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Dyddiad/Date: 11<sup>th</sup> August 2022

Mrs Andrea Hughes  
HSSDG – Head of NHS Financial Management  
Welsh Government  
Sarn Mynach  
Llandudno Junction  
Conwy, LL31 9RZ

Dear Andrea,

## SWANSEA BAY UNIVERSITY HEALTH BOARD MONITORING RETURNS 31<sup>st</sup> JULY 2022

I enclose for your attention the completed proformas in respect of the Health Board's Monitoring Returns to 31<sup>st</sup> July 2022. This letter provides the supporting commentary to the proformas and Action Point Schedule in response to your letter of 28<sup>th</sup> July 2022.

### 1. Movement of Opening Financial Plan to Forecast Outturn (Table A)

Following confirmation from Welsh Government (WG) of an additional recurrent allocation of £24.4m the Health Board (HB) updated its 3-year recovery and sustainability plan, which was approved by the Board on the 27<sup>th</sup> July 2022. The updated financial plan presents a balanced financial position for 2022/23, with a summary provided below.

Financial Plan 2022-23	£m
Opening deficit	24.4
FY21 savings gap	17.7
FY22 savings gap	0.0
<b>2022/23 opening position</b>	<b>42.1</b>
WG Allocation applied against sustainability	(12.4)
Additional WG allocation applied against sustainability	(24.4)
Savings required to manage FY21 Savings Gap	(5.3)
<b>2022/23 underlying position after sustainability application</b>	<b>0.0</b>
Cost pressures - National - core	7.1
Cost pressures - inflation	9.9
Cost pressures - demand growth	7.4
Investment decisions - 2022-23	7.0
Application of core WG funding based on 2%	(9.7)
CIPs - Service Transformation 2.5%	(17.0)
CIPs - General Savings 1.5%	(4.7)
<b>Deficit/(surplus) for year 2022-23 - base plan</b>	<b>(0.0)</b>

This plan is now reflected in the opening section of Table A, which is an update to the Plan included in the Month 3 MMR submission.

In addition, lines 26 and below of Table A have been reviewed to provide greater clarity on the elements that support the Health Board's balance forecast for 2022/23.

**2. Underlying Position (Table A1)**

In line with the updated 3-year recovery and sustainability plan Table A1 has been updated to reflect the underlying position, which is now balanced. Linked to action point 3.1 we will continue to review as the year progresses and provide updates as necessary.

**3. Risks & Opportunities (Table A2)**

**Risks:**

The Health Board included key risks and opportunities within its 3 Year Recovery and Sustainability Plan submission and these will be refined as the year progresses. Also at the request of the Health Board's Performance & Finance Committee a detailed monthly review is now undertaken to assess likelihood and impact, which will inform the MMR submission. The scores of these assessments are reported routinely to the Performance and Finance Committee

The key items in Table A2 at Month 4, for which there is an update since the Month 3 submission are: -

- *LTA Go Live* – no change from Month 2 comments.
- *Savings Delivery* – The current savings targets for 2022/23 is £27m. The total value of schemes identified/planned including Red totals £27.4m. The forecast delivery against the target is reported as £26.5m, with £3.1m remaining in Red. For Month 4, the risk included in Table A2 reflects the shortfall in the forecast between the £27m and the £26.5m, plus red schemes, giving a total of £3.6m. However, the likelihood is recorded as low given the continued focus by the CEO and Director of Finance and Performance on a target for 100% of schemes to be identified and all red schemes translated into Amber / Green. The continued focus by the CEO through regular meetings is proving successful with the performance in savings improving week on week. The table below shows continued progress with the Health Board moving in the right direction, comparing the figures reported in Month 3 MMR and the latest weekly report of 1<sup>st</sup> August 2022. This information and the detail behind this is provided weekly to the Executive Team to ensure savings remain high profile.

***Position based on Weekly Savings Report w/c 1<sup>st</sup> August 2022:***

	Total Identified (Planned) £M	Total Delivery (Forecast) £M	Green (Forecast) £M	Amber (Forecast) £M	Red (Forecast) £M
Report w/c 07/07/22	27.1	26.2	16.6	6.5	3.1
Report w/c 01/08/22	27.4	26.5	17.4	6	3.1
MOVEMENT	0.30	0.30	0.80	- 0.50	-

- *WAST Transition Plan Full Year Impact* – no change from Month 2 comments.
- *Cwm Taf Morgannwg (CTM) SLA Disaggregation (1)* – no change from Month 2 comments.

- *CTM SLA Disaggregation (2)* – no change from Month 3 comments.
- *Service Group Pressures* – In addition to CHC and energy there are increasing pressures linked to (1) premium costs of agency staff and (2) general inflationary pressures in non-pay. The work by the Service Groups to review a forecast to 31<sup>st</sup> March has been completed and an update on the actions linked to the wider Health Board position is included in section 4 below. Given the operational challenges and in spite of the actions put in place by the CEO the risk has been retained within Table A2.
- *COVID Recovery* – Of the £21.6m the Health Board has committed £6.8m at the end of Month 4. Work on the forecast for the year shows a risk that if all activity planned is delivered there is the potential for a circa £3.1m over commitment. The Recovery funding is reviewed continually to ensure it remains in line with the allocations and is reported in detail to the Performance and Finance Committee and the Board but there is a low risk of over commitment. As the year progresses choices will be made to manage this within the funding envelope.
- *CHC Growth* – no change from Month 2 comments.
- *Energy Funding Assumptions* – no change from Month 3 comments.
- *Covid Transition and Extraordinary Pressures* – no change from Month 2 comments but figures are updated to reflect Month 4 reported position and reflected in the supplementary return. Of note is that the Risk linked to the COVID Transition costs now only reflect the costs for which no funding has been received (please refer to the narrative and table included under section 9 of this report).
- *Prescribing* – currently there is no risk reported for Prescribing Growth above plan. The Month 4 position saw a significant growth in costs, however given (1) we have only received 2 months' data and (2) we are unclear as to whether the Month 2 increase was driven by the Jubilee Bank Holiday, we have not included any risk at this point.

#### **Opportunities;**

- *Demand Growth to be reduced by 25% & Slippage on planned investments* – no change from comments made in Month 3 submission.
- *Other Opportunities Slippage* – no change from the comments made in the Month 3 submission.
- *WHSSC (action point 3.3)* – the commissioner element of WHSSC is forecasting a £1.2m underspend. We have taken £0.5m into the forecast, which is included in Table A, but to be prudent at this point we have held £0.7m as a further opportunity and added to Table A2. This will continue to be reviewed as the year progresses.

#### **4. Monthly Positions (Table B)**

The additional anticipated allocation of £24.4m has been reflected through the ledger in Month 4, and summary of the impact and restated Month 3 position is provided below:

	£m
Reported YTD Month 3 Position - Deficit	7.2
3/12 <sup>th</sup> Additional Funding Notified 13 <sup>th</sup> July 2022	(6.1)
<b>Restated Month 3 YTD Position – Deficit</b>	<b>1.1</b>
Month 4 Position – Deficit	0.7
<b>Month 4 YTD Position – Deficit</b>	<b>1.8</b>

## Variiances

In summary the key issues from a variance perspective were: -

- Income = Overachieved in month
  - Relates to R&D income.
- Pay = Overspent in month
  - OT Holiday Pay – the first actual costs for 2022/23 have been paid and reflected in Month 4 actuals which is £0.5m. This is offset by an assumed funding assumption at this point.
  - Overspent in Month – overall the pay position was £0.1m over in month against £0.2m overspend in Month 1. However, in total the Health Board actual variable pay costs were £1.0m higher in Month 4 than the previous month. This is part links to the OT Holiday payment as noted above, and secondly an increase seen in Non-Medical Agency. The area with the most significant increase has been the Morriston Service Group, but NPTS Service Group also saw an increase in Month 4.
- Non Pay = Overspend in Month
  - Whilst there were variances across various areas of clinical consumables the most significant pressures in Month 4 were seen in M&SE, which reflect 50% of the variance.
  - CHC – both MH/LD and general CHC continue to put increased pressure on the overall position these primarily being driven by the cost of packages as opposed to the volume of packages.
  - Savings – whilst the Health Board is driving forward the full delivery of the £27m as detailed in this report, the profiling of savings budget (equally over the 12 months) has meant non-delivery remains in Month 4 as reflected in the ledger. Cumulatively this represents £1.5m of the £1.8m YTD overspend. As we get closer to the agreed target of £27m for the year this shortfall will become a surplus in future months and support the recovery back to the £24.4m deficit position.

In the Month 3 report the Health Board outlined the steps it was taking with regard to enhanced support for the Morriston Service Group. At the end of Month 4 the following steps have been taken to support the organisation and ensure the Board are briefed on the position and the challenges (action point 3.6): -

- Performance & Finance Committee (26<sup>th</sup> July 2022) received a report based on Month 3 which outlined the scale of the potential challenge if the organisation choose to do nothing. The result is that a number of actions have now been put in place led by the CEO (see points below).
- To mitigate the increased operational pressures all areas (excluding Morriston Service Group) will be required to deliver, at this point, a further £2m of savings on a non-recurrent basis. This additional £2m, on top of the £27m, will be transacted through the ledger and the MMR in Month 5. Service Groups will have until the end of September 2022 to identify these additional savings.
- Letters to each of the Service Group Directors and Corporate Directors are being issued, outlining both the increase in savings target but also clearly outlining the target they need to achieve in 2022/23 to ensure the HB delivers a balance position. There will be a stretched target for Morriston, in part mitigated by the additional savings.

- A further letter will be issued later in August 2022 confirming the final elements of budget linked to the 2022/23 investment programme as part of the 3-year recovery and sustainability plan. At this point, with the exception of any in year WG funding, the Service Groups and Corporate Directorate will be clear on both their target and funding in which they will need to remain within.

#### Actuals (linked directly Table B)

The key movements on Table B with regard to actual and forecast for the year, which will include COVID and hosted services are:

- Month 3-4 movements
  - Prescribing – this reflects the increase seen in Month 4 linked to the June PAR report as discussed under Risk section.
  - Pay – links to a number of areas including (1) Agency increase as per table B2 (£0.3m); (2) increase in enhancement payments (£0.5m); (3) OT Holiday Pay £0.5m; (4) increase in WLI payment £0.2m.
- Y/E Forecast Movements
  - Secondary Care Drugs – increase in forecast based on Month 2-4 actuals.
  - Other Private & Voluntary Sector – some of the outsourcing linked to COVID Recovery is reflected through this line and therefore this line has been updated in Month 4 to reflect the likely ongoing costs through 2022/23.

#### Ring Fenced Supplementary Return

- COVID Recovery – at the end of Month 4 £6.8m had been committed against the £21.6m target and the remaining funding allocated based on the likely delivery of activity and the investment required to support the infrastructure. However, noted in section 3 there is a risk that the Health Board could be over-committed against the funding.
- Urgent Emergency Care – the letter from Nick Wood dated 4<sup>th</sup> April outlined a recurrent allocation of £2.960m to FY 2025/26. A submission from the Health Board submitted on 30<sup>th</sup> June 2022 outlined the funding required, which totalled £4.8m. However, for the purposes of the return it is assumed only £2.960m will be funded and will therefore be committed by the Health Board.
- RIF – information on current and forecast expenditure have been compiled jointly by the Local Authorities and the Health Board.
- Value Based Health Care – allocation of resources is in line with the presentation given to the VFLG in June 2022.

At the end of Month 4 the Revenue Resource Limit is under-phased by £19.8m, the reasons for this can broadly be described as follows but the HB will continue to undertake further work on this as the year progresses: -

- RIF (previously ICF) expenditure expected in Q4\*
- NICE drugs expected growth
- Primary Care costs
- CHC expected growth and inflation
- Commissioner contracts
- COVID Transition\*
- COVID Recovery\*
- Extended Flu.
- Winter Pressures

- Reinvestments to drive Service Change and Efficiency\*  
\* - there will be focused scrutiny on these areas linked to the paragraph above and the reporting requirements of Performance & Finance Committee.

## 5. Pay & Agency Expenditure (Table B2)

The Health Board Agency expenditure for Month 4 is £3.66m, which is 6.5% of the overall pay expenditure and is £1.13m higher than the same period in 2021/22.

Between Month 3 and 4 the agency increased by £0.304m. This is split between Nursing and Midwifery, and Additional Clinical Services, and primarily relates to the two of the four Service Groups (Morrison and NPTS).

The key reasons for Agency expenditure in month are set out in the bullets below: -

- Vacancy Cover – 51%
- Temporary Absence Cover – 25%
- Additional Support to delivery and performance – 13%
- COVID-19 – 11%

## 6. COVID-19 (Table B3)

The total for Table B3 is £63.3m, which includes both national programmes and those areas linked to COVID Transition. A breakdown of this is provided in section 9 of the report by the various areas.

As outlined in the Month 2 and Month 3 letter and linked to action point 3.2, a series of actions were being undertaken to review the COVID transition costs. The CEO and Director of Finance had meet each service area initially in May and again in July to review and challenge the funding requirements. Following the latest review in July Table B3 has been updated to reflect the changes discussed. It is acknowledged that further action is required. Follow up actions agreed at the July meetings have been issued to each area and a further review is being planned for the end of Q2 to continue the Health Boards focus on driving down the COVID Transition costs.

The key changes in the overall costs of COVID in Month 4:

- Mass Vaccination – the vaccination forecast has increased by £0.5m between Month 3 and Month 4 to reflect increases in utilities costs anticipated in the Bay Field Hospital for the months of April –July. This will be adjusted once the final costs have been received.
- COVID Transition
  - Pay – full year forecast has reduced following the work by the CEO and DOF. Non pay – full year forecast remains static although prescribing costs has increased following receipt of Month 2 data. A review of prescribing position is a key action linked to the July COVID review meetings.

During July 2022 there continued to be an increase prevalence of COVID in the Health Board. For one Service Group the number of staff absent in any one day due to COVID increased by 40%. So at the time of writing this letter the HB is still experiencing

significant levels of staff absence due to staff unable to attend work as a result of contracting COVID and there were 51 patients in our beds with confirmed COVID.

The funding, above the national programmes is also recognised as a risk within Table A2 and that allocated for Extended Flu and loss of Dental Income, has been included in Table A2 as the Health Board may be required to manage this as part of its wider financial position.

#### Annual Leave (Actions 1.19 & 3.9):

The second payments for the Sell Back of Annual Leave were made in Month 4. We continue to anticipate further payments will be made over the next 2-3 months and updates on this will be provided through this letter.

The table below provides a summary:

	£m
A/L Opening Balance 1 <sup>st</sup> April 2022	11.497
Sell Back Payment Month 3	0.748
Sell Back Payments Month 4	0.117
A/L Closing Balance 30 <sup>th</sup> June 2022	10.632

#### **7. Savings (Tables C, C1, C2, C3)**

A summary of the savings position as reported in w/c 1<sup>st</sup> August 2022 is provided in the Table below. Please note for this letter we are using the latest weekly report to provide the overarching view of the Health Board, but due to the work required to complete Table C3 the data is taken at the end of the month being reported, and so there may be differences between the two sources as the HB savings trackers are continually updated.

	Mth 1 £M	Mth 2 £M	Mth 3 £M	w/c 01/08/22 £M
Target 2022/23	27.0	27.0	27.0	27.0
Green & Amber	17.2	18.1	23.1	23.4
Red	4.6	4.9	3.1	3.1
Total Forecast Delivery	21.8	23.0	26.2	26.5
Total Identified	21.8	23.0	27.1	27.4
Shortfall in Value to Plan	5.2	4.0	0.1	0.4
Shortfall % to Plan	19%	15%	0%	-1%

Of note is that since the Month 3 submission of MMR a further £0.3m of savings has been identified and classified as planned (reported in the table above). The HB is monitoring progress on a weekly basis with this focus driving the movement of schemes from red to amber and green, as well as the identification of further schemes. Therefore, whilst the HB still has a gap between the plan (£27.0m) and forecast delivery (£26.5m) there is progress each week against the target. The Health Board's savings PMO is instrumental in maintaining the rhythm of savings delivery.

Work is continuing to focus on four priority areas: -

- Increasing RAG statuses from Red to Amber Green to increase assurance of delivery;

- PMO reviewing how to increase overall tracker achievement to improve against target;
- Profiling of savings to ensure in year run rate of savings in line with the requirements of the 2022/23 budgets.
- Weekly reporting across the Health Board to maintain a focus and visibility of the challenge.
- External expertise has been brought in to review the operating model of the savings Programme Management Office and to support areas where savings delivery has not yet attained target levels.

As outlined within the Risk section the CEO, has set clear targets for delivery and will continue to meet those Service Areas who continue to fail to meet the targets set, which is supporting the progress being made.

Please note that we have identified 3 schemes which we reported for the first time in M3, but due to updating issues with the Savings Tracker for Singleton, Neath Port Talbot, the plan figures were reported incorrectly (£1.151m), and we have amended these to reflect the correct plan figures. An additional scheme has been added in M4, and all 4 schemes have delivered the revised plan figures (£1.044m). There is a shortfall of £107k between what we reported in M3 and what has been reported and delivered in M4. We are working to identify further schemes to bridge this gap.

Organisation	Division	Business Unit	Savings Scheme Number (i.e. DA1 onwards)	Scheme / Opportunity Title	Recurrent/ Non Recurrent	Current Year Annual Plan £'000	Plan FYE (Recurring Schemes only) £'000	Current Year Forecast £'000	Forecast FYE (Recurring Schemes only) £'000
Swansea Bay	Singleton+NPT	Singleton+NPT	NPTSCIP2353	NR Opportunities	NR	250	0	250	0
Swansea Bay	Singleton+NPT	Singleton+NPT	NPTSCIP2353a	NR Opportunities	NR	365	0	365	0
Swansea Bay	Singleton+NPT	Singleton+NPT	NPTSCIP2353b	NR Opportunities	NR	85	0	85	0
Swansea Bay	Singleton+NPT	Singleton+NPT	NPTSCIP2353c	NR Opportunities	NR	324	0	324	0

As part of the MMR work we are also monitoring the target of schemes moving from Green to Amber within 3 months of being entered onto the tracker. The table below provides a summary of those breaching along with brief overview of the reason. We will continue to focus and challenge to drive this forward within the HB:

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview



NUR2309	Complex child legal costs	89	-	Following comments from Month 3 submission the review has been completed and this NR scheme will be turned green and transacted in August.
MHLDCIP2301	Reduced nurse variable pay from effective rostering, to included annual leave planning and action on working breaks, sickness management and review of staffing levels.	375	500	Expectation that this scheme will turn Green. Nursing variable pay has been increasing in the new year, this is driven by increased sickness, acuity, COVID absence and vacancy. There are monthly rostering meetings across all divisions and a weekly grip and control meeting.
MHLDCIP2311	Reduced cost from review and right sizing by Commissioning Team	120	120	HB commissioned external review of CHC arrangements in MH/LD, which have identified the need for a large number of CHC reviews. This has an impact on the LAs, who we are engaging with the HB to resolve. Given work required the Service Group are not expecting this to turn Green for a few months.
MHLDCIP2312	Reduced cost from review and right sizing by CHS	180	180	As per comments above
MHLDCIP2313	Reduced cost from improved management of voids	20	20	Expect scheme to turn Green in Q3. We are constantly reviewing those schemes where there is under-occupancy to place new cases.
MORCIP0014	LOS - Heart Failure Team	262	466	This is a Spend to save scheme; required investment and appointments, implementation has slipped hence still amber. Patient backlog and flow to community beds has impacted delivery timescales and ability to drive out the cost reductions; we are not turning green until we can see the mitigating actions on patient flow starting to show impact. We are working with community colleagues, social care colleagues and developing changed service models around internal flow. We are also working on developing other schemes to mitigate the shortfall.
MORCIP0020	AP's instead of Band 5's	47	70	The training that would have allowed this to progress to a saving has been pulled by the University and a cohort will not run this year. The intention is to train next year and therefore this will now become a pipeline CIP. We are unable to mitigate this, as it is outside of our control but will need to be managed as part of the wider Service Group position.

MORCIP0021	DNA Rate review & reduction plan - text reminders	39	59	A reduction of DNA through planned actions will result in better throughput per clinic and allow us to reduce staffing levels or outsourcing. We've targeted a small reduction and believe it is deliverable. We are still reviewing data and clinic arrangements to ensure we are delivering before turning green. No barriers raised by service yet – we just haven't completed August reporting/ data review to have assurance it is delivering.
MORCIP0041	Charitable Funds Strategy	100	-	Due to leave of the staff involved in the scheme, we are not expecting the scheme to turn green before end of August. Working on where the opportunities are to reduce revenue spend and more effectively utilise charitable donations this year.
NPTSCIP2308	Outpatients	10	10	Expect scheme to turn green in Q3
NPTSCIP2328	Housekeeping	200	200	Scheme is under review, Service group to liaise with Procurement and provide update for M5.
PCCCIP2379	CES budget recurring realignment	114	114	Community Equipment Scheme, which is delivered with our Local Authorities in partnership under a s33 agreement. Proposal to reduce budget by £200k per year in total (our share is £114k) but it has yet to be formally agreed with Swansea City Council.
	<b>Total</b>	<b>1,556</b>	<b>1,739</b>	

## 8. Welsh NHS Assumptions (Table D)

Table D reflects the Agreement of Balances position as at Month 12 2021/22 or updated where changes have been agreed with other bodies. It is noted that further work is required on this section to reflect as a minimum the agreed LTA values for 2022/23. And work will continue in collaboration with other Health Board to update this table.

## 9. Resource Limits (Table E)

Table E provides the allocations received and those anticipated by the Health Board.

For COVID the breakdown of the funding received and anticipated is summarised in the table below and links directly to forecast included in Table B3. This is now broken down into 3 sections, the national programmes, COVID transition for which funding has been received and COVID Transition for which no funding has been received (which is also reflected as a Risk in Table A2):

RRL COVID Allocations	2022/23	Total By
	Forecast @ mth 4	Type
	£'000	£'000
National Programmes: Tracing	5,600	21,388
National Programmes: Testing	2,218	
National Programmes: Mass Vaccinations	7,616	
National Programmes: PPE (Exc Stores Staff)	4,868	
National Programmes: Long COVID	578	
National Programmes: Nonsocomial	508	2,336
COVID Transition Funding Received: Extended Flu Funded to Date	918	
COVID Transition: Dental Income Shortfall (as per WG Letter)	1,418	
COVID Transition: Cleaning Standards	1,906	39,545
COVID Transition: Dental Income Shortfall (Balance)	419	
COVID Transition: Other	37,220	
<b>Total Table B3</b>	<b>63,269</b>	<b>63,269</b>

For extraordinary pressures the three items (above current funded levels) are detailed in the table below:

Extraordinary Items	2022/23
	Forecast @ mth 4
	£'000
NI Health & Social Care Levy	6,929
RLW (Care Homes Only)	1,581
Energy Costs (Inc Non BG Items)	23,701
<b>TOTAL ALLOCATION</b>	<b>32,211</b>

The basis of these values are as follows: -

- NI = as per Month 1 report and no change.
- RLW = as per Month 1 and no change (confirm this is only for Care Home element and not staff employed by SBUHB).
- Energy = Latest forecast from the Shared Services on Energy totals £27.4m, which is reflected the line called 'Total Shared Service Energy Cost'. The actuals on this line for Month 1-4 reflect the figures in the ledger as opposed to a 12<sup>th</sup> of the forecast. Based on the information from our estates department the costs for July have increased and are expected to increase again. With regard to the line for PFI and Primary Care premise this continues to be refined as the year progresses and to date no invoices have been provided to the Health Board for the actual costs of PFI utilities.

The Health Board will also incur costs linked to Ukrainian Humanitarian Partnership Response to the ongoing crisis. At this point no costs have been reported in the actuals to the end of Month 4, however there is ongoing work both from primary and secondary care perspective to provide the clinical support needed. Anticipated funding will be added as the impact becomes clearer.

Due to a limitation on the number of lines within Table E, a number of Anticipated Allocations have been grouped together. The detail is shown below:

Our Ref	2. ANTICIPATED ALLOCATIONS	HCHS	Total Revenue Resource Limit	Total Revenue Drawing Limit	WG Contact and Date
		£'000	£'000	£'000	
57a	Digital Healthcare Programme- Salary Costs for Tracy Jones 2022/23	53	53	53	Slan Isaac - June 2022
57b	SAS Advocate Underspend	33	33	33	Sarah Abraham (NHS Confed) - June 2022
57c	Value-Based Psychology Service in Lymphoedem	89	89	89	Dafydd Evans - July 2022
57d	VBHC - Atrial Fibrillation Redesign	362	362	362	Dafydd Evans - July 2022
57e	VBHC - Prehab (Cancer)	242	242	242	Dafydd Evans - July 2022
57f	VBHC - Prehab (MSK)	534	534	534	Dafydd Evans - July 2022
57g	Deficit Funding	24,400	24,400	24,400	Andrea Hughes - August 2022
57h	Overtime In Lieu of Annual Leave	581	581	581	
<b>Total</b>		<b>26,294</b>	<b>26,294</b>	<b>26,294</b>	

#### 10. Statement of Financial Position (Table F)

The key issues in respect of the statement of financial position movements are as follows:

The inventory value has increased from £10.025m at the end of June 2022 to £10.089m at the end of July 2022, an increase of £0.064m. The increase mainly relates to drugs stocks across all hospital sites.

There has been an increase in trade receivables from £194.114m at the end of June 2022 to £225.728m at the end of July 2022, an increase of £31.614m. There has been an increase of £32.8m in the Welsh Risk Pool debtor following the first quarter WRP Quantum claims.

The closing July 2022 cash balance of £3.107m is in line with Welsh Governments target and the best practice cash target for the Health Board of up to £6m at month end.

The trade and other payables figure saw an increase from £241.100m at the end of June 2022 to £244.547m at the end of July 2022, of £3.447m, comprising an increase in revenue creditors of £4.391m and a reduction in capital creditors of £0.944m.

Provisions increased by £34.541m from £119.385m at the end of June 2022 to £153.926m at the end of July 2022. The increase relates mainly to increase of the clinical negligence provisions, clinical negligence defence fees and redress provisions, following the first quarter quantum reports for clinical negligence, personal injury and GP indemnity claims.

#### 11. Cash Flow Forecast (Table G)

As at the end of July 2022, the Health Board had a cash balance of £3.107m which is slightly above the planned month end cash balance of between £1m and £2m.

Whilst it is still early in the financial year to provide a robust forecast cash position for the year, the cash forecast in Table G is predicated on the forecast year end break even position and an early assessment of the impact of any movement in working capital balances on the cash position. This early forecast indicates a cash surplus (taking into account anticipated allocations) of £0.915m as detailed in the table below:

	£000
Forecast I&E Breakeven position	0
Movement in Revenue Working Balances	3,181
Movement in Capital Working Balances	(21,664)
Temporary Working Capital cash provided in CRL	15,000
Opening Cash Balance	4,398
<b>Forecast Cash Surplus</b>	<b>915</b>

The biggest cash issue is the significant forecast reduction in capital creditors of £21.664m. The Health Board welcomes the initial temporary increase of £15m to the CRL in respect of the movement in capital working balances which will assist in managing the cash position. However, even with this temporary increase all available capital cash will need to be drawn down by December 2022 to meet the clearance of the closing 2021/22 capital creditors. Without the ability to draw down any further capital working capital cash at that stage then revenue cash will need to be drawn down for February 2023 in order to meet ongoing capital cash payments.

The cash flow is updated daily and any changes to the forecast cash position at year end will be reported through these returns.

## 12. Public Sector Payment Compliance (Table H)

The Health Board achieved the 95% PSPP target for quarter 1 with compliance being 95.81% for the quarter.

NHS payment compliance was, however, below 95% with the quarterly performance being 89.15%. The health board remains focussed on improving PSPP compliance for NHS invoices and ensuring that performance remains above 95% for Non NHS invoices.

## 13. Capital Resource / Expenditure Limits (Table I)

The forecast outturn shows an overspend position of £2.861m. Although allocations are anticipated on the following schemes which will provide a balanced position, the impact of the reductions to the discretionary capital funding this year are now starting to emerge. The pressure to retain a balanced capital position is becoming fragile as there is very little remaining flexibility in the programme to manage emerging service and infrastructure risks. Along with the uncertainty around funding support being made available by Welsh Government to support the assumed income for business case fees, the risk of the plan shifting from balance to imbalance is now material with little mitigating options available to the Health Board to avoid this.

Scheme	£m / Risk Level	Narrative
Business Case Fees	1.369 / Medium	Funding anticipated from WG.
Field Hospital Decommissioning	0.500 / Medium	Funding anticipated from WG.
WICIS	0.027 / Medium	Funding anticipated from WG.

Scheme	£m / Risk Level	Narrative
City Deal – Morrision Access Road Design	0.965 / Medium	Funding anticipated from City Deal.

No schemes are highlighted as high or medium risk this month. All other schemes on the Capital Programme are categorised as low risk and any variances are linked to planned contributions from discretionary.

**14. Capital Disposals (Table K)**

There are planned equipment disposals in relation to Ultrasounds purchased in 2021/22 with expected sale proceeds of £1.998m. The reported forecast outturn position assumes that the £1.998m disposal income will be received.

**15. Aged Welsh NHS Debtors (Table M)**

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of June. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £38,156 at the end of July 2022 (June 2022 - £3.3k) with the number of invoices in this category decreasing from 23 at the end of June 2022.

Of these:

- 1 relates to Cardiff & Vale Health Board with the delays appearing to be linked to the No PO No pay policy;
- 6 relate to Cwm Taf Morgannwg Health Board, mainly in respect of Academy Sessions and recovery of staff costs for secondments;
- 2 relate to Powys Local Health Board (1 has been paid), in respect of Outreach services to Powys Health Board from SBU and
- 4 with Welsh Government.

One invoice in particular which is outstanding with Welsh Government and was agreed at year end amounts to £3.006m and continued non-payment of this invoice is causing the health board to have to draw down additional cash. Any help that you can provide in securing payment of these Welsh Government invoices would be much appreciated. Of the outstanding invoices between 11 and 17 weeks old, one has been paid since the end of July 2022.

**16. Ring Fenced Allocations (Tables N & O)**

There is no requirement to complete these tables until Month 6.

A balanced position is currently anticipated on all ring-fenced allocations.

**17. Summary**

The financial information reported in these Monitoring Returns reflects those reported to the Health Board.

These Monitoring Returns incorporate the financials of the following hosted bodies: -

- Delivery Unit
- EMRTS.

In the absence of the Chief Executive or the Director of Finance, the monthly monitoring return submission will be approved by Dr Richard Evans (Deputy Chief Executive) and Samantha Moss (Deputy Director of Finance), respectively.

These Monitoring Returns will be circulated to the membership of the Health Board's Performance and Finance Committee for the meeting scheduled on 23<sup>rd</sup> August 2022.

Yours sincerely,



.....  
**DARREN GRIFFITHS**  
**DIRECTOR OF FINANCE**



.....  
**DR RICHARD EVANS**  
**DEPUTY CHIEF EXECUTIVE**

Emma Woollett, Chair  
NHS Financial Management  
Mr Jason Blewitt, Wales Audit Office

