



Bwrdd Iechyd Prifysgol  
Abertawe Bro Morgannwg  
University Health Board

# ABMU FINANCE DEPT. PERFORMANCE & FINANCE COMMITTEE – FINANCE POSITION

Period 07 Data (October 2018)

In Month

£ 1,286,149 overspent

Type	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(19,520)	(20,489)	(968)	4.96%
Pay	55,612	55,071	(541)	0.97%
Non Pay	56,822	59,617	2,795	4.92%
Total	92,914	94,200	1,286	1.38%

Cumulative

£ 13,679,088 overspent

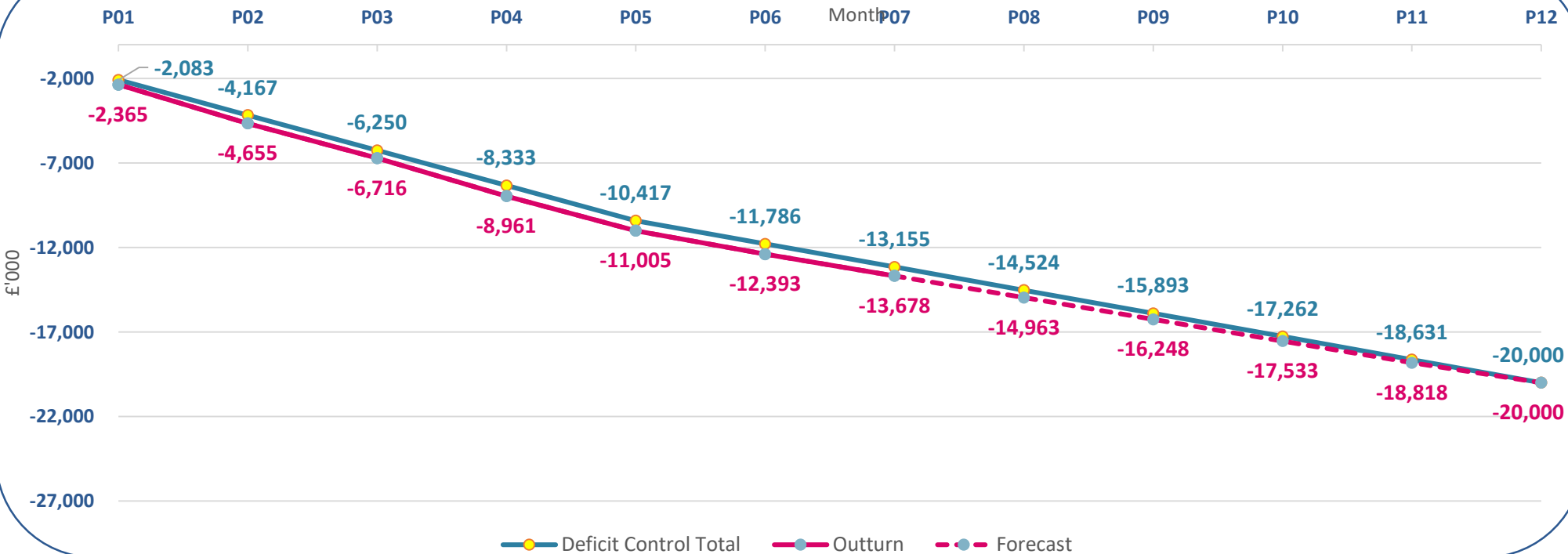
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(141,058)	(143,523)	(2,465)	1.75%
Pay	379,474	377,146	(2,328)	0.61%
Non Pay	390,962	409,434	18,472	4.72%
Total	629,378	643,057	13,679	2.17%

Forecast

£20,000,000 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	910,897	20,000	2.24%
Total	1,311,363	1,331,363	20,000	1.50%

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	1,286	↓
Reported year to date financial position – deficit/(surplus) – Forecast Red	13,697	↑
Reported year to date compared to forecast financial plan deficit – Forecast Amber	2,012	↓
Current reported year end forecast – deficit/(surplus) – Forecast Red	20,000	→

Capital		
Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government	Value £000	Trend
Current reported year end forecast – deficit/(surplus) – Forecast Green	Breakeven	→
Reported in-month financial position – deficit/(surplus) – Forecast Amber	(1,376)	↑

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	93.2	↑

## Revenue

- The Health Board P07 in-month overspend was £1.286m, which is an improvement on the P06 in-month overspend of £1.388m. The P07 position includes the positive benefit of a number of the mitigating opportunities identified in the plan to deliver £20m control total.
- The Health Board has amended its forecast to £20m in line with the control total established by WG.
- The year to date overspend is £2.012m over the £20m control total target based on 7/12<sup>th</sup> of £20m. This reflects the non-delivery of required savings and operational pressures which has been partially offset by the release of identified mitigating opportunities, including slippage on some committed reserves and other recurrent and non-recurrent opportunities.
- Further controls and opportunities have been identified to achieved delivery of the £20m forecast. Risks to delivery are also being monitored and managed.

## Capital Narrative

- Approved CRL value for 18/19 is £25.040m, an increase of £4.3m from M6. This includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Underspend to date relates to a number of schemes, 2 of which are complete and a proposal for reinvestment of the remaining funding ( 160K) will be submitted to WG. The underspend to date on discretionary schemes has been reviewed by CMG and funding reallocated where appropriate.
- A number of additional funding/ recovery opportunities totalling £1.6m are being explored with Welsh Government/HMRC . If successful this would provide additional resource over and above the current committed Discretionary Capital Funding.

## PSPP Narrative

- Although the number of invoices paid within 30 days continues to be below the 95% target, the cumulative performance increased from 92.6% at the end of September to 93.2% at the end of October.
- The in month compliance for October was 97.3% meaning that the PSPP target was achieved for the second consecutive month after not being achieved in the first 5 months of the year. The work done to clear the older nurse agency invoices impacted on PSPP performance earlier in the year but is now having a minimal impact on performance.
- The implementation of the NO PO/NO Pay policy across Wales from 1<sup>st</sup> September is yet to impact on PSPP.

Directorate	In Month Budget	In Month Actual	In Month Variance	% Variance	Cumulative Budget	Cumulative Actual	Cumulative Variance	% Variance
MH & LD Delivery Unit	9,649,513	9,649,827	314	0.00%	66,062,268	65,994,364	(67,904)	(0.10)%
Morrison Delivery Unit	19,146,675	19,368,727	222,052	1.16%	131,191,015	132,095,717	904,701	0.69%
NPT Delivery Unit	14,899,518	14,822,742	(76,776)	(0.52)%	100,946,997	100,496,320	(450,677)	(0.45)%
POW Delivery Unit	8,713,597	9,175,838	462,241	5.30%	60,109,793	62,376,468	2,266,675	3.77%
Primary Care & Community Delivery Unit	20,510,763	20,499,291	(11,472)	(0.06)%	141,840,355	141,803,492	(36,863)	(0.03)%
Singleton Delivery unit	12,928,267	13,011,206	82,939	0.64%	88,262,301	88,909,522	647,221	0.73%
<b>Total</b>	<b>85,848,333</b>	<b>86,527,631</b>	<b>679,298</b>	<b>0.79%</b>	<b>588,412,729</b>	<b>591,675,884</b>	<b>3,263,154</b>	<b>0.55%</b>
Board Secretary	352,695	324,190	(28,505)	(8.08)%	2,520,256	2,503,192	(17,064)	(0.68)%
Director of Strategy	17,552,803	17,562,045	9,242	0.05%	123,808,808	123,962,973	154,165	0.12%
Director of Therapies & Health Sciences	56,139	55,144	(995)	(1.77)%	363,990	369,729	5,739	1.58%
Finance	650,062	636,431	(13,631)	(2.10)%	3,643,117	3,529,255	(113,862)	(3.13)%
Informatics	1,305,494	1,277,643	(27,851)	(2.13)%	7,774,112	7,502,160	(271,952)	(3.50)%
Medical Director	271,351	275,194	3,843	1.42%	1,324,135	1,131,765	(192,370)	(14.53)%
Nursing Director	280,828	258,817	(22,011)	(7.84)%	1,876,671	1,781,019	(95,652)	(5.10)%
Workforce & OD	494,299	501,147	6,848	1.39%	3,017,171	3,089,100	71,929	2.38%
<b>Total</b>	<b>20,963,671</b>	<b>20,890,610</b>	<b>(73,061)</b>	<b>(0.35)%</b>	<b>144,328,260</b>	<b>143,869,192</b>	<b>(459,068)</b>	<b>(0.32)%</b>
Corporate Plan	(14,584,823)	(13,879,797)	705,026	4.83%	(108,039,152)	(97,029,128)	11,010,024	10.19%
<b>Total</b>	<b>(14,584,823)</b>	<b>(13,879,797)</b>	<b>705,026</b>	<b>4.83%</b>	<b>(108,039,152)</b>	<b>(97,029,128)</b>	<b>11,010,024</b>	<b>10.19%</b>
Clinical Medical School	447,464	441,409	(6,055)	(1.35)%	3,092,743	3,039,030	(53,713)	(1.74)%
DSU	(2,303)	(17,292)	(14,989)	(650.83)%	(105,061)	(157,803)	(52,742)	(50.20)%
EMRTS Service	241,242	237,171	(4,071)	(1.69)%	1,688,693	1,660,125	(28,568)	(1.69)%
<b>Total</b>	<b>686,403</b>	<b>661,288</b>	<b>(25,115)</b>	<b>(3.66)%</b>	<b>4,676,375</b>	<b>4,541,352</b>	<b>(135,023)</b>	<b>(2.89)%</b>
<b>Total</b>	<b>92,913,584</b>	<b>94,199,733</b>	<b>1,286,149</b>	<b>1.38%</b>	<b>629,378,212</b>	<b>643,057,300</b>	<b>13,679,088</b>	<b>2.17%</b>

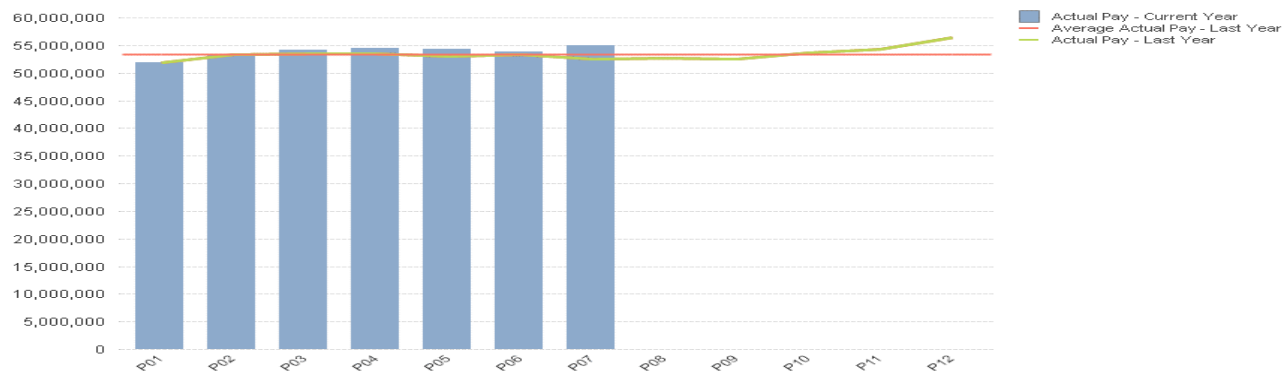
- The Month 7 performance for POW and Morrison was worse than forecast and these two units report the most significant overspend both in month and cumulatively. The planned recovery actions have not delivered the forecast improvement and further pressures are being identified.
- The key reason for overspend across all Service Delivery Units is non-delivery of planned savings and some operational pressures linked to medical staffing and in this month on clinical consumables.
- In light of the current performance and the WG control total, each SDU and Directorate were set a year end control total based on savings progress and expenditure run rates, the majority of SDUs and Directorates are on track to deliver their control total or close to it, however Morrison and POW unlikely to meet their target.
- All units have been asked to examine their position, control measures and actions and to provide a re-assessed forecast with risks and opportunities clearly identified. This will enable further scrutiny and consideration of any further actions that need to be taken to ensure the delivery of the £20m Deficit Control Total

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Cumulative	Movement		Year End	Monthly Target	Distance from
	In Month	In Month	In Month	In Month	In Month	In Month	In Month	Position	in Month		Control Total	P6-12	Control Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000		£000	£000	£000
<b>Service Delivery Units</b>													
Singleton	96	91	103	-19	156	137	83	647	-54		977	79	63
POW	240	278	279	366	344	297	463	2,267	166		2546	148	463
Morrison	38	22	37	186	210	190	222	905	32		44	-64	540
Mental Health & LD	63	67	59	-382	98	27	0	-68	-27		-150	-8	43
PC & Community	20	19	32	-39	9	-66	-12	-37	54		-54	-14	-51
NPT Unit	0	-54	-49	-96	-64	-111	-77	-451	34		-781	-74	-40
<b>Directorates</b>													
Nurse Director	-1	-9	-5	-18	-20	-21	-22	-96	-1		-161	-15	-12
Medical Director	-25	-24	-31	-43	-43	-30	4	-192	34		-408	-35	43
Workforce & OD	25	14	8	20	13	-15	7	72	22		79	0	-8
Informatics	-3	-20	-114	-17	-18	-72	-28	-272	44		-282	-16	-69
Finance	-1	-3	0	-2	0	-94	-14	-114	80		0	1	-110
Board Secretary	11	11	9	7	-13	-14	-28	-17	-14		0	-4	-35
Director of Therapies	2	1	2	2	0	0	-1	6	-1		0	-1	1
Director of Strategy	0	14	13	30	105	-17	9	154	26		102	-9	9
Corporate I&E	-33	-50	23	-23	-71	-101	-199	-454	-98		-60	13	-327
<b>Delegated Budget Position</b>	<b>432</b>	<b>357</b>	<b>366</b>	<b>-28</b>	<b>706</b>	<b>110</b>	<b>407</b>	<b>2,350</b>	<b>297</b>		<b>1852</b>	<b>3</b>	<b>512</b>
Corporate Plan	1,933	1,933	1,695	2,273	1,338	1,278	879	11,329	-399		18148	1282	-408
<b>Health Board Position</b>	<b>2,365</b>	<b>2,290</b>	<b>2,061</b>	<b>2,245</b>	<b>2,044</b>	<b>1,388</b>	<b>1,286</b>	<b>13,679</b>	<b>-102</b>		<b>20000</b>	<b>1285</b>	<b>104</b>

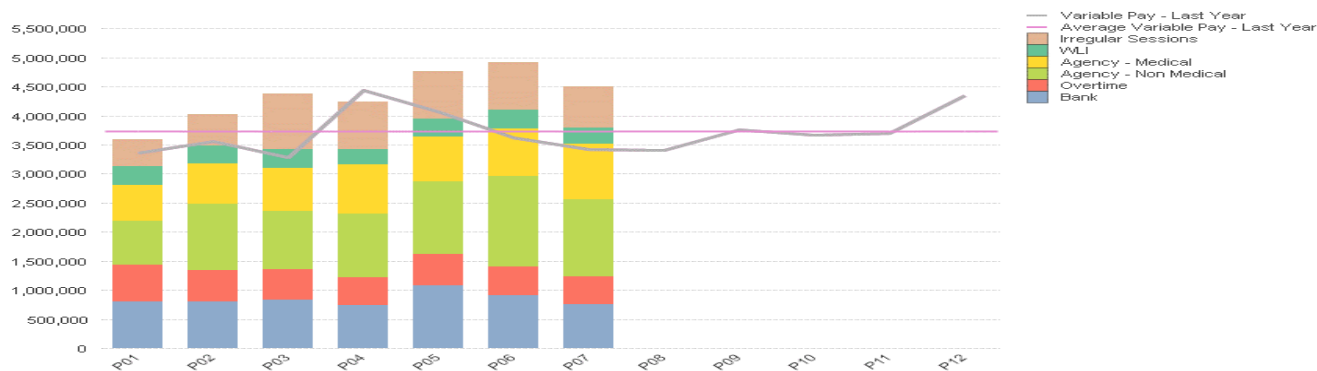
- The in-month position in P7 is an overspend of £1.286m which is an improvement of £0.102m compared to P6 in-month position.
- Disappointingly the improvement in delegated positions reported in P6 has not been sustained, with particular pressures in POW and Morrison, who are now significantly adrift of the required position to meet the year end control total.
- The position has been supported by strong corporate income performance in Non-contract activity and Compensation Recovery Unit, both these income sources are very volatile and this level of income may not sustained.
- Through the ongoing review of Health Board Opportunities and Risks, a further £1.8m of opportunities have been identified and 1/6<sup>th</sup> of these opportunities have been profiled into the financial position in P7.

# HEALTH BOARD – PAY POSITION

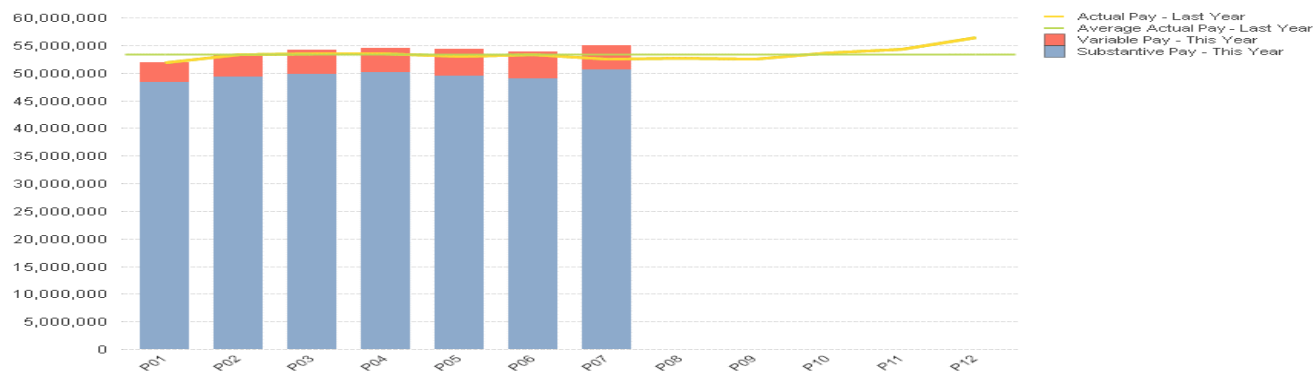
Actual Pay Expenditure This Year and Last Year



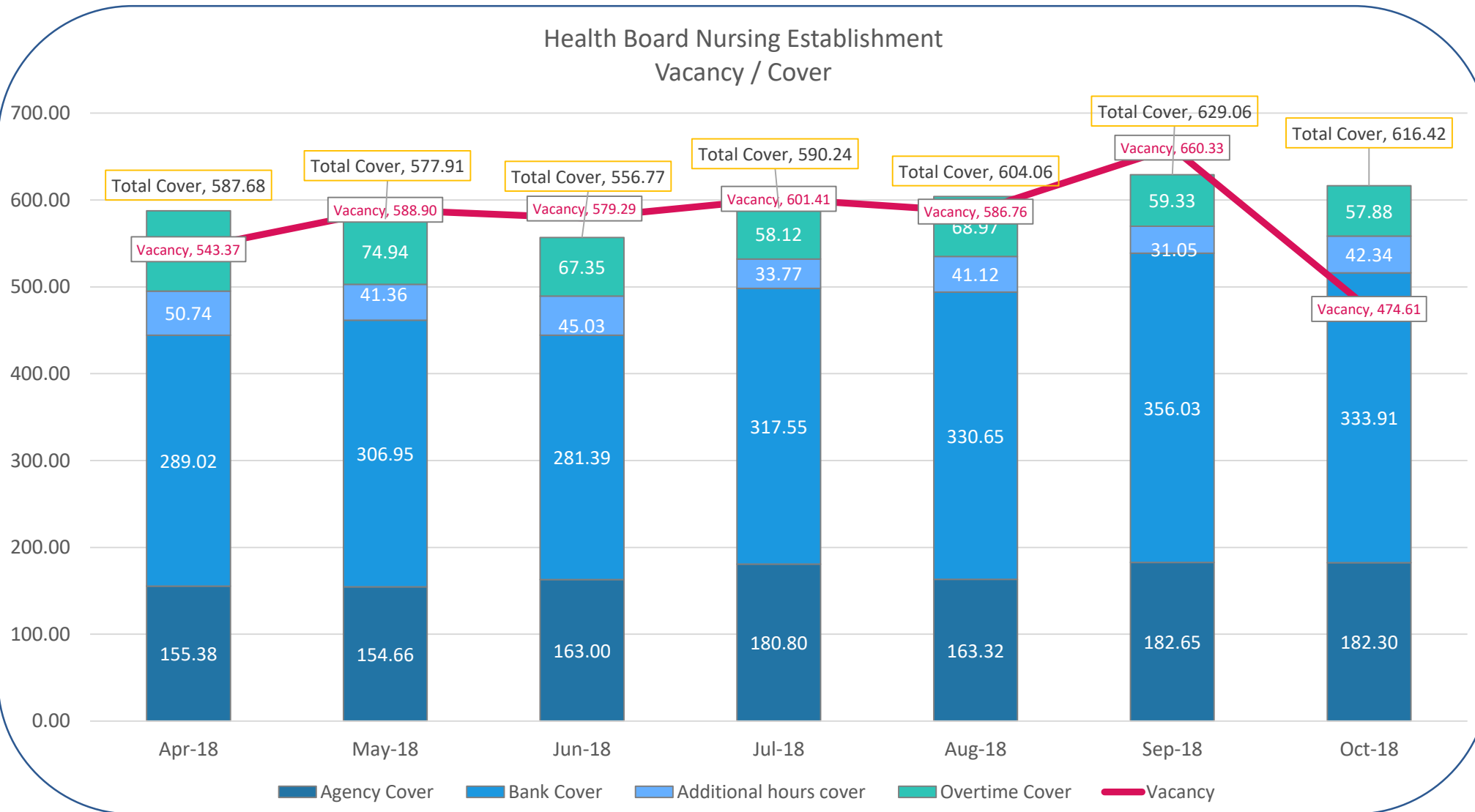
Variable Pay Expenditure This Year and Last Year



Substantive & Variable Pay Expenditure This Year and Last Year

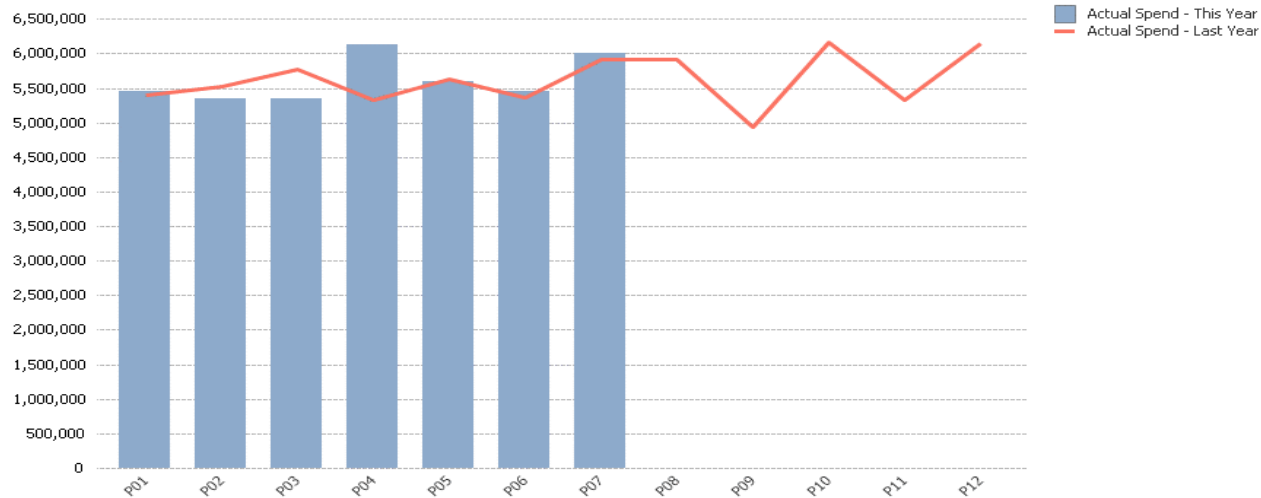


- The P07 pay position includes the pay uplift for Agenda for Change staff which is around £1.250m per month. However even if the expenditure is adjusted for this increase, the overall pay expenditure in P07 is above the average for 2017/2018 and the actual P07 in 2017/18.
- The variable pay spend in P07 has reduced, with reductions in bank and non-medical agency. Medical Agency and ADHs have however increased. Variable pay is running significantly above last years levels.

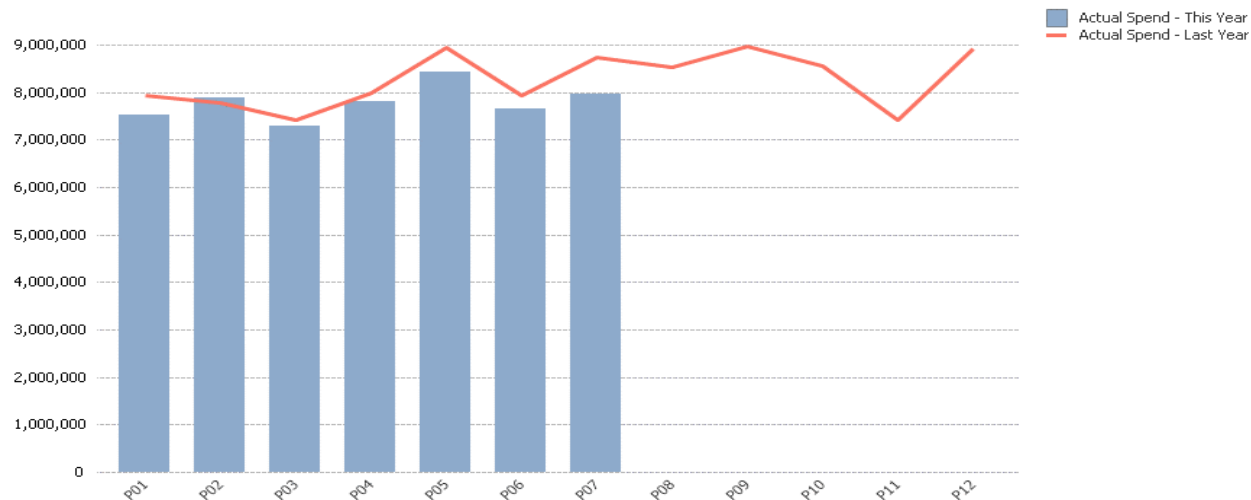


- The vacancy level has dropped in October due to a high level of recruitment including Newly Qualified Nurses and HCSW recruitment, with 140 wte additional Registered Nurses and 43 wte additional HCSWs in post.
- Whilst in October there has been a very slight reduction in the level of cover, this is likely to be due to timing issues and the induction of the new appointed staff.

## Secondary Care Drugs Trend Analysis



## Primary Care Drugs Trend Analysis

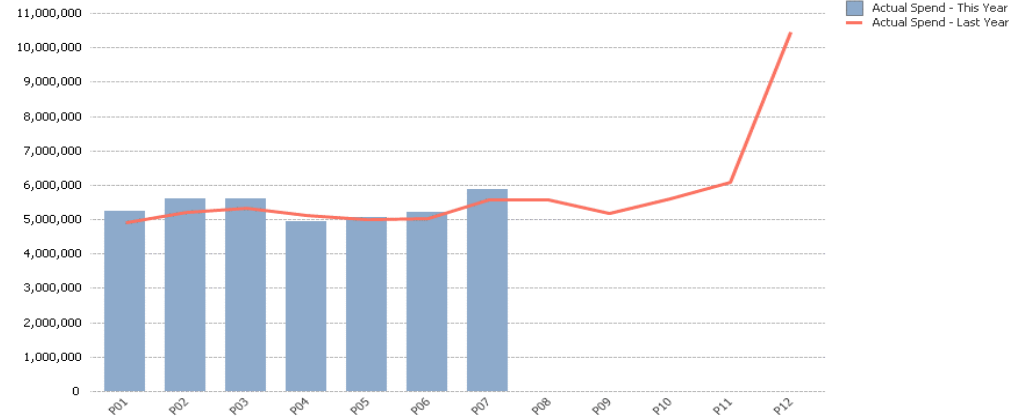
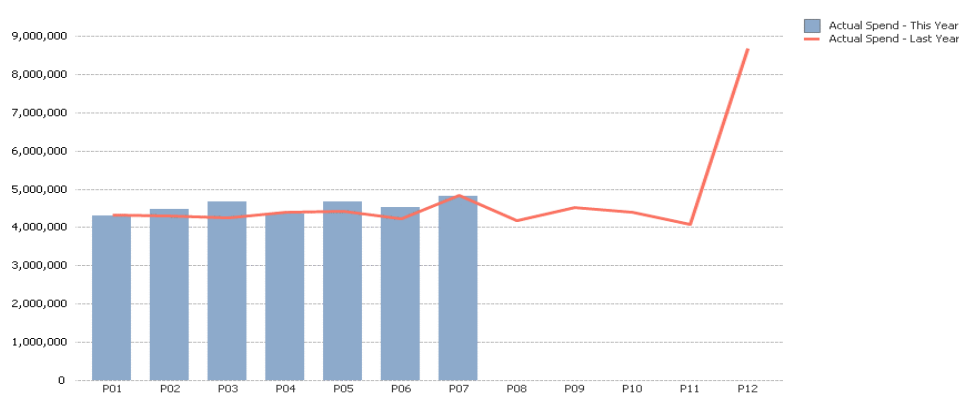


- Secondary Care drugs spend had been relatively stable in 2017/18 and has remained stable in 2018/19.

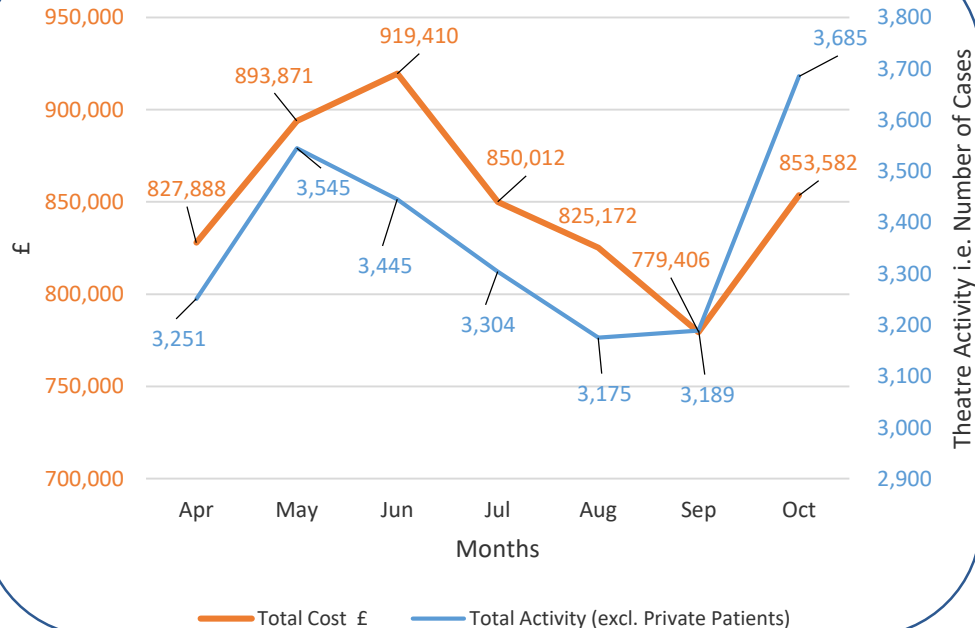
- Primary Care drugs are extremely volatile and there were significant pressures during 2017/18 due to NCSO price concessions. To date the overall spend for 2018/19 is lower than that of the previous year. However there is only 5 months of actual data for 2018/19 available at this point. This continues to be monitored closely.



CHC Trend Analysis



THEATRE ACTIVITY & EXPENDITURE 18/19



- 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. Whilst case numbers have remained stable or reducing within General ChC for a long period, the last few months have seen an increase in case numbers alongside the steady growth MH & LD cases.
- Clinical consumables spend increased by just under £1m this month when compared with previous 3 months and was at the highest level this financial year. The most significant increase has been seen within theatres, where activity is also at its highest level this financial year.

Work Stream	18-19 Assigned Target	Total Green		Total Amber		Total Red		Total Unidentified / Shortfall Including Reds	
	(£)	(£)	%	(£)	%	(£)	%		
Clinical Procurement	1711	75	4%	950	56%	0	0%	686	40%
Corporate Overheads	1000	601	60%		0%		0%	399	40%
Medicines Management	1675	1800	107%		0%		0%	-125	-7%
Procurement	2062	959	47%	489	24%	28	1%	586	28%
Reducing Waste, Harm & Variation	0		0%		0%	0	0%	0	0%
Ring Fenced Funding Review	0		0%		0%	0	0%	0	0%
Service Remodelling	4822	229	5%	1405	29%	885	18%	2303	48%
Unit Cost Down Savings	3659	5907	161%	1511	41%	350	10%	-4036	-110%
WHSCC	1000	1000	100%		0%		0%	0	0%
Workforce Redesign	0								
Total	15929	10571	66%	4355	27%	1263	8%	-260	-2%

Narrative

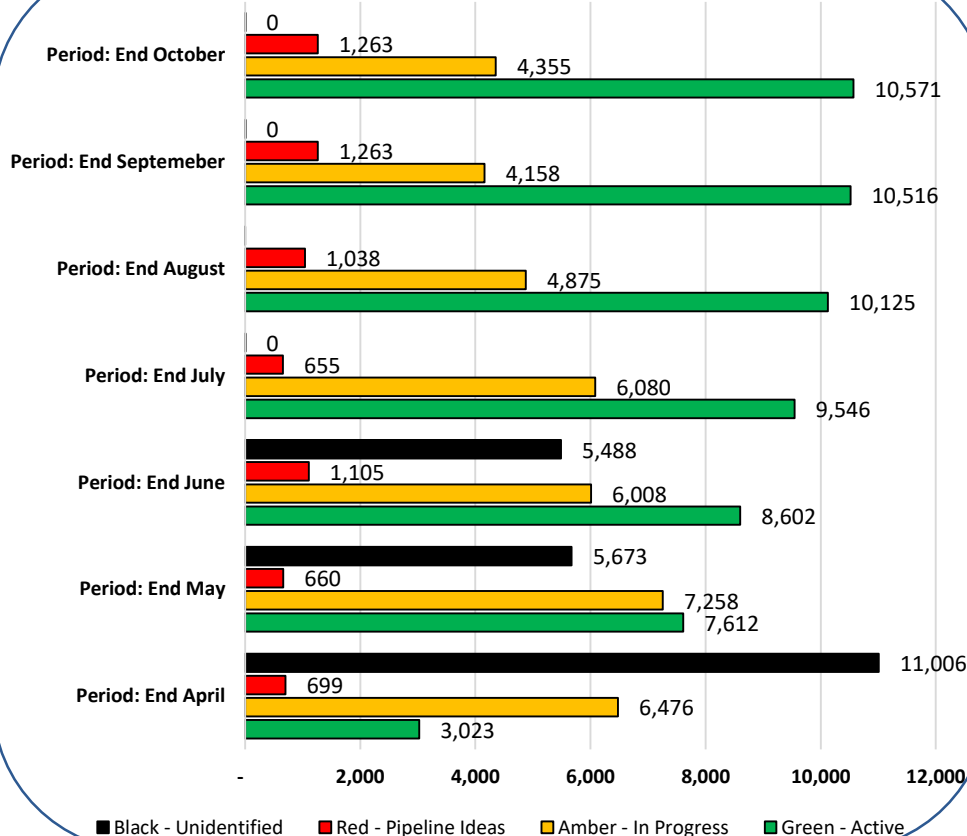
- Savings delivery – the Health Board initial plan required the delivery of £21m, however a number of the workstreams were identified as unable to deliver in 2018/19 and mitigating opportunities were identified to offset the non-delivery of these workstreams.
- The remaining savings requirement was £16m, which has been fully identified. However only £10m of the identified schemes are considered to be green, with full delivery confidence.
- The plan to deliver £20m anticipated £1m slippage against the £16m savings delivery requirement, which was based on fully delivery of the Green and Amber Schemes. The actual delivery profile can be seen on slide 12.

Directorate / Unit	18-19 Assigned Target	Total Green Schemes		Total Amber Schemes		Total Red Schemes		Unidentified / Over Identified	
	(£)	(£)	%	(£)	%	(£)	%	(£)	%
Board Secretary	38	38	101%	0	0%	0	0%	0	-1%
Director of Strategy	1332	288	22%	0	0%	0	0%	1044	78%
Director of Therapies & Health Sciences	13	11	88%	0	0%	0	0%	2	12%
Finance	124	99	80%	0	0%	0	0%	25	20%
Informatics	265	265	100%	0	0%	0	0%	0	0%
Medical Director	28	49	174%	0	0%	0	0%	-21	-74%
Nursing Director	65	74	114%	0	0%	0	0%	-9	-14%
Workforce & OD	96	69	72%	0	0%	0	0%	27	28%
MH & LD Delivery Unit	263	147	56%	0	0%	0	0%	116	44%
Morriston Delivery Unit	3783	1461	39%	2635	70%	620	16%	-933	-25%
NPT Delivery Unit	1305	2395	184%	32	2%	594	46%	-1717	-132%
POW Delivery Unit	2088	947	45%	522	25%	0	0%	619	30%
Primary Care & Community Delivery Unit	1565	1030	66%	550	35%	0	0%	-15	-1%
Singleton Delivery unit	2289	648	28%	615	27%	49	2%	977	43%
Health Board Wide	2675	3050	114%	0	0%	0	0%	-375	-14%
<b>Total</b>	<b>15,929</b>	<b>10571</b>	<b>66%</b>	<b>4355</b>	<b>27%</b>	<b>1263</b>	<b>8%</b>	<b>-260</b>	<b>-2%</b>

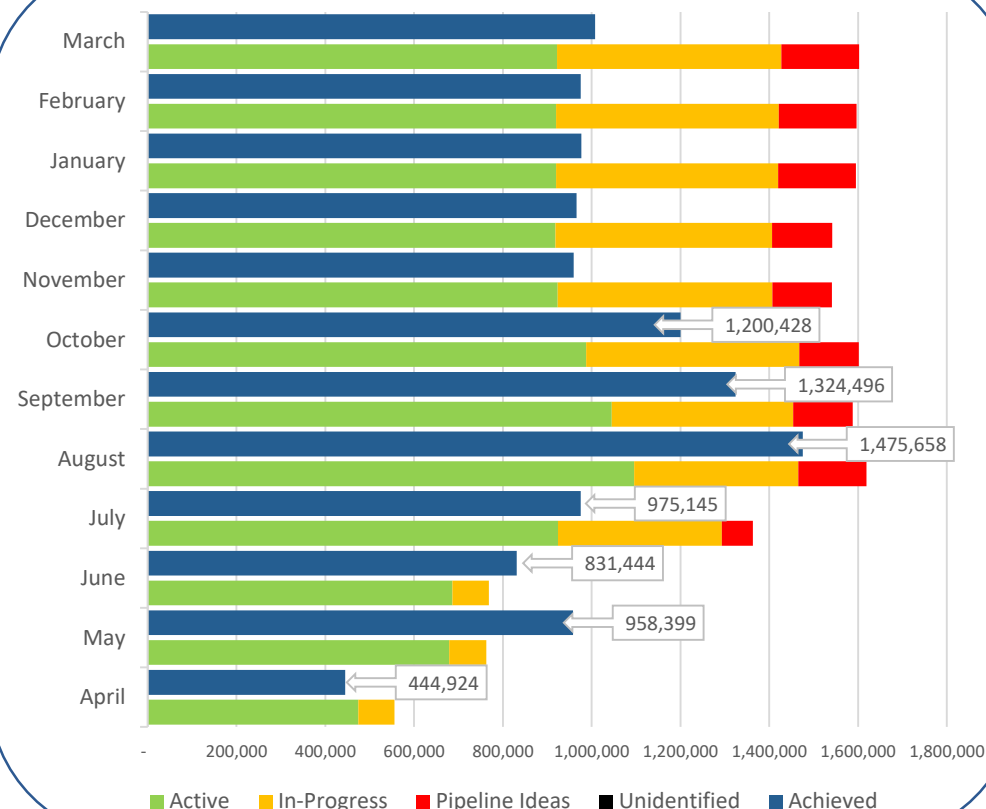
#### Narrative

- The table provides an analysis of targets and savings identified at a Service Delivery Unit and Directorate level.
- This analysis shows that some SDUs and Directorates have exceeded their savings target, whilst others have not yet met their target.
- The additional control measures and actions agreed as part of the plan to deliver £20m control total are not being reflected in the Savings Tracker.
- Some of the over-achievement of target relates to non-recurrent opportunities and measures.
- The value of non-recurrent savings identified is £3.25m.

## Trend over time



## Current Profile of Savings



## Narrative

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

## Narrative

- The savings profile identified a significant step up in savings delivery requirement across Quarter 2. This resulted in a significant level of slippage in P04.
- Whilst the level of savings delivery has increased from Month 5 onwards, the delivery is still below the planned level resulting in savings slippage of almost £1m for the year to date.
- The savings delivery has also been reducing steadily for the last 2 months, which is a cause for concern.
- Based on the current delivery levels, the annual savings delivery shortfall has been reassessed as around £2.5m, which would mean a delivery of around £13.5m against the £16m plans and £21m target.

## 2018/19 Winter Pressures Funding

	£000	
<b>Available Funding</b>		<b>4865</b>
<b>Expenditure Committed to Date :</b>		
Additional Capacity	157	
Patient Flow Team Singleton	15	
ED Progress Chaser Morriston	23	<b>195</b>
<b>Agreed Winter Priority Schemes :</b>		
Singleton - additional medical cover - 5 months	116	
Singleton - Locum ACP - 5 months	79	
Morriston - Green to Go	300	
POW - Medical Flow	87	
POW - Respiratory	80	
NPT - Acute Hospital Pharmacy	32	
NPT - Therapy Support acute sites	132	
PCC - Acute Clinical Outreach - 6 months	78	
PCC - BRC Home from Hospital Service	35	
Local Authority allocation to increase Dom Care	200	
Singleton - Physician On-Call	90	
Morriston - Vanguard (Q4)	350	
Mortuary Additional Capacity	20	
Morriston/POW - HALO WAST	40	
Singleton - Surge Capacity TAU/SAU/Ward 7 (24 beds/spaces)	575	
Singleton - Patient Flow Team (2xco-ordinators)	26	
Morriston - MAU (5), ward V (7) - 5 months	320	
Morriston - Clydach (10) - Q4	115	
Morriston - Frequent Service User MDT	34	
Morriston - OPAS Plus	160	
POW - SSU/Bridgend	132	
POW - Ward 7 Nursing Establishment	31	
POW - ED Nursing Establishment Overnight	36	
NPT - Surge Capacity (10 beds) Oct- March	130	
NPT - TOCALS rollout west	220	
PCC - BRC Frequent attenders response services	101	
Morriston - Cardiology ACS capacity	77	
Morriston - Patient Flow Co-ordinators (3 x Band 4)	35	<b>3631</b>
Further Schemes and Adhoc Requirements	1000	<b>1000</b>
<b>Uncommitted Balance</b>		<b>39</b>

## Winter Pressure Plan

- The Health Board has established a £2m reserve to manage winter pressures in 2018/19.
- WG have also provided additional non-recurrent funding support for Winter pressures of £2.865m.
- The winter pressure expenditure in 2017/18 was £2.921m.
- To date costs of £0.195m have been committed. These costs reflect the additional capacity that remained open early in the financial year and also the pilot of patient flow team and ED progress chaser.
- The Unscheduled Care Board has prioritised the schemes to support service delivery and performance through the forthcoming winter and all Management teams are now progressing with these schemes.
- There is around £1m which remains uncommitted at the moment and which will be deployed to support further schemes and adhoc requirements through the Winter period. A clear process in place to ensure all additional capacity is managed and weekly updates will be provided to Executive Team.
- It should also be noted that the Health Board has submitted a number of schemes to WG for consideration against the Critical Care Fund slippage. These schemes if supported would further enhance system resilience.

## RTT Funding Available

	£000
RTT Funding	10,300
Spend to Date	(7,423)
<b>Funding Available</b>	<b>2,877</b>

## Narrative - RTT

- The Health Board included £2m funding for RTT included within its £25m planned deficit.
- A further £8.3m funding support has been provided by WG, however this funding has been provided with the following performance expectations:
  - RTT – at most, 2664 people waiting over 36 weeks
  - Diagnostics – zero 8 week breaches in all disciplines
  - Therapies – no patients waiting over 14 weeks
- To date £7.423m has been spent against the £10.3m available budget. **This leaves £2.877m for the remainder of the financial year.** Further plans revisions and requirements have emerged since the initial plan was formulated and a detailed review of the projected spend and performance profiles for the second half of the financial year is being undertaken to identify any potential risks to financial and performance trajectories.
- It must be recognised that if the agreed performance expectations are not met, then the WG funding will be subject to claw back. This is likely to be based on progress made in December, rather than waiting until the end of the year.

## RTT Expenditure Profile

		April	May	June	July	August	Sept	Oct	Total
		£000	£000	£000	£000	£000	£000	£000	£000
Outsourcing/ Insourcing	Morrison		554	581	242	403	508	298	2586
	Singleton	108	226	120	423	231	231	158	1497
	POW					14	4	3	21
	<b>Total</b>	<b>108</b>	<b>780</b>	<b>701</b>	<b>665</b>	<b>648</b>	<b>743</b>	<b>459</b>	<b>4104</b>
Internal WLI	Morrison	101	89	130	179	117	215	188	1019
	Singleton	34	53	56	51	54	62	39	349
	POW	6	228	137	151	144	145	137	948
	NPT						7	0	7
	<b>Total</b>	<b>141</b>	<b>370</b>	<b>323</b>	<b>381</b>	<b>315</b>	<b>429</b>	<b>364</b>	<b>2323</b>
Infrastructure	Morrison	102	99	93	159	155	183	123	914
	PCC						36		36
	Corporate							46	46
	<b>Total</b>	<b>102</b>	<b>99</b>	<b>93</b>	<b>159</b>	<b>155</b>	<b>219</b>	<b>169</b>	<b>996</b>
<b>Total Expenditure</b>		<b>351</b>	<b>1249</b>	<b>1117</b>	<b>1205</b>	<b>1118</b>	<b>1391</b>	<b>992</b>	<b>7423</b>
Delivery Profile		April	May	June	July	August	Sept	Oct	
36 weeks	Target	3363	3398	3349	3283	3286	3069	2771	
	Actual	3398	3349	3319	3433	3538	3381	not available	
26 weeks	Target	249	200	150	100	248	0	0	
	Actual	166	120	55	30	111	90	not available	

## Plan Update, Forecast & Recurrent Impact

	Revised Plan PYE	Plan update	Recurrent Impact
	£m	£m	£m
Underlying Position	34	34	34
Schemes Supporting Underlying Position not delivered		4.35	4.35
ChC Movement in Provision			-1.3
2018/19 Anticipated New Costs	23.9	22.9	22.9
All Wales Development Top Slice	5.67	5.67	5.67
Additional Pressures : NSA		1.4	2.5
Additional Pressures : TAVI		2	0
Funding Uplift	-18.81	-18.81	-18.81
Internal Invest to Save	1.5	0.7	1.5
Savings	-21.28	-15	-16
Enhanced control Measures & Savings Delivery		-3.5	-2
Reserves Release		-1	-1
2017/18 Benefits release		-1	
PFI Benefit - Lifecycle increases		-0.5	-0.5
LTA Net Inflation Increase		-0.5	-0.5
Non-Recurrent Benefits		-1.5	
Slippage on new monies		-1.5	
Review of Provisions and Accruals		-4.5	
WHSSC Slippage on Developments/Performance		-0.5	
Terms & Conditions Funding		-0.81	-0.81
Other Non-Recurrent Benefits		-2	
<b>Total</b>	<b>24.98</b>	<b>19.9</b>	<b>30</b>

## Narrative

- The Health Board financial plan for 2018/19, the updated plan to deliver £20m control total and the recurrent impact of the plan movements are set out in the table.
- The key movements from the initial plan are :
  - Schemes supporting the underlying position not delivered
  - Additional Pressures – Nurse Staffing Act
  - Additional Pressures – TAVI
  - Savings non-delivery
  - Enhanced Control Measures
  - Mitigating Actions and Opportunities
- Whilst some operational pressure is being experienced, the key issues are related to the non-delivery of savings and the schemes supporting the underlying position which have negatively impacted on the planned position by £10.6m and are being supported by mitigating opportunities.
- The plan to deliver the £20m deficit control total anticipated the delivery of around £15m savings. As shown in Slide 12, this level of saving is unlikely to be delivered and the latest assessment shows a delivery of around £13.5m.
- The ongoing review of risks and opportunities within commitments, reserves and balance sheet have identified the means to mitigate this £1.5m, including
  - GPOOH Tax Liability over-provision £0.47m
  - ChC Retrospective Claims settlement £0.5m
  - Consultant commitment Award review £0.3m
  - Re-assessment of TAVI plan impact £0.25m
- Whilst this provides the means to deliver the £20m Control Total, it highlights the ongoing failure to deliver the planned savings and heightens the risks for the Health Board in being able to manage any unforeseen or unexpected issues that arise during the later part of the financial year.

In response to the challenging financial performance, the CEO has issued a communication to all Health Board staff and identified a range of specific actions with clear timescales for delivery.

	Actions/Monitoring	Date	Status
1.	Service Delivery Units and Directorates to be issued with financial control targets	3/9/18	Issued via CEO communication
2.	<b>Service Delivery Units and Directorates</b> to submit plan (reducing expenditure and further savings) to achieve the financial control target with a Quality Impact Assessment	14/9/18	Plans submitted and confirmation to proceed issued by CEO. Actions monitored through the Financial Recovery Meetings.
3.	Financial Recovery Pack to be enhanced to support monitoring of actions	For mid-September meetings	Complete
4.	<b>Director of Nursing &amp; Patient Experience</b> to review and reissue the escalation procedure for additional capacity	14/9/18	Task and finish group have developed a new ABMU escalation process and risk assessments of areas used for extra capacity – this will be reviewed by the ABMU Urgent Carer Board in October
5.	<b>Director of Nursing &amp; Patient Experience</b> to review Patient Acuity/1:1 Policy and escalation procedure	14/9/18	Policy and escalation procedure reviewed, and recirculated. Compliance will be monitored by the with Unit Nurse Directors
6.	<b>Director of Workforce and OD and Director of Finance</b> to issue comparator of hourly rates for substantive staff, bank, overtime and agency to support decision making	14/9/18	Complete
7.	<b>Medical Director and Director of Workforce &amp; OD</b> to review and strengthen the current agency approval process and specifically consider process for approval of “long term” locums	14/9/18	Initial analysis completed in partnership with Medacs. A number of long term locum posts have been filled substantively and further work is being undertaken to source alternative options for remaining long term locums. This is being reported through P&FC
8.	<b>Director of Workforce &amp; OD</b> to initiate external review of Medical Rotas	14/9/18	Contract signed and project kick off meeting being arranged before end of October.
9.	<b>Medical Director</b> to review process for approval of medical staff annual leave	14/9/18	The rules relating to annual leave are straight forward with six weeks notice required. UMDs to be tasked with reviewing local annual leave practices to improve annual leave planning and approval by end of October.
10.	<b>QVC</b> controls/approval criteria to be strengthened, including an embargo on use of external venues and hospitality	From September	QVC terms and criteria enhancement also includes Furniture & Furnishings only approved where issue of clinical need, DDA compliance or to support return to work.
11.	<b>Finance Business Partners</b> to collate and review income generation opportunities	28/9/18	Initial opportunities included in unit plans. This will continue to be reviewed to identify opportunities to support longer term financial sustainability.
12.	<b>Chief Operating Officer</b> to agree cost benefit analysis for committing to new expenditure and/or reinvestment of savings	14/9/18	Draft Procedure developed & agreement to review proposals through Financial Recovery Meetings
13.	<b>Director of Therapies and Director of Workforce &amp; OD</b> to initiate vacancy control panel for Clinical staff Band 7 and above	14/9/18	Process scoped and admin support agreed to facilitate. Expected commencement date within next 2 weeks.



# 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>-20000</b>	<b>-20000</b>	<b>-20000</b>		
1	Actions required to sustain the underlying financial position do not deliver in full	S117 anticipated income has been assumed written off /counter-balanced within the forecast. Potential for some recovery.	500	0	0	Ongoing negotiations with LAs are challenging but continuing. It is unlikely that significant income will be recovered	David Roberts, Service Director, MH&LD
2	Operational expenditure reductions & Enhanced Control Measures do not deliver in full	Planned operational expenditure reductions and impacts of enhanced control measures are not fully delivered	0	-1000	-500	Financial Control measures enhanced, SDUs developing plan to deliver control totals. Enhanced monitoring through Financial Recovery Meetings.	Chris White, Interim Chief Operating Officer
4	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
6	Slippage against New Funding not delivered	Forecast assumes £1.5m slippage against new funding streams.	0	-1000	-250	Ensure all funding is appropriately accessed and costs managed robustly	Lynne Hamilton, Director of Finance
7	Welsh Language Standards	Welsh Language Standards effective from 29th June 2018 increase requirement for bilingual services within the Health Board, which in the first instance is likely to increase translation costs	0	-50	-10	Plan to be formulated to address the requirements of the Welsh Language Standards.	Pam Wenger, Director of Corporate Governance
8	Potential Claw back of GMS underspend	Currently forecasting an underspend against GMS contract, which given its ring-fenced nature could be clawed back by WG		-663	0	Underspend is primarily related to the take up of enhanced services, which means the transfer of costs from secondary care has not been facilitated. Discussions with WG to give assurance that enhanced services are being offered/developed	Hilary Dover, Service Director Primary and Community Care
9	Technical Accounting Changes	There are a number of technical accounting changes that may impact on the financial position eg IFRS 9 impact on bad debts, PI discount rate		-500	-100	Continue to work closely with WG via TAG	Lynne Hamilton, Director of Finance
10	GPOOH HMRC	Potential for HMRC to only pursue the NI element from Health Boards	700		250	Work with Deloitte to resolve this issue	Lynne Hamilton, Director of Finance

-	18,800	-	23,463	-	20,720
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## Actions in September & October

### 'Run rate' actions:

- Service Delivery Unit and Directorate enhanced control measures and actions reviewed and required support agreed.
- Deep dive into Singleton commenced with planned completion at the end of October.
- Deep dive into Morriston planned to commence in Quarter 3.
- Non-pay deep dives continuing; blood products, dressings, pacemakers, heart valves and transport complete and actions being taken forward.
- Further planned non-pay deep dives include maintenance contracts and equipment hire.

### Savings Delivery

- Recovery & Sustainability work streams scrutiny at end of Quarter 2
- Confidence assessment of the £16m planned
- Confidence assessment of identified mitigating actions
- Review of non-recurrent savings and actions to consider the impact of making these savings recurrent.
- Assessment of current workstreams and development of clear delivery plan to provide pipeline of savings for 2019/20

## Continued Scrutiny

- **Monthly** scrutiny by Performance & Finance Committee. Escalation process in place for key risks identified through performance framework:
  - Financial and/or performance at Unit level
  - System wide focus on targeted intervention areas
  - Recovery actions and non delivery of savings programmes
  - Extraordinary meeting of Performance & Finance Committee to discuss Q1 position and forecast, and detailed review of risk and opportunities schedule
- **Fortnightly** Financial & Performance Meetings with Delivery Units; monthly review of all corporate directorates
  - **Weekly** escalation where finance and/or performance is off track
  - 'deep dives' into key areas (eg. medical pay bill review, Unit performance or delivery issues)
  - Individual support to Finance Business Partners by Assistant Directors to help provide 'critical challenge' into delivery units
  - CEO led escalation as required
- **Monthly** Recovery & Sustainability Programme Board - timely decision making, tracking progress, managing risks & issues
- **Monthly** Investment & Benefits Group:
  - Effective decision making in line with organisational priorities
  - Control of investment/re-investment decisions including capital
  - Benefits tracking (financial & non financial)
- **Deep Dive** reviews into Singleton and Morriston during Q2 and Q3.