

ABM University Health Board	
29 th March 2018 Health Board Agenda item:3i.	
Subject	FINANCIAL REPORT – MONTH 11
Prepared by	Samantha Lewis, Assistant Director of Finance
Approved by	Lynne Hamilton, Director of Finance
Presented by	Lynne Hamilton, Director of Finance

1.0 SITUATION

- 1.1 The report advises the Board that the revenue financial position has continued to improve during Period 11 (end February) to an in-month overspend of £0.633m and £27.43m cumulatively, and seeks the Board's comments and consideration.

The report invites the Board to note the detailed analysis of the financial position and the year-end forecast of the Board.

The report invites the Board to note the risks and opportunities associated with the delivery of the £30m year-end forecast deficit and to consider the specific actions required to mitigate the risks and deliver the opportunities.

The report also invites the Board to note the capital budget breakeven year-end forecast position, cash position and key balance sheet movements.

2.0 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.**

2014/15 Approved Plan
2015/16 Approved Plan
2016/17 Plan Not Approved

The Health Board failed to achieve this Statutory Duty.

- **To achieve financial breakeven over a rolling three year period, the second of which commenced on 1st April 2015 and will end on 31st March 2018.**

2014/15 Breakeven Delivered
2015/16 Breakeven Delivered
2016/17 £39.3m Overspend

The Health Board failed to achieve this Statutory Duty.

Given the scale of the reported overspend in 2016/17 the Health Board would need to underspend by over £39m in 2017/18 to achieve the financial breakeven over the rolling 3 year period to achieve this Statutory Duty in 2017/18.

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	Trend	Forecast Risk
Reported in-month financial position – deficit/(surplus)	633	↓	Yellow
Reported year to date financial position – deficit/(surplus)	27,430	↑	Red
Reported year to date compared to forecast financial plan deficit	-70	↓	Yellow
Current reported year end forecast – deficit/(surplus)	30,000	↔	Yellow
Capital KPIs: To ensure that costs do not exceed the capital resource limit set by Welsh Government	Value £000	Trend	Forecast Risk
Reported in month financial position – deficit/(surplus)	(3,129)	↑	Yellow
Current reported year end forecast – deficit/(surplus)	Breakeven	↔	Green
PSPP Target : To pay a minimum of 95% of all non NHS creditors within 30 days of receipt of goods or a valid invoice	Value %	Trend	Forecast Risk
Cumulative year to date % of invoices paid within 30 days (by number)	93.9	↑	Red

3.0 ASSESSMENT

3.1 Revenue Position

3.1.1 Summary Revenue Position

The Health Board has reported an in-month overspend of £0.633m in Period 11(February). This represents a further improvement from the Period 10 performance. Whilst the corporate benefits from the balance sheet and commitments review and the mitigation of risks have continued to support the position by around £1.4m in month, this month has also seen a continued improvement in the financial performance of the operational Service Delivery Units. Prior to the corporate benefits, the in-month position would have been £2.033m, which is around £0.5m below the targeted overspend level.

The cumulative position after eleven months is an overspend of £27.43m against an anticipated position of £27.5m. The Health Board expenditure to date is therefore £0.07m below the forecast position. **Slide 1**

3.2 Income

Income within the Health Board is continuing to perform well. The Compensation Recovery Unit income has improved over recent months, however this income source remains volatile.

3.3 Pay

The Health Board is reporting a continued underspend against pay budgets in February. The level of variable pay expenditure reported in Periods 10 and P11 increased, however this increase reflects the planned expenditure to supported winter pressures and RTT delivery and has not impacted on the overall Health Board financial position. Variable pay for the first 11 months of 2017/18 is £4.4m below that of the same period in 2016/17.

Slide 6

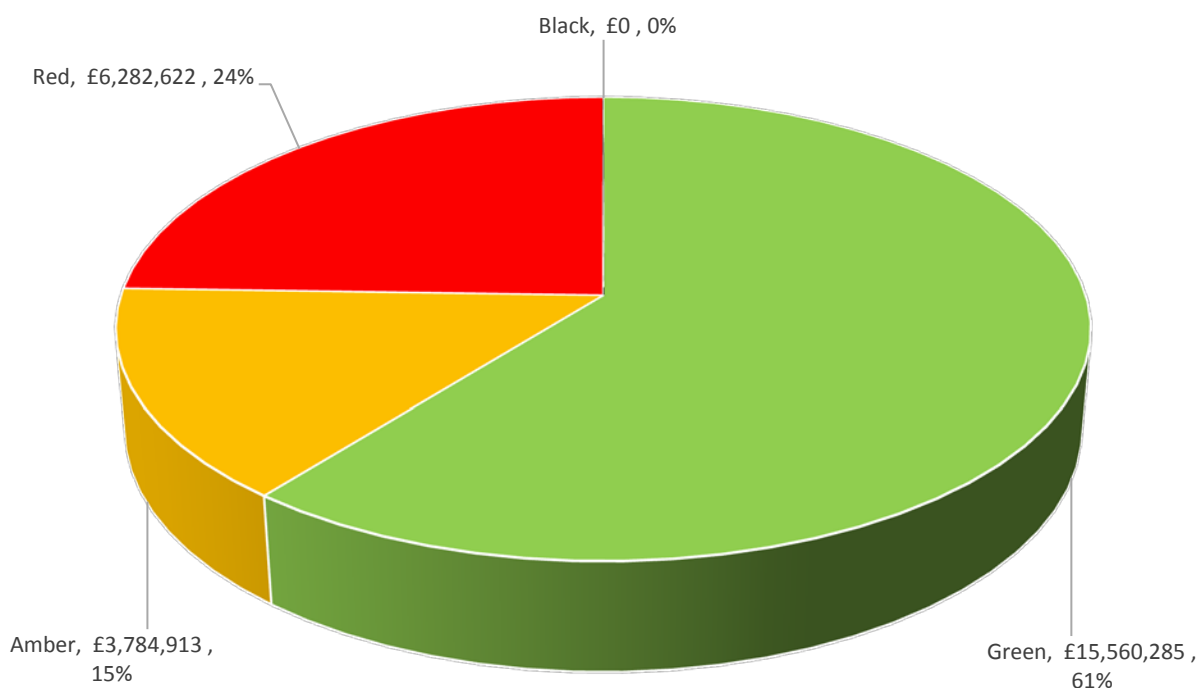
3.4 Non Pay

Non Pay expenditure is running below the levels of the previous year. The key pressure area remains Clinical Consumable spend, including drugs.

The launch of the QVC (Quality, Value, Control) Tier 2 in September saw a panel established to review an agreed basket of non-clinical requisitions. This has resulted in a number of requisitions being withdrawn, rejected or supported through alternative funding means e.g. Charitable Funds. In addition, the introduction of the panel is felt to have had a behavioural effect resulting in a general reduction in requisitions being raised. Work is ongoing with the Medical Director and Senior Clinicians to scope and plan QVC Tier 1 (Clinical), where of course quality and safety are the primary considerations.

3.5 Savings Requirement

The Health Board Annual Operating Plan established a savings requirement of £25m for 2017/18. **Slide 4.**



The Health Board currently has £19.3m of schemes rated as Green and Amber at the end of February and a further £6.3m schemes rated as Red. To date there has been £7m slippage against planned delivery, the majority of which is against the Red schemes. The level of slippage is expected to increase to £8.4m by the end of the financial year, which will mean that savings of around £17m will have been delivered in this financial year.

The Health Board is committed to delivering the agreed service and capacity redesign schemes that have not yet been delivered early in the 2018/19 financial year. These schemes are reflected in the 2018/19 baseline financial plan.

3.6 Revenue Forecast Risks and Opportunities

The Health Board reduced its year-end forecast to £30m in period 10, following detailed discussions with WG colleagues. The material risks and opportunities were crystallised within the revised forecast.

The key remaining risk relates to RTT performance for which the Health Board has received additional WG funding, not all of which has been able to be committed to deliver the expected improvements. It is expected that WG will levy a financial claw back on the Health Board for not delivering the agreed level of improvement.

The adverse weather and the consequential impact on operational performance has further impacted on the planned improvement levels and could result in a more significant financial claw back.

We have advised Welsh Government that of the £10.07m allocated we have around £3m against which there was no activity planned. The year-end forecast includes a potential claw back of around £5m. Given the adverse weather impact on planned improvement levels the potential claw back could be £3m higher than that included in the year-end forecast.

Depending on the decisions made by WG, the financial forecast could increase to £33m deficit or reduce to £25m.

3.7 CAPITAL

3.7.1 The approved CRL value at Month 7 is £34.995m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.

In addition to this it is now highly likely that a settlement of c£1.6m will be made to ABMU this year for a claim related to the Taith Newydd Low Secure Unit at Glanrhyd. For a number of years the Health Board has been pursuing a zero rate VAT claim on completed capital new builds for Mental Health. Subject to the claim being settled, WG will be contacted to request the Health Board retain this credit.

3.7.2 Forecast Out-turn

The forecast outturn is for a break even position.

3.7.3 Performance to Date

The reported financial performance at Month 7 is a £3.129m under-spend to plan. The schemes with the largest underspend to plan are detailed below.

Scheme	Under-spend to M7 £'000	Comments
Renal unit refurbishment	193	Slow start to the scheme with a number of stoppages due to noise and lack of co-ordination within the M&E design. In addition the effects of the VE exercise are contributing towards the underspend to date but also reducing the forecast overspend on the overall scheme. Plans in development to purchase equipment earlier than forecast and hence mitigate effects of contractor slippage
Environmental & Estate Infrastructure	400	6 out of 11 schemes now complete. Asbestos is continuing to cause delays in Singleton schemes and minor delays reported in medical gasses work in POW however work still scheduled to complete in year with some minor changes to budgets within the overall allocation
Linear Accelerator A	544	Underspend in month relating to outstanding order for Treatment Planning System however order has now been received.

Cath Labs - PoW	267	Slight delay in reaching milestones within contract however system has now gone live allowing sign off on 95% of the contract value.
Discretionary - Estates	1,146	As per prior month in the main this relates to the ongoing delays with works at Llansamlet Laundry and the delayed start to Isolation Room. Laundry underspend position is now improving however Isolation room underspend is increasing as start date now delayed to end of November. This along with other discretionary schemes will be monitored closely and any changes to scheme budgets required will be managed internally and allocated appropriately to other high risk priorities of the Health Board. This underspend is therefore not expected to impact on the year end forecast position.
Discretionary - IT	350	Minor delays across a number of schemes. As per estates this will be closely monitored and re allocated as appropriate.
Total	2,900	

3.7.4 Risk Assessment

The NHS Wales future year's financial position as reported to Directors of Planning has indicated a significant financial pressure for 2018/19. As a result WG have directed that any slippage in 2017/18 on schemes within the All Wales Capital Programme will need to be managed by Health Boards between financial years. The following schemes are considered to be high risk and therefore those relating to slippage will need to be managed internally through Discretionary Capital. A plan for how this will be managed has been approved by IBG and discussed with WG. It will now be submitted in writing for formal approval.

Scheme	Risk Profile	Risk Value £'000	Comments
Linac A	High	132	Forecast underspend on scheme. As discussed at October CRM a reinvestment proposal is due to be submitted to WG
Wireless Network Singleton	High	620	As previously reported WG policy re mobile devices due for completion March 2017. To ensure purchases are aligned to WG policy the Health Board will not require the allocation reserved for devices until 18/19. As discussed at October CRM the plan for how slippage is to be used by the Health Board is due to be submitted to WG for approval
National Clinical Systems	High	573	As previously reported due to the approval of this being later than planned the forecast spend for the remaining months in 17/18 indicates an element of slippage into 18/19. As discussed at October CRM the plan for how slippage is to be used by the Health Board is due to be submitted to WG for approval.

3.5. BALANCE SHEET

The overall movement on the on the balance sheet between April and February is relatively small with an increase of £6.869m in assets employed (1.60%). However, despite this small overall movement there have been significant movements in both trade and other receivables and provisions.

The increase in provisions is due to the change in the personal injury discount factor announced by the Lord Chancellor in February 2017 which amended the discount rate from 2.5% to -0.75%. This movement has now been fully reflected for all clinical negligence and personal injury claims in the latest quantum reports for clinical negligence claims received from Welsh Health Legal Services. The increase in the provision for such claims amounts to £46.473m. The increase in the provision for these claims has been offset by the increase in the Welsh Risk Pool debtor with the Welsh Risk Pool reimbursing all clinical negligence costs in excess of £25,000.

3.6 CASH

The closing February cash balance amounted to £6.327m down from £11.124m at the end of January. The high cash balance at the end of January was due to the health board receiving more cash than forecast in reimbursements from Welsh Risk Pool following the January Advisory Board meeting, exacerbated by lower than forecast cash payments to suppliers being made by NWSSP Accounts Payable. The reduction in month to £6.327m was planned and it is planned to further reduce the cash balance in March to between £0.5m and £1m in line with the Welsh Government best practice figure.

The Board will recall that Welsh Government confirmed in their letter of 14th December that repayable strategic cash assistance of £32.128m would be provided to be drawn down in March 2018 as requested by the health board and this was followed in January by approval of the working balances cash request of £11.221m primarily due to the reduction in capital creditors during 2017/18.

Following the revision of the forecast deficit to £30m and taking into account current receipts and payment trends, the health board is now forecasting a year-end cash surplus at year end of £6.534m if the full cash allocations are drawn down from WG. The analysis of this cash position is shown in the table below.

Analysis of Cash Position	£000
Current Forecast I&E Deficit	30,000
Cash Required for Working Balances Movements	11,221
Cash impact of movement in provisions	1,072
Cash which can be generated through actions to reduce cash payments	(5,978)
Closing 2017/18 cash balance required	

	500
Total Cash Required	36,815
Cash Provided	
Strategic Cash Assistance	32,128
Working Capital Cash Provided	11,221
Total Cash available	43,349
Cash Surplus	6,534

Based on this cash forecast, the health board will not be drawing down in March £6m of the strategic cash support allocated. A letter has been sent on 9 March to the Director of Finance, Health and Social Services, WG to advise of this fact. Any new cash allocations received in March will be drawn down from Welsh Government and payments will be managed on a daily basis during March in order to end the financial year with a cash balance of between £0.5 and £1m.

3.7 Public Sector Payment Policy (PSPP)

During February the health board achieved the 95% PSPP in month target with 95.62% of supplier invoices paid within the 30 day target. The compliance was achieved due to the improvements in the nurse agency invoice processing. The in-month performance resulted in the cumulative compliance figure increasing from 93.7% at the end of January to 93.9% at the end of February. The health board will not achieve the 95% compliance target for the full year as it has fallen too far below 95% cumulatively in order to catch up during March.

4.0 RECOMMENDATIONS

4.1 The Board's financial position and performance against the financial targets in Recovery and Sustainability has improved significantly in recent months.

The Board is invited to consider and comment upon the Board's Period 11 financial performance, in particular:

- i. the revenue outturn position (in-month overspend of £0.633m and £27.43m cumulatively), the underlying revenue forecast position and the revenue risk profile;
- ii. the capital outturn position which continues to forecast breakeven;
- iii. balance sheet movements;
- iv. cash position; and
- v. performance against the Public Sector Payment Policy compliance.

The Board is invited to note that £6m of the £32.128m of repayable strategic cash assistance from Welsh Government, will not be drawn down from Welsh Government during March.



Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board

ABMU Finance Dept. Board Report – Finance Annexes

Management Accounts
Period 11 Data (February 2018)

Lynne Hamilton
29th March 2018

YTD Performance

	Annual Budget @ P11	Revised Annual Overdraft Target	Revised YTD Overdraft Target	YTD Actual Variance	Performance Against Overdraft
	£'000	£'000	£'000	£'000	£'000
Service Delivery Units					
Singleton	140,818	2,554	2,341	5,857	3,516
POW	102,019	3,059	2,804	1,904	900
Morrison	208,541	8,706	7,981	10,083	2,103
Mental Health & LD	114,196	-	-	2,029	2,029
PC & Community	241,836	50	46	183	229
NPT Unit	174,014	43	39	647	686
Directorates					
Nurse Director	3,695	45	41	122	163
Medical Director	2,689	-	-	285	285
Workforce & OD	5,526	433	397	33	364
Informatics	12,958	881	808	39	769
Finance	5,895	-	-	14	14
Board Secretary	4,644	95	87	41	46
Director of Therapies	628	4	4	8	4
Director of Strategy	203,542	3,298	3,023	2,102	921
Corporate I&E	1,201,841	-	-	433	433
Delegated Budget Position	19,160	19,160	17,563	17,232	331
Deficit Plan	10,840	10,840	9,937	10,200	263
Health Board Position	30,000	36,000	33,000	27,432	68

- Two of the Service Delivery Unit are running above their agreed overspending target; Morrison and Singleton.
- The corporate I&E overspend reflects lower than planned income, particularly in relation to RTA recovery.

Annex : Savings By Unit/Directorate

Active

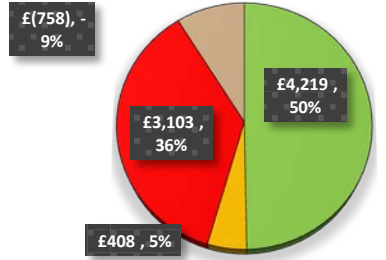
In Progress

Pipeline Ideas

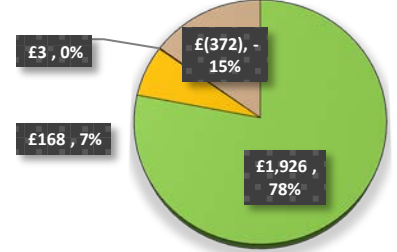
Unidentified

	Target	Green	Amber	Red	Black
Corporate Directorates	700,269	706,062	-	-	5,793
Finance	261,844	181,036	-	-	80,808
Hotel Services	953,467	318,000	115,000	170,000	350,467
IMT	539,948	276,742	-	-	263,206
MH & LD	-	-	1,568,000	116,000	1,684,000
Morrison	6,971,870	4,219,464	408,300	3,102,500	758,394
NPT	1,723,914	1,925,661	167,750	2,997	372,494
PCC	2,924,724	1,308,000	493,000	978,000	145,724
Planning	534,774	227,000	60,000	15,000	232,774
POW	3,151,793	1,635,320	432,375	475,125	608,973
Singleton	3,858,645	2,263,000	540,488	1,423,000	367,843
Health Board Wide	4,006,572	2,500,000	-	-	1,506,572

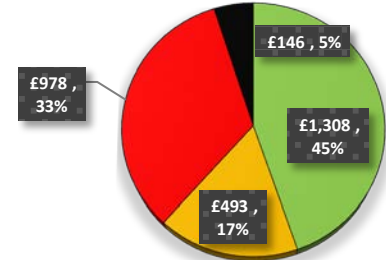
Morrison SDU Target = £6,972k



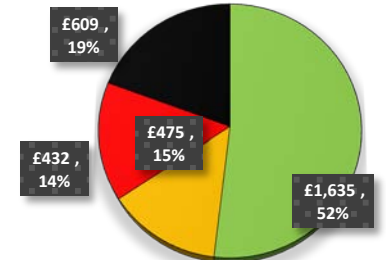
NPT SDU Target = £1,724k



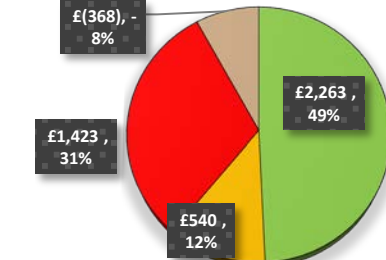
PCC SDU Target = £2,925k



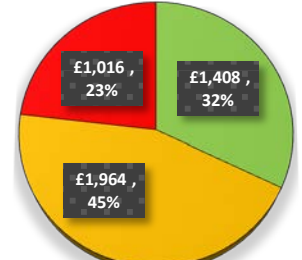
POW SDU Target = £3,152k



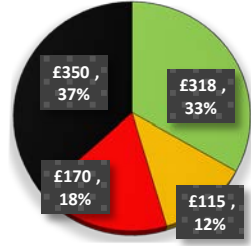
Singleton SDU Target = £3,970k



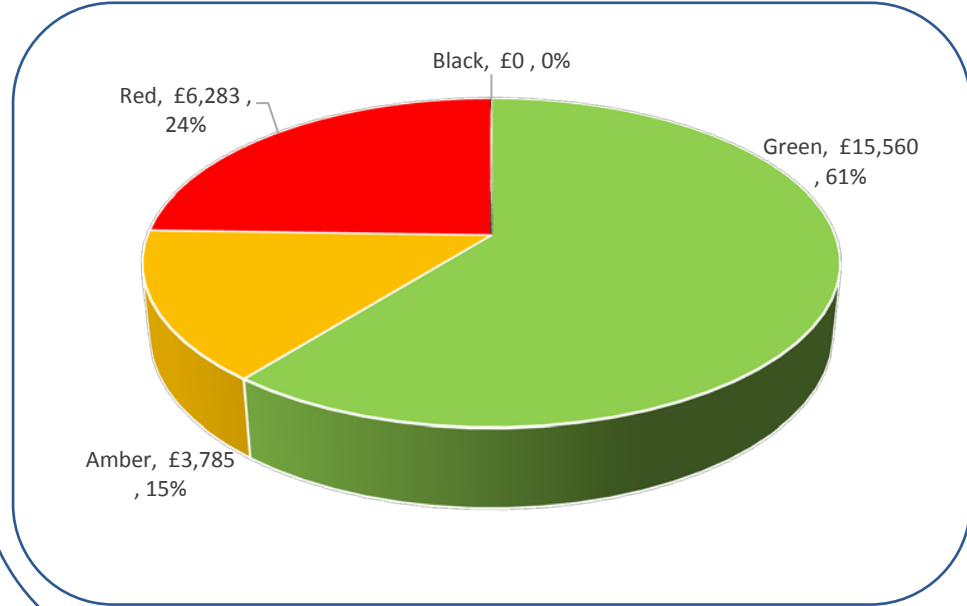
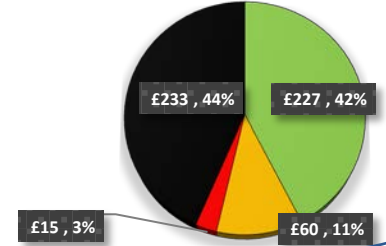
MH/LD SDU Notional Target = £2,000k



Hotel Services Target = £953k



Planning (Inc Estates) Target = £535k



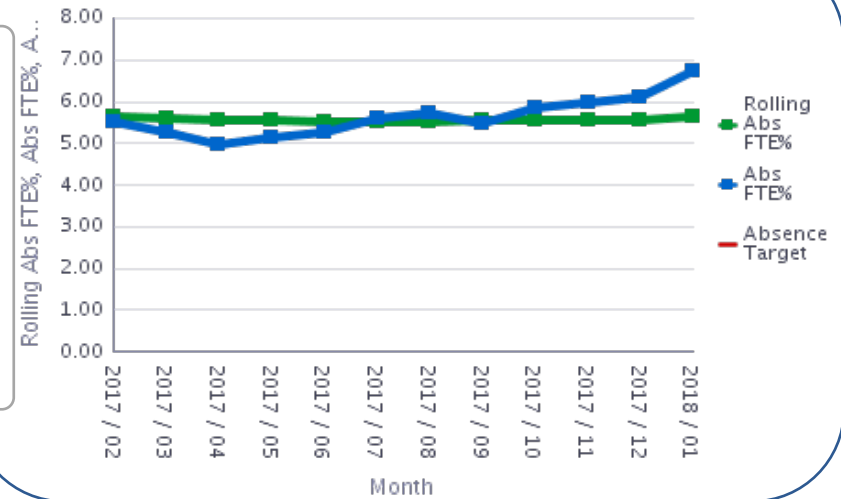
Summary (Jan'18 Data)

Source : ESR / BI Dashboard

	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Rolling 12 Mths
Cost Absence £000	2,242	2,455	2,504	2,337	2,637	2,643	2,787	3,042	29,876
% Absence Average	5.30%	5.68%	5.72%	5.51%	5.87%	6.01%	6.15%	6.75%	5.64%
No. Staff Absent Per Day	877	917	933	903	966	992	1,009	1,106	927

Rolling Absence

Source : ESR/Portal



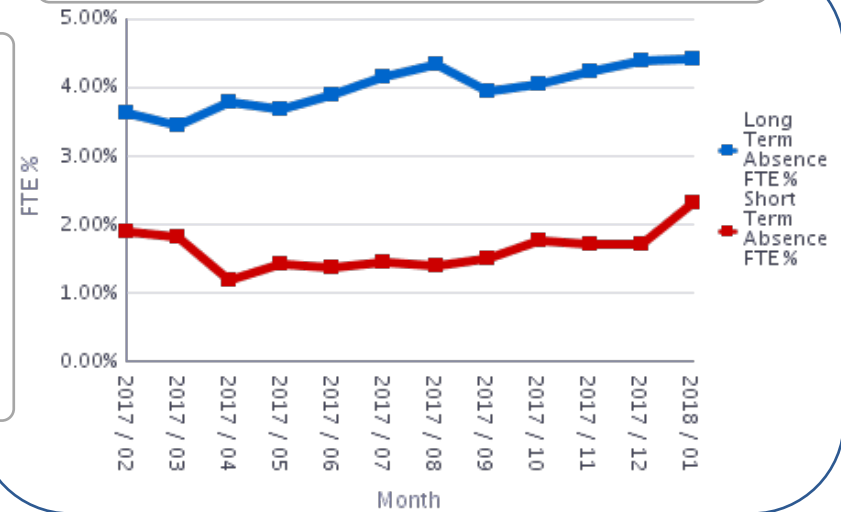
Cumulative % & £ Per Staff Group

Source : ESR/Portal

	Absence % (FTE)	Absence Estimated Cost (£)
Add Prof Scientific and Technic	3.73%	843,266
Additional Clinical Services	7.77%	5,572,298
Administrative and Clerical	4.88%	3,940,784
Allied Health Professionals	3.12%	1,430,738
Estates and Ancillary	7.79%	2,729,357
Healthcare Scientists	3.26%	540,382
Medical and Dental	2.31%	2,937,032
Nursing and Midwifery Registered	5.89%	11,881,671
Students	0.00%	-
Grand Total	5.64%	29,875,528

Long Term and Short Term Trends

Source : ESR/Portal



Category	Balance at 1 st April 2017 (£000)	Balance at 28th February 2018 (£000)	Movement (£000)	Analysis
Tangible & Intangible Assets	596,780	594,073	(2,707)	Movement due to asset additions less forecast depreciation.
Trade & Other Receivables	150,057	204,572	54,515	Increase in Welsh Risk Pool debtor linked to the increase in provisions following clinical negligence quantum estimates being updated for the change in the discount rate from 2.5% to -0.75% announced by the Lord Chancellor. All cases now updated
Inventories	10,455	10,584	129	Stocks broadly in line 2016/17 year end figures with the increase linked to increases in blood products stocks.
Cash	725	6,328	5,603	January cash balance was high at £11.124m due to higher than forecast reimbursements from Welsh Risk Pool of £5.073m and lower than forecast Accounts Payable payments of £2.741m. The cash balance has reduced in February as a result of a planned reduction in the cash drawn down.
Total Assets	758,017	815,557	57,540	
Trade & Other Payables	195,641	202,521	6,880	Increase in outstanding invoices on the Oracle system and in goods received not yet invoiced.
Provisions	125,945	169,736	45,725	Increase in provisions following clinical negligence quantum estimates being updated for the change in the discount rate from 2.5% to -0.75% announced by the Lord Chancellor. All cases now updated.
Total Liabilities	321,586	372,257	50,671	
Total Assets Employed	436,431	443,300	6,869	
Financed By				
General Fund	408,605	415,474	6,869	Movement is capital cash drawn down offset by I&E overspend.
Revaluation Reserve	27,826	27,826	0	
Total Taxpayers Equity	436,431	443,300	6,869	

The approved CRL value at Month 11 is £36.589m which includes Discretionary Capital and the schemes under the All Wales Capital Programme. In addition to this there are anticipated allocations of a further £2.904m . Further details on the planned spend can be seen in the following Annex.

The reported financial performance at Month 11 is a £2.715m under spend to plan. The schemes with the largest underspend to plan are detailed below.

Scheme	Underspend to M11 £'000	Comments
Environmental & Estate Infrastructure	663	Continued delays with medical gasses work in POW due to issues with the supplier engagement and performance however BOC have now confirmed that all works will be complete by the 23 rd March 2018. Approval was received from WG in February to expand the scope of the project in order to use the remaining contingency and hence address the remaining underspend position
National Clinical Systems	411	National Clinical Systems comprises 3 projects (WCP, HEPMA and WCCIS) and are funded through a mixture of WG and Health Board discretionary capital. The underspend to date relates to delays in recruiting key members of staff for the HEPMA project team which as well as causing a pay underspend has delayed elements of non pay spend . This scheme has therefore been identified as high risk and requires a change to the allocation as detailed below
Demolitions	249	Revised completion date of 13 th March 2018 agreed to incorporate additional work approved from remaining scheme contingency
Discretionary Estates	763	In the main this relates to the delayed start of the Isolation Room works and Chiller Plan Replacement in Morryston. Allocations for these and all other discretionary schemes have been closely monitored and changes to budgets actioned where required to other high risk priorities of the Health Board. This underspend to date is therefore not expected to impact on the year end forecast position.
Total	2,086	

The risk assessments on schemes which are not considered to be low risk are:

Scheme	Risk Profile	Risk Value £'000	Comments
Renal Refurbishment Morryston	High	151	Slippage on main contract works and also underspend on equipment budget have contributed to an in year underspend of 151k compared to the allocations to date. These funds have been reallocated to discretionary schemes and will be re-provided in 18/19 from discretionary capital
National Clinical Systems	High	282	As detailed above this relates to slippage on the HEPMA project and will require a reduction in the allocation for 17/18. Funds have already been transferred to discretionary schemes and will be re-provided from 18/19 discretionary capital.

	Year To Date			Forecast		
	Plan £'000	Actual £'000	Variance £'000	Plan £'000	F'cast £'000	Variance £'000
All Wales Capital Programme:						
Schemes:						
Morrison - HVS Phase 1B (S1) Fees & Build Main Scheme	214	183	(31)	60	197	137
Morrison - Renal unit refurbishment	3,772	3,758	(14)	4,676	4,553	(123)
National Programme - Linear Accelerator A	3,423	3,416	(7)	3,421	3,430	9
Land at Morrison - Plots B&C	713	704	(9)	713	713	0
Wireless Network Singleton Hosp & Community hospital sites	1,031	889	(142)	1,342	1,388	46
Endoscopy - PoW and Singleton	531	548	17	400	556	156
Environmental & Estate Infrastructure - Morrison, Singleton & PoW	5,477	4,815	(663)	6,268	5,973	(295)
Demolitions	3,064	2,815	(249)	3,284	3,081	(203)
Singleton Aseptic development	646	614	(32)	600	679	79
Cath labs - Princess of Wales Hospital	316	298	(18)	300	300	(0)
Renal IM&T	53	0	(53)	65	53	(12)
Cath Lab B (Morrison)	81	24	(57)	81	71	(10)
Cath Lab A (Morrison)	83	60	(23)	76	96	20
Dyfed Road 2017-18	316	317	1	323	317	(6)
National Clinical Systems	870	459	(411)	775	493	(282)
Replacement of Digital Radiography Rooms	0	20	20	1,560	1,560	0
Cyber Security	0	0	0	126	126	0
Invest to Save – Prescribing Clerks & Medicine Recycling	0	0	0	12	12	0
Imaging equipment – DR Rooms	0	0	0	100	99	(1)
Sub Total	20,589	18,920	(1,669)	24,182	23,697	(485)
Discretionary:						
I.T.	3,413	3,254	(159)	4,017	4,191	174
Equipment	1,103	980	(124)	3,168	5,584	2,416
Statutory Compliance	0	0	0		0	0
Estates	6,439	5,676	(763)	7,697	8,496	799
Other			0			0
Sub Total	10,956	9,910	(1,046)	14,882	18,272	3,390
Total Expenditure						
Donations:						
Donated Assets	499	499		600	600	0
Asset Disposals:						
Cefn Coed Land	1,875	1,875	0	1,875	1,875	0
CHARGE AGAINST CRL	29,171	26,456	(2,715)	36,589	39,493	2,904
PERFORMANCE AGAINST CRL (Under)/Over		(10,133)			2,904	

The forecast outturn is for a break even position as anticipated allocations total £2.904m



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ABMU Finance Dept. Board Report

Management Accounts
Period 11 Data (February 2018)

Lynne Hamilton
29th March 2018

Section 1: Executive Summary: Period 11

In Month

£ 632,650 overspent

Type	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(19,893)	(20,499)	(606)	3.05%
Pay	55,927	54,286	(1,641)	2.93%
Non Pay	54,617	57,497	2,880	5.27%
Total	90,651	91,284	633	0.70%

Cumulative

£ 27,430,450 overspent

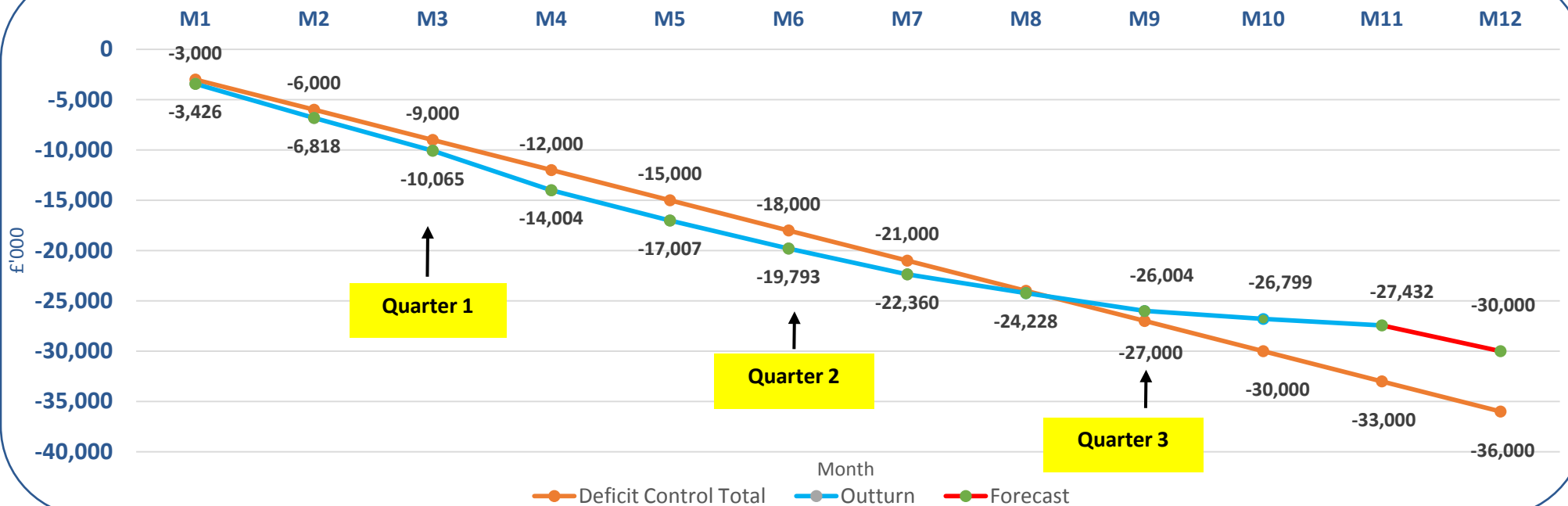
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(216,446)	(219,909)	(3,463)	1.60%
Pay	595,456	584,572	(10,884)	1.83%
Non Pay	594,349	636,126	41,777	7.03%
Total	973,359	1,000,790	27,430	2.82%

Forecast

£30,000,000 overspent

Type	Full Year Budget (£'000)	Full Year Forecast (£'000)	Forecast Variance (£'000)	% Variance
Income	(235,864)	(239,293)	(3,428)	1.45%
Pay	647,435	636,344	(11,091)	-1.71%
Non Pay	647,679	692,198	44,519	6.87%
Total	1,059,249	1,089,249	30,000	2.83%

Full Year Financial Performance and Projection



Revenue		
Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £'000	Trend
Reported in-month financial position – deficit/(surplus) – Forecast Amber	633	↓
Reported year to date financial position – deficit/(surplus) – Forecast Red	27,430	↑
Reported year to date compared to forecast financial plan deficit – Forecast Amber	-70	↓
Current reported year end forecast – deficit/(surplus) – Forecast Amber	30,000	→

Capital		
Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government	Value £000	Trend
Reported in-month financial position – deficit/(surplus) – Forecast Amber	(2,715)	↑
Current reported year end forecast – deficit/(surplus) – Forecast Green	Breakeven	→

PSPP		
PSPP Target : To pay a minimum of 95% of all non NHS creditors within 30 days of receipt of goods or a valid invoice	Value %	Trend
Cumulative year to date % of invoices paid within 30 days (by number) – Forecast Red	93.9	↑

Revenue Narrative

- The Health Board P11 in month overspend of £0.633m is an improvement from the £0.795m in month overspend in P10. This improvement reflects sustained improvements in operational financial performance and the continued crystallisation of corporate benefits, balance sheet/commitment release, primary care rates rebate and Hep C drugs.
- The cumulative position is now £0.070m below the £27.5m overspend that could be anticipated based on the £30m control total.
- The Health Board revised reported year end forecast, agreed with WG in P10 is £30m. The opportunities and risks continued to be reviewed to maintain delivery of the £30m forecast.

Capital Narrative

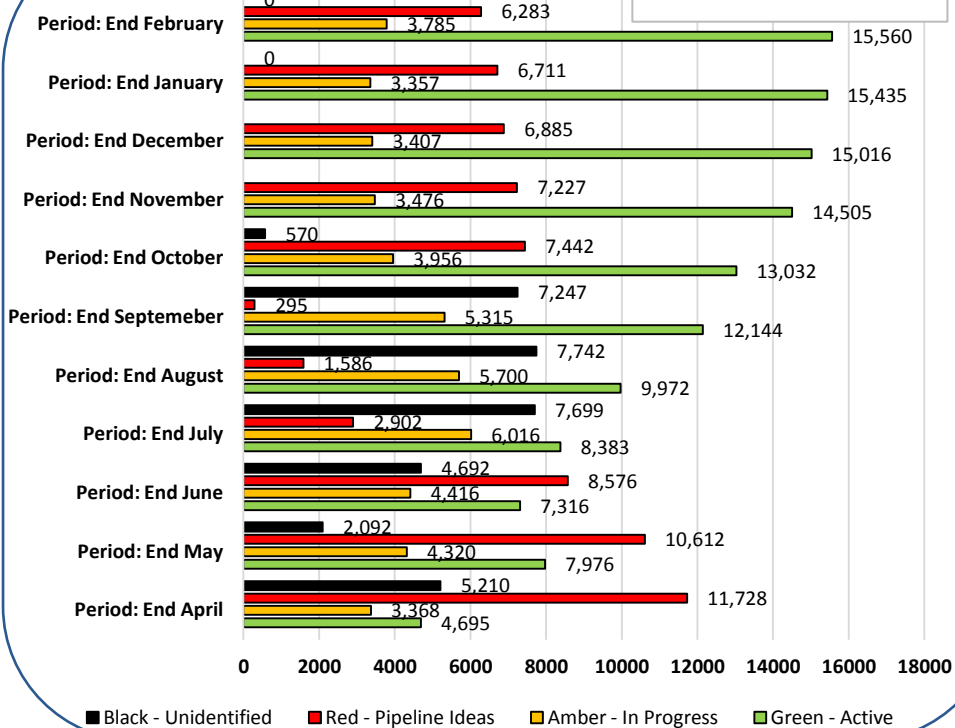
- WG funded schemes reported as High risk –Renal £151k , National Clinical Systems £282k slippage . Slippage will be managed internally through discretionary capital
- In month surplus increased slightly from prior months and is attributable to a number of schemes , where necessary funds have been reallocated and therefore it is not anticipated to impact on the breakeven position.
- Year end forecast includes £2,904k of anticipated allocations. Approval letters have been issued for all allocations but are in the process of being signed and returned and hence do not yet appear in the Health Boards CRL.

PSPP Narrative

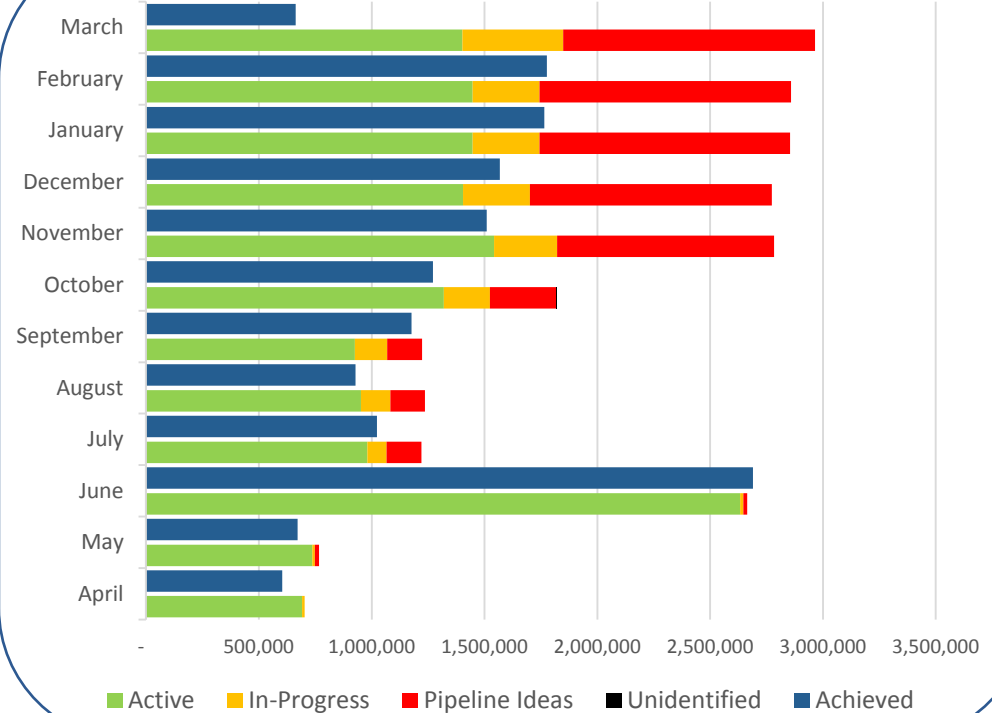
- The cumulative number of invoices paid within 30 days continues to be below the 95% target, however the cumulative compliance increased from 93.7% at the end of January to 93.9% as the end of February.
- The increase in the cumulative figure is due to in month compliance of 95.62% reflecting the impact of the nurse agency invoice processing solutions put in to place in December.
- Despite the improvement in performance the health board will be unable to achieve the 95% compliance for the full year .

Trend over time

CIP TARGET £25,000,000



Current Profile of Savings



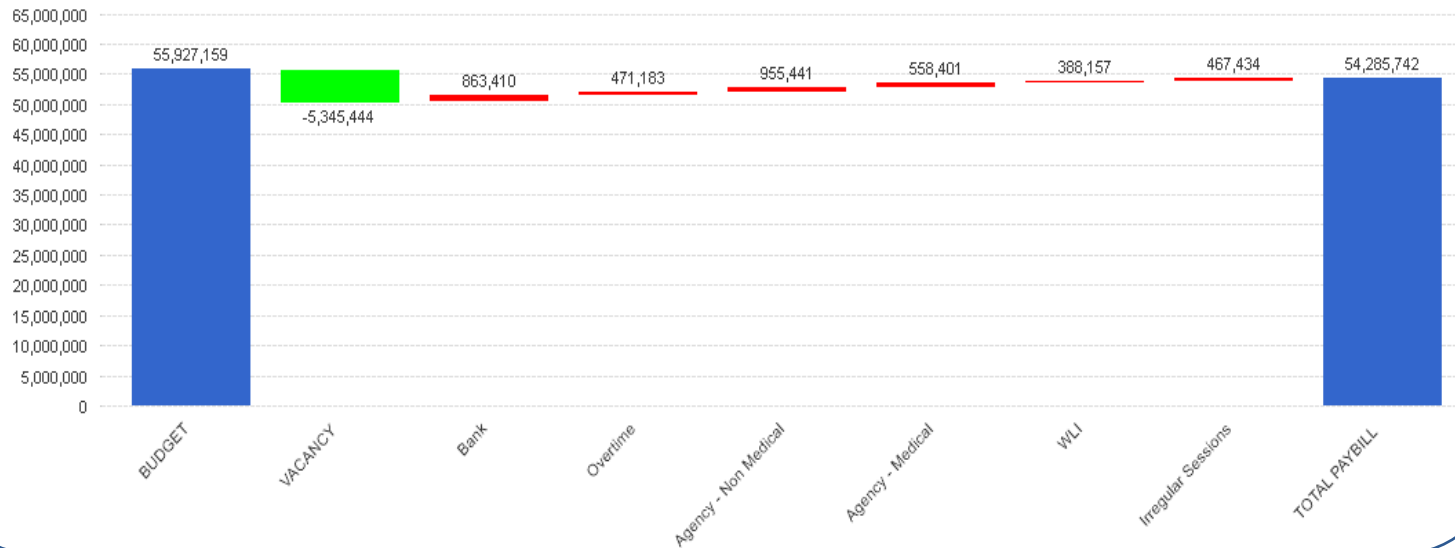
Narrative

- At this late stage in the year there is very little movement on savings schemes identified. However there are some minor movements of red schemes to Amber and Green as delivery is achieved.

Narrative

- The increased level of savings delivery reported in January has been sustained.
- This delivery is continuing to be monitored closely through the Financial Recovery meetings.
- The delivery failure of the Red schemes has been mitigated by other opportunities and actions, many of which are non-recurrent and it is essential that the Red schemes continue to be driven to ensure full delivery from April 2018.

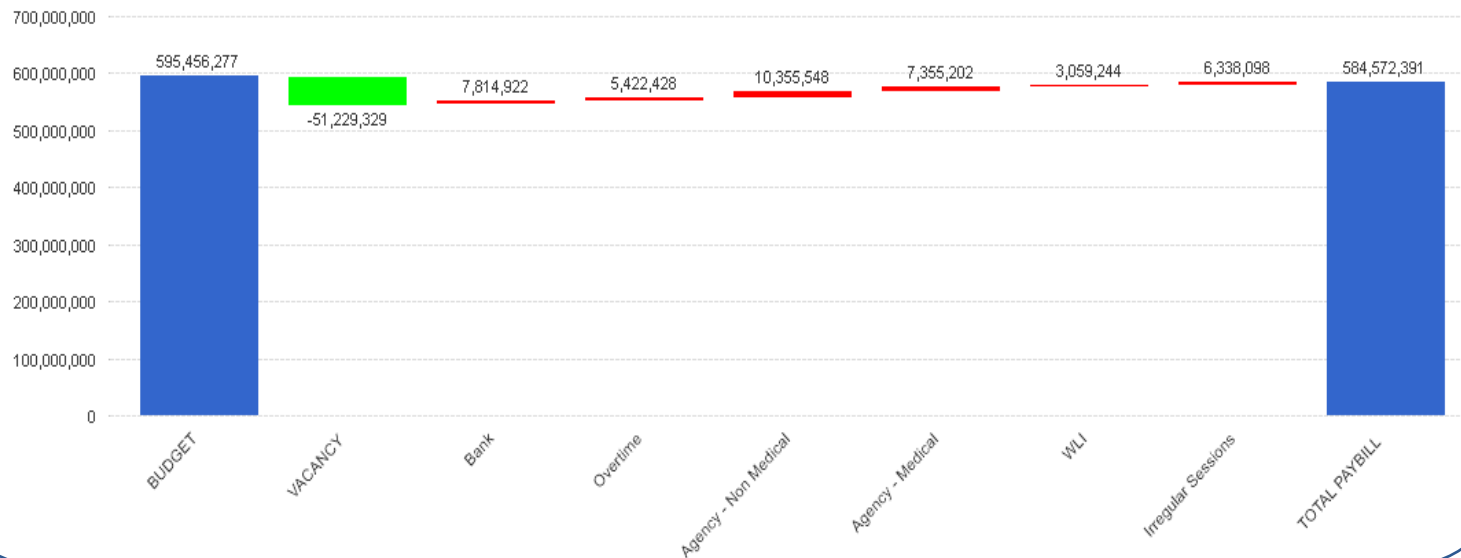
In Month Pay Bill



Narrative

- The reported pay position shows an underspend of £1.6m in P11
- The level of in-month spend on variable pay has increased in P10 and P11, however this increase reflects the additional staff resource supporting RTT and winter pressures.

Cumulative Pay Bill

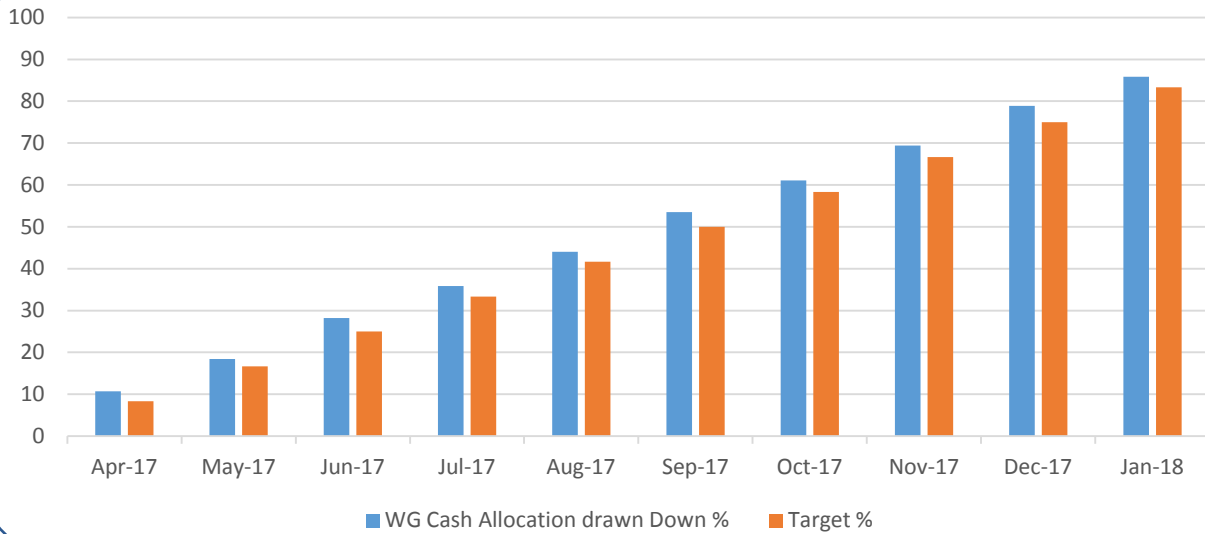


Narrative

- The cumulative pay bill shows an underspend of £10.9m to the end of P11. It must be noted that a significant element of the required savings should reduce the pay budgets and therefore underspend.
- Variable pay costs have reduced by £4.4m compared with the same period of the previous year. The most significant reduction has been in overtime and Admin & Clerical Agency.

Section 5: Cash

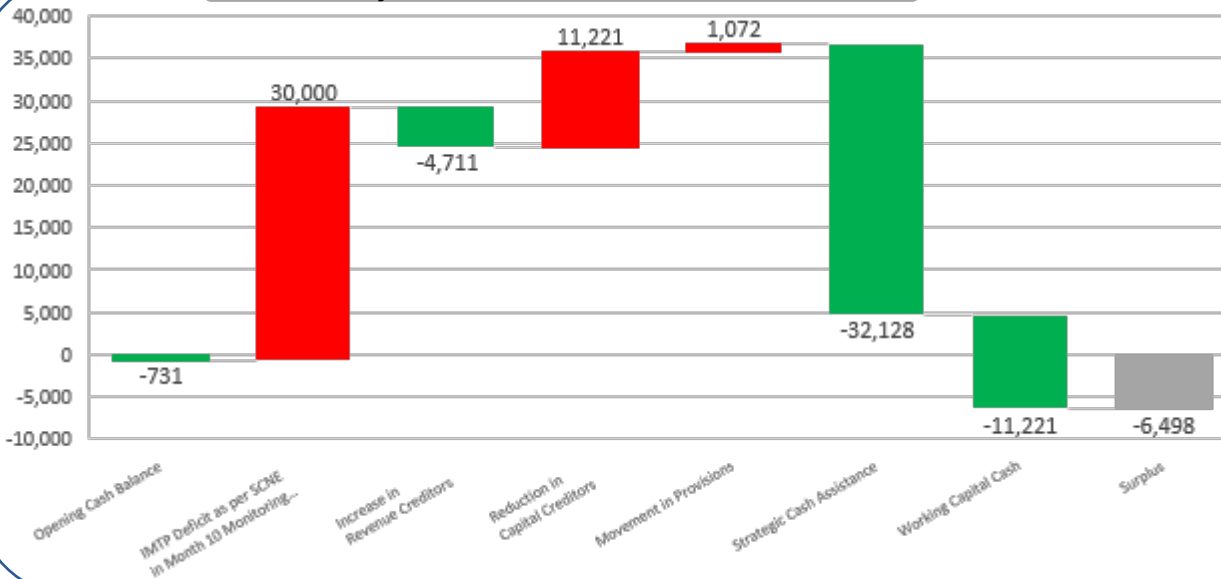
Welsh Government Draw Down



Narrative

1. Following confirmation of cash support from Welsh Government of £32.128m of repayable strategic cash assistance and non repayable cash support of £11.221m for movement in working balances the health board is no longer forecasting a cash deficit.
2. The health board is planning for a year end cash balance of £0.5m. Based on the latest receipts and payment trends and the reduction in the forecast I&E deficit to £30m the current forecast is that of a year end cash balance of £6.498m if the full amount of strategic cash assistance is drawn down in cash from Welsh Government.
3. Given the forecast cash balance it is probable that the health board will not require the full amount of strategic cash assistance available from Welsh Government and Welsh Government will be advised in the January monitoring returns submission that it is probable that the health board will not be drawing down £5.5m of the available strategic cash assistance.
4. The cash position will continue to be monitored daily with Welsh Government requesting confirmation of the final amount of cash to be drawn down at the beginning of March.

Analysis of Forecast Cash Deficit



Actions In Last 30 Days

- Reassessment of the year-end forecast from £36m deficit control total to £30m deficit.
- Focus on confirming the delivery of the recurrent actions required to maintain a £34m deficit position into 2018/19.
- Ongoing refinement and testing of the initial 2018/2019 Financial Plan.

Actions To Be Taken Next 30 Days

- Ensure focus on delivery of £30m year-end deficit and the management of further risks and opportunities to the year-end.
- Continue work to rebase budgets for 2018/19.
- Ongoing refinement and testing of the initial 2018/2019 Financial Plan.
- Establish clear expectation for reporting and forecasting for 2018/19.