



Bwrdd Iechyd Prifysgol  
Abertawe Bro Morgannwg  
University Health Board

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

Period 06 Data (September 2018)

## In Month

**£ 1,387,748 overspent**

Type	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(20,020)	(20,253)	(232)	1.16%
Pay	54,020	53,872	(148)	0.27%
Non Pay	55,536	57,304	1,768	3.18%
<b>Total</b>	<b>89,536</b>	<b>90,923</b>	<b>1,388</b>	<b>1.55%</b>

## Cumulative

**£ 12,392,939 overspent**

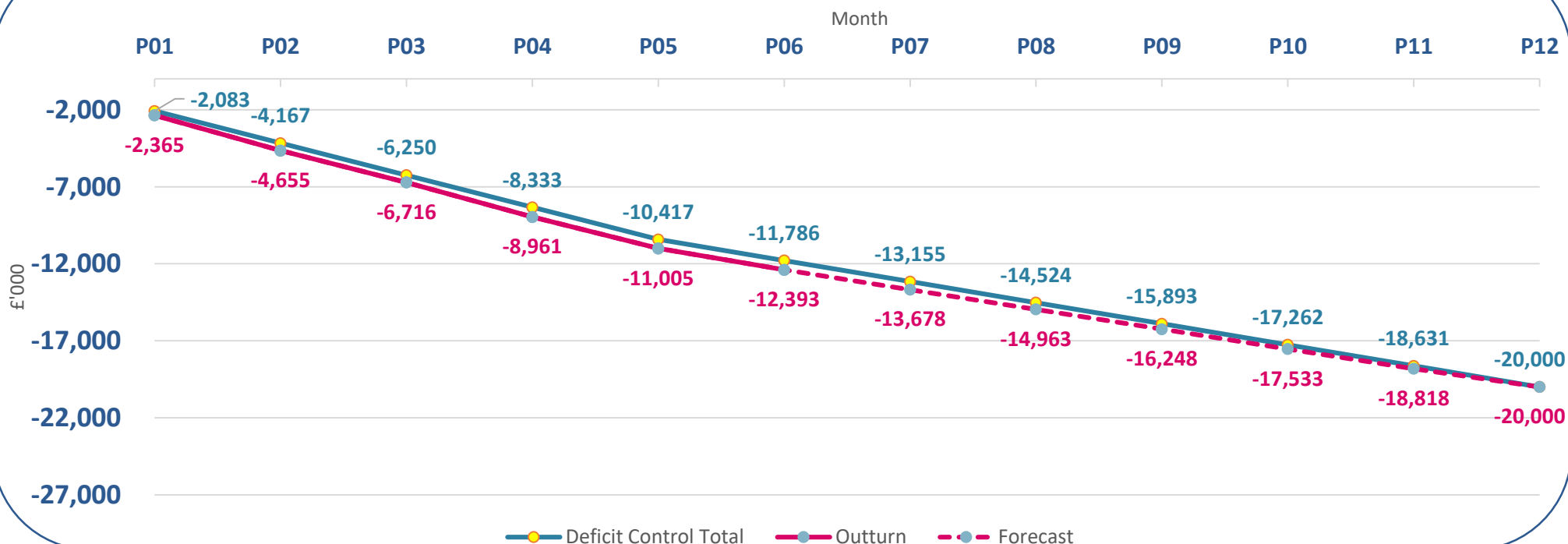
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(121,537)	(123,034)	(1,497)	1.23%
Pay	323,862	322,075	(1,787)	0.55%
Non Pay	334,140	349,816	15,677	4.69%
<b>Total</b>	<b>536,465</b>	<b>548,858</b>	<b>12,393</b>	<b>2.31%</b>

## 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%
<b>Total</b>	<b>1,311,363</b>	<b>1,331,363</b>	<b>20,000</b>	<b>1.50%</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	1,388	↓
Reported year to date financial position – deficit/(surplus) – Forecast Red	12,393	↑
Reported year to date compared to forecast financial plan deficit – Forecast Amber	2,393	↓
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	(1,140)	↑

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	92.6%	↑

## Revenue

- The Health Board P06 in-month overspend was £1.39m, which is an improvement on the P05 in-month overspend of £2.044m. The P06 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 £2.39m over the £20m control total target based on 6/12<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 £20.716m 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 ( 140K) will be submitted to WG. The underspend to date on discretionary schemes will be reviewed by CMG and funding reallocated if appropriate.
- A number of additional funding/ recovery opportunities totalling £1.8m 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% at the end of August to 92.6% at the end of September.
- The in month compliance for September was 95.6% meaning that the PSPP target was achieved in month.
- The continuing clearance of the older nurse agency invoices will continue to have an impact on PSPP performance in and it is anticipated that the full implementation of the NO PO/NO Pay policy across Wales from 1<sup>st</sup> September is likely to have an impact on PSPP with non complaint invoices being put on hold until purchase orders are raised.

# OUR P06 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	9,307,064	9,334,147	27,083	0.29%	56,412,755	56,344,537	(68,218)	(0.12)%
Morrison Delivery Unit	18,827,636	19,017,506	189,869	1.01%	112,044,340	112,726,989	682,649	0.61%
NPT Delivery Unit	14,134,665	14,024,567	(110,098)	(0.78)%	86,047,479	85,673,578	(373,901)	(0.43)%
POW Delivery Unit	8,464,618	8,761,990	297,372	3.51%	51,396,196	53,200,630	1,804,434	3.51%
Primary Care & Community Delivery Unit	21,097,266	21,030,785	(66,481)	(0.32)%	121,329,592	121,304,201	(25,391)	(0.02)%
Singleton Delivery unit	12,434,639	12,571,180	136,541	1.10%	75,334,034	75,898,317	564,283	0.75%
<b>Total</b>	<b>84,265,888</b>	<b>84,740,174</b>	<b>474,286</b>	<b>0.56%</b>	<b>502,564,396</b>	<b>505,148,252</b>	<b>2,583,856</b>	<b>0.51%</b>
Board Secretary	403,219	389,580	(13,639)	(3.38)%	2,167,561	2,179,002	11,441	0.53%
Director of Strategy	18,026,380	18,008,863	(17,517)	(0.10)%	106,256,005	106,400,927	144,922	0.14%
Director of Therapies & Health Sciences	48,983	48,404	(579)	(1.18)%	307,851	314,585	6,734	2.19%
Finance	536,935	442,214	(94,721)	(17.64)%	2,993,055	2,892,824	(100,231)	(3.35)%
Informatics	1,227,901	1,155,457	(72,444)	(5.90)%	6,468,618	6,224,517	(244,101)	(3.77)%
Medical Director	137,149	106,809	(30,340)	(22.12)%	1,052,784	856,571	(196,213)	(18.64)%
Nursing Director	295,442	274,795	(20,647)	(6.99)%	1,595,843	1,522,202	(73,641)	(4.61)%
Workforce & OD	477,573	462,420	(15,153)	(3.17)%	2,522,872	2,587,954	65,082	2.58%
<b>Total</b>	<b>21,153,582</b>	<b>20,888,542</b>	<b>(265,040)</b>	<b>(1.25)%</b>	<b>123,364,589</b>	<b>122,978,581</b>	<b>(386,008)</b>	<b>(0.31)%</b>
Corporate Plan	(16,537,166)	(15,343,908)	1,193,258	7.22%	(93,454,329)	(83,149,331)	10,304,998	11.03%
<b>Total</b>	<b>(16,537,166)</b>	<b>(15,343,908)</b>	<b>1,193,258</b>	<b>7.22%</b>	<b>(93,454,329)</b>	<b>(83,149,331)</b>	<b>10,304,998</b>	<b>11.03%</b>
Clinical Medical School	445,717	437,466	(8,251)	(1.85)%	2,645,279	2,597,621	(47,658)	(1.80)%
DSU	(33,588)	(36,201)	(2,613)	(7.78)%	(102,758)	(140,511)	(37,753)	(36.74)%
EMRTS Service	241,242	237,350	(3,892)	(1.61)%	1,447,451	1,422,954	(24,497)	(1.69)%
<b>Total</b>	<b>653,371</b>	<b>638,615</b>	<b>(14,756)</b>	<b>(2.26)%</b>	<b>3,989,972</b>	<b>3,880,064</b>	<b>(109,908)</b>	<b>(2.75)%</b>
<b>Total</b>	<b>89,535,675</b>	<b>90,923,423</b>	<b>1,387,748</b>	<b>1.55%</b>	<b>536,464,628</b>	<b>548,857,567</b>	<b>12,392,939</b>	<b>2.31%</b>

- Following the rebasing of budgets to 2017/18 expenditure levels, it was expected that all SDUs and Directorates deliver a breakeven. This required that all savings targets were met in full.
- The six SDUs are reported an in-month overspend of £0.47m and a cumulative overspend of £2.6m, this is after the assigned targets for a number of the workstreams were removed from the SDUs; Workforce Redesign, Reducing Waste, Harm and Variation and MH Ring Fence Review.
- The most significant overspend both in value and percentage terms continues to be in POW. A series of recovery actions have been developed with a trajectory to monitor improvements. Some improvement has been reported in P6.
- The key reason for overspend is non-delivery of planned savings and some operational pressures linked to medical and nurse staffing.
- In light of the current performance and the WG control total, each SDU and Directorate has been set a year end control total based on savings progress and expenditure run rates and have been tasked with producing a quality impact assessed plan to deliver the control total.

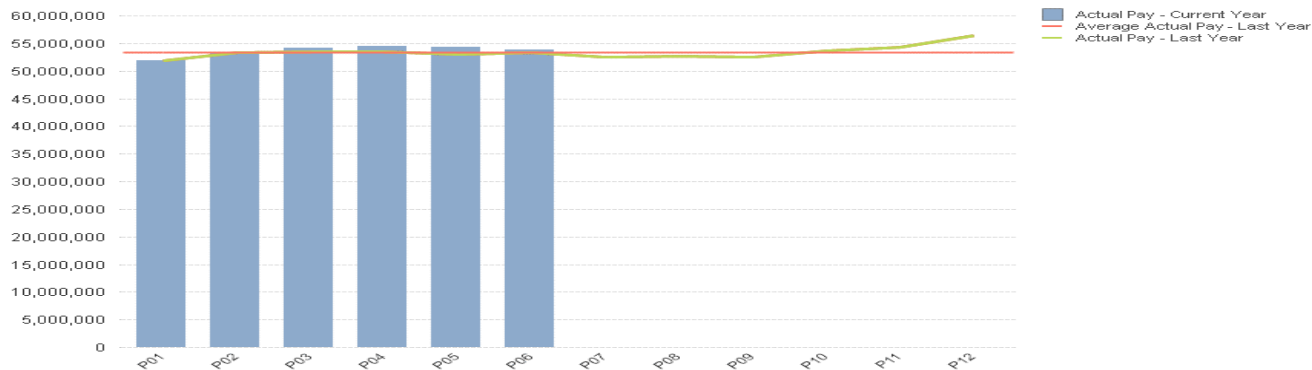
# P06 PERFORMANCE AGAINST CONTROL TOTAL

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Cumulative	Movement	Year End	Monthly Position	Distance From
	In Month	In Month	In Month	In Month	In Month	In Month	Position	in Month	Control Total	P6-12	Required Target
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Service Delivery Units</b>											
Singleton	96	91	103	-19	156	137	564	-19	977	79	58
POW	240	278	279	366	344	297	1,804	-47	2,546	148	149
Morrison	38	22	37	186	210	190	683	-20	44	-64	254
Mental Health & LD	63	67	59	-382	98	27	-68	-71	-150	-8	35
PC & Community	20	19	32	-39	9	-66	-25	-75	-54	-14	-52
NPT Unit	0	-54	-49	-96	-64	-111	-374	-47	-781	-74	-37
<b>Directorates</b>											
Nurse Director	-1	-9	-5	-18	-20	-21	-74	-1	-161	-15	-6
Medical Director	-25	-24	-31	-43	-43	-30	-196	13	-408	-35	5
Workforce & OD	25	14	8	20	13	-15	65	-28	79	0	-15
Informatics	-3	-20	-114	-17	-18	-72	-244	-54	-282	-16	-56
Finance	-1	-3	0	-2	0	-94	-100	-94	0	1	-95
Board Secretary	11	11	9	7	-13	-14	11	-1	0	-4	-10
Director of Therapies	2	1	2	2	0	0	7	0	0	-1	1
Director of Strategy	0	14	13	30	105	-17	145	-122	102	-9	-8
Corporate I&E	-33	-50	23	-23	-71	-101	-255	-30	-60	13	-114
<b>Delegated Budget Position</b>	<b>432</b>	<b>357</b>	<b>366</b>	<b>-28</b>	<b>706</b>	<b>110</b>	<b>1,943</b>	<b>-596</b>	<b>1,852</b>	<b>3</b>	<b>107</b>
Corporate Plan	1,933	1,933	1,695	2,273	1,338	1,278	10,450	-60	18,148	1,282	-4
<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>12,393</b>	<b>-656</b>	<b>20,000</b>	<b>1,285</b>	<b>103</b>

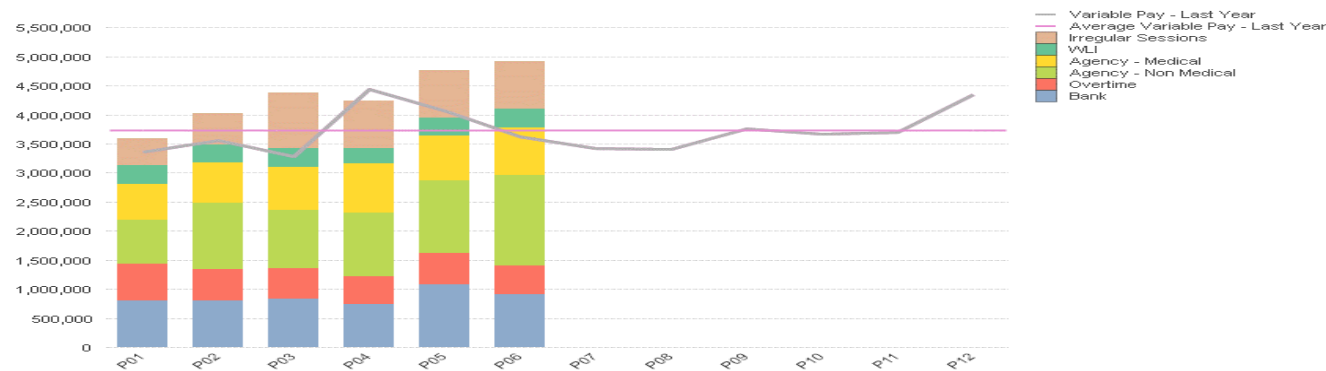
- The in-month position in P6 is an overspend of £1.388m which is an improvement of £0.656m compared to P5 in-month position.
- The improvement in P6 has been seen across all areas of the Health Board with the delegated position improvement almost £0.6m of the £0.656m.
- It must be highlighted that the P6 in-month position is £0.103m above the target overspend of £1.285m.
- The final column of the table above shows the difference between the P6 in-month position and the monthly target to deliver control totals.

# HEALTH BOARD – PAY POSITION

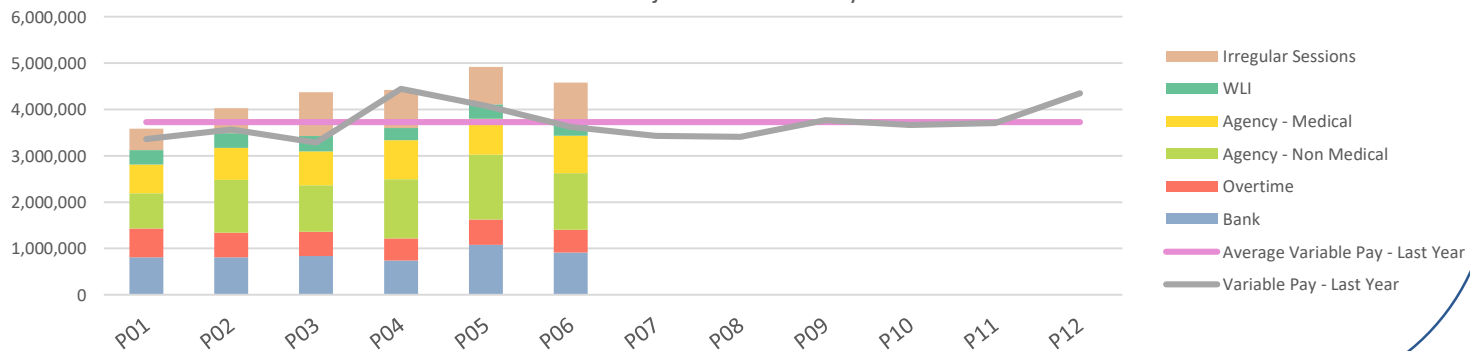
Actual Pay Expenditure This Year and Last Year



Variable Pay Expenditure This Year and Last Year

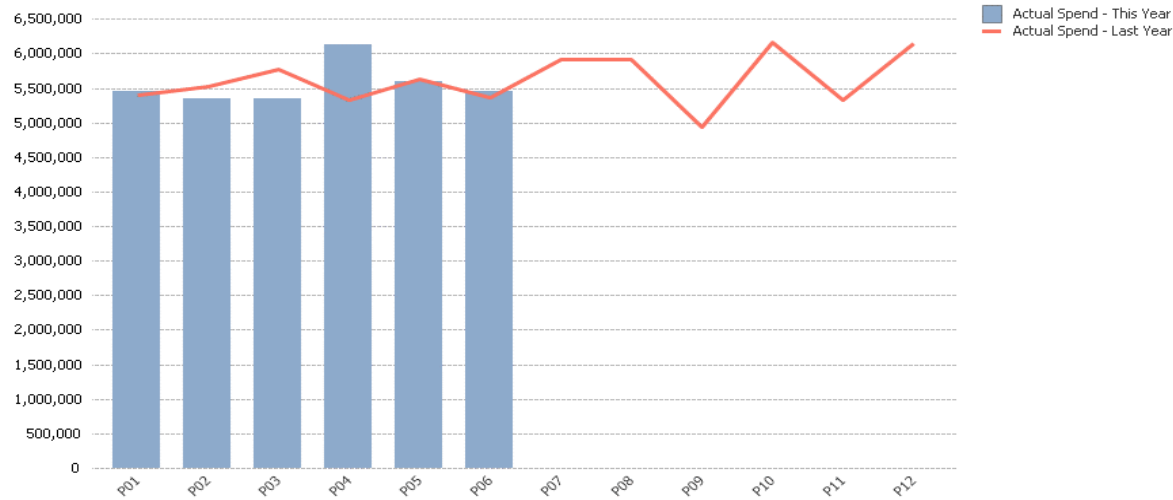


Adjusted Variable Pay

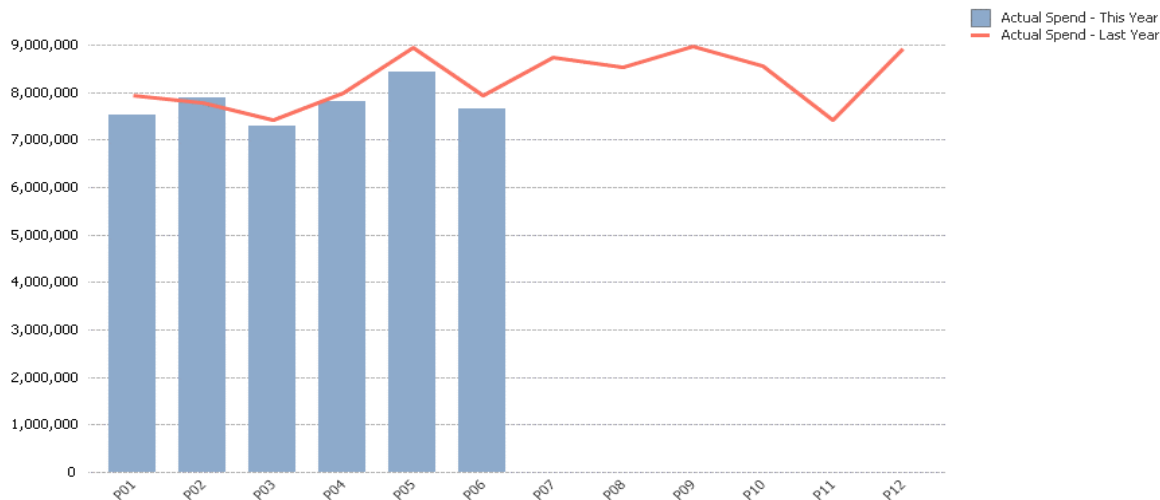


- The overall pay expenditure in P06 is above the average for 2017/2018 and the actual P06 in 2017/18.
- The variable pay spend in P06, is above the average for 2017/18 and is the highest level of variable pay spend in 2018/19. However month 6 included around £300k of prior month costs related to the use of new Nurse Agencies, which had not been reported fully in previous months due to no hourly rate being included in the nurse bank system.
- The adjusted variable pay spend reflects the variable pay position with the nurse agency spend correctly reflected in the month the shifts took place.

### Secondary Care Drugs Trend Analysis



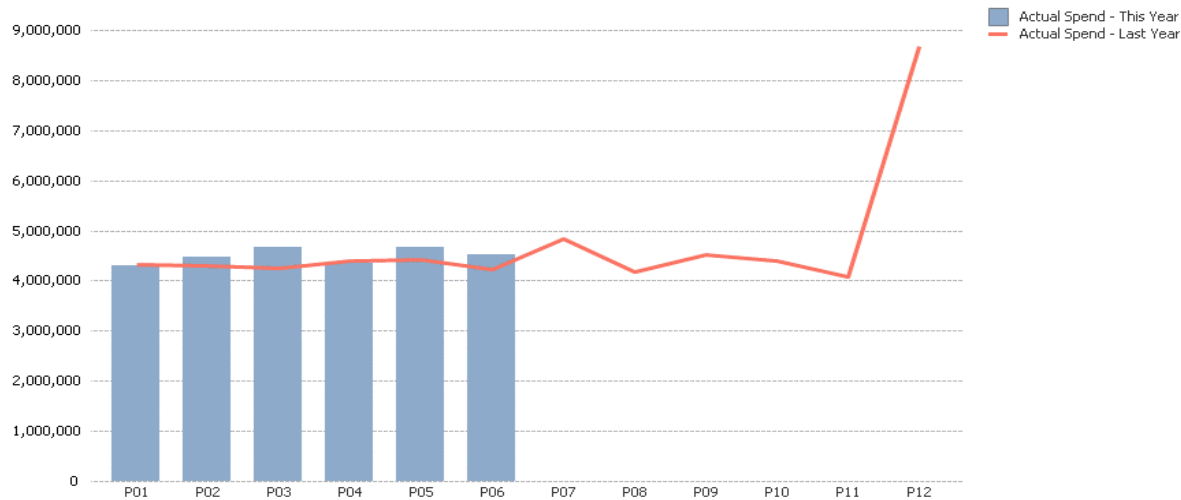
### Primary Care Drugs Trend Analysis



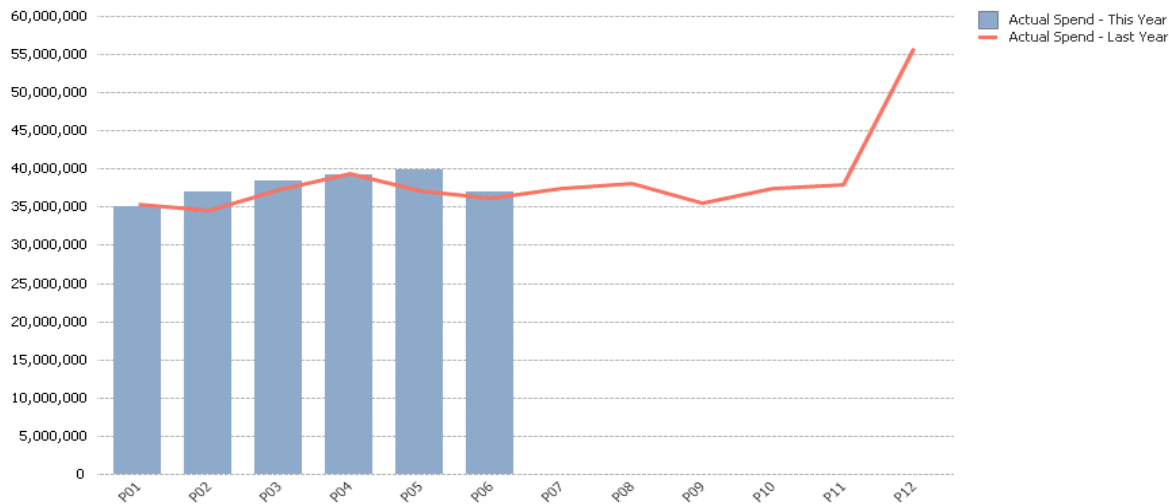
- Secondary Care drugs spend had been relatively stable in 2017/18 and has remained stable in 2018/19.

- 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 Q1 is lower than Q1 of the previous year. However there is only 2 months of actual data for 2018/19 available at this point. This continues to be monitored closely

### ChC Trend Analysis



### Other Non Pay Trend Analysis exc Cap Charges



- 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 P04 figures have reduced from P03 and in line with 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. Within other non-pay the costs have outsourcing are £2.5m higher this year than the same period in 2017/18. Please note the other non pay has now been amended to exclude Capital Charges.



# SAVINGS ANALYSIS BY WORK STREAM

Work Stream	18-19 Assigned Target	Total Green Schemes		Total Amber Schemes		Total Red Schemes		Total Unidentified / Shortfall Including Reds		Planned Savings P01-P06	Delivered Savings P01-P06	Variance P01-P06
	(£)	(£)	%	(£)	%	(£)	%	(£)	%	(£)	(£)	(£)
Clinical Procurement	1711	75	4%	950	56%	0	0%	686	40%	377	161	-216
Corporate Overheads	1000	591	59%		0%		0%	409	41%	315	315	0
Medicines Management	1675	1800	107%		0%		0%	-125	-7%	818	819	1
Procurement	2062	959	47%	489	24%	28	1%	586	28%	692	948	256
Reducing Waste, Harm & Variation	0									0	0	0
Ring Fenced Funding Review	0									0	0	0
Service Remodelling	4822	229	5%	1205	25%	885	18%	2503	52%	774	244	-530
Unit Cost Down Savings	3659	5790	158%	1514	41%	350	10%	-3996	-109%	3050	2909	-141
WHSCC	1000	1000	100%		0%		0%	0	0%	500	500	0
Workforce Redesign	0	73								33	33	0
<b>Total</b>	<b>15929</b>	<b>10516</b>	<b>66%</b>	<b>4158</b>	<b>26%</b>	<b>1263</b>	<b>8%</b>	<b>64</b>	<b>0%</b>	<b>6559</b>	<b>5928</b>	<b>-631</b>

## Narrative

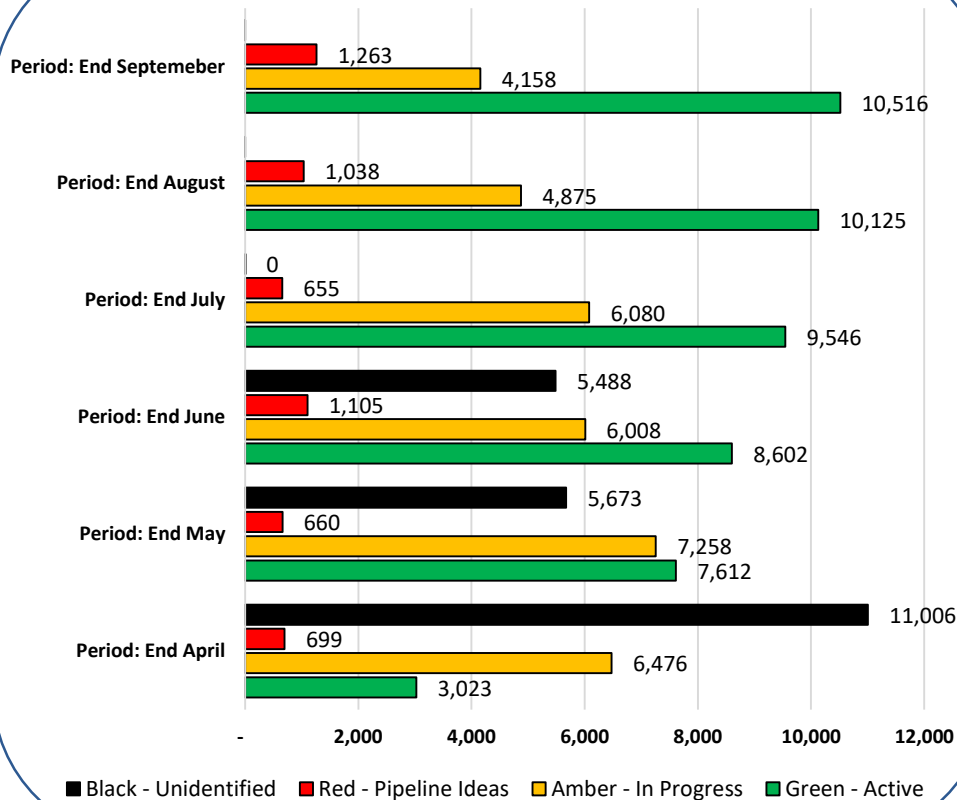
- Savings delivery – the Health Board initial plan required the delivery of £21m, however a number of the workstreams were identified as unable to deliver in 2018/19 and mitigating opportunities were identified to offset the non-delivery of these workstreams.
- The remaining savings requirement was £16m, which has been fully identified. However only £10m of the identified schemes are considered to be green, with full delivery confidence.
- Of the savings identified £6.559m were planned to be delivered by the end of Q2, however the actual delivery fell short at £5.928m. There is therefore slippage of £0.631m against the planned schemes.
- The current forecast anticipates £1.5m slippage against the £16m savings delivery requirement.

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	249	19%	0	0%	0	0%	1083	81%
Director of Therapies & Health Sciences	13	10	75%	0	0%	0	0%	3	25%
Finance	124	100	81%	0	0%	0	0%	24	19%
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	55	57%	0	0%	0	0%	41	43%
MH & LD Delivery Unit	263	147	56%	0	0%	0	0%	116	44%
Morrison Delivery Unit	3783	1461	39%	2435	64%	620	16%	-733	-19%
NPT Delivery Unit	1305	2395	184%	36	3%	594	46%	-1720	-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>10516</b>	<b>66%</b>	<b>4158</b>	<b>26%</b>	<b>1263</b>	<b>8%</b>	<b>-9</b>	<b>0%</b>

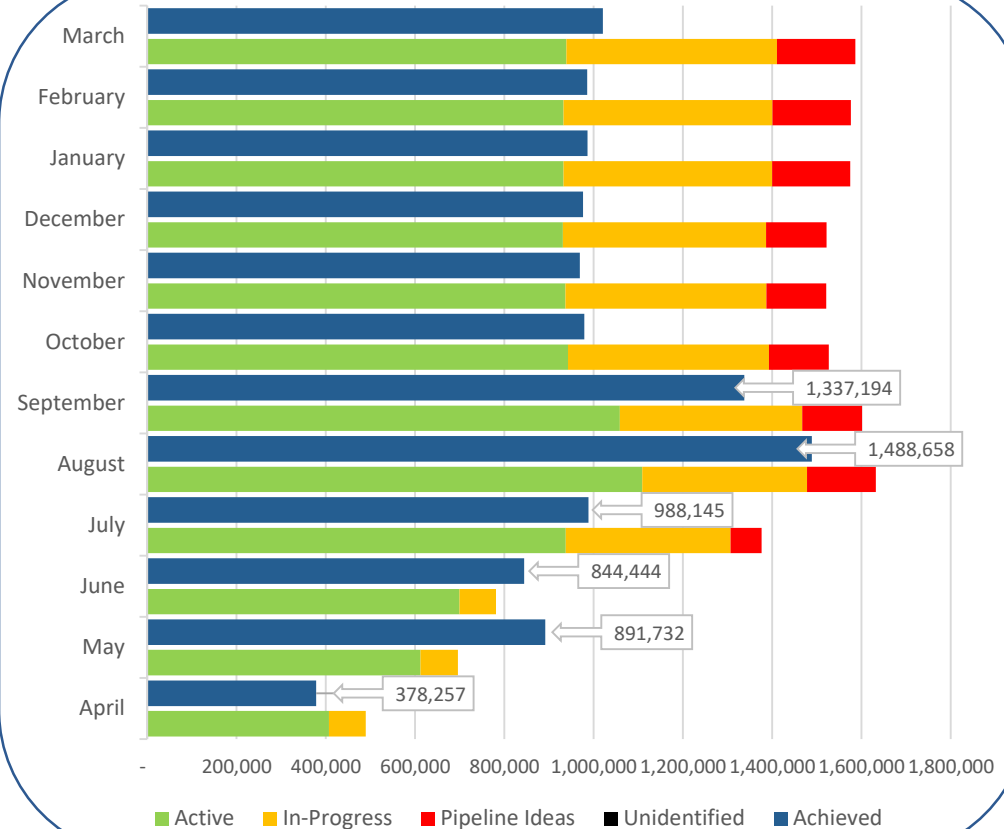
## Narrative

- 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 £3.7m.

## 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.
- £3.7m 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. The level of slippage reported in P05 and P06 has reduced, with an overall year to date slippage is around £0.63m.
- It is essential that the actions required to fully deliver the identified savings are taken quickly.

## 2018/19 Winter Pressures Funding

Available Funding		2000
Expenditure Committed to Date :		
Additional Capacity	157	
Patient Flow Team Singleton	15	
ED Progress Chaser Morriston	23	195
Agreed Winter Priority Schemes :		
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	
Morriston/POW - HALO WAST	40	1619
<b>Uncommitted Balance</b>		<b>186</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
- 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 a small uncommitted balance which will be deployed to support adhoc bed capacity requirements through the Winter period.
- 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	(6,431)
<b>Funding Available</b>	<b>(3,869)</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, 2685 people waiting over 36 weeks
  - Diagnostics – zero 8 week breaches in all disciplines
  - Therapies – no patients waiting over 14 weeks
- To date £5.040m has been spent against the £10.3m available budget.
- 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.
- A further review of projected spend and performance profiles is being undertaken to identify any potential risks.

## RTT Expenditure Profile

		April	May	June	July	August	Sept	Total
		£000	£000	£000	£000	£000	£000	£000
Outsourcing/ Insourcing	Morrison		554	581	242	403	508	2288
	Singleton	108	226	120	423	231	231	1339
	POW					14	4	18
	<b>Total</b>	<b>108</b>	<b>780</b>	<b>701</b>	<b>665</b>	<b>648</b>	<b>743</b>	<b>3645</b>
Internal WLI	Morrison	101	89	130	179	117	215	831
	Singleton	34	53	56	51	54	62	310
	POW	6	228	137	151	144	145	811
	NPT						7	7
	<b>Total</b>	<b>141</b>	<b>370</b>	<b>323</b>	<b>381</b>	<b>315</b>	<b>429</b>	<b>1959</b>
Infrastructure	Morrison	102	99	93	159	155	183	791
	PCC						36	36
	<b>Total</b>	<b>102</b>	<b>99</b>	<b>93</b>	<b>159</b>	<b>155</b>	<b>219</b>	<b>827</b>
<b>Total Expenditure</b>		<b>351</b>	<b>1249</b>	<b>1117</b>	<b>1205</b>	<b>1118</b>	<b>1391</b>	<b>6431</b>

Delivery Profile		April	May	June	July	August	Sept
36 weeks	Target	3363	3398	3349	3283	3286	3059
	Actual	3398	3349	3319	3433	3538	3397
26 weeks	Target	249	200	150	100	248	0
	Actual	166	120	55	30	111	97

\* please note the September position is draft

## 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 key movements from the 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 there is some operational pressure, 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.
- In light of this the HB set a control target for each Service Delivery Unit and Directorate, which is targeting £3.5m improvement in SDU and Directorate positions, through enhanced control measures and improved savings delivery.
- In addition to the enhanced control measures, mitigating actions and opportunities amounting to £15.6m have been identified which are supporting the financial position. £11.8m of these mitigating opportunities are non-recurrent.

## Summary of Enhanced Savings Controls

Area	Schemes	£m
Income	Improved Performance against WHSSC contract Forecast of Non-Welsh income Patient Repatriation Programme	0.6
Workforce	Enhanced Variable Pay Controls Management of Vacancies Impact of Nurse Staffing Act Management of Unfunded Capacity	2.0
Non Pay	Enhanced controls on Discretionary Spending Contract Reviews Bulk Purchase Rebates	0.8
Technical	Review of Accrual Methodologies	0.5

Confidence Level	Total Savings	Likely Delivery Estimate
	£m	£m
High	2.0	2.0
Medium	0.8	0.6 (based on 75%)
Low	0.6	0.15 (based on 25%)
WHSSC	0.5	0.125 (based on 25%)
Total	3.9	2.875

## Narrative

- The SDU and Directorates have identified a range of enhanced controls and actions to support the delivery of the control total.
- These have been assessed and reviewed by Executive Team, with over 50% given a high delivery confidence rating.
- The ongoing confidence assessment is being undertaken through the Financial Recovery Meetings.

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. The first meeting will be held on the 23 <sup>rd</sup> October 2018.



# 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.	1400	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	-2000	-1000	Financial Control measures enhanced, SDUs developing plan to deliver control totals. Enhanced monitoring through Financial Recovery Meetings.	Chris White, Interim Chief Operating Officer
3	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
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
5	Nurse Staffing Act	The Health Board has agreed to an implementation prioritised based on risk assessment. To date the forecast includes £1.4m of cost for 2018/19, but depending on implementation plan, the financial impact could exceed the £1.4m included in forecast	0	-1000	-350	Prioritised implementation plan agreed, revised rosters agreed and recruitment commenced	Gareth Howells, Director of Nursing & Patient Experience
6	Slippage against New Funding not delivered	Forecast assumes £1.5m slippage against new funding streams.	0	-1000	-500	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 Dental underspend	Currently forecasting an underspend against Dental contract, which given its ring-fenced nature could be clawed back by WG		-398	0	Regular discussions with the Chief Dental Officer to give assurance of the planned spend and the proposed longer term plan for dental services	Hilary Dover, Service Director Primary and Community Care
9	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		-568	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
10	Technical Accounting Changes	There are a number of technical accounting changes that may impact on the financial position e.g. IFRS 9 impact on bad debts, PI discount rate		-1000	-500	Continue to work closely with WG via TAG	Lynne Hamilton, Director of Finance
11	GPOOH HMRC	Potential for HMRC to only pursue the NI element from Health Boards	700			Work with Deloitte to resolve this issue	Lynne Hamilton, Director of Finance

-	17,900	-	26,866	-	22,470
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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 mid November
- Non-pay deep dives continuing; blood products, dressings and pacemakers complete and actions being taken forward.
- Further planned non-pay deep dives include transport

### 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 September and October.