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Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>25<sup>th</sup> November 2021</b>	<b>Agenda Item</b>	<b>5.2</b>
<b>Report Title</b>	<b>Financial Report – Period 7 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 7 (October) 2021/22.		
<b>Key Issues</b>	<p>The report invites the Board to note the detailed analysis of the financial position for Period 7 (October) 2021/22.</p> <p>The report also invites the Board to note the capital budget, cash position and key balance sheet movements.</p> <p>The report sets out key actions in relation to the month 7 position and for the forthcoming period.</p>		
<b>Specific Action Required</b> <i>(please choose one only)</i>	<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 7 (October) 2021/22</li> <li>• <b>NOTE</b> the key actions in relation to the month 7 position and for the forthcoming period outlined in section 6</li> <li>• <b>NOTE</b> the key actions in the development of the financial framework for 2022/23.</li> </ul>		

## FINANCIAL REPORT – PERIOD 7

### 1. INTRODUCTION

The report advises the Board that the Period 7 (October 2021) revenue financial position is an overspend of £13.880m.

The report invites the Board to note the detailed analysis of the Period 7 (October 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 WG funding.

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

### 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 £000</b>
Reported in-month financial position – deficit/(surplus)	1,874
Reported cumulative financial position – deficit/(surplus)	13,880
Variance from Planned Deficit – deficit/(surplus)	(356)
<b>Capital KPIs: To ensure that costs do not exceed the capital resource limit set by Welsh Government</b>	<b>Value £000</b>
Reported year to date financial position – deficit/(surplus)	(1,586)
Forecast outturn financial position – deficit/(surplus)	488
<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 %</b>

<b>Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government</b>	<b>Value £000</b>
Cumulative year to date % of invoices paid within 30 days (by number)	95.55%

### 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 Plan Update £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 £120m of COVID funding for this financial year, this is based on assumed costs for 12 months. This £120m includes non-recurrent funding to mitigate the COVID impact on 2020/21 savings. This reduces the forecast deficit to £24.405m.

The period 5 reported in-month position was an overspend of £1.874m and £13.880m cumulatively, which is £0.356m below the forecast position.

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>In Month</b>	<b>In Month</b>	<b>In Month</b>	<b>Cumulative</b>	<b>Cumulative</b>	<b>Cumulative</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Income	- 24,874	- 24,976	- 102	- 168,257	- 167,100	1,157
Pay	53,988	52,959	- 1,029	371,794	366,394	- 5,400
Non-Pay	56,844	58,189	1,345	391,218	395,601	4,383
<b>Delegated Position</b>	<b>85,958</b>	<b>86,172</b>	<b>214</b>	<b>594,755</b>	<b>594,895</b>	<b>140</b>
Corporate Plan	- 1,660		1,660	- 13,740	-	13,740
<b>Total Position</b>	<b>84,298</b>	<b>86,172</b>	<b>1,874</b>	<b>581,015</b>	<b>594,895</b>	<b>13,880</b>

The corporate plan variance reflects 7/12<sup>th</sup>s of the £24.405m forecast deficit less the release of investment slippage.

### **3.1.2 Income**

Income budgets have reported an under-achievement of £1.157m. 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.

Around £4m 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 £5.4m underspend for the first seven months of the financial year.

The underspend on workforce budgets has continued in-month. 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 £17m 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.

The level of COVID support to general non-pay is around £5m for the first seven months, excluding PPE costs. In addition, around £3.5m 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 £27.4m of green and amber savings, with a further red schemes being developed, which will aid the recurrent savings delivery.

The forecast savings delivery for 2021/22 is £26.6m. This shortfall in forecast savings delivery will be offset with slippage on planned investments. This is not

sustainable and further recurrent savings are being considered by Management Board in-year and these will be finalised in December 2021.

The recurrent full year impact of the savings is £24.7m, which is £3m short of the recurrent savings requirement. Further schemes must be identified to bridge this gap as a matter of urgency or alternatively decisions must be taken to recurrently hold planned investments. This is essential to form the baseline of the recurrent savings before the savings identified to meet the 2022/23 requirement are met in addition to this. Urgent work is being undertaken 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 recurrent savings linked to bed closure in the recurrent savings plan.

### 3.1.6 COVID-19

The Health Board is assuming around £130m of additional funding to support COVID response and recovery. This funding has been confirmed and a significant proportion has been received by the Health Board, the exception being the programme costs where funding is being issued on a quarterly basis based on actual/forecast expenditure. The table below provides a summary of the £130m.

COVID Funding	Confirmed & Anticipated Funding
	£000
Testing	3,524
Contact Tracing	12,971
Vaccination	13,264
Extended Flu	1,160
Enhanced Cleaning Standards	2,366
PPE	5,789
Care Homes	2,243
Sustainability	45,198
Long COVID	635
UEC Programmes	3,031
<b>COVID Response</b>	<b>90,181</b>
Recovery	22,787
20/21 Savings Impact	17,672
<b>Total Allocation</b>	<b>130,640</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 05/11/21, is £49.758m. The approved CRL value includes Discretionary Capital and the schemes under the All Wales Capital Programme.

Changes from the previous CRL, all actioned in October 2021, consist of a £3.932m return of funding to fix the Swansea Bay CRL as at the end of October

2021. £3.032m of this is to be re-provided in 2022-23. The detail of the return is given below:

<b>Scheme</b>	<b>Confirmed Change Value £m</b>	<b>Value Required for 2022-23 £m</b>
<b>A. AWCP Scheme Slippage to 2022-23</b>		
Anti-Ligature	1.073	1.073
Cladding, Singleton	1.128	1.128
EMRTS (Hosted Programme)	0.550	0.550
Swansea Wellness Centre OBC Fees	0.188	0.188
E-Prescribing and Medicines Administration	0.093	0.093
<b>B. AWCP Scheme Underspends</b>		
National Programme – EFAB	0.200	0
National Programme - Imaging (Fluoroscopy)	0.500	0
Environmental Modernisation BCJ Fees 2.2 Sub Station 6 Morriston	0.200	0
<b>Grand Total</b>	<b>3.932</b>	<b>3.032</b>

We also received funding of £8.340m for 2021-22 Covid-19 Recovery Plans.

### **Outturn Performance**

The forecast outturn shows an overspend position of £0.488m. Allocations are anticipated from WG on the following schemes, which will provide a balanced position.

<b>Scheme</b>	<b>£m / Risk Level</b>	<b>Narrative</b>
Business Case Fees	0.385 / Medium	Funding anticipated from WG.
Open Eyes Ophthalmology	0.103 / Low	Funding anticipated from WG.

There are two allocations classed as medium risk. Mitigation plans are being put in place to maintain a balanced financial outturn should the medium funding risks of £3.000m identified below for the COVID recovery schemes and Enfys materialise.

Scheme	£m / Risk Level	Narrative
Covid-19 Recovery Plans 2021-22	2.000 / Medium	<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 Clinic, Morriston Hospital.</b> Following the recent conclusion of our Changing for the Future consultation, we may not be able to start work on the reinstatement of the Fracture and Orthopaedic Clinic at Morriston until March 22.</li> <li>• <b>Orthopaedic Modular Theatres, Neath Port Talbot Hospital.</b> The scheme is progressing, but there is a risk that not all of the enabling works will be completed this year due to concerns with completing the complicated contractual arrangements with the PFI as planned.</li> </ul>
Discretionary - Estates	1.000 / Medium	<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 pressures. It is anticipated that works can commence in December and we are awaiting a revised programme and cash flow from the contractor.</li> </ul>

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

There are a number of planned property disposals with expected sale proceeds of £0.552m. The reported forecast outturn position assumes that the £0.552m 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> October 2021, there has been an increase of £33.880m in net assets employed compared to the balances as at 31st March (10.84%). Total assets increased by £8.759m, and total liabilities reduced by £25.085m. The main movement in assets and liabilities is detailed in the following paragraphs.

There has been a reduction of £3.685 in fixed assets with asset additions for the year to date being lower than the depreciation.

The inventory value has increased slightly from £9.415m to £9.717m as at the end of October 2021, an increase of £0.302m. The increase relates to increases in drugs stocks at Morriston and Singleton Hospitals.

There has been an increase of £8.633m in trade receivables to £198.974m as at the end of October 2021. The movement primarily comprises two factors which are the inclusion of £29.455m in respect of anticipated allocations from Welsh Government, offset by a reduction of £20.200m in the Welsh Risk Pool debtor following reimbursement of claims in year.

The closing October 2021 cash balance was £4.823m, within the WG best practice cash target for the health board of £6m.

In respect of liabilities, there has been a reduction of £1.903m 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 £140.326m as at the end of October 2021, primarily due to settlements of clinical negligence claims against existing provisions.

### **3.4 Cash**

As at the end of October 2021, the Health Board had a cash balance of £4.823m, which is within the WG best practice figure of £6m.

Based on the latest projected receipts and payments, a cash deficit of £18.884m is forecast at year-end. A key component of this cash deficit relates to the bonus payment with the amount paid out in cash in 2021/22 amounting to £13.268m with this cash being required in 2001/22 following receipt of a resource only allocation in 2020/21.

The Health Board has undertaken a detailed review of its forecast receipts and payments and likely movement in working capital balances to ensure that any request for cash support from Welsh Government provides sufficient cash to ensure that there is no adverse impact on payments to suppliers and other creditors.

The table below provides the detailed analysis of the forecast cash deficit, split against its component parts. From this it can be seen that in addition to the cash required for the COVID bonus payment, cash of £1.466m is required for the reduction in capital payables, this sum taking into account the capital cash drawn down in 2020/21 which was used to pay for revenue items due to capital invoices not being received prior to the end of the financial year.

A sum of £4.150m is also required as strategic cash support. This sum derives from a small forecast increase in revenue payables at year-end and a cash benefit from trade receivables which is mainly linked to reimbursements from Welsh Risk Pool in respect of clinical negligence and redress claims where the cash was paid out in 2020/21. The table also highlights a cash benefit from the movement in provisions.



The detailed breakdown of the cash position is shown 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	3,428		3,428
Reduction in capital payables		-6,903	-6,903
Reduction in revenue receivables	9,058		9,058
Movement in provisions – cash related	11,936		11,936
Opening Cash balance	-4,167	5,437	1,270
Forecast Position	<b>-17,418</b>	<b>-1,466</b>	<b>-18,884</b>

The cash flow is updated daily, for receipts and payments as well as allocations received and so may move slightly as further trend information on receipts and payments becomes clear.

### 3.5 Public Sector Payment Policy (PSPP)

It is very disappointing to note that the number of invoices paid within 30 days in October fell below the 95% target for the first time this financial year, in month compliance being only 91.30%.

The poor in month performance was because 965 nurse agency invoices were paid outside the 30 day target. This is linked to the sheer volume of nurse agency shifts being booked/utilised and in response to this; the health board has taken on additional staff to support the processing of nurse agency invoices.

Despite the poor in month performance, cumulative performance remains above the target, the figure at the end of October being 95.55%.

## 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.

## 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. 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: -

- Review all non-bed related amber schemes to provide assurance of delivery, actions required or alternative opportunities. **Service and Corporate Directors and PMO – 26<sup>th</sup> November 2021**
- Establish robust 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 November 2021.**
- Develop alternative opportunities to ensure allocated funding is fully utilised. **Planned Care Board supported by Deputy COO, Deputy Director of Finance – 10<sup>th</sup> December 2021.**
- Agree Urgent Emergency Care commitments and further actions aligned to Winter Plans – **UEC Board supported by Deputy COO, Deputy Director of Finance – End of November 2021.**
- 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 – 3<sup>rd</sup> December 2021.**

In addition, there is an increasing focus on the financial framework for 2022/23 and the key actions required to support its development: -

- 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.

The Health Board has recently submitted a formal return to Finance Delivery Unit setting out an assessment of the potential COVID response and recovery costs for 2022/23. This submission will be assessed and benchmarked across Wales and will be used to inform discussion at WG level about resourcing for 2022/23. Internally, the routine financial review process is being used to develop exit plans from COVID response costs where these are within the gift of the Health Board. A draft detailed financial outlook for the next 3 years is being developed as part of the 3 year planning process. This will include assessments of the following: -

- Underlying position
- Anticipated cost pressures
- COVID response costs (including local Board costs and National programme costs e.g. Vaccination, TTP, PPE)
- COVID recovery costs
- Savings opportunities (transactional and transformational)
- Anticipated funding

The preliminary outputs of this work will be shared with Performance and Finance Committee and the Board in December.

## **7. RECOMMENDATION**

Members are asked to: -

- **NOTE** the agreed 2021/22 financial plan
- **CONSIDER** and comment upon the Board's financial performance for Period 7(October) 2021/22
- **NOTE** the key actions in relation to the delivery of the forecast £24.405m year-end deficit outlined in section 6
- **NOTE** the key actions in the development of the financial framework for 2022/23.

<b>Governance and Assurance</b>		
<b>Link to Enabling Objectives</b> (please choose)	<b>Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities</b>	
	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"/>
	<b>Deliver better care through excellent health and care services achieving the outcomes that matter most to people</b>	
	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"/>
<b>Health and Care Standards</b>		
(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"/>
<b>Quality, Safety and Patient Experience</b>		
Financial Governance supports quality, safety and patient experience.		
<b>Financial Implications</b>		
The Board is reporting a £24.4m forecast year-end deficit financial outturn prior to the impact of COVID-19.		
<b>Legal Implications (including equality and diversity assessment)</b>		
No implications for the Board to be aware of.		
<b>Staffing Implications</b>		
No implications for the Board to be aware of.		
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>		
No implications for the Board to be aware of.		
<b>Report History</b>	Board receives an update on the financial position at every meeting	
<b>Appendices</b>	Appendix 1 – Month 7 slide pack	



## Swansea Bay UHB Month 7 Financial Performance 2021/22 Health Board 25<sup>th</sup> November 2021



# Month 7 21/22 – Performance against Targets

Revenue		Capital		PSPP	
Revenue KPIs: To ensure that net operating costs do not exceed the Revenue resource limit set by Welsh Government	Value £000	Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government	Value £000	PSPP KPIs: To pay a minimum of 95% of non NHS creditors within 30 days of receipt of goods or valid invoice	%
Reported in-month financial position – deficit/(surplus)	1,874	Current reported year end forecast – deficit/(surplus)	488	In-month % of invoices paid within 30 days (by number)	91.30
Reported year to date financial position - deficit/(surplus)	13,880	Reported in-month financial position – deficit/(surplus)	- 1,586	Cumulative % of invoices paid within 30 days (by number)	95.55
Reported year to date compared to forecast - deficit/(surplus)	-356				
Year end Forecast - deficit/(surplus)	24,405				

## Revenue

- The in month reported revenue position is an overspend of £1.874m, which results in a cumulative overspend of £13.880m. This is £0.356m below the forecast.
- The Health Board has a year end forecast deficit of £24.405m.

## Capital

- Approved CRL value for 21/22 issued on 05/11/21 is £49.758m which includes Discretionary Capital and the schemes under the All Wales Capital Programme. This includes the return of £3.932m to fix the 2021-22 CRL with £3.032m to be re-provided next year.
- Overspend to date relates to slippage across a number of schemes
- There are 2 schemes reported to Welsh Government as medium risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government.
- The forecast outturn position for 21/22 is £0.488m overspent. Allocations are anticipated from WG which will balance this position.
- The reported forecast outturn position assumes that £0.552m of disposal income will be received.

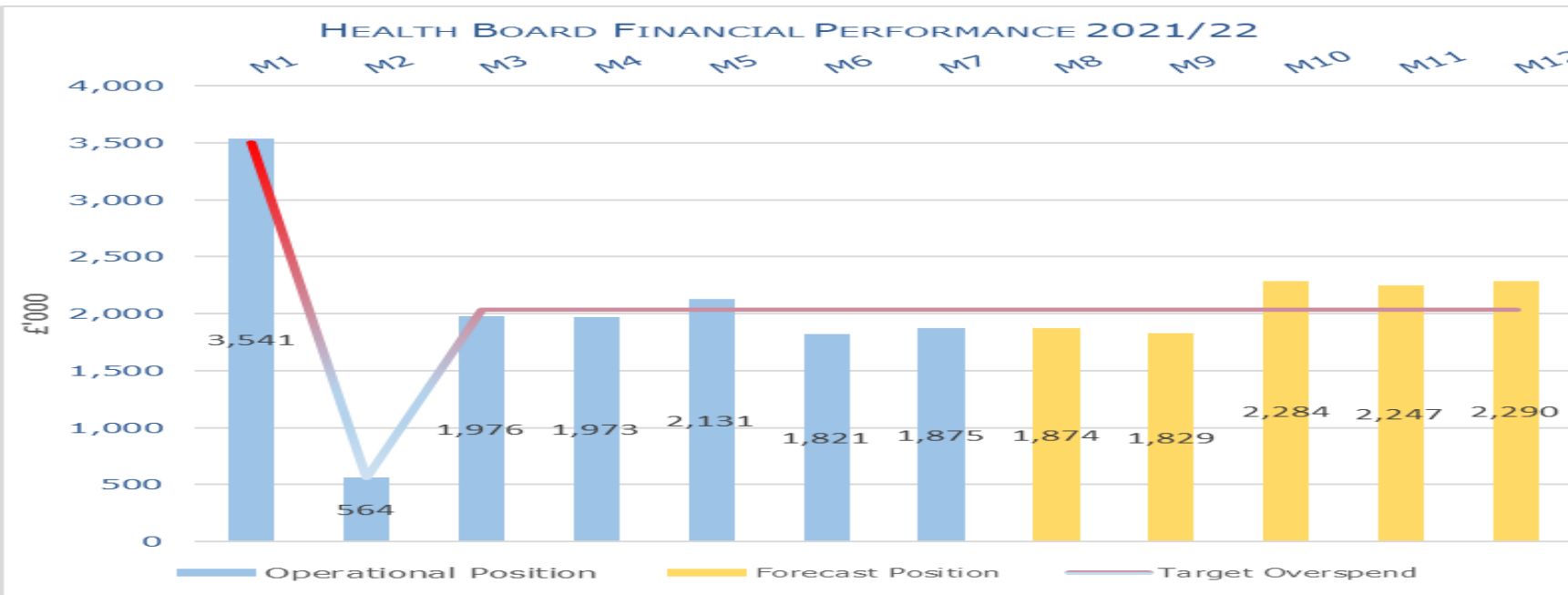
## PSPP

- The PSPP target was achieved for the first 6 months of the financial year, however the position in Month 7 has deteriorated significantly to 91.3%.
- This deterioration is due to very high volume of nurse agency invoices which is resulting in a delays in authorising and processing. Actions have been taken to provide additional support in this area.

# Month 7 21/22 - Overall Financial Position

	Budget	Actual	Variance	Budget	Actual	Variance
	In Month	In Month	In Month	Cumulative	Cumulative	Cumulative
	£000	£000	£000	£000	£000	£000
Income	- 24,874	- 24,976	- 102	- 168,257	- 167,100	1,157
Pay	53,988	52,959	- 1,029	371,794	366,394	- 5,400
Non-Pay	56,844	58,189	1,345	391,218	395,601	4,383
<b>Delegated Position</b>	<b>85,958</b>	<b>86,172</b>	<b>214</b>	<b>594,755</b>	<b>594,895</b>	<b>140</b>
Corporate Plan	- 1,660		1,660	- 13,740	-	13,740
<b>Total Position</b>	<b>84,298</b>	<b>86,172</b>	<b>1,874</b>	<b>581,015</b>	<b>594,895</b>	<b>13,880</b>

- The Health Board had a forecast deficit plan of £42.077m for 2021/22, which results in an anticipated monthly overspend of £3.506m.
- WG have now advised the Health Board to assume non-recurrent funding to support the 20/21 savings non-delivery £17.672m.
- This reduces the forecast deficit for 2021/22 to £24.405m, which is a monthly overspend of £2.034m.
- The in-month position is £0.16m below the profile target.
- The cumulative position is £13.880m overspend against a planned deficit of £14.236m, a difference of £0.356m.
- The table provides a summary of the position by income and expenditure type. Please note the income excludes WG Revenue Resource Limit.



# Income

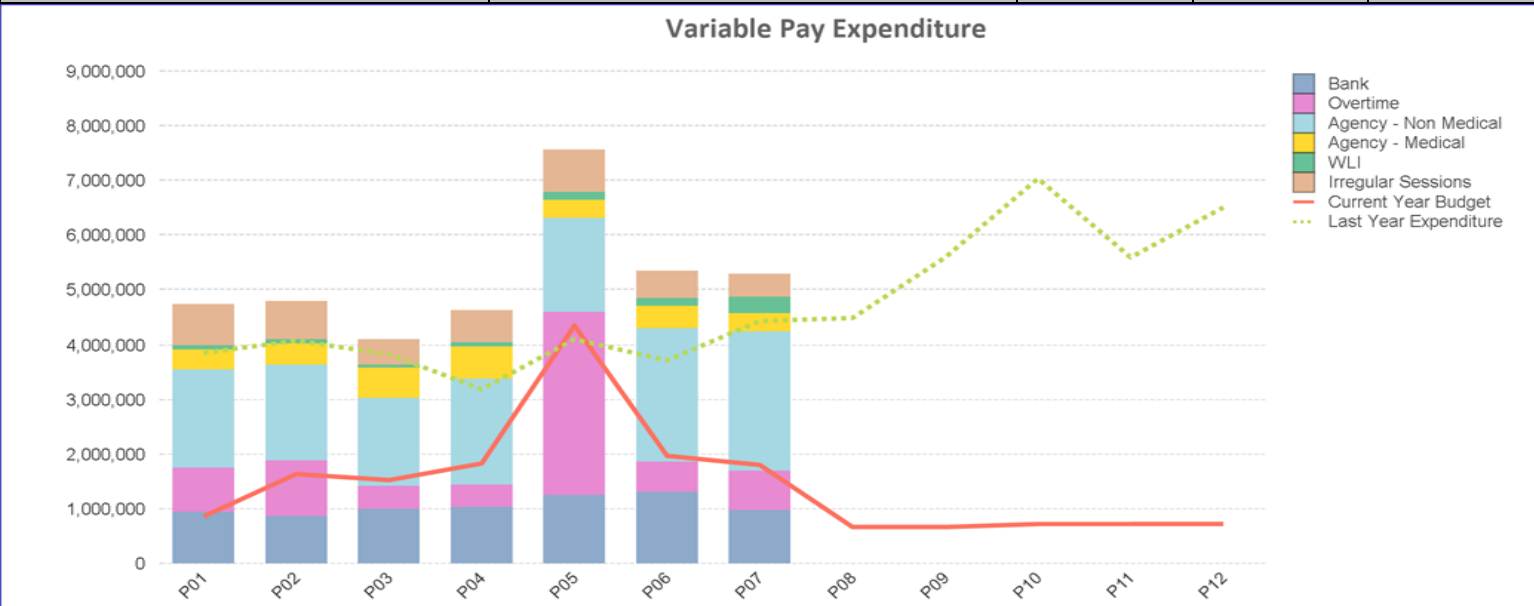
Income	Budget	Actual	Variance	Budget	Actual	Variance
	In Month	In Month	In Month	Cumulative	Cumulative	Cumulative
	£000	£000	£000	£000	£000	£000
Revenue Resource Limit	- 90,656	- 90,656	-	- 617,233	- 617,233	-
Income from Activities	- 22,309	- 22,180	129	- 148,233	- 147,385	848
Other Income	- 2,565	- 2,796	231	- 20,024	- 19,715	309
<b>Total Income</b>	<b>- 115,530</b>	<b>- 115,632</b>	<b>102</b>	<b>- 785,490</b>	<b>- 784,333</b>	<b>1,157</b>

- The cumulative income budget to Month 7 is £785.490m.
- The actual income achieved in this period is £784.333m.
- There is an under-achievement of income of £1.159m.
- This month has seen a slight recovery of the income position
- The key areas of under-achievement are dental, catering, rental and other patient related charges.
- It should be highlighted that over £0.6m COVID funding has been applied to income budgets in month, excluding dental.
- The LTA/SLA block arrangement remains in place for Q1 of this year and is anticipated to remain in place of the whole of 2021/22. The inflationary and performance impacts are being reviewed.



# Workforce

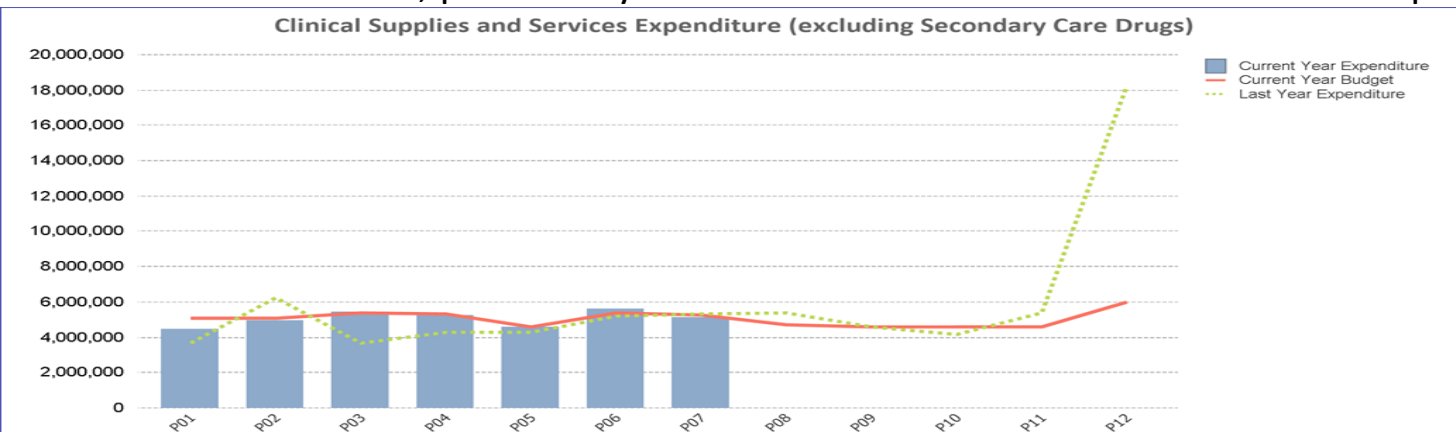
Workforce	Budget	Actual	Variance	Budget	Actual	Variance
	In Month	In Month	In Month	Cumulative	Cumulative	Cumulative
	£000	£000	£000	£000	£000	£000
A&C	7,760	7,350	- 410	53,341	50,756	- 2,585
APST	1,894	1,832	- 62	13,258	12,497	- 761
AHP	3,760	3,425	- 335	25,810	23,928	- 1,882
HCS	1,691	1,604	- 87	11,672	11,140	- 532
ACS (Exlcuding HCSW)	1,588	1,493	- 95	11,453	11,030	- 423
M&D	12,462	12,585	123	87,659	88,246	587
Nursing (including HCSW & Students)	22,234	21,907	- 327	150,378	149,442	- 936
E&A	2,829	2,765	- 64	19,798	19,357	- 441
VF	- 228		228	- 1,573	-	1,573
<b>Total Workforce</b>	<b>53,990</b>	<b>52,961</b>	<b>- 1,029</b>	<b>371,796</b>	<b>366,396</b>	<b>- 5,400</b>



- The table provides an analysis of the workforce position by staff group.
- This workforce position has reported a continued underspend in month, with only one staff group reporting an overspend; Medical and Dental.
- Variable pay costs appear to be consistent with Month 6, however Month 6 included an element of backdated inflation which effectively means that Month 7 variable pay was around £270k higher than the Month 6 position. The key reasons for the increase are :
  - Increased WLI payments, which is reflective of the recovery work underway across the Health Board.
  - Increased overtime costs, this reflects both increased level of overtime being undertaken to support service demands and recovery and also the impact of the enhanced overtime rates. To date the enhanced rate impact is only £25k.
- There have been offsetting reductions in variable pay across bank and medical agency. Medical agency has reduced by around £90k in month.

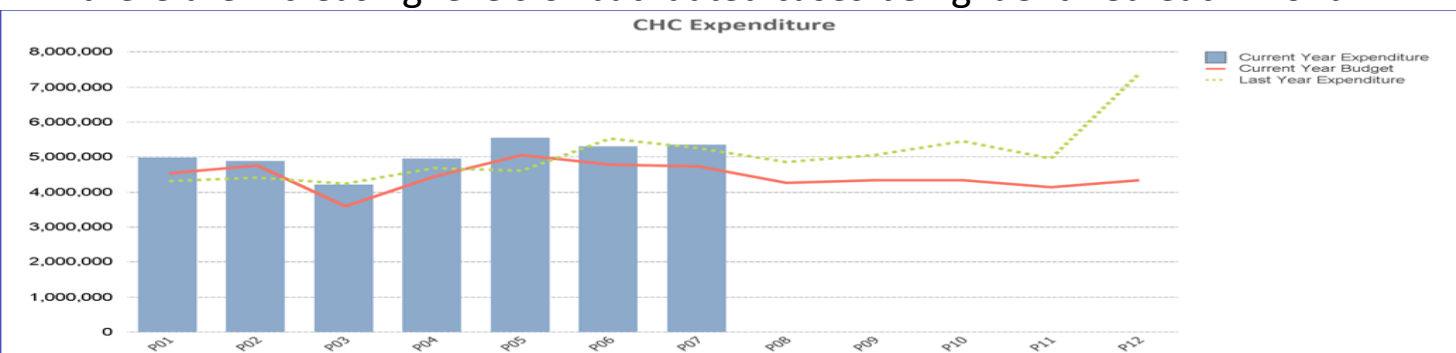
# Non Pay

- Clinical consumable budgets are underspent due to activity restrictions. This month has seen costs reduce which reflects reduced activity in a number of areas, particularly in the last week of October. This is a similar pattern to previous years activity profile.



Activity compared to Pre-COVID	September	October
InPatient_Elective	80%	82%
InPatient_Emergency	90%	88%
InPatient_Transfer	59%	61%
Daycase	81%	77%
RDA	97%	69%
New Att	73%	74%
FU Att	60%	60%
OPP	59%	54%
POA	74%	76%
ED Att	105%	100%

- ChC expenditure is an area of cost pressure, with expenditure running above budget. The key driver of this is MH and LD ChC, where significant growth in high cost packages of care from 2019/20 is being experienced. The initial cost pressure has been mitigated through other recurrent and non-recurrent means. General ChC cases have been increasing in recent months, although this has abated in August, however there are increasing levels of backdated cases being identified each month.

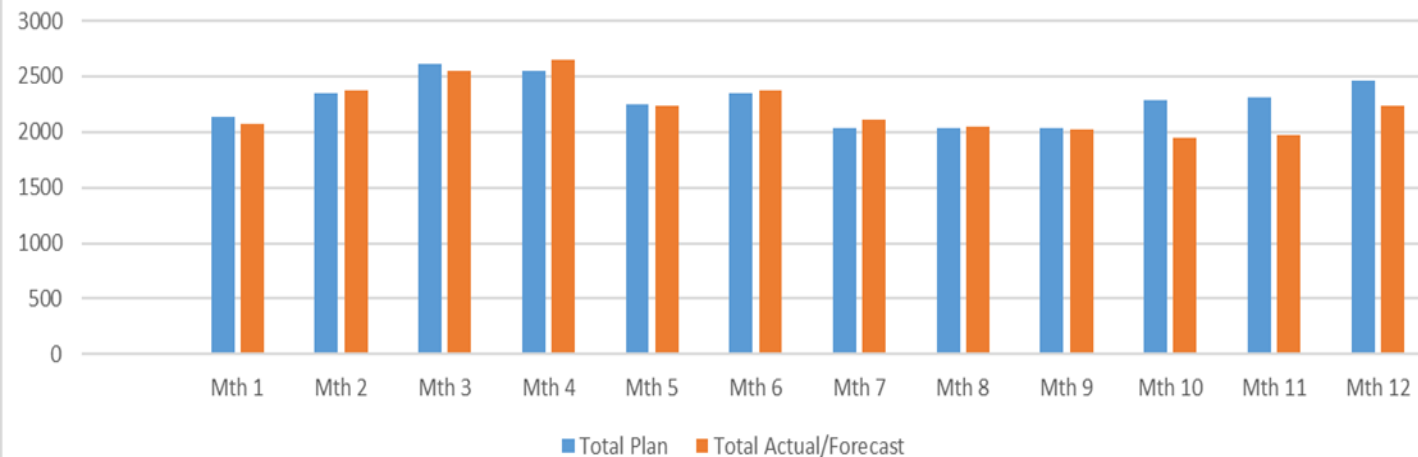


ChC Case Numbers	General	MH	LD
Apr-19	347	135	169
Mar-20	358	141	180
Mar-21	355	152	196
May-21	364	155	196
Jun-21	375	159	198
Jul-21	379	158	198
Aug-21	369	158	197
Sep-21	370	157	200
Oct-21	360	157	200

# Savings

Summary of Forecast Savings - Green & Amber	£000s
Planned Care	3,629
Unscheduled Care	1,169
Primary and Community Care (Excl Prescribing)	2,151
Mental Health	485
Clinical Support	0
Non Clinical Support (Facilities/Estates/Corporate)	3,692
Commissioning	370
Across Service Areas	11,227
CHC	1,269
Prescribing	1,164
Medicines Management (Secondary Care)	1,442
<b>Total</b>	<b>26,598</b>

Savings Plan vs Forecast Delivery



- The Health Board has a savings requirement of £27.7m as part of the 2021/22 financial plan.
- There are currently Green and Amber schemes planned of £27.415m, however there is some slippage forecast against these schemes, reducing the forecast delivery to £26.598m. This shortfall in forecast delivery will be offset by slippage on investments.
- The graph shows the monthly planned and actual/forecast delivery. As you can see the most forecast slippage is in the later part of the year and is linked to the Amber schemes. It is important that these schemes are kept under constant monitoring to ensure further slippage is not experienced.
- The full year effect of this year's recurrent savings programme is £24.7m, which is £3m short of the required target. This must be addressed as a matter of urgency.

# COVID Expenditure

COVID Expenditure	YTD Spend	Forecast Spend
	£000	£000
Testing	2,119	3,524
Tracing	6,821	12,971
Vaccination	8,265	13,264
Extended Flu	290	1,160
Cleaning Standards	1,381	2,366
Recovery	8,531	22,787
Long COVID	154	635
Urgent Emergency Care	1,005	3,031
Sustainability :		
Primary Care Prescribing	3,503	5,773
PPE	2,814	5,789
Care Homes	1,706	2,243
Staffing	16,848	28,076
Other Non Pay/Income Loss	6,881	11,349
	<b>60,318</b>	<b>112,968</b>

Recovery Funding	£000
Tranche 1	16,243
Tranche 2 Diagnostics	5,375
Tranche 2 Mental Health	281
PACU	528
Chronic Conditions	127
DOLS/LPS	233
<b>Recovery Funding</b>	<b>22,787</b>
Ophthalmology	524
Cancer	563
Dermatology	79
Managing Patients Waiting	264
<b>Total Recovery Funding</b>	<b>24,217</b>

- The table provides a summary of the COVID expenditure incurred to date and the forecast to the end of the financial year, based on current planning assumptions.
- The COVID Recovery costs now include the initial £16.243m plus a further £5.656m for diagnostics and mental health, £0.528m for critical care/PACU, £0.127m for community health checks for chronic conditions and £0.233m DOLS/LPS backlog. The Health Board has been advised of additional £1.430m for cancer, ophthalmology, dermatology and supporting patients whilst waiting, these have not been included as the notification was received after the month end close.
- It is anticipated that the £112.968m is fully met by WG funding in 2021/22. Much of this has now been confirmed reducing any potential risk.
- For the majority of costs the year to date spend profile is broadly aligned to the forecast spend, however there are two areas where there are significant additional costs expected in the latter part of the financial year; Recovery and Urgent Emergency Care.
- There is over £15m of Recovery funding to be spent by the end of the financial year. This needs to be closely managed through the Planned Care Board.
- The Urgent Emergency Care funding outside of expenditure profile relates to funding provided to support Same Day Emergency Care. The Same Day Emergency Care service model is being confirmed, along with the anticipated costs for 2021/22. Once confirmed the funding allocation required will be accepted by the Health Board.
- The potential ongoing costs have been assessed based on current service models and policy/guidance. This has been shared with WG for review/consideration.



# Actions

## 2021/22 Delivery of £24.405m Forecast Deficit

- Review all non-bed related amber schemes to provide assurance of delivery, actions required or alternative opportunities. Service and Corporate Directors and PMO – 26th November 2021
- Establish robust 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 November 2021.
- Develop alternative opportunities to ensure allocated funding is fully utilised. Planned Care Board supported by Deputy COO, Deputy Director of Finance – 10th December 2021.
- Agree Urgent Emergency Care commitments and further actions aligned to Winter Plans – UEC Board supported by Deputy COO, Deputy Director of Finance – End of November 2021.
- 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 – 3rd December 2021.

## 2022/23-2025/26 Financial Framework

- 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.





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