecast Savings £000's	Shortfall From Target £000's	Total Planned Savings £000's	Total Forecast Savings £000's	Shortfall From Target £000's
Morrison	7,805	5,961	13,766	10,384	8,124	(5,642)	14,495	11,564	(2,202)
NPTS	7,965	9,619	17,584	16,433	15,578	(2,006)	14,828	12,931	(4,653)
PCTG	3,091	7,962	11,053	10,254	12,471	1,418	4,050	4,050	(7,003)
MHLD	2,603	9,299	11,902	9,569	7,986	(3,916)	6,498	5,970	(5,932)
Service Group Sub Total	21,464	32,841	54,305	46,641	44,160	(10,145)	39,872	34,516	(19,789)
Corporate	4,654	291	4,945	6,595	5,065	120	5,883	5,888	943
Total	26,118	33,132	59,250	53,236	49,225	(10,025)	45,754	40,404	(18,846)

There are 2 validation errors on Table C3 where 2 Amber schemes have passed the 'Go Green' date. Schemes MORR2520 and MORR2504 are both delayed in their delivery start date compared to Plan, however are still expected to deliver in-year; this will remain under review.

[Note these tables do not include the £8.4m of choices made in the original Financial Plan submission from March 2024, but it is recorded in Table C of the MMR]

8. Welsh NHS Assumptions (Table D)

Table D reflects the latest Month 9 position.

9. Resource Limits (Table E)

Table E provides the allocations received and those anticipated by the Health Board. Any variance in the level of funding received aligned to anticipated allocations, may have a detrimental impact on the ability of the Health Board to achieve the £43.7m target.

10. Statement of Financial Position (Table F)

The key issues in respect of the statement of financial position movements are as follows:

The inventory value has increased from £11.053m at the end of November 2024 to £11.890m at the end of December 2024, an increase of £0.837m.

There has been an increase in trade receivables from £281.877m at the end of November 2024 to £303.106m at the end of December 2024, an increase of £21.229m. This is due to an increase within NHS Debtors of £11.267m and WRP (Welsh Risk Pool) Debtors (£11.2m). The WRP Debtor has increased due to the probability of 5 cases increasing (£13m) and 5 cases decreasing (£2.5m).

The closing December 2024 cash balance of £3.787m is larger than the range of the Health Board target of a cash balance of £2.5m at month end and less than the best practice cash target for Health Board of £6m.

The trade and other payables figure saw an increase from £235.846m at the end of November 2024 to £245.102m at the end of December 2024, an increase of £9.256m. This relates to increases in NHS and non NHS accruals of expenditure.

Provisions increased by £10.527m from £213.086m at the end of November 2024 to £223.613m at the end of December 2024. This correlates with the changes in provisions from the monthly Quantums as referred to for Trade receivables.

11. Cash Flow Forecast (Table G)

As at the end of December 2024, the Health Board had a cash balance of £3.787m, which is greater than the Health Board target of a cash balance of £2.5m at month end and less than the best practice cash target for the Health Board of £6m.

Given the cash request to WG, our cash forecast is now showing a cash surplus for end of March 2025 of £1.927m, as detailed in the table below:

	£'000
Forecast I&E Deficit (revised)	- 43,700
Reimbursement from Capital to Revenue	9,307
Strategic Cash support requested	43,700
Working Capital Cash support requested	33,712
Movement in Working Capital balances	- 43,951
Opening Cash Balance	2,859
Forecast Cash Deficit	1,927

The difference between the £1.927m forecast cash surplus and the Forecast I&E deficit Cash figure, reflects the £9.307m of capital cash to reimburse revenue CRL, the requested Strategic and working capital cash support from WG, and the movement in the working capital balances.

The cash request to WG is as follows, with a revision for the Strategic Cash support in line with a revised forecast financial position:

- **Strategic Cash Support** - £43.7m (revised from £50.1m)
- **Working Capital Cash Support** - £33.7m, detailed below

Cash Support	£'000
Revenue	29,012
Capital - Owned Capital	-
Capital - IFRS 16	4,700
Total	33,712

The letter outlined that the Health Board would only require cash support during March 2025, however, Table G shows that the cash pressure will impact us during February 2025 and March 2025. This is a realistic position given that all allocations (£39.5m) may not be received prior to March 2025.

Therefore the timing of receiving this funding is key because directly impacts when the Health Board cash position will deteriorate, so an early indication of when we can expect to receive some of the larger sums of funding would be appreciated.

The cash flow is updated daily and a full review of the cash forecast is currently being undertaken weekly, to ensure that any changes to our cash requirements, can be communicated in a timely manner to WG.

12. Public Sector Payment Compliance (Table H)

The Health Board achieved the 95% PSPP target the % of Non-NHS Invoices Paid within 30 Days in Quarter 3 with compliance being 96.3% for the quarter.

NHS payment compliance for invoices paid within 30 days was, however, below 95% with the quarterly performance being 85%. The Health Board remains focussed on improving

PSPP compliance for NHS invoices and ensuring that performance remains above 95% for Non-NHS invoices.

Further updates will be reported at the end of Quarter 4.

13. Capital Resource / Expenditure Limits (Table I & J)

The forecast outturn shows a balanced position.

The following allocations are classed as risks.

Scheme	£m / Risk Level	Narrative
Burns Unit and Critical Care Expansion, Morriston Hospital	0.089 / High	As discussed in the CRM on 7 th January a scheme reinvestment will be requested.
Diagnostic Equipment – Prior Year	0.107 / High	As discussed in the CRM on 7 th January a scheme reinvestment will be requested.
Diagnostic Equipment – Current Year	0.316 / High	As discussed in the CRM on 7 th January scheme slippage to be managed by the Health Board and advised.

All other schemes are low risk, and any variances are linked to planned contributions from discretionary and in some instances payback of prior year fees.

Please note there are two small validation errors on Table J which will be reviewed and updated accordingly in M10.

14. Capital Disposals (Table K)

There are two further planned property disposals this year for Phillips Parade and Morriston land with combined expected sale proceeds of £0.650m.

15. Aged Welsh NHS Debtors (Table M)

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of November. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £435k at the end of December 2024 (November 2024 - £48k) with the number of invoices increasing in this category to 34 invoices compared to 11 invoices as at the end of November 2024.

There is 1 outstanding invoice over 17 weeks (£2k), which remains unpaid.

Of the outstanding invoices between 11 and 17 weeks old, 2 invoices (£160) have been paid since the end of December 2024.

All 32 outstanding invoices are actively being chased:

- Aneurin Bevan – 8 invoices, £12.6k
- CTM – 7 invoices, £43k
- HEIW – 4 invoices, £12.3k
- JCC – 8 invoices, £345.8k
- Powys – 2 invoices, £12.7k
- Velindre – 3 invoices, £5.9k

16. Ring Fenced Allocations (Tables N & O & P)

Table N & O have been completed for Quarter 3 as required. GMS is currently forecast to underspend by £0.340m and Dental are currently forecast to overspend of £0.009m.

Table P all funding is committed with the exception of Value Based Health Care, where uncommitted balances are being actively reviewed in Q4.

17. IFRS 16 (Table Q)

This Table was completed for the first time in Month 3.

Approved schemes: There was a reduction in the 2024/25 forecast in Month 9 compared to Month 8. This reduction is mainly driven by a delay in a lease affecting the interest, timing of payments and the amount of depreciation charged during the year.

Unapproved schemes: There was no movement in the 2024/25 forecast in Month 9 compared to Month 8. The movement in the 2024/25 forecast in Month 8 compared to Month 7 was mainly as a result of several leases being updated for latest view following the lease submission to WG in December 2024, for example, several prospective leases have been postponed to commence later in the current financial year.

18. Governance Arrangements

The financial information reported in these Monitoring Returns reflect those reported to the Health Board. These Monitoring Returns incorporate the financials of the following hosted bodies: -

- EMRTS

In the absence of the Chief Executive, the monthly monitoring return submission will be approved by Dr Richard Evans (Medical Director and Deputy Chief Executive) and for the Director of Finance by Samantha Moss (Deputy Director of Finance).

These Monitoring Returns will be circulated to the membership of the Health Board's Performance and Finance Committee on 28th January 2025.

Yours sincerely,



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DARREN GRIFFITHS
DIRECTOR OF FINANCE



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ABIGAIL HARRIS
CHIEF EXECUTIVE

Jan Williams, Chair
NHS Financial Management
Mr Jason Blewitt, Wales Audit Office

