



Bwrdd Iechyd Prifysgol  
Abertawe Bro Morgannwg  
University Health Board

# ABMU FINANCE DEPT. PERFORMANCE & FINANCE COMMITTEE

Period 02 Data (May 2018)

## In Month

**£ 2,289,654 overspent**

Type	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(20,362)	(20,667)	(305)	1.50%
Pay	53,794	53,413	(381)	0.71%
Non Pay	54,578	57,554	2,975	5.45%
<b>Total</b>	<b>88,010</b>	<b>90,300</b>	<b>2,290</b>	<b>2.60%</b>

## Cumulative

**£ 4,654,774 overspent**

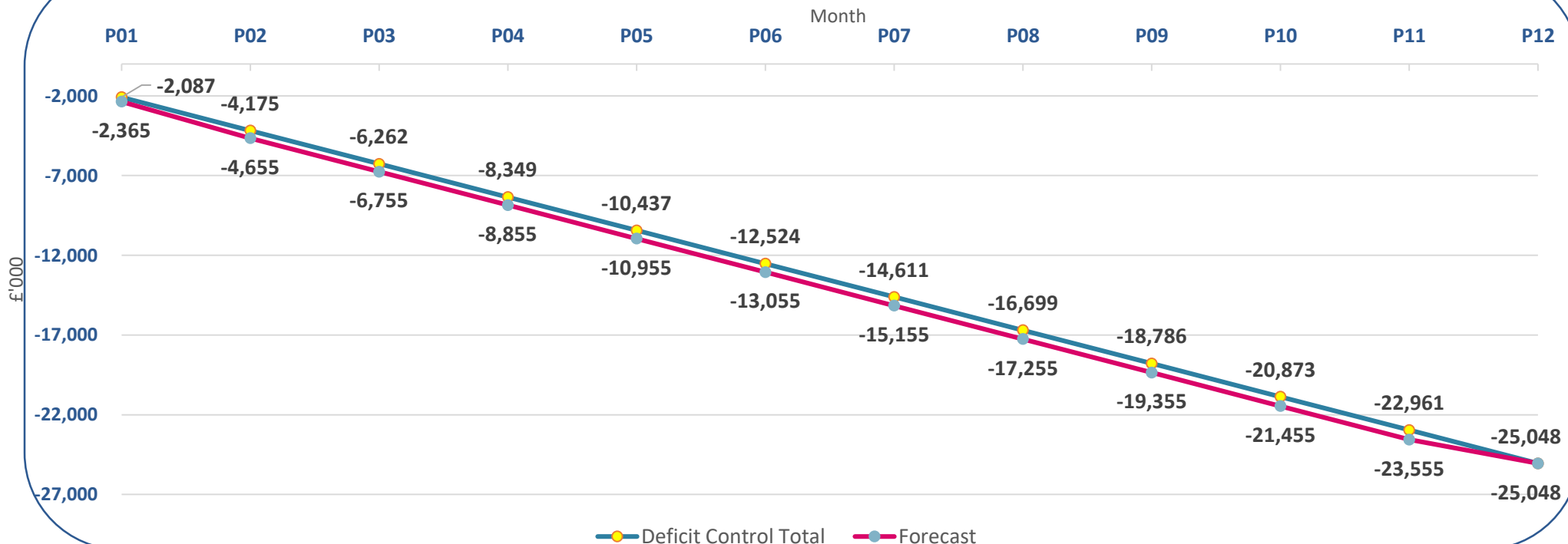
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(39,820)	(39,164)	656	1.65%
Pay	106,782	105,295	-1,487	1.39%
Non Pay	107,248	112,734	5,486	5.11%
<b>Total</b>	<b>174,211</b>	<b>178,865</b>	<b>4,655</b>	<b>2.67%</b>

## Forecast

**£25,048,000 overspent**

Type	Full Year Budget (£'000)	Full Year Forecast (£'000)	Forecast Variance (£'000)	% Variance
Income	(225,779)	(225,779)	-	-
Pay	646,245	646,245	-	-
Non Pay	890,897	915,945	25,048	2.80%
<b>Total</b>	<b>1,311,363</b>	<b>1,336,411</b>	<b>25,048</b>	<b>1.90%</b>

## 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 Red	2,290	↓
Reported year to date financial position – deficit/(surplus) – Forecast Red	4,655	↑
Reported year to date compared to forecast financial plan deficit – Forecast Amber	480	↑
Current reported year end forecast – deficit/(surplus) – Forecast Red	25,048	→

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	(177)	→

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	94.5%	↑

## Revenue

1. The Health Board P02 in-month overspend was £2.290m a slight improvement on the P01 in-month overspend of £2.365m
2. The Health Board Annual Operating Plan results in a year end forecast of £25.048m, which is being discussed with WG.
3. The year to date overspend is £0.480m over the forecast deficit plan based on 2/12th of £25.048m. This reflects the non-delivery of required savings, which has been partially offset by the release of slippage on some committed reserves (£0.384m)
4. The R&D misalignment reported in P1 has been rectified, with no impact on the overall HB position.
5. The opportunities and risks continued to be reviewed to maintain delivery of the £25.048m forecast.

## Capital Narrative

1. Approved CRL value for 18/19 is £19.265m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
2. Additional allocation of £769k is anticipated from Welsh Government for the Invest to Save scheme - Modernise Health Records (RFID)
3. Underspend to date relates in the main to a slight delay in the completion of the Moriston Renal Refurbishment however this is not expected to impact on the year end breakeven position.

## PSPP Narrative

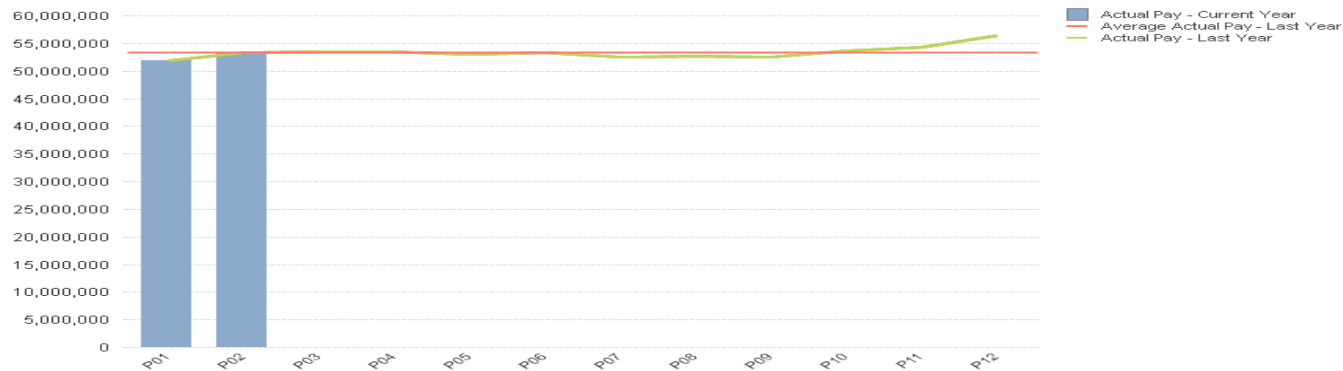
1. The number of invoices paid within 30 days continues to be below the 95% target, although the cumulative compliance increased from 93.9% at the end of April to 94.5% at the end of May.
2. The increase in the cumulative figure is due to the PSPP target being achieved in May with in month compliance of 95.12%.
3. Despite the in month achievement of the PSPP target there continue to be issues with delays in authorising nurse bank invoices and delays in receipting. Work is ongoing in these areas to speed up the authorisation and receipting processes.

# OUR P02 FINANCIAL PERFORMANCE AT SDU LEVEL

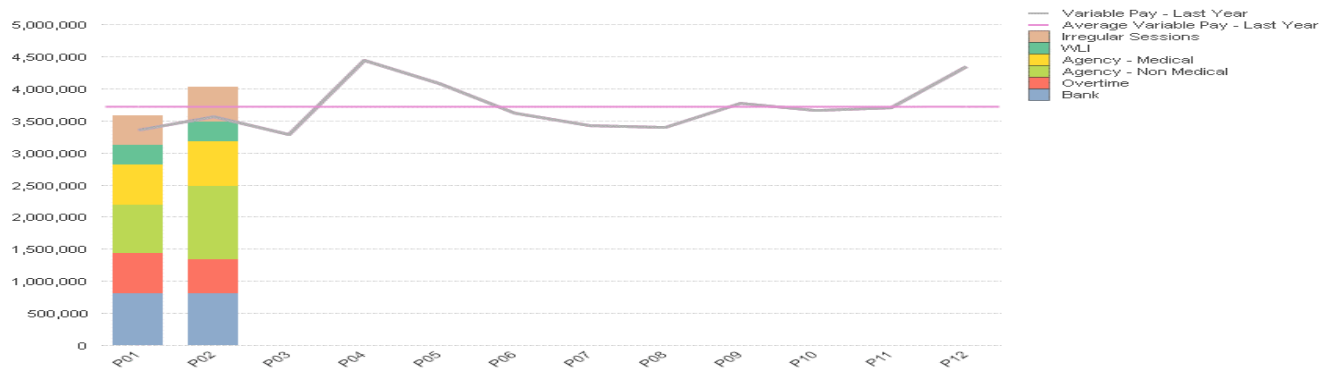
Directorate	In Month Budget	In Month Actual	In Month Variance	% Variance	Cumulative Budget	Cumulative Actual	Cumulative Variance	% Variance
MH & LD Delivery Unit	9,313,575	9,380,943	67,368	0.72%	18,487,942	18,617,900	129,958	0.70%
Morrison Delivery Unit	18,904,058	18,925,259	21,201	0.11%	36,551,647	36,611,192	59,545	0.16%
NPT Delivery Unit	14,261,482	14,207,691	(53,791)	(0.38)%	28,357,703	28,303,481	(54,222)	(0.19)%
POW Delivery Unit	8,596,757	8,874,270	277,513	3.23%	17,020,152	17,537,631	517,479	3.04%
Primary Care & Community Delivery Unit	19,953,138	19,973,254	20,116	0.10%	39,414,373	39,453,690	39,317	0.10%
Singleton Delivery unit	12,375,157	12,465,883	90,726	0.73%	24,630,418	24,817,339	186,921	0.76%
<b>Total</b>	<b>83,404,167</b>	<b>83,827,301</b>	<b>423,134</b>	<b>0.51%</b>	<b>164,462,235</b>	<b>165,341,233</b>	<b>878,998</b>	<b>0.53%</b>
Board Secretary	351,599	362,986	11,387	3.24%	703,255	725,224	21,969	3.12%
Director of Strategy	17,311,513	17,325,523	14,010	0.08%	34,346,217	34,360,419	14,202	0.04%
Director of Therapies & Health Sciences	51,766	53,273	1,507	2.91%	102,091	105,746	3,655	3.58%
Finance	499,224	496,238	(2,986)	(0.60)%	958,448	954,523	(3,925)	(0.41)%
Informatics	999,352	978,560	(20,792)	(2.08)%	2,072,297	2,049,008	(23,289)	(1.12)%
Medical Director	165,747	140,783	(24,964)	(15.06)%	351,172	301,799	(49,373)	(14.06)%
Nursing Director	240,805	231,477	(9,328)	(3.87)%	493,939	483,685	(10,254)	(2.08)%
Workforce & OD	390,710	405,377	14,667	3.75%	776,780	816,092	39,312	5.06%
<b>Total</b>	<b>20,010,716</b>	<b>19,994,216</b>	<b>(16,500)</b>	<b>(0.08)%</b>	<b>39,804,199</b>	<b>39,796,496</b>	<b>(7,703)</b>	<b>(0.02)%</b>
Z Corporate Z	(16,065,651)	(14,175,409)	1,890,242	11.77%	(31,374,265)	(27,568,775)	3,805,490	12.13%
<b>Total</b>	<b>(16,065,651)</b>	<b>(14,175,409)</b>	<b>1,890,242</b>	<b>11.77%</b>	<b>(31,374,265)</b>	<b>(27,568,775)</b>	<b>3,805,490</b>	<b>12.13%</b>
Clinical Medical School	440,451	439,963	(488)	(0.11)%	877,830	876,390	(1,440)	(0.16)%
DSU	(21,336)	(22,820)	(1,484)	(6.96)%	(42,672)	(53,932)	(11,260)	(26.39)%
EMRTS Service	242,062	236,812	(5,250)	(2.17)%	483,304	473,992	(9,312)	(1.93)%
<b>Total</b>	<b>661,177</b>	<b>653,955</b>	<b>(7,222)</b>	<b>(1.09)%</b>	<b>1,318,462</b>	<b>1,296,450</b>	<b>(22,012)</b>	<b>(1.67)%</b>
<b>Total</b>	<b>88,010,409</b>	<b>90,300,063</b>	<b>2,289,654</b>	<b>2.60%</b>	<b>174,210,631</b>	<b>178,865,405</b>	<b>4,654,774</b>	<b>2.67%</b>

- Following the rebasing of budgets to 2017/18 expenditure levels, it is expected that all SDUs and Directorates deliver a breakeven position. This requires savings requirements to be met in full.
- Where overspends are reported in Period 2, these broadly relate to the non-delivery of savings requirements.
- The most significant overspend both in value and percentage terms is in POW, which is a cause for significant concern. The unit has been asked for a recovery plan and escalation measures are being discussed.

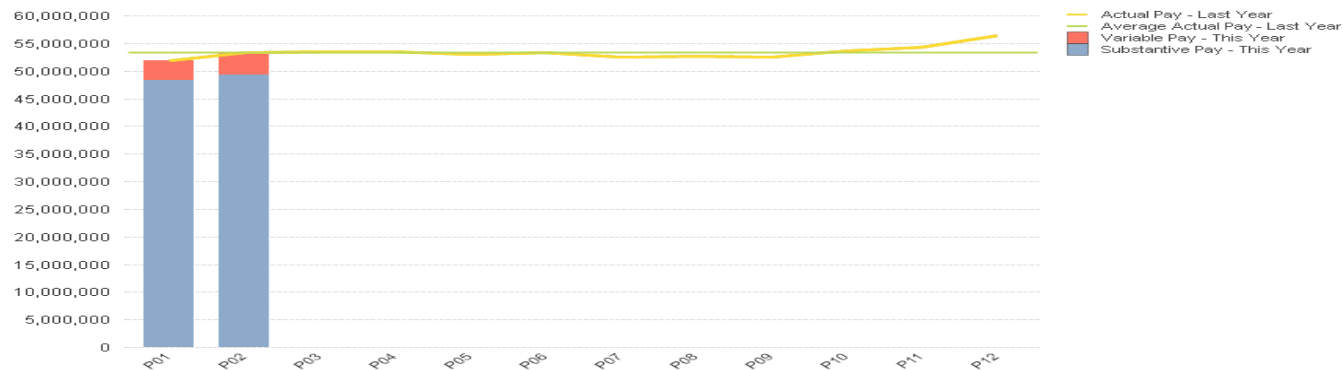
**Actual Pay Expenditure This Year and Last Year**



**Variable Pay Expenditure This Year and Last Year**

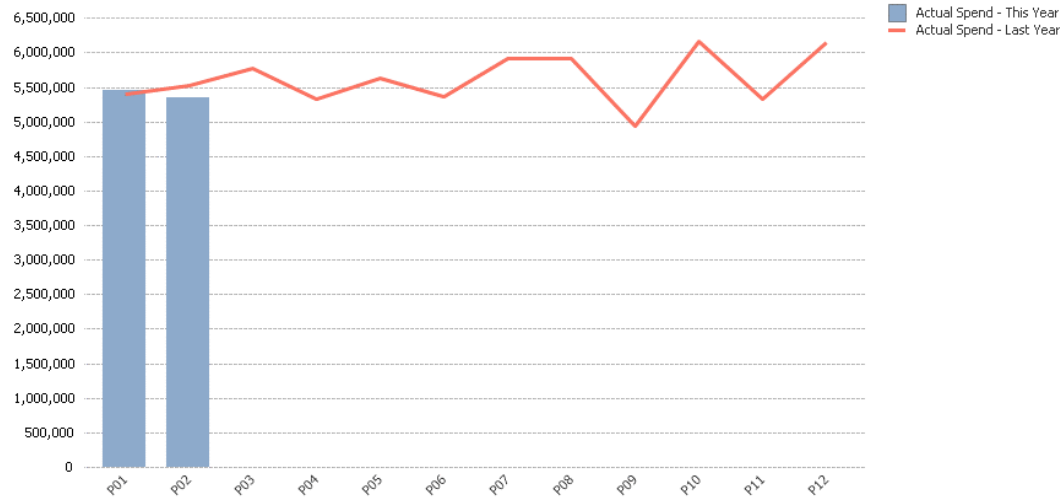


**Substantive & Variable Pay Expenditure This Year and Last Year**

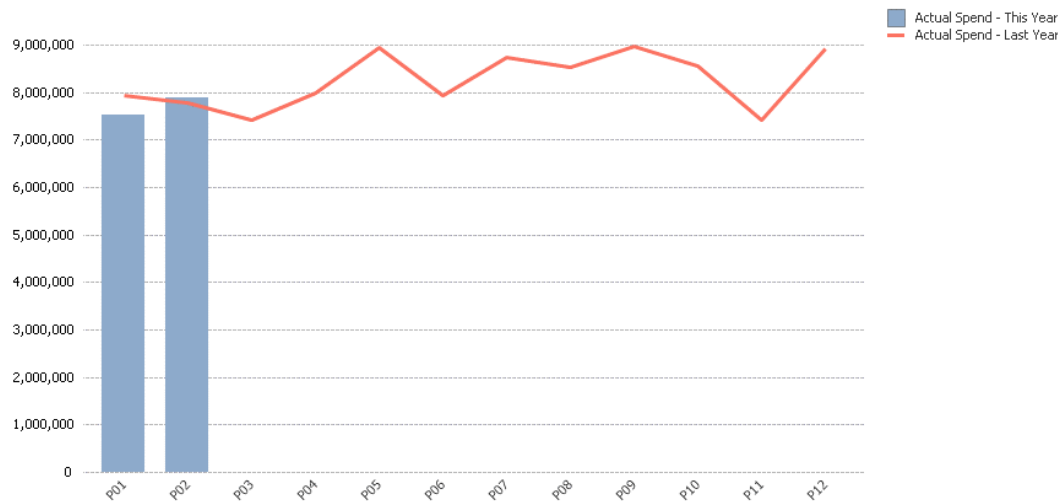


- The overall pay expenditure in P02 is in line with the average for 2017/2018 with the actual P02 in 2017/18.
- The variable pay spend in P02, whilst in line with the average for 2017/18 has increased from P01.
- The main increase in variable pay spend is non-medical agency costs.
- The Health Board continues to see the reduction in Medical Agency spend, which is currently below the target set based on the Cap Modelling work.

### Secondary Care Drugs Trend Analysis



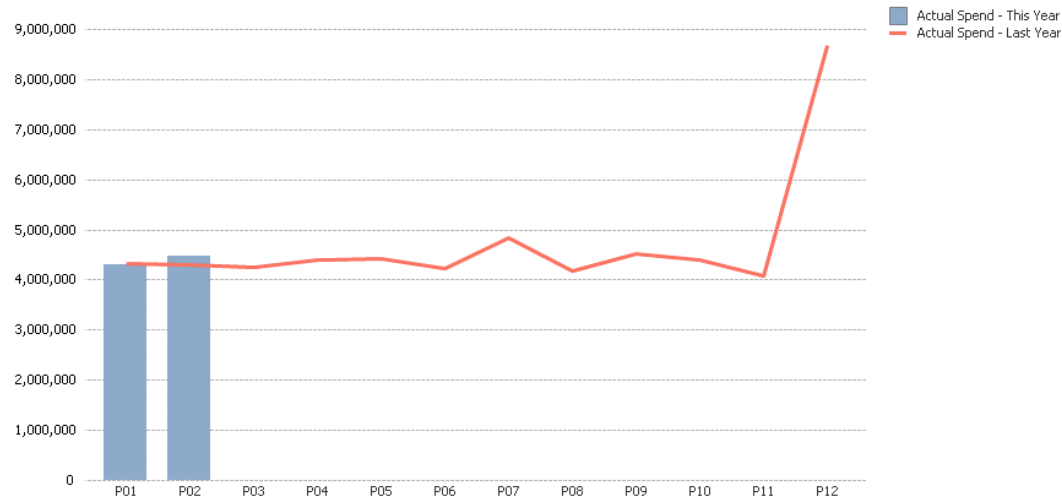
### Primary Care Drugs Trend Analysis



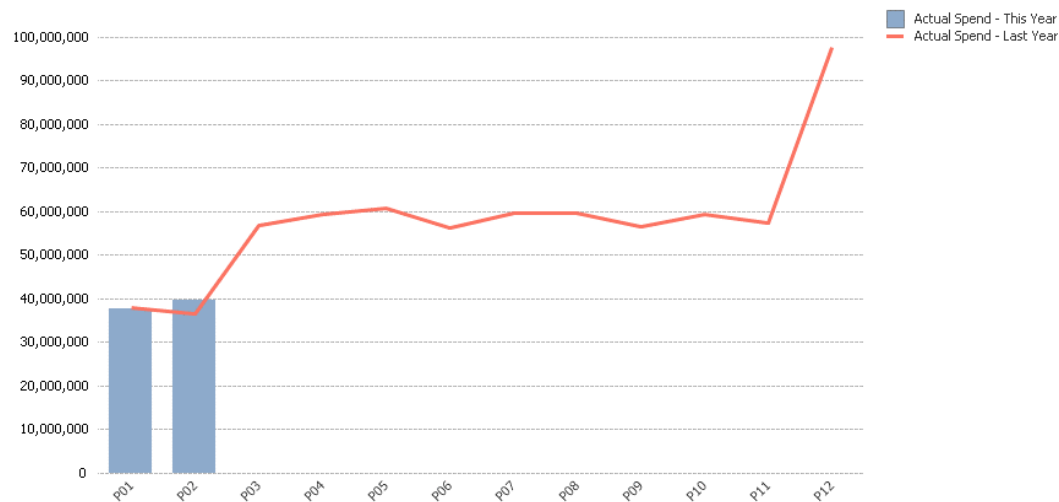
- Secondary Care drugs spend had been relatively stable in 2017/18 and P02 of 2018/2019 continues on this trend.

- Primary Care drugs are extremely volatile and there were significant pressures during 2017/18 due to NCSO price concessions. No actual data for 2018/2019 has been received to date due to the standard 2 month delay and first indication actual 2018/2019 position will not be known in full until the end of June.

ChC Trend Analysis



Other Non Pay Trend Analysis



- ChC/FNC has been stable throughout 2017/18. The spike in expenditure in March reflects the accounting for FNC judicial review and ChC Ombudsman impact. The P02 figures are slightly higher than the 2017/2018 spend.
- Other non pay held well during 2017/18. This expenditure covers a wide range of costs., including all clinical and general supplies, utilities, maintenance, travel as well as Primary Care contracts and other Primary Care related expenditure. This expenditure also includes depreciation which accounts for over 50% of the of the Month 12 expenditure spike. The P02 figures are slightly higher than the spend in the same period of 2017/2018.

## Savings by SDU / Directorate

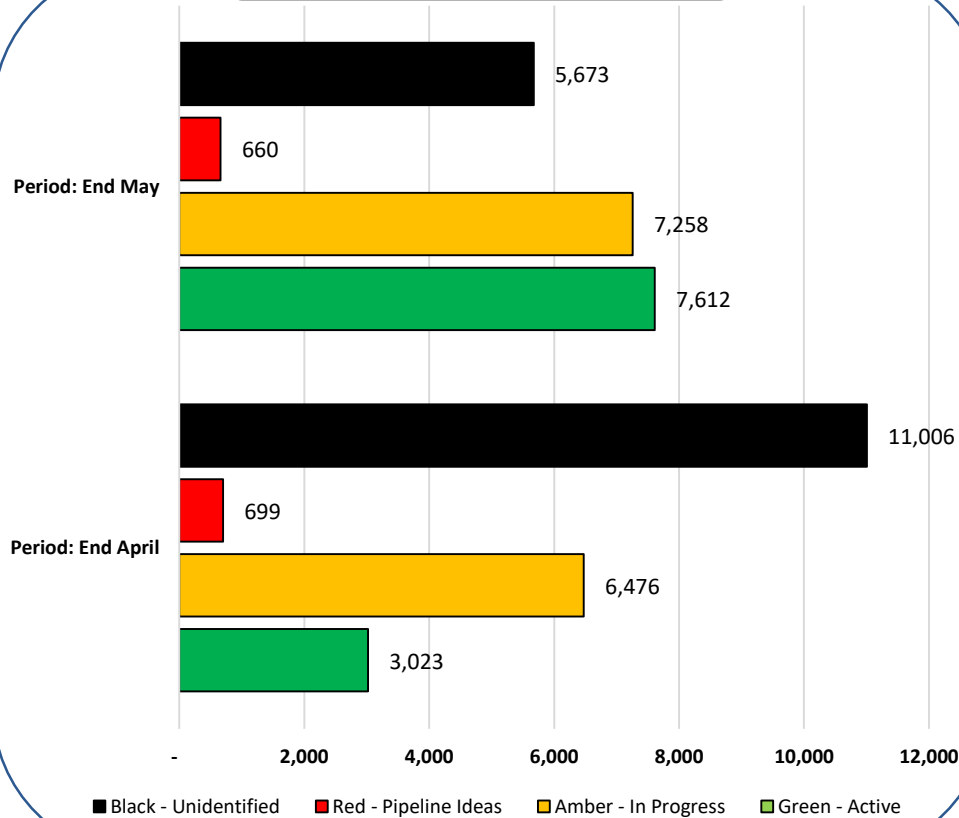
Directorate / Unit	18-19 Assigned Target	Total Green Schemes		Total Amber Schemes		Total Red Schemes		Total Shortfall		
	(£)	(£)	%	(£)	%	(£)	%	(£)	%	
Board Secretary	42	19	45%	-	-	-	-	23	55%	
Director of Strategy	1,473	39	3%	-	-	-	-	1,434	97%	
Director of Therapies & Health Sciences	15	-	0%	-	-	-	-	15	100%	
Finance	139	80	57%	-	-	-	-	59	43%	
Informatics	298	153	51%	-	-	-	-	145	49%	
Medical Director	31	7	23%	-	-	-	-	24	77%	
Nursing Director	74	74	100%	-	-	-	-	-	0%	
Workforce & OD	109	24	22%	-	-	-	-	85	78%	
MH & LD Delivery Unit	1,838	147	8%	1,428	78%	-	-	263	14%	
Morrison Delivery Unit	4,969	823	17%	3,287	66%	395	8%	464	9%	
NPT Delivery Unit	2,316	2,304	99%	546	24%	190	8%	-	724	-31%
POW Delivery Unit	2,718	386	14%	452	17%	-	-	1,880	69%	
Primary Care & Community Delivery Unit	2,160	1,030	48%	750	35%	-	-	380	18%	
Singleton Delivery unit	3,022	528	17%	795	26%	75	2%	1,624	54%	
Health Board Wide	2,000	2,000	100%	-	0%	-	-	-	0%	
<b>Total</b>	<b>21,204</b>	<b>7,612</b>	<b>36%</b>	<b>7,258</b>	<b>34%</b>	<b>660</b>	<b>3%</b>	<b>5,673</b>	<b>27%</b>	

## Savings by Work Stream

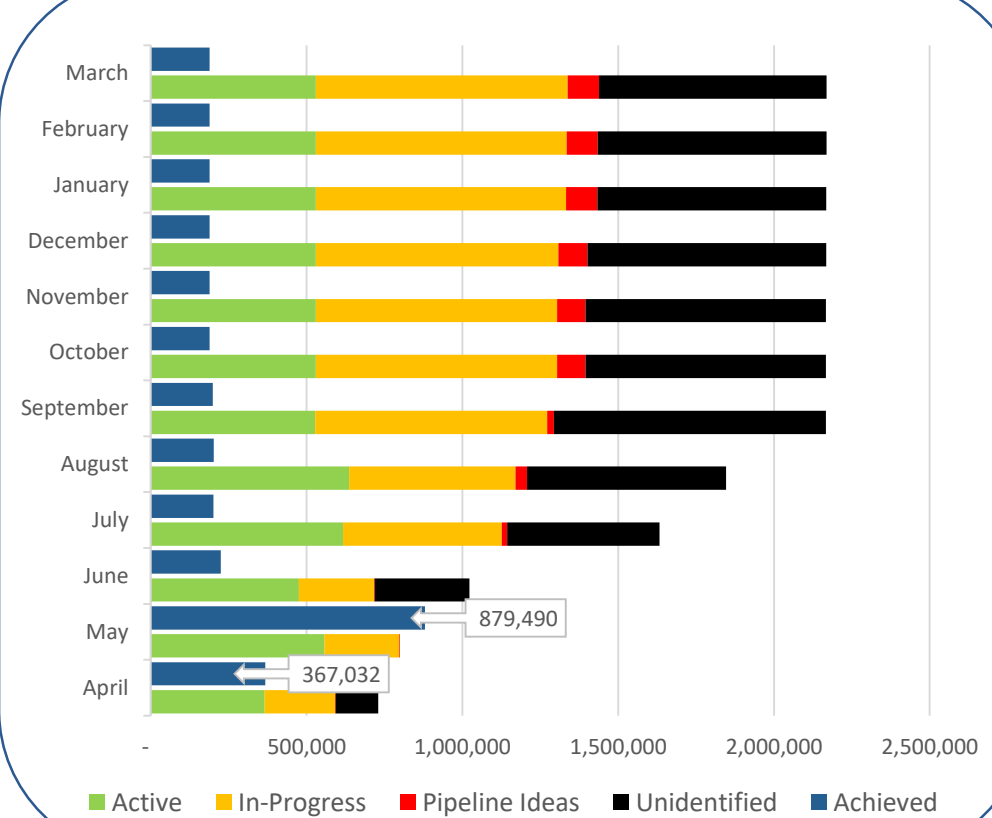
Work Stream	18-19 Assigned Target	Total Green Schemes		Total Amber Schemes		Total Red Schemes		Total Shortfall		
	(£)	Count of Schemes	(£)	Count of Schemes	(£)	Count of Schemes	(£)	(£)	%	
Clinical Procurement	1,711			4	1014	1	0	697	41%	
Corporate Overheads	1,000	14	136					864	86%	
Medicines Management	1,000	1	1000					-	0%	
Procurement	2,062	9	230	17	1068	3	28	736	36%	
Reducing Waste, Harm & Variation	2,000					1	0	2,000	100%	
Ring Fenced Funding Review	2,250					1	0	2,250	100%	
Service Remodelling	4,822	1	330	13	3446	7	481	565	12%	
Unit Cost Down Savings	3,659	50	4403	16	1730	7	151	-	2,625	-72%
WHSCC	1,000	1	1000					-	0%	
Workforce Redesign	1,700	2	513			1	0	1,187	70%	
<b>Total</b>	<b>21,204</b>	<b>78</b>	<b>7612</b>	<b>50</b>	<b>7258</b>	<b>21</b>	<b>660</b>	<b>5,673</b>	<b>27%</b>	



## Trend over time



## Current Profile of Savings



## Narrative

- The Health Board has £14.9m of fully worked up schemes (70%), this is a significant improvement from the £9.5m (45%) reported at the end of Period 1.
- WG expectation is that 100% savings identified by the end of Quarter 1, a further £6.3m to find. This continues to be the focus of Recovery & Sustainability Programme.
- Within the £14.9m savings around £3m are non-recurrent.

## Narrative

- The savings profile identifies a significant step up in savings delivery requirement across Quarter 2. It is also clear that the level of unidentified savings increases at this point, due to issues with a number of the workstreams.
- The identification and development of additional schemes to mitigate the lower than planned workstream delivery is essential in ensuring that the overall financial position is able to be maintained.

## Winter Pressures

	£'000	£'000
Available Funding		2,000
Costs Incurred April:		
Singleton Additional Bed Capacity	(76)	
Singleton Patient Flow Team	(4)	
Morrison Bed Capacity	(31)	
Morrison ITU Capacity	(12)	
Mental Health Tonna Beds	(20)	(143)
<b>Available Funding</b>	<b>-</b>	<b>1,857</b>

## Winter Pressure Plan

- The Health Board has established a £2m reserve to manage winter pressures in 2018/19
- The winter pressure expenditure in 2017/18 was £2.921m, however this included £0.573m for the TAU/Vanguard Unit which in 2018/19 will be supported via RTT funding
- In April and May 2018 expenditure was incurred in respect of additional capacity opened during 2017/18 winter period that had not been closed. The Singleton additional capacity was closed in early May. This expenditure amounts to £0.143m
- This has thereby reduced the funding available for 2018/19 winter pressures to £1.857m
- Some further expenditure has been agreed to support additional medical cover for ED, these costs will be reported in future months. The costs are expected to be in the range of £40k - £70k per month, this is subject to unit confirmation.

## RTT Funding Available

	£000
RTT Funding	2,000
Spend to Date	(1,607)
<b>Remaining Funding</b>	<b>393</b>

## Narrative - RTT

- The Health Board has £2m funding for RTT included within its £25m planned deficit
- Whilst the costs associated with RTT performance improvement are likely to be significantly more than £2m, the Health Board in conjunction with WG has agreed to push forward with RTT through the early part of the financial year
- The demand and capacity plans are currently being scrutinised and these will form the basis for the expenditure plan for 2018/19 which has been shared with WG.
- After two months the HB has expended 80% of the available funding and consideration must be given to ongoing commitments.
- This run rate of around £750k per month which is enabling us to hold the end of year performance.

## RTT Spend @ P2

WLI	P1-P2 Spend £'000
Morrison	197
POW	234
Singleton	87
<b>Total WLI</b>	<b>518</b>
<b>Infrastructure</b>	
Morrison	200
<b>Total Infrastructure</b>	<b>200</b>
<b>Outsourcing / Insourcing</b>	
Morrison	554
POW	-
Singleton	335
<b>Total Outsourcing/Insourcing</b>	<b>889</b>

# FINANCIAL RISKS & OPPORTUNITIES LOG

#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Key Decision Point and Summary Mitigation	Risk Owner Name
<b>Annual Plan Deficit</b>			<b>-25100</b>	<b>-25100</b>	<b>-25100</b>		
1	Underlying Position Savings not Delivered	S117 anticipated income not able to be recovered or offset by counter-charges	-500	-1400	-1400	Review and discussions ongoing with LAs to develop a clear charging protocol and to review existing client arrangements.	David Roberts, Service Director, MH&LD
2	Underlying Position Savings not Delivered	Slippage or no plan to deliver the service changes anticipated within the underlying position	-500	-1100	-1100	Consultation on some schemes has commenced and slippage is being minimised. Where no plan to deliver the service change is in place or service change is no longer considered viable, alternative schemes are being sought.	Sian Harrop-Griffiths, Director of Strategy
3	Operational expenditure reductions are not sustained	Operational expenditure reductions experienced in 2017/18 are not sustained and some increase in operational expenditure is experienced.	0	-2000	-1000	Financial Control measures to be continued, including vacancy control panel.	Chris White, Interim Chief Operating Officer
4	2018/19 Savings not fully delivered	Not all of the £21.273m 2018/19 savings requirement has been fully identified. This therefore increases the risk of non-delivery	-2000	-5000	-3500	The identification and delivery of savings are being closely reviewed by the Recovery & Sustainability Programme Board chaired by the CEO and through the Service Financial Recovery Meetings. Continued non-delivery will be escalated, to enable mitigating actions to be considered.	Lynne Hamilton, Director of Finance
5	ChC Ombudsman	The annual plan includes £1.5m for the settlement of ChC Ombudsman claims. There is a potential that if all claims are fully discharged in 2018/19, the impact could be higher than £1.5m	0	-600	0	Review settlements and closures on a quarterly basis	Lynne Hamilton, Director of Finance
6	ChC and FNC inflation exceeds plan	The HB is currently agreeing the ChC inflationary increases through Care Forum Wales. This is based on current 1% pay award expectation. If pay award exceeds 1% there is a potential further impact on ChC and FNC rates	0	-250	-110	Agree current settlements and consider and negotiate linkages to pay rates	Lynne Hamilton, Director of Finance
7	Nurse Staffing Act	The HB has reviewed the NSA compliance across the 39 wards included within the NSA. Whilst compliance has been confirmed with the basic principles of the NSA, further work is being undertaken on acuity and professional judgement	-500	-4000	-1500	Initial scrutiny panels have been held. Further benchmarking and peer review to be undertaken prior to a follow up scrutiny panel	Angela Hopkins, Interim Director of Nursing & Patient Experience
8	Nurse Rostering - Shift Pattern Standardisation	The HB has been consulting on standardised shift patterns for ward nursing to support efficient rostering. The proposed shift patterns would add additional handover hours to current roster practice.	0	-4000	0	The standardisation of shifts should not result in increased financial costs. The shifts patterns are being reviewed as a matter of urgency.	Angela Hopkins, Interim Director of Nursing & Patient Experience
9	Non-recurrent Mitigating Benefits	It is anticipated that Non-recurrent mitigating benefits will materialise in 2018/19	5000	3000	4000	Whilst these non-recurrent mitigating benefits are not yet confirmed/planned based on previous years, this range would seem reasonable	Lynne Hamilton, Director of Finance
10	Mitigating Actions - Holding of Commitments	The financial plan includes a range of expenditure commitments to improve service sustainability and efficiency. To enable the identified risks to be managed some of these could be held back.	0	2000	1500	Expenditure commitments reviewed and commitments to be held identified. An assessment of the impact of these actions on performance and service delivery must be undertaken	Lynne Hamilton, Director of Finance
11	Mitigating Actions - Internal Invest to Save Programme	The HB has established an Internal Invest to Save programme. This could be held back if identified risks are not able to be managed	1000	1000	1000	Very few schemes have been identified against this internal Invest to Save Programme currently. Any use of this funding needs to be held until the end of Q1, whilst the risks and mitigations are assessed.	Lynne Hamilton, Director of Finance
12	Mitigating Actions - Further Enhanced Controls	In order to support the management of the identified risks, further enhanced controls could be introduced	4000	4000	2000	At the end of each month, the performance and the management of the identified risks will be assessed and further controls escalation measures taken as required.	Lynne Hamilton, Director of Finance

-	<b>18,600</b>	-	<b>33,450</b>	-	<b>25,210</b>
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