



**GIG**  
CYMRU  
**NHS**  
WALES

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



|  |   |                          |                                     |
|--|---|--------------------------|-------------------------------------|
| <b>Meeting Date</b>  | <b>27<sup>th</sup> January 2022</b>   | <b>Agenda Item</b>       | <b>6.2</b>                          |
| <b>Report Title</b>  | <b>Financial Report – Period 9 2021/22</b>  |                          |                                     |
| <b>Report Author</b>   | Samantha Lewis, Deputy Director of Finance  |                          |                                     |
| <b>Report Sponsor</b>  | Darren Griffiths, Director of Finance and Performance   |                          |                                     |
| <b>Presented by</b>  | Darren Griffiths, Director of Finance and Performance   |                          |                                     |
| <b>Freedom of Information</b>                                | Open  |                          |                                     |
| <b>Purpose of the Report</b>                                 | The report advises the Board of the Health Board financial position for Period 9 (December) 2021/22.  |                          |                                     |
| <b>Key Issues</b>  | <p>The report invites the Board to note the detailed analysis of the financial position for Period 9 (November) 2021/22 and the actions to support the management of the Health Board forecast position.</p> <p>The report invites the Board to note the capital budget, cash position and key balance sheet movements.</p> <p>The report also provides the Board with a summary of the 2022/23 Welsh Government Revenue Allocation Letter and how it relates to the Health Board.</p>  |                          |                                     |
| <b>Specific Action Required<br/>(please choose one only)</b> | <b>Information</b>  | <b>Discussion</b>        | <b>Assurance</b>                    |
|  | <input checked="" type="checkbox"/>   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <b>Recommendations</b>                                       | <p>Members are asked to: -</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the agreed 2021/22 financial plan.</li> <li>• <b>CONSIDER</b> and comment upon the Board's financial performance for Period 9(December) 2021/22.</li> <li>• <b>NOTE</b> the key actions in relation to the delivery of the forecast £24.405m year-end deficit outlined in section 7.</li> <li>• <b>NOTE</b> the 2022/23 Revenue Allocation Letter and the key actions in the development of the detailed financial plan for 2022/23 as part of the IMTP.</li> <li>• <b>ACTION the key actions set out in the report: -</b> <ul style="list-style-type: none"> <li>▪ <b>ACTION</b> forecast of recovery schemes/actions, in terms of activity/service delivery and expenditure.</li> </ul> </li> </ul> <p><b>Planned Care Board supported by Deputy COO, Deputy Director of Finance – End of January 2022.</b></p> |                          |                                     |

|  |   |
|--|---|
|  | <ul style="list-style-type: none"> <li>▪ <b>ACTION</b> recovery of specialised services activity to a run rate commensurate with contract delivery in quarter 4 to ensure contract delivery in full in 2022/23</li> <li>▪ <b>DEVELOP</b> alternative opportunities to ensure allocated funding is fully utilised. Slippage is not acceptable and plans are needed to recover lost activity. <b>Planned Care Board supported by Deputy COO, Deputy Director of Finance – End of January 2022 and report to CEO and DoF on a bi-monthly basis</b></li> <li>▪ <b>REVIEW</b> all investment plans to identify areas of expenditure that can be expedited and other areas of expenditure to support longer term strategy and improve patient care. <b>CEO and DOF, supported by Service and Corporate Directors – End of January 2022.</b></li> <li>▪ <b>ASSESS</b> key inflationary, growth and service pressures; <b>Deputy Director of Finance; 4<sup>th</sup> February 2022</b></li> <li>▪ <b>ACTION</b> the development, planning and implementation of the savings programme for 2022/23; <b>Service Group Directors, Head of Savings PMO; 85% by end of February 2022 and 100% by end of March 2022.</b></li> <li>▪ <b>ACTION</b> savings plans for nursing and medical budgets for (£2m recurrent each) in February 2022</li> <li>▪ <b>DELIVER</b> 2021/22 recurrent savings in full to maintain the underlying deficit position; <b>Service Group Directors, Deputy Director of Finance, Head of Savings PMO – 4<sup>th</sup> February 2022</b></li> <li>▪ <b>ASSESS</b> the ongoing implications as a result of the pandemic, in terms of direct costs, such as Testing and Vaccination programmes, indirect costs associated with changes to service models and patient demand and acuity and costs associated with recovery; <b>COO, Medical director and Director of Public Health; 4<sup>th</sup> February 2022 and</b></li> <li>▪ Underpin Changing for the Future with clear and robust investment strategy which supports the Health Board's recovery and sustainability plan. <b>Executive Team, end of February 2022</b></li> </ul> |
|--|---|

## FINANCIAL REPORT – PERIOD 9

### 1. INTRODUCTION

The report advises the Board that the Period 9 (December 2021) revenue financial position is an overspend of £17.570m.

The report invites the Board to note the detailed analysis of the Period 9 (December 2021) revenue financial position.

The report provides an analysis of the revenue impact of the COVID-19 response for the first quarter and provides an assessment of the year-end revenue forecast following agreed and anticipated additional Welsh Government (WG) funding.

The report invites the Board to note the capital budget position, cash position and key balance sheet movements.

The report also provides an overview of the 2022/23 Revenue Allocation Letter which was received on 21<sup>st</sup> December 2021.

### 2. BACKGROUND

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

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

2019/20 No Approved Plan  
2020/21 No Approved Plan  
2021/22 Annual Plan submitted

The Health Board will fail to achieve this Statutory Duty.

- **To achieve financial breakeven over a rolling three-year period, which commenced on 1<sup>st</sup> April 2019 and will end on 31<sup>st</sup> March 2022.**

2019/20 £16.284m Overspend  
2020/21 £24.305m Overspend  
2021/22 £24.405m Forecast Overspend

The Health Board will fail to achieve this Statutory Duty.

#### 2.2 Summary of Performance against Key Financial Targets

| <b>Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government</b> | <b>Value<br/>£000</b> |
|---|-----------------------|
| Reported in-month financial position – deficit/(surplus)  | 1,884                 |
| Reported cumulative financial position – deficit/(surplus)  | 17,570                |
| Variance from Planned Deficit – deficit/(surplus)   | (733)                 |

|   |                       |
|---|-----------------------|
| <b>Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government</b> | <b>Value<br/>£000</b> |
| <b>Capital KPIs: To ensure that costs do not exceed the capital resource limit set by Welsh Government</b>                  | <b>Value<br/>£000</b> |
| Reported year to date financial position – deficit/(surplus)  | (2,478)               |
| Forecast outturn financial position – deficit/(surplus)   | 705                   |
| <b>PSPP Target : To pay a minimum of 95% of all non NHS creditors within 30 days of receipt of goods or a valid invoice</b> | <b>Value<br/>%</b>    |
| Cumulative year to date % of invoices paid within 30 days (by number)   | 95.08%                |

### 3. FINANCIAL IMPLICATIONS

#### 3.1 Revenue Position

##### 3.1.1 Summary Revenue Position

The Health Board agreed the Annual Plan for 2021/22 at its meeting on 23<sup>rd</sup> June 2021, having approved the draft annual plan in March 2021. This included a financial plan which reflected a £42.077m opening underlying deficit and indicated that in-year cost pressures and investment commitments could be met by WG allocation uplift and planned savings. The Health Board plan therefore produces a £42.077m forecast deficit.

|                                  | <b>2021-22<br/>Plan Update<br/>£m</b> |
|----------------------------------|---------------------------------------|
| 20/21 Core Underlying Position   | 24.405                                |
| 20/21 Savings COVID impact       | 17.672                                |
| <b>20/21 Underlying Position</b> | <b>42.077</b>                         |
| Cost pressures                   | 25.600                                |
| WG Allocation                    | -15.100                               |
| Investment Commitments           | 8.500                                 |
| Planned Savings                  | -27.700                               |
| Investments to enable Savings    | 8.700                                 |
| <b>Forecast Position</b>         | <b>42.077</b>                         |

The savings requirement for 2021/22 of £27.7m is a gross saving position, which recognises and allows for the investments to support the delivery of efficiency opportunities.

The Health Board is also anticipating around £131m of COVID funding for this financial year. This £131m includes non-recurrent funding to mitigate the COVID impact on 2020/21 savings. This reduces the forecast deficit to £24.405m.

The period 9 reported in-month position was an overspend of £1.884m and £17.570m cumulatively, which is £0.733m below the forecast position.

|                           | Budget        | Actual        | Variance     | Budget         | Actual         | Variance      |
|---------------------------|---------------|---------------|--------------|----------------|----------------|---------------|
|                           | In Month      | In Month      | In Month     | Cumulative     | Cumulative     | Cumulative    |
|                           | £000          | £000          | £000         | £000           | £000           | £000          |
| Income                    | - 23,538      | - 22,954      | 584          | - 215,889      | - 213,706      | 2,183         |
| Pay                       | 55,233        | 53,593        | - 1,640      | 482,249        | 474,048        | - 8,201       |
| Non-Pay                   | 60,390        | 61,913        | 1,523        | 508,874        | 515,898        | 7,024         |
| <b>Delegated Position</b> | <b>92,085</b> | <b>92,552</b> | <b>467</b>   | <b>775,234</b> | <b>776,240</b> | <b>1,006</b>  |
| Corporate Plan            | - 1,417       |               | 1,417        | - 16,564       | -              | 16,564        |
| <b>Total Position</b>     | <b>90,668</b> | <b>92,552</b> | <b>1,884</b> | <b>758,670</b> | <b>776,240</b> | <b>17,570</b> |

The corporate plan variance reflects 9/12<sup>ths</sup> of the £24.405m forecast deficit less the release of investment slippage.

### 3.1.2 Income

Income budgets have reported an under-achievement of £2.183m. The key areas of under-achievement are dental, catering, rental and other patient related charges.

The continuation of the LTA and SLA block arrangements to the of this financial year has now been formally agreed. The principles for 2022/23 funding flows are being developed through All Wales Directors of Finance. There remains a risk of contract under-performance in this area and activity plans delivered based on recovery trajectories in 2021/22 to mitigate this risk.

Around £5.5m of COVID funding support has been provided to meet the ongoing impact of the pandemic on income for the year to date. This support is being reviewed through monthly performance meetings to consider the recovery mechanisms and potential longer term impacts.

### 3.1.3 Pay

Pay budgets have reported a £8.2m underspend for the first nine months of the financial year.

The underspend on workforce budgets has increased in-month, due to backdated funding support for Medical training posts and reduced levels of annual leave approved over the Christmas period. This underspend is despite high levels of variable pay, particularly agency costs. The underspends reflects the level of staff vacancies and the deployment of substantive staff to support COVID programmes, response and recovery reducing core substantive workforce costs.

Around £21m of COVID funding has been issued to support increased pay costs during this period, excluding funding for vaccination, TTP, cleaning standards and recovery. This significant cost is supporting changed service models and requirements, surge capacity and other additional support. The management of ongoing legacy of costs will be crucial in the development of a sustainable financial model going forward.

### 3.1.4 Non Pay

The non-pay budgets have over-spent in month. The key drivers of the overspend continue to be ChC costs within MH and LD, which are partially offset by workforce underspends and rising price inflation.

This month, the Health Board is has also seen the impact of energy price increases and also extraordinary inflationary impacts on such things as provisions.

The level of COVID support to general non-pay is around £5m for the first nine months, excluding PPE costs. In addition, around £4.5m funding support has been provided to Primary Care Prescribing to support the increased costs being experienced.

### **3.1.5 Savings and Recovery Challenge**

The Health Board plan includes a gross savings requirement £27.7m, this supports the investment to enable efficiency opportunities to be released.

To date the Health Board has identified £28.1m of green and amber savings, with red schemes still being developed, which will aid the recurrent savings delivery.

The forecast savings delivery for 2021/22 is £27.7m. Whilst this reflects a very positive delivery position, this is due to over-delivery in some areas, of which £3m is non-recurrent.

The recurrent full year impact of the savings is £24.9m which is £2.8m short of the recurrent savings requirement (this includes £6m full year effect in 2022/23 of schemes related to proposed bed closures in 2021/22). Whilst further schemes are being developed, planned uncommitted investments will be held to mitigate the shortfall. Work is continuing to assess the impact of the schemes which release bed capacity to ensure that the required recurrent savings can be delivered in terms of bed decommissioning. The model for this is currently under detailed review as there are currently £6m of savings linked to bed closure in the recurrent savings plan. This work needs to be completed in February 2022 by the COO to establish the amount of recurrent savings which can be made. This will be reported to the CEO as a specific request.

### **3.1.6 COVID-19**

The Health Board is assuming around £131m of additional funding to support COVID response and recovery. The majority of this funding has now been received by the Health Board, with programme areas such as TTP, Vaccination and PPE being issued based on expenditure forecasts as at Month 8. The table below provides a summary of the £131m.

| COVID Funding               | Confirmed & Anticipated Funding |
|-----------------------------|---------------------------------|
|                             | £000                            |
| Testing                     | 3,104                           |
| Contact Tracing             | 13,090                          |
| Vaccination                 | 13,578                          |
| Extended Flu                | 1,190                           |
| Enhanced Cleaning Standards | 2,366                           |
| PPE                         | 4,797                           |
| Care Homes                  | 2,243                           |
| Sustainability              | 45,198                          |
| Long COVID                  | 635                             |
| UEC Programmes              | 4,130                           |
| <b>COVID Response</b>       | <b>90,331</b>                   |
| Recovery                    | 24,295                          |
| 20/21 Savings Impact        | 17,672                          |
| Bonus Payment Recovery      | - 1,130                         |
| <b>Total Allocation</b>     | <b>131,168</b>                  |

It is expected that the any COVID funding provided will be fully deployed.

### 3.2 Capital Resource Limit (CRL)

The approved CRL value, issued on 11/01/22, is £61.369m. The approved CRL value includes Discretionary Capital and the schemes under the All Wales Capital Programme.

Changes from the previous CRL, all actioned in December 2021, consist of; Digital Eye Care £0.022m; Linear Accelerator D £2.083m; DPIF £2.229m and National Imaging £2.512m. The CRL has been reduced by £0.500m for Covid Recovery (to be re-provided next year); 21/22 Slippage funding £0.060m and £0.833m to reflect the proceeds we will receive as a result of the transfer of the Laundry Service to NWSSP.

### Outturn Performance

The forecast outturn shows an overspend position of £0.705m. Allocations are anticipated from WG on the following schemes, which will provide a balanced position.

| Scheme                              | £m / Risk Level | Narrative   |
|-------------------------------------|-----------------|---|
| EMRTS                               | 0.280 / Low     | Funding agreed with WG, awaiting allocation uplift. |
| Pharmacy Robotic Process Automation | 0.093 / Low     | Funding agreed with WG, awaiting allocation uplift. |
| PET CT                              | 0.069 / Low     | Funding agreed with WG, awaiting allocation uplift. |

| Scheme | £m / Risk Level | Narrative   |
|--------|-----------------|---|
| EFAB   | 0.263 / Low     | Funding agreed with WG, awaiting allocation uplift. |

The following allocations are all classed as high risk. The in-year underspends on the AWCP schemes are being offset with increased spend on discretionary schemes and so the Board still anticipates delivering a balanced CRL at this stage

| Scheme                                  | £m / Risk Level | Narrative   |
|---|-----------------|---|
| Covid-19 Recovery Plans 2021-22         | 1.129 / High    | <p>The COVID recovery funding £8.340m covers three schemes.</p> <ul style="list-style-type: none"> <li>• <b>Ophthalmology Modular Theatre, Singleton Hospital.</b> Proceeding to plan.</li> <li>• <b>Fracture and Orthopaedic Unit, Morriston Hospital.</b> Following the recent conclusion of our Changing for the Future consultation, current advice is that we may not be able to start work on the reinstatement of the Fracture and Orthopaedic Unit at Morriston until March 2022.</li> <li>• <b>Orthopaedic Modular Theatres, Neath Port Talbot Hospital.</b> The scheme design is progressing, but the design complexities and complex contractual arrangements with the PFI mean enabling works are unlikely to commence this year as planned.</li> </ul> |
| Discretionary - Estates                 | 0.266 / High    | <ul style="list-style-type: none"> <li>• <b>Enfys Reconfiguration, Morriston.</b> The establishment of an Ambulatory Emergency Care and an Acute Medical Assessment Unit, are critical elements of the Health Board's Urgent Emergency Care (UEC) plan. There has been a delay in the works starting due to the unavailability of the area due to COVID service pressures. Works have recently commenced. There are still risks associated with material lead times and COVID service pressures.</li> </ul>   |
| Invest to Save - Theatre Stock Omnicell | 0.358 / High    | <ul style="list-style-type: none"> <li>• The scheme is planned to be substantially complete this year, with a small number of works due for completion in the early part of 22-23. It's also likely that the scheme will complete with an overall underspend of between £250k and £300k. As the scheme was jointly funded by WG Invest to Save and our discretionary capital, we will enter</li> </ul>  |



| Scheme        | £m / Risk Level | Narrative   |
|---------------|-----------------|---|
|               |                 | discussions with the Invest to Save team about repayment in 22-23.  |
| Anti-Ligature | 1.012 / High    | <ul style="list-style-type: none"> <li>Increasing material lead times and delays with the PFI partner funders, have reduced the spend profile this year.</li> </ul> |

All other schemes are low risk and any variances are linked to planned contributions from discretionary.

Following discussion with Velindre and WG, the Health Board has included a new disposal receipt of £0.833m for the Laundry Transfer to Shared Services. This is a contra to the CRL reduction of the same value which reflects the correct accounting treatment for a transfer between a Health Board and Trust.

There are a number of other planned property disposals this financial year with outstanding expected sale proceeds of £0.387m. The reported forecast outturn position assumes that the outstanding disposal income will be received.

All of the property disposals have received Ministerial approval to proceed.

### 3.3 Balance Sheet

As at 31<sup>st</sup> December 2021, there has been an increase of £44.659m in net assets employed compared to the balances as at 31st March (14.28%). Total assets increased by £13.068m, and total liabilities reduced by £31.501m. The main movement in assets and liabilities is detailed in the following paragraphs.

There has been a reduction of £4.184m in fixed assets with asset additions for the year to date being lower than the depreciation.

The inventory value has increased from £9.415m to £10.320m as at the end of December 2021, an increase of £0.905m. The main increase amounting to £0.726m relates to increases in drugs stocks at Morriston and Singleton Hospitals, with stocks increasing between November and December by £0.511m. Whilst drugs stocks usually increase in December due to stocking up for the Christmas period, this increase is larger than usual and stock values are expected to reduce in January. The remaining increase of £0.177m relates to the stock of blood products.

There has been an increase of £15.783m in trade receivables to £206.032m as at the end of December 2021. The movement primarily comprises two factors, namely the inclusion of £35.808m in respect of anticipated allocations from Welsh Government, offset by a reduction of £18.413m in the Welsh Risk Pool debtor following reimbursement of claims in year. The remaining movement of £1.612m represents an increase in trade and other receivables linked to the raising of quarterly invoices at the end of December.

The closing December 2021 cash balance was £1.834m, within the WG best practice cash target for the health board of £6m.

In respect of liabilities, there has been a reduction of £20.759m in payables. This reduction is mainly due to the payment of the NHS bonus which was accrued at year end (£12.870m) and settlement of clinical negligence cases transferred from provisions to creditors at year end (£11.232m), offset by an increase in NHS and trade creditors.

Provisions have reduced from £149.508m at the end of March to £138.766m as at the end of December 2021, primarily due to settlements of clinical negligence claims against existing provisions.

### 3.4 Cash

As at the end of December 2021, the Health Board had a cash balance of £1.834m, which is within the WG best practice figure of £6m.

Based on the November forecast cash deficit of £18.515m, the health board requested from Welsh Government £4.220m in strategic cash support, £1.027m for movement in capital working capital balances and the cash only allocation of £13.268m in relation to the COVID bonus payment following receipt of a resource only allocation in 2020/21. Confirmation was received from Welsh Government on 20<sup>th</sup> December that the strategic cash support had been agreed.

The cash forecast at the end of December indicates that the forecast cash deficit has reduced from £18.515m to £15.393m mainly related to an increase in the forecast level of year-end capital creditors, meaning that it is likely that no cash support will be required for the movement in capital creditors.

The table confirms this forecast cash deficit and further identifies that based on the agreed cash support of £4.220m and assuming that the COVID bonus payment cash is received that the health board will have a forecast year-end cash balance of £2.095m

The breakdown of the cash position is detailed in the table below:

|   | Revenue        | Capital      | Total          |
|---|----------------|--------------|----------------|
|   | £m             | £m           | £m             |
| Forecast Deficit as per SOCNE                 | -24,405        |              | -24,405        |
| Reduction in revenue payables – bonus payment | -13,268        |              | -13,268        |
| Increase in revenue payables – other          | 3,206          |              | 3,206          |
| Reduction in capital payables                 |                | -3,191       | -3,191         |
| Reduction in revenue receivables              | 9,059          |              | 9,059          |
| Movement in provisions – cash related         | 11,936         |              | 11,936         |
| Opening Cash balance                          | -4,167         | 5,437        | 1,270          |
| <b>Forecast Position</b>                      | <b>-17,639</b> | <b>2,246</b> | <b>-15,393</b> |
| <b>Cash Required</b>                          |                |              |                |
| Agreed strategic cash support                 | 4,220          |              | 4,220          |
| Required COVID Bonus Cash Only Allocation     | 3,268          |              | 13,268         |
| <b>Total Cash Required</b>                    | <b>17,488</b>  |              | <b>17,488</b>  |
| <b>Revised Cash Position</b>                  | <b>-151</b>    | <b>2,246</b> | <b>2,095</b>   |

The cash forecast in the table above predicated on receipt of all anticipated cash allocations totalling £10.622m at the end of December. The cash flow is updated daily, for receipts and payments as well as allocations received and so may move slightly as further information on receipts and payments becomes clear.

### **3.5 Public Sector Payment Policy (PSPP)**

Following two disappointing months where PSPP compliance fell below the 95% target, the December performance of 95.6% was once again above target.

The health board continues to face significant pressure in meeting the target due to the significant numbers of agency staff invoices being received linked to the number of agency staff shifts being utilised. The team processing the invoices has recruited additional staff to assist with invoice processing and there is also pressure on frontline staff to verify the shifts worked to enable the invoices to be processed. Significant strides were made in December in reducing the number of invoices paid outside the 30 day target, but there were still over 600 nurse agency invoices paid outside the 30 day target in December.

As at the end of December, cumulative performance remains just above the target at 95.08%, however, compliance will need to remain above 95% each month for the remainder of the financial year to ensure that the target is met cumulatively for 2021/22.

## **4. REVENUE FORECAST**

The Health Board submitted its final annual plan on 30<sup>th</sup> June 2021, following Board approval on 23<sup>rd</sup> June 2021. The final plan produces a £42m deficit, which has been reduced to £24.4m following the application of anticipated non-recurrent funding to support the COVID impact on 2020/21 savings delivery.

The Health Board is currently on target to deliver the £24.4m forecast. This is being monitored closely to reflect risks and opportunities as they arise.

The revenue forecast assumes any impact of annual leave carried forward or buy out as set out in the recent pay circular will be neutralised by WG.

## **5. RISKS AND OPPORTUNITIES**

The Health Board forecast includes a number of opportunities and risks, which may impact on the current forecast assessment. These are being regularly reviewed and mitigation options considered. Details of the risks are routinely reported to the Health Board Performance and Finance Committee.

## **6. 2022-23 REVENUE ALLOCATION LETTER**

Welsh Government issued the 2022-23 Revenue Allocation Letter on 21<sup>st</sup> December 2021. This sets out the recurrent revenue allocation for the Health Board for 2022-23. A summary of the Health Board Allocations and the movements from 2021-22 is included as Appendix 2.

The key headlines for the Health Board are: -

- 2.8% uplift on core revenue budgets to support service cost and demand pressures and financial stability (£19.59m)
- 3% uplift to Mental Health budgets to support service cost and demand pressures (£2.495m)
- Pay inflation funding being held centrally by WG until pay negotiations are concluded
- Support for Planned and Unscheduled Care sustainability as announced in 2021/22 (£21.6m)
- New support for value based recovery (£1.9m)
- A new Regional Integration Fund has been created from the previous Integrated Care Fund, Transformation Fund and some other Regionally focussed allocations.
- Primary Care contracts have been will be subject to further allocation adjustments when contract negotiations are concluded

The Health Board is now working through the detail of the Revenue Allocation Letter as part of the development of the IMTP for 2022-23 and the development of the detailed financial plan. The key actions required are: -

- Identifying and assessing key inflationary, growth and service pressures;
- Developing, planning and implementing the savings programme for 2022/23;
- Assessing the ongoing implications as a result of the pandemic, in terms of direct costs, such as Testing and Vaccination programmes, indirect costs associated with changes to service models and patient demand and acuity and costs associated with recovery; and
- Underpinning Changing for the Future with clear and robust investment strategy which supports the Health Board's recovery and sustainability plan.

## 7. ACTIONS AND NEXT STEPS

The Health Board has a number of key actions to ensure the delivery of the forecast £24.405m year-end deficit: -

- **ACTION** forecast of recovery schemes/actions, in terms of activity/service delivery and expenditure. **Planned Care Board supported by Deputy COO, Deputy Director of Finance – End of January 2022.**
- **DEVELOP** alternative opportunities to ensure allocated funding is fully utilised. **Planned Care Board supported by Deputy COO, Deputy Director of Finance – End of January 2022.**
- **REVIEW** all investment plans to identify areas of expenditure that can be expedited and other areas of expenditure to support longer term strategy and improve patient care. **CEO and DOF, supported by Service and Corporate Directors – End of January 2022.**

To support the development of the 2022/23 financial plan the following actions are required: -

- **ASSESS** key inflationary, growth and service pressures; **Deputy Director of Finance; 4<sup>th</sup> February 2022**
- **ACTION** the development, planning and implementation of the savings programme for 2022/23; **Service Group Directors, Head of Savings PMO; 85% by end of February 2022 and 100% by end of March 2022.**
- **DELIVER** 2021/22 recurrent savings in full to maintain the underlying deficit position; **Service Group Directors, Deputy Director of Finance, Head of Savings PMO – 4<sup>th</sup> February 2022**
- **ASSESS** the ongoing implications as a result of the pandemic, in terms of direct costs, such as Testing and Vaccination programmes, indirect costs associated with changes to service models and patient demand and acuity and costs associated with recovery; **COO, Medical director and Director of Public Health; 4<sup>th</sup> February 2022** and
- Underpin Changing for the Future with clear and robust investment strategy which supports the Health Board's recovery and sustainability plan. **Executive Team, end of February 2022**

## 8. RECOMMENDATION

Members are asked to: -

- **NOTE** the agreed 2021/22 financial plan.
- **CONSIDER** and comment upon the Board's financial performance for Period 9(December) 2021/22.
- **NOTE** the key actions in relation to the delivery of the forecast £24.405m year-end deficit outlined in section 7.
- **NOTE** the 2022/23 Revenue Allocation Letter and the key actions in the development of the detailed financial plan for 2022/23 as part of the IMTP.
- **ACTION the key actions set out in the report: -**
  - **ACTION** forecast of recovery schemes/actions, in terms of activity/service delivery and expenditure. **Planned Care Board supported by Deputy COO, Deputy Director of Finance – End of January 2022.**
  - **ACTION** recovery of specialised services activity to a run rate commensurate with contract delivery in quarter 4 to ensure contract delivery in full in 2022/23
  - **DEVELOP** alternative opportunities to ensure allocated funding is fully utilised. Slippage is not acceptable and plans are needed to recover lost activity. **Planned Care Board supported by Deputy COO, Deputy Director of Finance – End of January 2022 and report to CEO and DoF on a bi-monthly basis**
  - **REVIEW** all investment plans to identify areas of expenditure that can be expedited and other areas of expenditure to support longer term strategy and improve patient care. **CEO and DOF, supported by Service and Corporate Directors – End of January 2022.**
  - **ASSESS** key inflationary, growth and service pressures; **Deputy Director of Finance; 4<sup>th</sup> February 2022**
  - **ACTION** the development, planning and implementation of the savings programme for 2022/23; **Service Group Directors, Head of Savings PMO; 85% by end of February 2022 and 100% by end of March 2022.**

- **ACTION** savings plans for nursing and medical budgets for (£2m recurrent each) in February 2022
- **DELIVER** 2021/22 recurrent savings in full to maintain the underlying deficit position; **Service Group Directors, Deputy Director of Finance, Head of Savings PMO – 4<sup>th</sup> February 2022**
- **ASSESS** the ongoing implications as a result of the pandemic, in terms of direct costs, such as Testing and Vaccination programmes, indirect costs associated with changes to service models and patient demand and acuity and costs associated with recovery; **COO, Medical director and Director of Public Health; 4<sup>th</sup> February 2022** and
- Underpin Changing for the Future with clear and robust investment strategy which supports the Health Board's recovery and sustainability plan. **Executive Team, end of February 2022**

| Governance and Assurance   |  |                          |
|--|--|--------------------------|
| Link to Enabling Objectives<br>(please choose)   | Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities |                          |
|  | Partnerships for Improving Health and Wellbeing  | <input type="checkbox"/> |
|  | Co-Production and Health Literacy  | <input type="checkbox"/> |
|  | Digitally Enabled Health and Wellbeing   | <input type="checkbox"/> |
|  | Deliver better care through excellent health and care services achieving the outcomes that matter most to people         |                          |
|  | Best Value Outcomes and High Quality Care  | <input type="checkbox"/> |
|  | Partnerships for Care  | <input type="checkbox"/> |
|  | Excellent Staff  | <input type="checkbox"/> |
|  | Digitally Enabled Care   | <input type="checkbox"/> |
|  | Outstanding Research, Innovation, Education and Learning   | <input type="checkbox"/> |
| Health and Care Standards  |  |                          |
| (please choose)  | Staying Healthy  | <input type="checkbox"/> |
|  | Safe Care  | <input type="checkbox"/> |
|  | Effective Care   | <input type="checkbox"/> |
|  | Dignified Care   | <input type="checkbox"/> |
|  | Timely Care  | <input type="checkbox"/> |
|  | Individual Care  | <input type="checkbox"/> |
|  | Staff and Resources  | <input type="checkbox"/> |
| Quality, Safety and Patient Experience   |  |                          |
| Financial Governance supports quality, safety and patient experience.  |  |                          |
| Financial Implications   |  |                          |
| The Board is reporting a £24.4m forecast year-end deficit financial outturn prior to the impact of COVID-19. |  |                          |
| Legal Implications (including equality and diversity assessment)   |  |                          |
| No implications for the Board to be aware of.  |  |                          |
| Staffing Implications  |  |                          |
| No implications for the Board to be aware of.  |  |                          |
| Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)       |  |                          |
| No implications for the Board to be aware of.  |  |                          |
| Report History   | Board receives an update on the financial position at every meeting  |                          |
| Appendices   | Appendix 1 – Month 9 financial position slide pack<br>Appendix 2 – 2022/23 WG Revenue Allocation review                  |                          |