

# SWANSEA BAY LHB FINANCE DEPT. REVIEW OF RESERVES & COMMITMENTS

Period 02 Data (May 2019)

The Health Board financial plan for 2019-20 included a number of new and prior year commitments that are held in reserves pending release as required.

The key reserves and their opening values are :

<b>Reserve</b>	<b>Opening Value</b>
	<b>£m</b>
National Commitments	1.000
Service Demands	1.366
RTT	3.400
Winter	1.500
Contingency	1.000
Prior Year Commitments	3.368
Investment Fund	1.000
Pay	1.085
Non-Recurrent Issues	0.216
<b>Total</b>	<b>13.935</b>

The following slides provide an update on each reserve and current commitments against that reserve.

<b>National Commitments</b>	<b>Opening Value</b>
	<b>£m</b>
<b>National Commitments</b>	<b>1.000</b>
<b><i>Commitments :</i></b>	
ICNET	-0.044
Welsh Language Act	-0.050
LINC Implementation Costs	-0.188
Ophthalmology Digitisation	-0.115
Microsoft 365	-0.603
<b>Uncommitted Balance</b>	<b>0.000</b>

- As part of the 2019/20 Financial Plan £1m was included for National Commitments ie commitments agreed on an All Wales basis.
- There are 5 commitments identified which will fully utilise the £1m available.
  - ICNET is the costs of the ICNET software which has been mandated by WG via a WHC
  - Welsh Language Act compliance requires additional investment which was approved by the Board
  - LINC (Pathology System) implementation costs have been approved via NHS Collaborative Board
  - Ophthalmology digitisation – WG initiative with some ongoing revenue consequences
  - Microsoft 365 Licence costs – the impact of the required move to Microsoft Office 365. This is currently shown as utilising the balance as the full impact is not yet known but expected to be at least £0.6m.

Service Demands	Opening Value
	£m
<b>National Commitments</b>	<b>1.366</b>
<b>Commitments :</b>	
Birth Rate Plus	-0.325
MIU Staffing	-0.094
Cardiology ACS	-0.376
Bronze on-call (part year)	-0.202
Lin Acc B Replacement	-0.071
NPT Radiology Cover	-0.300
<b>Uncommitted Balance</b>	<b>-0.002</b>

- As part of the 2019/20 Financial Plan £1.366m was included for Service Demands and Pressures
- There are 6 commitments identified which are likely to fully utilise the funding available.
  - Birth Rate plus compliance requirement as reviewed and approved through IBG
  - NPT MIU staffing requirement
  - Cardiology ACS service – this represents the Swansea Bay share of the service development, with Hywel Dda picking up their share
  - Morriston Bronze on-call – this is a part year effect, the full year costs are £0.27m.
  - Linear Accelerator B has been approved by WG for replacement. These are the Swansea Bay additional revenue consequences, with other commissioners picking up their share.
  - NPT Radiology cover – this is an assessment of the costs to provide the full level of cover at NPT. These costs were previously being incurred in POW
- There are a number of other potential commitments including; Radiotherapy staffing, Oncology staffing, Informatics support for theatre programme, Early Supported Discharge, Nurse Staffing Act and Additional Learning Needs Act, SARC, Lymphoedema, digitisation.

RTT	Opening Value
	£m
<b>Funding :</b>	
2018/19 Plan	2.000
Less BBC Impact	-0.500
2019/20 Plan	1.900
<b>Funding Available</b>	<b>3.400</b>
<b>Commitments :</b>	
Audiology Hearing Loss Pathway	-0.061
Endoscopy Clinical Lead	-0.013
IBD Clerical Support	-0.013
DSU Secondment (6 months)	-0.051
<b>Uncommitted Balance</b>	<b>3.262</b>

- The 2018/19 plan included a recurrent £2m for RTT performance. This was reduced by £0.5m to reflect the Bridgend Boundary Change allocation reduction. As part of the 2019/20 a further £1.9m was added to the available funding. This has resulted in £3.4m being available to support RTT in 2019/20.
- A number of commitments were made from the 2018/19 RTT funding, that were either recurrent investments or have some continued costs into 2019/20. These amount to £0.138m.
- There is therefore an uncommitted balance of £3.262m to support the plan to sustain RTT performance in 2019/20.
- If this were to be consumed evenly across the financial year, you could expect costs of around £0.272m per month.
- The costs of WLI and Outsourcing in April 2019 and May 2019 was £0.906m, which leaves a balance of £2.356m. This assumes Vanguard costs are supported through winter monies in Q1.

Winter	Opening Value
	£m
<b>Funding :</b>	
2018/19 Plan	2.000
Less BBC Impact	-0.500
<b>Funding Available</b>	<b>1.500</b>
<b>Commitments :</b>	
Singleton Physician On-Call	-0.180
Vanguard Q1	-0.205
<b>Uncommitted Balance</b>	<b>1.115</b>

- The 2018/19 plan included a recurrent £2m for winter pressures. This was reduced by £0.5m to reflect the Bridgend Boundary Change allocation reduction. This has resulted in £1.5m being available to support Winter pressures in 2019/20.
- A number of commitments have been made from winter pressures, resulting in an uncommitted balance of £1.115m to support winter pressures in 2019/20.
- In addition, due to the operational pressures being experienced by the Health Board, additional surge capacity has remained open during April, the financial impact of this surge capacity for April and May is £0.622m, reducing the uncommitted balance to £0.493m.
- At a cost of around £0.3m per month, the Health Board plan can only afford for current levels of surge capacity to be open for a further 2 months, before the available funding is fully consumed.
- It must be noted that this will leave no funding available to support surge and other support actions during the winter of 2019/20 unless additional support is received from WG.

Contingency	Opening Value £m
Funding in C/Fwd Plan	1.000
less BBC Impact	-0.280
<b>Net Funding Available</b>	<b>0.720</b>
<b><i>Recurrent Commitments :</i></b>	
Search Fee Loss of Income	-0.176
Quik Licences	-0.013
Insurance	-0.026
Lin Acc A Replacement	-0.112
Big Hand Digital Dictation	-0.024
HQ Rates (Top Floor)	-0.038
<b><i>Further Commitments:</i></b>	
L Leyshon Secondment	-0.066
L Pankhurst Secondment	-0.048
Guardian Service	-0.009
DFN	-0.012
Bioquell Contract (April-October)	-0.059
<b>Uncommitted Balance</b>	<b>0.137</b>

- The 2018/19 plan included a recurrent £1m contingency. This was adjusted to reflect the Bridgend Boundary Change.
- A number of commitments have been against this contingency during 2018/19, the majority of which are recurrent.
- A number of further commitments have been made against this contingency.
- There is currently £0.137m to deploy or utilise to mitigate other plan risks.

Prior Year Commitments	Opening Value £m
<b>Funding in Plan</b>	<b>3.368</b>
<b>Commitments</b>	
Advisory Board	-0.065
ARCH Contribution	-0.122
Childrens Rights Unit	-0.020
City Deal	-0.025
E-job plan administrator	-0.038
Legal Fees	-0.057
Medacs Fee	-0.115
Mobilisation	-0.835
Medical Recruitment	-0.110
Nursing Recruitment	-0.360
NHS Collaborative Contribution	-0.124
Transforming Cancer Services Cor	-0.003
Turnaround	-0.180
Values	-0.134
Capital to Revenue	-0.180
Clinical Negligence	-1.000
<b>Uncommitted Balance</b>	<b>0.000</b>

- The reserves currently include £3.368m related to commitments made in previous years.
- The majority of these are not recurrent in nature and are subject to management decisions at agreed points ie end of contract.
- A number of these commitments have been issued to the relevant budget during May closedown.
- The key commitments that will continue to be held are :
  - Childrens Rights Unit – awaiting confirmation of continued support
  - Medical and Nursing Recruitment – this is linked to plans for overseas recruitment activity
  - Turnaround – no commitments against this currently
  - Capital to Revenue – this enables any items charged to capital that can't be capitalised to be managed at year end
  - Clinical Negligence – year end issue



Investment Fund	Opening Value
	£m
<b>Funding :</b>	
Funding from 2018/19 Plan	2.000
Less Expected Payback	-0.500
<b>Net Funding Available</b>	<b>1.500</b>
<b>Commitments Funded in 18/19</b>	
COPD Early Discharge Scheme	-0.231
Glaucoma Development	-0.240
<b>Other Commitments</b>	
BBC Impact	-0.420
Safecare	-0.055
Special Investigations Team	-0.137
Electronic Case Management	-0.018
Occ Health Record Management	-0.053
Locum on Duty	-0.058
Job Planning	0.000
<b>Uncommitted Balance</b>	<b>0.288</b>

- The 2018/19 financial plan included a net investment fund of £1.5m, this is expected to self generate to provide further investment opportunities.
- A number of commitments have been made that will have a net investment requirement.
- The net investment fund has had to be reduced by 28% to reflect the BBC impact.
- There is currently an uncommitted balance for investment in 2019/20 of £0.288m, however this assumes that the benefits anticipated from agreed investments are delivered and recovered.

<b>Pay Reserve</b>	<b>Opening Value</b>
	<b>£m</b>
<b><i>Funding :</i></b>	
WG Funding	15.167
Net Provider Funding	0.429
HB Funding from Plan	10.296
<b>Funding Available</b>	<b>25.892</b>
<b><i>Commitments :</i></b>	
A4C & VSM 18/19 & 19/20	-21.911
M&D 18/19	-2.650
VSM & M&D 19/20	-1.480
Commitment Awards	-0.373
Sick Pay Enhancements	0.522
<b>Uncommitted Balance</b>	<b>0.000</b>

- The Pay Reserve holds the funding in respect of pay awards and also consultant commitment awards.
- As the 3 year Agenda for Change pay deal and the 2018/19 Medical and Dental pay award were in excess of the 1% Health Boards were expected to plan for and manage within their general allocation uplift, WG provided additional funding of £15.167 for 2018/19 and 2019/20.
- The A4C pay award for 2018/19 and 2019/20 has been paid to staff and funding has been issued to units to support this.
- For Medical and Dental and Very Senior Managers, the 2018/19 pay award has been implemented but the 2019/20 pay award is outstanding at this point and the funding is retained within reserves.
- There is a negative reserve currently held in respect of terms and conditions changes agreed as part of the A4C pay deal, reinstating the payment of enhancements whilst on sick leave for which the HB received non-recurrent WG funding. This was subject to review at the end of 2018/19, but has been continued for the first 6 months of 2019/20 initially, WG funding is anticipated to cover these additional costs.

Non-Recurrent	Opening Value
	£m
<b>Funding in Plan</b>	<b>0.216</b>
<b><i>Commitments :</i></b>	
Cardiac Diagnostic Validation Support	-0.024
Add Ski Sheets following Ward 12 fire	-0.005
<b>Uncommitted Balance</b>	<b>0.187</b>

- The Health Board Plan has historically included a sum of £0.3m to support non-recurrent issues and one-off payments.
- Following the Bridgend Boundary Change the sum available has reduced by 28% to £0.216m.
- To date, there have been two commitments against this funding, leaving a balance of £0.187m for the remainder of the financial year.

- The analysis of the reserves identifies that in most cases the reserves are fully committed or potentially over-committed at this point.
- There are a few areas of opportunity to curtail or manage expenditure expectations.
- Given the current position, any future plans resulting in additional expenditure will need to be robustly challenged and the benefits will need to be able to be delivered in this financial year.
- Expenditure approval mechanisms need to be clarified and strengthened to ensure Executive Board are all fully sighted on decisions and impacts on financial plan and performance.