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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board

ABMU FINANCE DEPT. HEALTH BOARD REPORT

Period 11 Data (February 2019)

Lynne Hamilton

In Month

£ 1,303,660 underspent

Type	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(21,151)	(21,272)	(120)	0.57%
Pay	57,924	56,520	(1,404)	2.42%
Non Pay	58,543	58,764	221	0.38%
Total	95,315	94,012	(1,304)	1.37%

Cumulative

£ 11,310,064 overspent

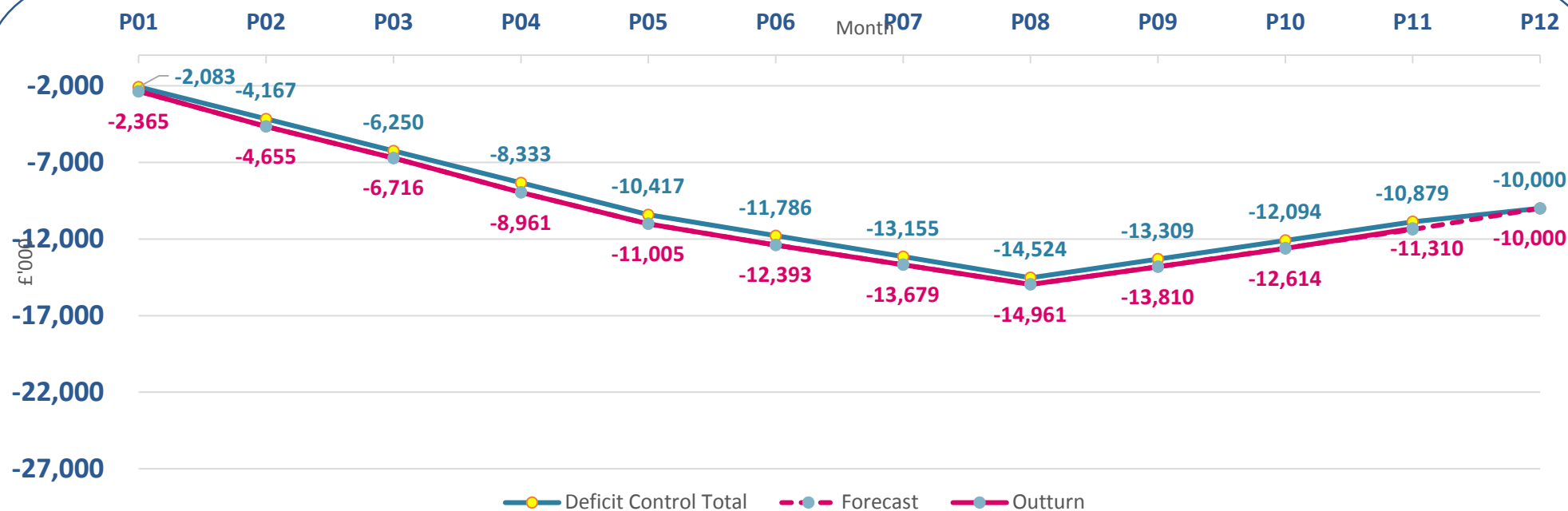
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(224,566)	(227,908)	(3,342)	1.49%
Pay	617,318	610,985	(6,333)	1.03%
Non Pay	625,679	646,664	20,985	3.35%
Total	1,018,431	1,029,741	11,310	1.11%

Forecast

£10,000,000 overspent

Type	Full Year Budget (£'000)	Full Year Forecast (£'000)	Forecast Variance (£'000)	% Variance
Income	(241,616)	(245,465)	(3,849)	(1.59%)
Pay	670,030	664,862	(5,168)	(0.77%)
Non Pay	700,290	719,307	19,017	2.72%
Total	1,128,704	1,138,704	10,000	0.89%

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 Green	-1,304	↓
Reported year to date financial position – deficit/(surplus) – Forecast Amber	11,310	↓
Reported year to date compared to forecast financial plan deficit – Forecast Amber	477	↓
Current reported year end forecast – deficit/(surplus) – Forecast Amber	10,000	→

Capital		
Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government	Value £000	Trend
Current reported year end forecast – deficit/(surplus) – Forecast Green	Breakeven	→
Reported in-month financial position – deficit/(surplus) – Forecast Amber	(1,732)	↓

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	94.4	↑

Revenue Narrative

- The Health Board P11 in-month underspend was £1.304m against an in-monthly target profile underspend of £1.215m. The cumulative position is £11.3m overspend.
- The Board is on target to deliver the £10m year-end forecast deficit and is managing a number of potential risks and opportunities to ensure delivery of the control total.
- The year to date overspend is £0.477m over the target required to deliver the £10m forecast deficit, this is based on 11/12th of £20m less £7.5m which is 3 quarters of the £10m additional funding supported provided by WG in December.
- The delegated positions have continued to overspend above the planned level required to meet the £10m year-end forecast deficit, however the improvement reported in P10 has been maintained in P11.
- The key pressures remain the effect of not delivering the required savings in full, use of contingent labour and clinical consumable pressures.

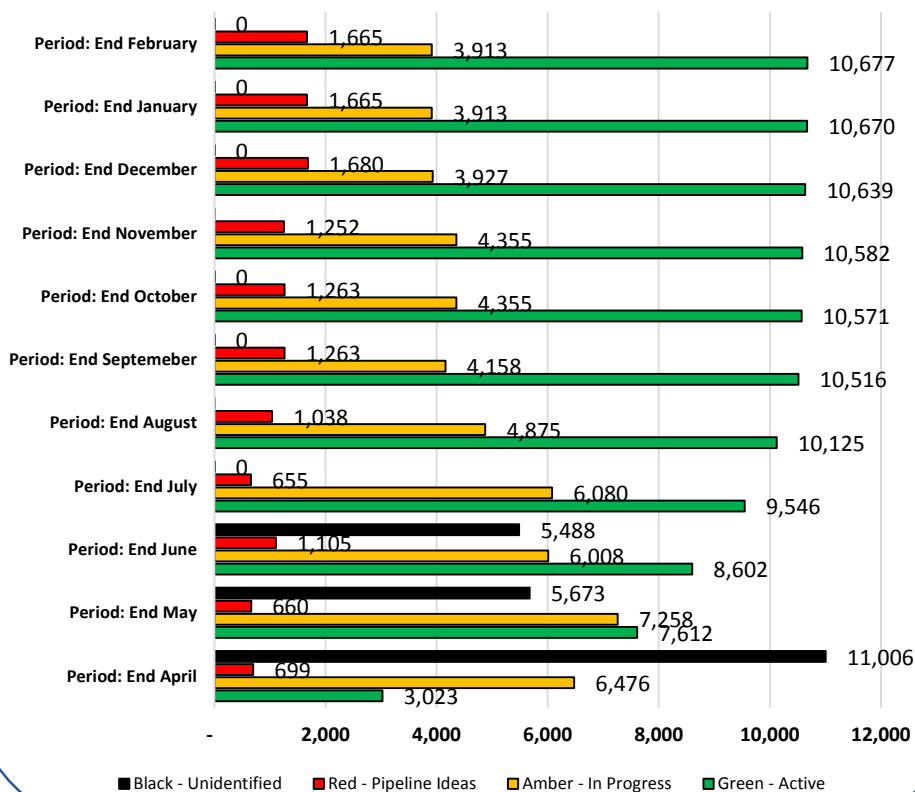
Capital Narrative

- Approved CRL value for 18/19 is £35.899m, an increase of £2.885m from prior month, This includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- The Health Board is also anticipating an additional £0.5m to be added to the CRL before the end of the financial year
- Underspend to date has increased as a number of new schemes experienced a slight delay in starting . There has also been additional delays on the Neonatal scheme at Singleton which has created slippage that will need to be managed by the Health Board. There are a number of schemes that have been reported as high risk for this reason, all slippage has been re allocated in year to high risk medical equipment replacements

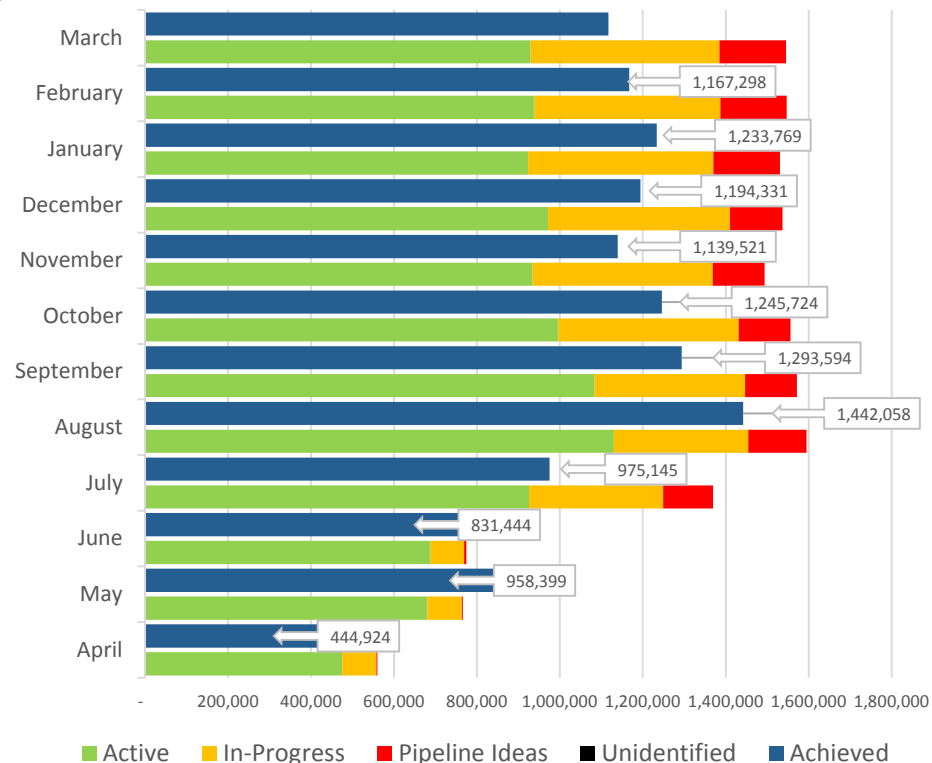
PSPP Narrative

- The number of invoices paid within 30 days continues to be below the 95% target, although the cumulative performance increased slightly from 94.2% at the end of January to 94.4% at the end of February.
- The increase was as a result of the in month compliance being 96.2%. Despite this increase in the compliance figure, there were still over 1,000 invoices paid in month which were over 30 days old as work continues to progress in clearing the invoices on hold both as a result of the implementation of the NO PO/NO Pay policy and as a result of delays in receipting.
- The clearance of these older invoices is essential to assist in the smooth transfer of assets and liabilities as part of the Bridgend boundary change.

Trend over time



Current Profile of Savings



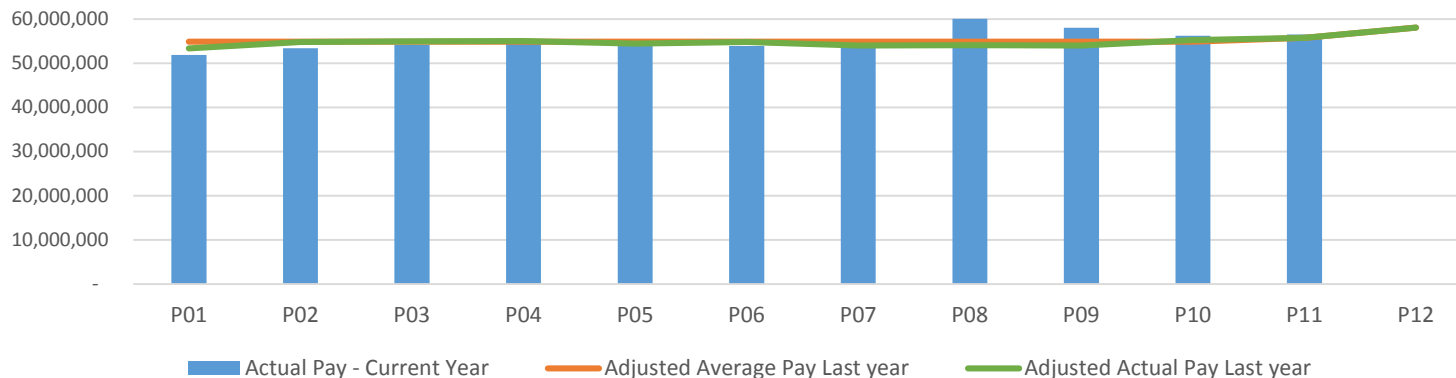
Narrative

- The Health Board has £16.0m of schemes, which is 76% of the overall planned £21m savings requirement.
- The identification of mitigating opportunities has offset 3 of the work streams; Reducing Waste, Harm and Variation, MH Ring Fence and Workforce Redesign. This has effectively reduced the savings requirement to £15.9m.
- Whilst the adjusted savings target has been fully identified, it is essential that these are fully delivered. Some slippage has already been reported and forecast with mitigating opportunities deployed to offset this slippage.
- £3.25m of the £16.0m is non-recurrent.

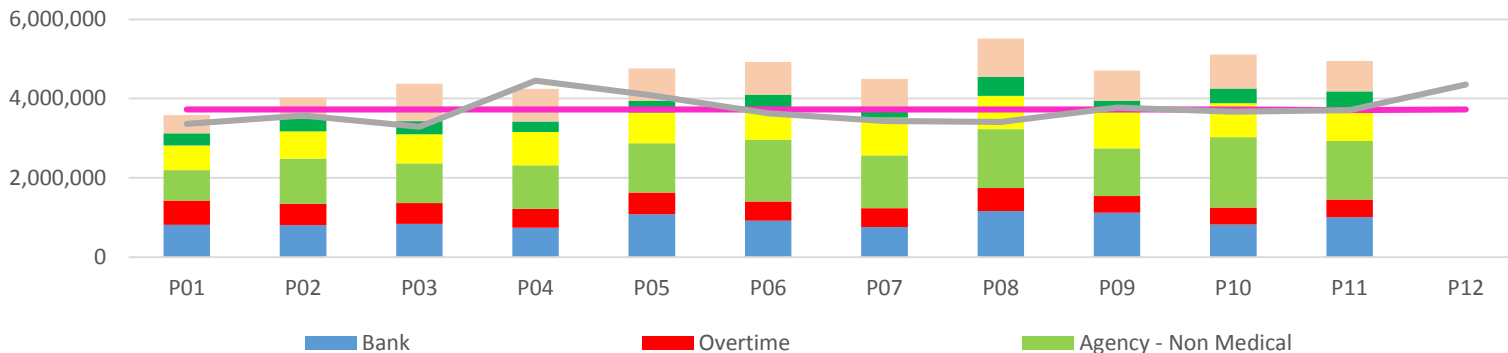
Narrative

- The savings profile identified a significant step up in savings delivery requirement across Quarter 2. This resulted in a significant level of slippage in P04.
- Whilst the level of savings delivery stepped up from Month 5, recent months have seen reducing levels of savings delivery. The delivery to date is £2m below the planned level.
- Based on the current delivery assessment, the annual savings delivery shortfall has been reassessed as around £2.5m, which would mean a delivery of around £13.5m against the £16m plans and £21m target.
- To date £11.9m savings have been delivered against planned savings of £14.6m.

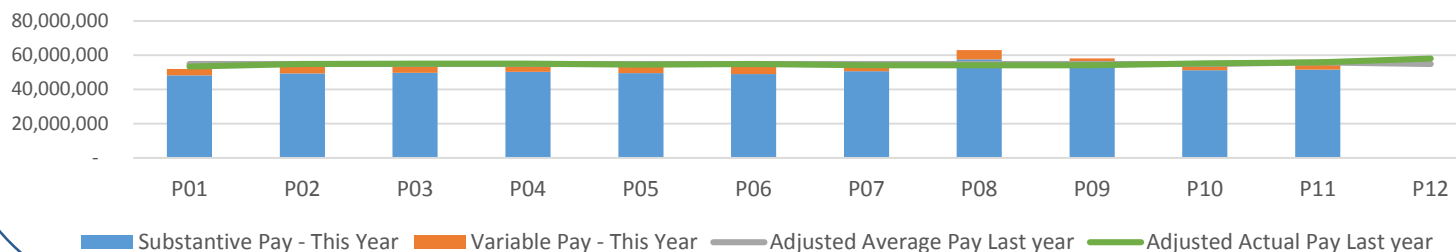
Actual Pay Expenditure This Year and Last Year



Variable Pay Expenditure This Year and Last Year

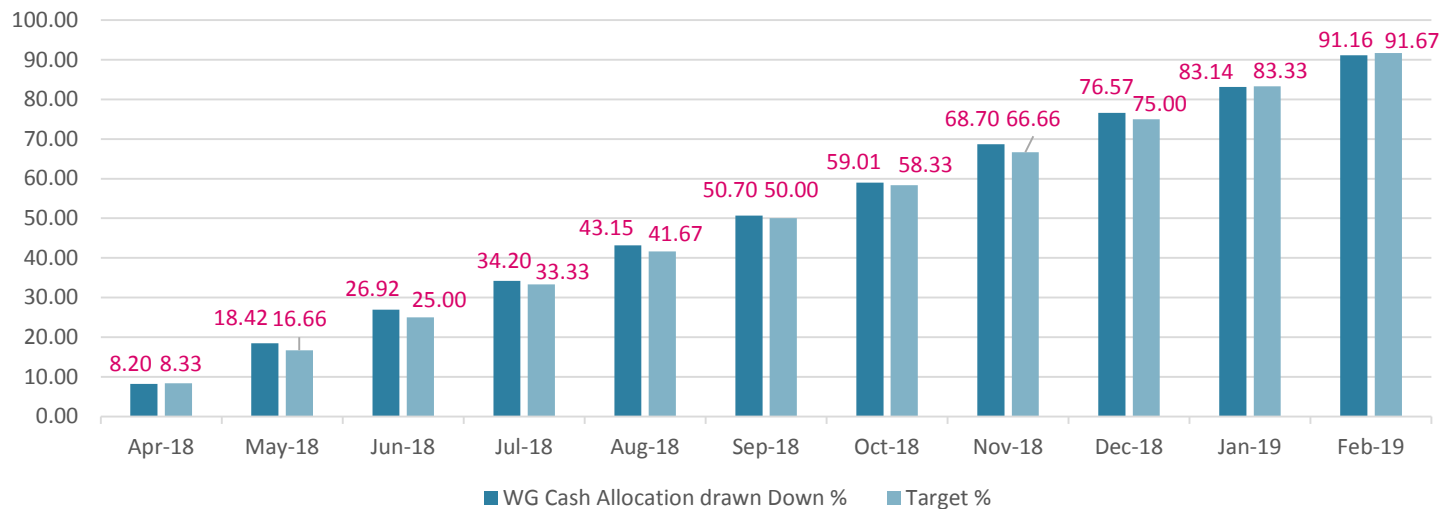


Substantive & Variable Pay Expenditure This Year and Last Year

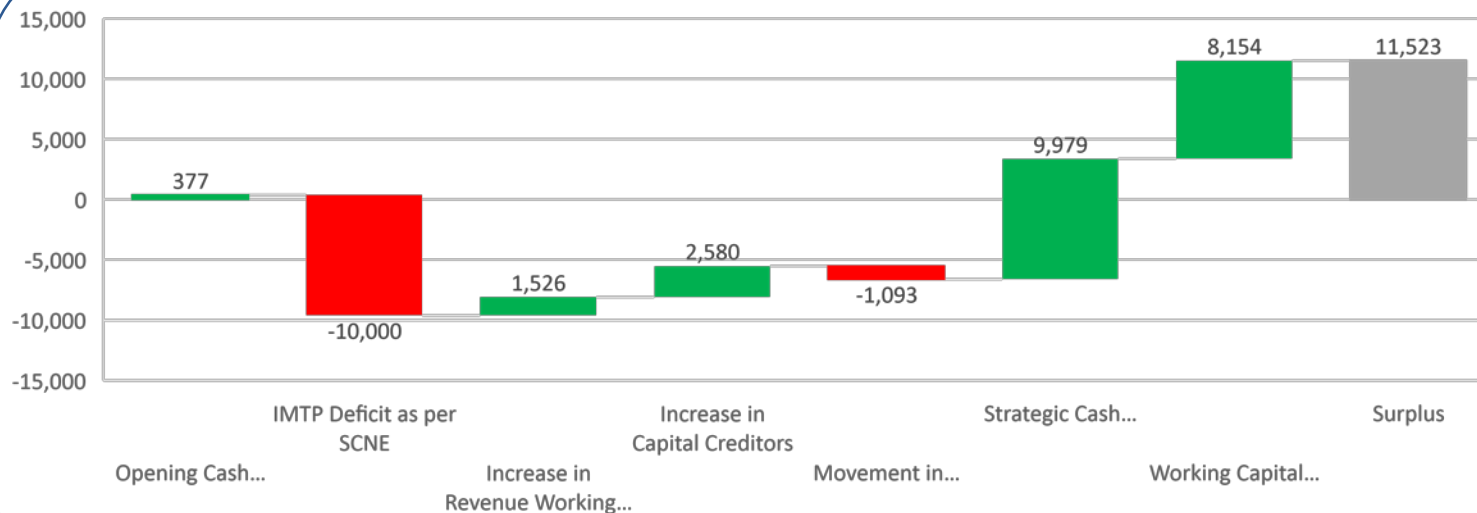


- The average monthly pay spend prior to the pay awards was around £54m. An increase of around £1.5m per month to reflect the impact of the pay award for all staff groups was forecast.
- The spend in P11 was £56m which is around £0.5m above the pay award adjusted average.
- The residual increase reflects costs of additional capacity and RTT.
- The last year average pay and actual pay lines have been uplifted for 2018/19 pay inflation to enable comparisons to be drawn.
- P11 has continued to see high levels of bank costs and agency costs for Medical and Nursing staff.
- Much of the variable pay relates to winter and RTT support however there has been an increasing use of non-contract nurse agency which has resulted in excess costs as rates are around 50% higher than contract agency rates

Welsh Government Draw Down



Analysis of Forecast Cash Position



1. The health board held a cash balance of £7.479m at the end of February. This balance is significantly higher than the local target of holding between £1m and £2m in cash at month end. The higher cash balance was due to higher than forecast cash receipts from local authorities and other NHS bodies following work undertaken to chase up outstanding invoices prior to the Bridgend transfer.
2. The forecast year end cash position if all available cash allocations are drawn down from Welsh Government is that of a cash surplus of £11.523m. The available allocations include £9.979m of strategic cash assistance and £8.154m of working capital cash which is available to draw down in cash from 11th March 2019.
3. Given the forecast cash balance the health board will not be drawing down any of the strategic cash assistance on 11th March, which would leave a forecast cash balance of £1.544m at year end if the receipts and payment are in line with that forecast.
4. The cash position is being monitored on a daily basis and based on the actual cash balances on 15th March and the forecast receipts and payments for the remainder of the month a final call will be taken as to how much if any of the strategic cash assistance will be called down from WG on 18th March to be received in the final week of March.

#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Key Decision Point and Summary Mitigation	Risk Owner Name
	Annual Plan Deficit		-10000	-10000	-10000		
1	CHC and FNC inflation exceeds plan	Impact of FNC revised rate has been calculated, including and excluding interest.	0	-363	-139	Revised rate has been agreed and the HB is currently looking to absorb this risk as it is now crystallising.	Lynne Hamilton, Director of Finance
2	Potential Claw back of GMS underspend	Currently forecasting an underspend against GMS contract, which given its ring-fenced nature could be clawed back by WG		-844	0	Underspend is primarily related to the take up of enhanced services, which means the transfer of costs from secondary care has not been facilitated. Discussions with WG to give assurance that enhanced services are being offered/developed	Hilary Dover, Service Director Primary and Community Care
3	Technical Accounting Changes	There are a number of technical accounting changes that may impact on the financial position eg IFRS 9 impact on bad debts, PI discount rate		-500	0	Continue to work closely with WG via TAG	Lynne Hamilton, Director of Finance
4	GPOOH HMRC	Potential for HMRC to only pursue the NI element from Health Boards	700		111	Work with Deloitte to resolve this issue. Further communication from HMRC has indicated that the maximum liability should enable the £111k to be released as a benefit	Lynne Hamilton, Director of Finance

-	-	-
9,300	11,707	10,028

Actions in December & January

'Run rate' actions:

- Service Delivery Unit and Directorate enhanced control measures and actions reviewed and required support agreed.
- Non-pay deep dives continuing; blood products, dressings, pacemakers, heart valves, other clinical consumables, transport and maintenance contracts complete and actions being taken forward.
- Further planned non-pay deep dives planned into next years work programme.
- Focus on the delivery of year-end forecast position.

Savings Delivery

- Confidence assessment of the planned savings revised to £13.5m.
- Confidence assessment of identified mitigating actions undertaken.
- Review of non-recurrent savings and actions to consider the impact of making these savings recurrent.
- Assessment of current workstreams and development of clear delivery plan to provide pipeline of savings for 2019/20 as Category A1 in 2019/20 savings plan.
- Focus on identification of plans for 2019/20 and increasing delivery confidence.

Continued Scrutiny

- **Monthly** scrutiny by Performance & Finance Committee. Escalation process in place for key risks identified through performance framework:
 - Financial and/or performance at Unit level
 - System wide focus on targeted intervention areas
 - Recovery actions and non delivery of savings programmes
- **Monthly** Performance, Quality and Finance Meetings with Delivery Units; monthly review of all corporate directorates
 - **Weekly** escalation where finance and/or performance is off track
 - 'deep dives' into key areas (eg. medical pay bill review, Unit performance or delivery issues)
 - Individual support to Finance Business Partners by Assistant Directors to help provide 'critical challenge' into delivery units
 - CEO led escalation as required
- **Monthly** Recovery & Sustainability Programme Board - timely decision making, tracking progress, managing risks & issues
- **Monthly** Investment & Benefits Group:
 - Effective decision making in line with organisational priorities
 - Control of investment/re-investment decisions including capital
 - Benefits tracking (financial & non financial)



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ABMU FINANCE DEPT. HEALTH BOARD REPORT – FINANCE ANNEXES

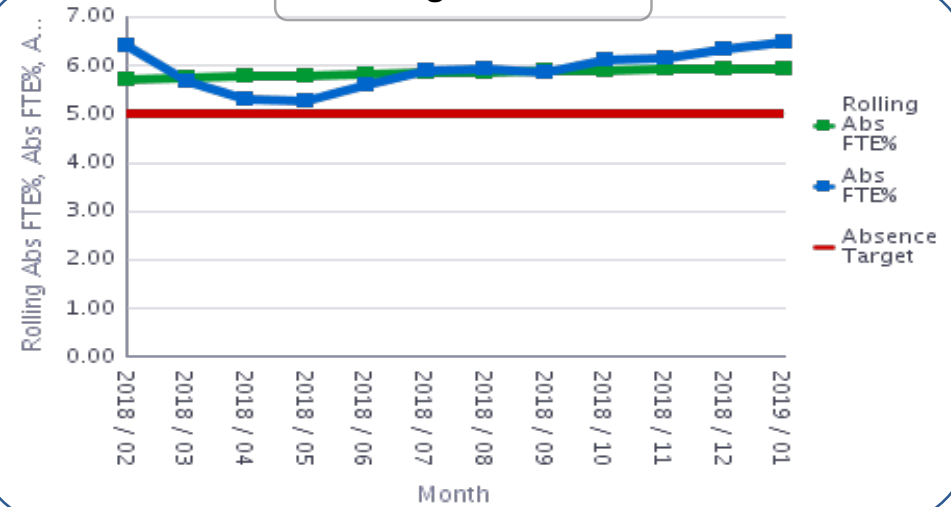
Management Accounts
Period 11 Data (February 2019)

Lynne Hamilton

Summary (Jan'19 Data)

	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Rolling 12 Mths
Cost Absence £000	2,470	2,594	2,629	2,543	2,844	2,758	2,947	3,033	31,847
% Absence	5.68%	5.90%	5.98%	5.91%	6.21%	6.20%	6.39%	6.48%	5.92%
Average No. Staff Absent Per Day	930	971	982	968	1,020	1,027	1,059	1,064	976

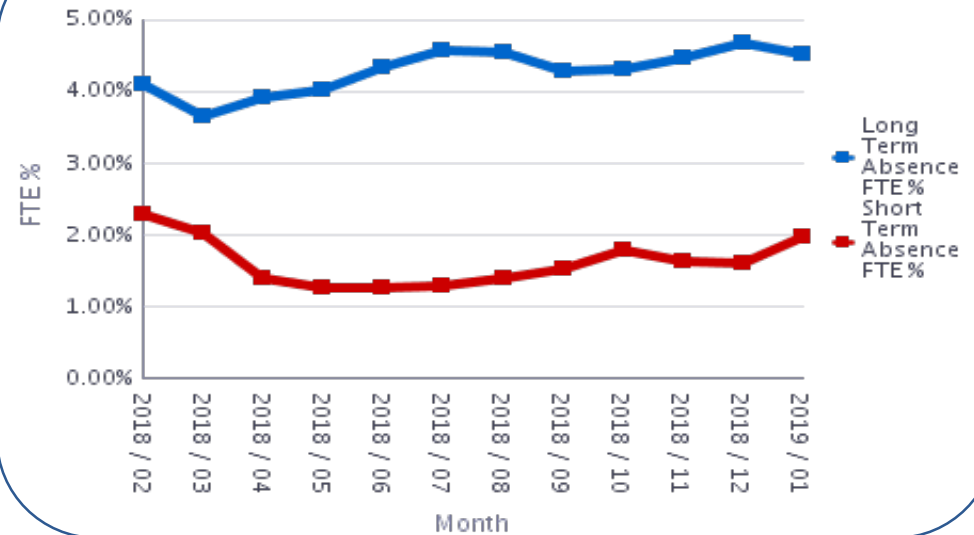
Rolling Absence



Cumulative % & £ Per Staff Group

	Absence % (FTE)	Absence Estimated Cost (£)
Add Prof Scientific and Technic	3.81%	839,407
Additional Clinical Services	8.29%	6,139,322
Administrative and Clerical	5.32%	4,337,700
Allied Health Professionals	3.67%	1,791,523
Estates and Ancillary	8.30%	2,994,835
Healthcare Scientists	3.52%	618,406
Medical and Dental	1.82%	2,396,553
Nursing and Midwifery Registered	6.13%	12,729,034
Students	0.00%	-
Grand Total	5.92%	31,846,780

Long Term and Short Term Trends



Category	Balance at 1 st April 2018 (£000)	Balance at 28th February 2019 (£000)	Movement (£000)	Analysis
Tangible & Intangible Assets	606,232	595,118	(11,114)	Movement due to asset additions less forecast depreciation.
Trade & Other Receivables	209,999	174,934	(35,065)	Reduction of £41.413m in Welsh Risk Pool Debtor based on latest quantum reports from Welsh Health Legal Services and taking into account reimbursements from Welsh Risk Pool. Reduction is offset by an increase in the income accrual for anticipated allocations from WG, including working capital cash and strategic cash assistance.
Inventories	9,725	10,013	288	Main increase is in drugs stocks (£268k).
Cash	376	7,479	7,103	Cash balance above local target of holding between £1m and £2m in cash at month end. This is due to higher than forecast receipts from earlier settlement of debtors following vigorous debt follow up during February, particularly re local authority debts.
Total Assets	826,332	787,544	(38,788)	
Trade & Other Payables	193,796	183,530	(10,266)	Reduction in capital creditors of £6.282m. Reduction in trade creditors as invoices being chased down for payment to assist in the Bridgend transfer.
Provisions	184,528	146,916	(37,612)	Reduction of £35.613m in clinical negligence provision following receipt of latest quantum reports from Welsh Health Legal Services. Contra in Welsh Risk Pool debtors. Reduction of £1.017m in retrospective CHC provision as claims are settled. Other smaller reductions in permanent injury benefit and pensions provisions.
Total Liabilities	378,324	330,446	(47,878)	
Total Assets Employed	448,008	457,098	9,090	
Financed By				
General Fund	399,366	408,456	9,090	Movement is capital cash drawn down offset by I&E overspend.
Revaluation Reserve	48,642	48,642	0	
Total Taxpayers Equity	448,008	457,098	9,090	

Month 11 Position

The approved CRL value at Month 11 is £35.899m which includes Discretionary Capital and the schemes under the All Wales Capital Programme. Further details on the planned spend can be seen in **Annex 2**. Approval has also been received for funding of £0.150m from the Integrated Care Fund (ICF) and this has therefore been included in anticipated allocations. The reported financial performance at Month 11 is a £1.732m under spend to plan. Underspend in part due to schemes detailed in the below risk assessment but in addition there are a number of equipment orders that have been fulfilled slightly later than anticipated. All allocations are reviewed and risk assessed monthly by the Health Boards Capital Management Group and changes to scheme budgets recommended where appropriate. As a result of this process a number of scheme allocations have been reduced and funds re-allocated to other high priority schemes in month.

Forecast Outturn - The forecast outturn against the current CRL shows a break-even position once anticipated allocations are taken into account.

Risk Assessment -As required to be reported in the monthly monitoring returns to Welsh Government the risk assessment on All Wales Capital schemes which are not considered to be low risk are below. The risk values identified have already been factored into the Health Boards position and re allocated to high risk medical equipment replacement. The funding will need to be re-provided from Discretionary Capital in 2019/20. The Health Board will discuss with WG in relation to CRL adjustments

Scheme	Risk Profile	Risk Value £'000	Comments
Environmental Modernisation Phase 2 Morriston	High	428	Scheme experienced a 3 week delay in starting on site while contracts were being agreed. The contractor has now reviewed the profile of spend and the forecast provided gives anticipated slippage of £428k. £140k of this was factored into the Health Boards discretionary capital position in prior months, the remaining 288k has now also been re allocated to be reprovided in 2019/20
MRI Scanner at Singleton	High	150	Scheme experienced a slight delay in starting on site, the contractor has reviewed the current forecast and confirmed an element of the work will continue into 2019/20. In addition this means the hire of the mobile unit will also continue and hence contributes toward the slippage
Replacement of LinAc B at Singleton	High	280	The latest cashflow from the contractor forecasts 90k of slippage from March into April 19. In addition discussions have been ongoing regarding the chiller/condenser requirements, these have now been confirmed however the lead time for the required items will mean an April delivery. Other equipment items have also been confirmed with April delivery dates however it is hoped some of these deliveries can be expedited to improve on this slippage position
Neonatal and Post – Natal Capacity at Singleton Hospital	High	450	Due to difficulties with Isolations the scheme is now a further 5 weeks behind schedule. It is hoped (not yet confirmed) that this delay will be recovered over the remaining works period however there is a significant impact for the spend achievable in 2018/19. The latest estimate from the contractor gives a slippage value of £450k
National Clinical Systems	High	160	Current forecast shows 160k of slippage at the end of March 2019. (50k of this was reported in prior months). This further slippage has been factored into the Health Boards discretionary capital position in M11 and will be reprovided in 2019/20.

All Wales Capital Programme:	Year To Date			Full Year Forecast		
	Plan £'000	Actual £'000	Variance £'000	Plan £'000	F'cast £'000	Variance £'000
Schemes:						
Morrison - HVS Phase 1B (S1) Fees & Build Main Scheme	70	67	(3)	70	67	(3)
Morrison - Renal unit refurbishment	649	638	(11)	564	659	95
National Clinical Systems	286	294	8	790	630	(160)
Wireless Network Singleton Hosp & Community hospital sites	(11)	93	104	620	620	0
Neonatal and Post-Natal Capacity at Singleton Hospital	3,058	2,487	(571)	5,000	4,169	(831)
I2S - Health Records Modernisation	807	768	(38)	769	933	164
Anti-ligature	363	352	(11)	750	960	210
Acceleration & Implementation of National Clinical Systems	276	260	(16)	273	310	37
Replacement of LinAc B at Singleton	521	259	(262)	3,230	2,981	(249)
MRI Scanner at Singleton	670	510	(160)	2,681	2,531	(150)
Fees for Bridgend Primary Care Scheme	0	126	126	170	170	0
Digital Cellular Pathology	0	0	0	124	124	0
Environmental Modernisation Phase 2 Morrison	128	133	6	1,487	872	(615)
Additional IM&T Discretionary	200	560	360	1,756	1,756	0
WLIMS Masterlab sunset solution	0	0	0	60	60	0
Penclawdd Health Centre Design	18	62	44	150	150	0
Murton Health Centre Design	10	45	35	100	90	(10)
Eye Care Sustainability	0	0	0	120	120	0
ICF - Refurbishment of Accommodation for IAS, MAPSS, ND & CAMHS	87	116	29	350	376	26
Estates works to improve Microbiology labs	0	0	0	15	15	0
Community WiFi	0	0	0	275	275	(0)
Additional Equipment (February)	0	0	0	2,140	2,140	0
ICF - Tonna	0	56	56	0	170	170
Sub Total	7,132	6,825	(307)	21,494	20,177	(1,317)
Discretionary:						
I.T.	1,710	1,398	(312)	1,722	1,724	2
Equipment	4,158	3,431	(726)	6,003	7,421	1,418
Estates	5,193	4,807	(386)	8,080	8,128	48
Sub Total	11,061	9,636	(1,424)	15,805	17,272	1,467
Total Expenditure	18,193	16,461	(1,732)	37,299	37,449	150
Donations:						
Donated Assets	494	494	0	1,050	1,050	0
Asset Disposals:						
Fairwood	350	350	0	350	350	0
CHARGE AGAINST CRL	17,349	15,617	(1,732)	35,899	36,049	150
PERFORMANCE AGAINST CRL (Under)/Over		(20,282)			150	

Workforce

Balance Sheet

Capital