

Dyddiad/Date: 13th February 2023

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 31st JANUARY 2023

I enclose for your attention the completed proformas in respect of the Health Board's Monitoring Returns to 31st January 2023. This letter provides the supporting commentary to the proformas and Action Point Schedule in response to your letter of 31st January 2023.

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

As reported from Month 4, 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 27th 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
2022/23 opening position	42.1
WG Allocation applied against sustainability	(12.4)
Additional WG allocation applied against sustainability	(24.4)
Savings required to manage FY21 Savings Gap	(5.3)
2022/23 underlying position after sustainability application	0.0
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)
Deficit/(surplus) for year 2022-23 - base plan	(0.0)

We note from the Month 7 reply letter (action point 7.3) the need to link the underlying position in the 2023-2026 IMTP to table A and A1, and we will be working towards this over the next 2 months as the IMTP is finalised for approval at the end of March 2022.

From Month 8 the underlying deficit in Table A and A1 now links directly to Table C3 (Action Point 7.3/8.6) which reflects the unmet recurrent savings delivery. The Health Board will continue to focus on delivering the recurrent value before the end of the financial year as per the discussions at the FDU Touchpoint meeting on 9th February and supporting presentation.

With regard to the 2022/23 position there have been a number of changes to part 2 of Table A which are summarised below: -

- Red schemes have been removed and replaced by forecast underspends on directorate budget lines, resulting in an in year surplus (action Point 9.3)
- Balance Sheet opportunities have been added for Month 11 and 12. We will work on releasing as much as we can into Month 11 but some of the data to support may not be available until post Month 11 closedown but at this point we have allocated the benefit equally across the 2 remaining months (Action Point 9.5).
- Linked to Balance Sheet opportunities £1.8m of benefit has been added to Table C in Month 10.
- Operational Pressures reflect the increasing pressures particularly from Morriston Service Group in spite of the early actions taken by the Health Board to address these at the end of Q1.

2. Underlying Position (Table A1)

For Month 10 this table now shows an underlying issue £8.585m, which links directly from table A and is a result of non-delivery of recurrent savings reflected in table C3. Any recurrent issues linked to the operational pressures will be assessed as part of the ongoing IMTP Financial Planning work currently in progress and outlined in the Touchpoint meeting on 9th February (Action Point 8.6).

3. Risks & Opportunities (Table A2)

The risks and opportunities have been reviewed to reflect the challenges to the 31st March 2023 and risks to delivery. No update has been provided on opportunities as there has been no change between Month 9 and Month 10.

Risks:

As reported in Month 9, to support the delivery of the breakeven position based on the current operations pressures, there are a number of actions that will need to be achieved by the 31st March 2023. Therefore, the risks now reflected in table A2 are those key to the delivery of the financial position updated at Month 10 (Action Point 9.2).

- CKS Challenge Joint Package Funding – the HB commissioned an independent assessment of Mental Health Joint packages of Care, which identified in Phase 1 £2.5m in 2022/23 the Health Board should not be contributing to, but that should be met by Social Care. Discussions are ongoing with the Local Authorities to ensure that

6 months of these costs are invoiced before the end of the financial year, creating a benefit of £1.250m. This is required to support the breakeven plan.

- Financial Improvement Programme Morrision – as in previous returns the work on the operational pressures arising in Morrision have been outlined along with the ‘Financial Improvement support’ commissioned to deliver improvements in financial performance. £5m had been identified through recovery plan and with aim supporting some reduction in run rates in the final 2 months. However, in Month 10 there was a deterioration in the position driven by Nursing and Medical Agency costs, along with issues on Theatre consumables some of which were one off purchases. The weekly meeting with the Service Group and Executive Directors continues to drive improvement needed for 2022/23 and address underlying run rates into 2023/24.
- COVID Recovery – the funding of £21.6m has been committed in full and the forecast to 31st March 2023 shows the recovery programme could be £0.6m above the £21.6m. The key message is that the programme must remain within the funding envelope as there is no further funding to support this. £1.0m of the £21.6m relates to the commencement of recruitment to posts linked to the Orthopaedic Theatres development in Neath Port Talbot Hospital (NPTH), which will become fully operational in Q1 2023/24. It is unlikely that the £1.0m will be required in full and so will reduce some of the forecast spend but not all. At present the £0.6m remains a risk to the organisation, pending review in Month 11.
- Prescribing – The pressure linked to forecast provided in January has been included on Table A and offset by balance sheet opportunities and has therefore been removed as a risk in Month 10. However any change in next PAR may result in this being reinstated.
- COVID Transition – as per previous months linked to the spend detailed in Table B3, less funding received in allocation letter 81.

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

At the end of Month 10 the in-month position reported an underspend of £0.209m, taking the YTD position to £4.092m overspent. Detailed below in section 4 is further information on the variances which are contributing to the operational pressures seen and impacting on the forecast of the Health Board.

Overall the in-month position improved by £0.4m from Month 9 to Month 10, which in the main reflects the improvement in non-pay linking to release of old year RBNI, which we have assessed as no longer being required. The Morrision Service Group position deteriorated from that reporting in Month 9 linked to Nursing and Medical Agency costs, along with issues on Theatre consumables some of which were one off purchases.

Given the fact that the HB is reporting a deficit of £4m at Month 10 the table below summarises how the Health Board moves from current deficit to balance by 31st March 2023.

	£M
Potential Deficit (£4m extrapolated to Month 12)	4.800
Actions required Month 10-12:	
1. CKS Challenge Joint Package Funding	(1.250)
2. Financial Improvement Programme Morrision	(1.600)
3. Further Opportunities (Pension changes & slippage above plan)	(2.000)
Potential Risk Adjusted Forecast	(0.050)

As outlined in Month 8, Pay is a key driver of the financial challenge faced in 2022/23 and reflects the increase in actual WTEs seen in the last 12 months and the continued reliance of Variable Pay above 2021/22 levels. In Month 10 the actual WTE reduced, but across the Health Board variable pay increased by £0.7m.

In addition to this and as referenced to in previous reports, the Mid-Year Review presentation and also the section below there are pressures in areas of non-pay when compared to 2021/22 and these areas are: -

- Clinical suppliers and consumables (including drugs)
- Premised & Fixed Plant linked to material costs
- Continuing Healthcare
- PC Prescribing

From Month 8 the Primary Care Prescribing pressure materialised within the ledger which has continued in Month 9 and Month 10 and has contributed to the deterioration in the NPTS Service Group position, who host this area.

Variances in Month 10

In summary the key issues from a variance perspective in month 10 were: -

- Income - Overachieved in Month
 - As in previous months.
- Pay - Overspent in Month
 - Variable Pay – overall variable pay increased by £0.7m, which was predominantly linked to nursing and medical agency costs, with in month spend on this area exceeding the £7m.
- Non Pay - Overspend in Month
 - In Month non pay pressures have remained overall in line with issues reported in previous months with variances across all numerous lines that make up clinical consumables.
 - As reported in previous months' areas such as establishment expenses and Premised & Fixed Plant (across multiple lines) are impacting on the non-pay position.
 - As in previous months CHC continues to be a pressure for the Health Board, linked to increases in both demand and price growth.
 - Prescribing has increased since Month 8 linked to various issues previously reported and is likely to continue to be a contributor to the non-pay overspend to 31st March 2023.
 - Savings – a key contributor to the non-pay position is non delivery of savings. In month the non-delivery remained consistent with Month 9 at £0.261m. Cumulatively savings still represents £4.0m of the £4.5m YTD overspend.

Within the previous month reports are the full details of the actions being taken by the Health Board, since Q1 to support the position and the challenges. The information below only reflects updates and is not the full list: -

- Action: Independent, specialist financial improvement support has been identified to assist Morriston Service Group with its financial challenges. This support commenced on 12th September 2022.
Update: In January the meeting with the Moriston Service Group to ensure delivery of the action plan linked to the Financial Recovery Programme has increased to weekly.

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 9-10 movements
 - Pay – reflects the additional variable pay in Mth 10 but the reduction in the actual WTE in month.
 - Joint Financing - this reflects in month payment of RIF invoice to the Local Authority, normally settled in Mth 12.
- Y/E Forecast Movements
 - Pay – increase in the forecast to reflect the current trend on pay, although this could reduce through the focus on variable pay both linked to the financial recovery programme in Morriston and the wider Run Rate Workshop drives success.

Ring Fenced Supplementary Return (Action Point 9.6)

- COVID Recovery – funding is committed in full and as noted in section 3 there remains a risk that the Health Board could be over-committed against the funding by £0.6m in 2022/23.
- Urgent Emergency Care – review has been undertaken on the ‘6 Goals’ projects and the commitments made in year, which currently exceed the £2.960m allocation. The full costs against allocation have been included in Month 10, with further details provided on the breakdown by scheme as per the new template. Line 51 highlighted in orange is the investment made by the Health Board above the core funding which is in line with the supplementary submission made in Month 9.
- RIF – information on current and forecast expenditure have been compiled jointly by the Local Authorities and the Health Board and all funding is now committed.
- Value Based Health Care – no further updates all spend assume committed.
- Mental Health (SIF) Allocations – the uncommitted value remaining related to CAMHS element of the programme delivered in collaboration with CTM HB.
- Planned Care – no further updates all spend assume committed.
- VBHC – no further updates all spend assume committed.

At the end of Month 10 the Revenue Resource Limit is under-phased by £17.9m, 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

5. Pay & Agency Expenditure (Table B2)

The Health Board Agency expenditure for Month 10 is £4.226m, which is 7.4% of the overall pay expenditure and is £0.814m higher than the Month 9 position as noted in Section 4 on Pay.

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

- Vacancy Cover – 48%
- Temporary Absence Cover – 29%
- Additional Support to delivery and performance – 15%
- COVID-19 – 8%

6. COVID-19 (Table B3)

The forecast continues to be reviewed each month (action point 6.2) and the total for Table B3 in Month 10 has remained at £58.1m, 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 last month with the support of the CEO the Health Board has continued with its programme of reviewing and challenging the Transition COVID costs, with the latest round of meetings held on the 3rd and 4th November 2022. Clear actions were issued by the DOF, on behalf on the CEO on 7th November. A meeting is scheduled, with senior staff (clinical and non-clinical), chaired by the CEO on 15th February to review run rates, which will include COVID.

The forecast for 2022/23 at Month 10 is provided in the table below:

RRL COVID Allocations	2022/23 Forecast @ Mth 10 £'000
National Programmes: Tracing	5,601
National Programmes: Testing	2,286
National Programmes: Mass Vaccinations	7,886
National Programmes: PPE (Exc Stores Staff)	4,285
National Programmes: Long COVID	430
National Programmes: Nonsocomial	508
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
COVID Transition: Dental Income Shortfall (Balance)	215
COVID Transition: Other	32,696
Total Table B3	58,150

Whilst recognising that Month 1-8 of local COVID costs have been received in December 2022 the balance of local anticipated allocations, above the national programmes continues

to be recognised as a risk within Table A2. This should reconcile to the figure included in Section 9 on COVID.

Annual Leave:

There has been no change to the assumptions detailed in Month 7 and £9.9m has now been reflected as accountancy gains in savings and as per action point 8.2 is included in Month 9 pay line of Table B. However, this value has been excluded from the other 'Savings' related tables to separate Savings required to deliver the plan and the N/R opportunities released from the Balance Sheet that will support the operational pressures, as discussed in section 4 of this report (Action Point 5.4).

The £9.9m assumes the provision returns to its pre-pandemic levels and work in required through Q4 to fully assessment the actual levels required for the 2022/23 accounts.

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

A summary of the savings position as reported in w/c 2nd February 2023 is provided in the Table below (excluding Annual Leave Accountancy Gain).

	Mth 1 £M	Mth 2 £M	Mth 3 £M	Mth 4 £M	Mth 5 £M	Mth 6 £M	Mth 7 £M	Mth 8 £M	Mth 9 £M	02/02/23 £M
Target 2022/23	27.0	27.0	27.0	27.0	27.0	29.0	29.0	29.0	29.0	29.0
Green & Amber	17.2	18.1	23.1	23.4	24.5	27.7	29.2	29.0	29.0	29.4
Red	4.6	4.9	3.1	3.1	3.1	2.7	3.2	0.9	0.9	0.9
Total Forecast Delivery	21.8	23.0	26.2	26.5	27.6	30.4	32.4	29.9	29.9	30.3
Total Identified	21.8	23.0	27.1	27.4	29.5	32.0	34.1	34.3	34.3	34.7

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
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	This will not be delivered in year due to a number of reasons. There has been increased acuity, unscheduled care pressures, increased sickness and vacancy. So, our variable pay costs have been increasing not decreasing and this position is unlikely to change in the remaining months of the year.

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview
MHLDCIP2312	Reduced cost from review and right sizing by CHS	180	180	This relates to CHC cases that have triggered a CHC review leading to a contribution to these cases from local authority. There is on-going negotiation with the LAs and the level of contribution is not yet resolved. It has been necessary to push this saving back a number of times already and these savings cannot be relied on in the current financial year.
MHLDCIP2313	Reduced cost from improved management of voids	20	20	We are currently carrying voids, these have actually increased in year, and there is difficulty placing service users in these voids.
MORCIP0006	Additional Pancreatic activity through commissioned 3rd weekly list	20	40	This scheme relies on increasing pancreatic activity. We have secured the consultant time through job planning, but theatre and bed capacity remain challenging - work continues to resolve this as part of the overarching strategy to increase surgical throughput via development of elective hubs. Until we have regular sessions we are keeping this amber as a risk.
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.

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview
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.
MORCIP0044	Associate Specialists into Medical Vacancies	38	75	These scheme has been delayed due to other wider service changes linked to an OCP. We are working on mitigating it in the interim (see new schemes emerging) and considering the recurrent opportunity post the service changes already in train.
MORCIP0059	Procurement Savings	267	267	We have reassessed opportunities across a variety of general procurement lines which are now being pursued, schemes will turn green when pricing/ volume/ item changes have been agreed with relevant parties. We anticipate achievements not being straight line but are confident the approach will bring significant cost reduction benefits. We have already had success with other procurement schemes as above.
MORCIP0060	Procurement Savings	33	33	As per comment above
MORCIP0061	Procurement Savings	226	226	As per comment above
MORCIP0062	Procurement Savings	116	116	As per comment above
MORCIP0063	Theatre Instrument switch	154	154	The theatres procurement group is working with the procurement team and we have good engagement, we have seen the first scheme taking hold but has been low value, would hope to turn this green in the new year.

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview
PCCCIP2381	Supporting care home with EMI model of nursing care	261	521	We undertook a tendering exercise with Procurement colleagues but there was no interest. Feedback from the care home sector is that they are struggling with recruitment and therefore do not have the capacity to take on more complex EMI patients. It is recognised that there is a deficit in EMI capacity in the Swansea / NPT region and therefore the HB needs a strategy to meet this shortfall as the number of patients is growing. The HB has undertaken a strategic review of CHC and has this issue has been highlighted. We will look at a solution to address the shortfall in the 23-24 IMTP.
PCCCIP2396	(W314,H314 & H311) relocation of Health Visitors	10	41	This delivery of this scheme was predicated on a wider accommodation review, considering the external payments we currently make for accommodating Health Visitor staff, alongside the contract terms and potential for agile staff relocation. On careful review, change to the existing patterns will unfortunately not achieve the saving initially sought.
NPTSCIP2358	Primary Care Over delivery	150	150	This will be a green when the forecast delivery shows the required levels. All actions are in place the question is about performance and exact delivery levels.
DS2310	MS365 VAT recovery 22/23	478	478	We were hopeful of an answer form HMRC during December but this has not materialised and a further meeting is due to be scheduled for January. We are confident the outcome will be in our favour, but are awaiting formal confirmation of this.
DS2311	MS365 VAT recovery 21/22	389	-	We were hopeful of an answer form HMRC during December but this has not materialised and a further meeting is due to be scheduled for January. We are confident the outcome will be in our favour, but are awaiting formal confirmation of this.
Total		3,065	3,396	

8. Welsh NHS Assumptions (Table D)

Table D reflects the Agreement of Balances position as at Month 9 2022/23 or updated where changes have been agreed with other bodies.

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.

The table is broken down into 3 section, the national programmes, COVID transition for which funding has been received and COVID Transition for which Month 1-8 funding received in Month 9:

RRL COVID Allocations	Received	Anticipated	Total
	£'000	£'000	£'000
National Programmes: Tracing	4,538	1,063	5,601
National Programmes: Testing	1,713	573	2,286
National Programmes: Mass Vaccinations	6,622	1,264	7,886
National Programmes: PPE (Exc Stores Staff)	3,063	1,222	4,285
National Programmes: Long COVID		430	430
National Programmes: Nonsocomial	508	-	508
COVID Transition: Cleaning Standards	1,271	635	1,906
COVID Transition: Extended Flu	918	-	918
COVID Transition: Dental Income Shortfall (as per WG Letter)	1,418		1,418
COVID Transition: Dental Income Shortfall (Balance)		215	215
COVID Transition: Other	22,059	10,637	32,696
TOTAL ALLOCATION	42,110	16,040	58,150

The £23.330m allocated via letter 81 has been deployed as per the lines highlighted in the table above, and it is assumed that part of the funding is to support Cleaning Standards as well as those costs classified as Other. We are assuming our interpretation is correct as we have had no update from the Month 9 letter.

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

RRL Extraordinary Items Allocations	Received	Anticipated	Total Forecast 22/23
	£'000	£'000	£'000
National Insurance Health & Social Care Levy	4,042	-	4,042
Real Living Wage (Care Homes Only)	2,995	-	2,995
Energy Costs (inc Non British Gas items)	6,724	4,433	11,157
TOTAL ALLOCATION	13,761	4,433	18,194

Updates on remaining anticipated item of Energy is below: -

- Energy = There is no material change to the overall forecast at the end of January.

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 slightly from £10.766m as at the end of December 2022 to £10.853m as at the end of January 2023, an increase of £0.087m.

There has been a decrease of £8.279m in trade receivables from £200.403m at the end of December 2022 to £192.124m as at the end of January 2023, mainly as a result of a reduction in the income accruals for anticipated allocations and the profiling of the cash draw downs.

The closing January 2023 cash balance of £3.168m is in line with Welsh Government 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 £206.938m at the end of December 2022, to £214.633m at the end of January 2023, of £7.695m. The increase related to NHS creditors and directorate accruals for invoices not received.

Provisions saw a reduction of £14.802m from £17.5752m at the end of December to £2.770m at the end of January 2023. This related mainly to a reduction in the Clinical Negligence provision.

11. Cash Flow Forecast (Table G)

As at the end of January 2023, the Health Board had a cash balance of £3.168m which is in line with Welsh Government target and the best practice cash target for the Health Board of up to £6m at month end.

The current cash forecast of a deficit of £34.881m in Table G is the current best estimate of the year end position, but there are a number of factors impacting on this cash forecast. These factors and the cash requirement associated with each are detailed in the table below which confirms the current working capital cash requirements.

The forecast cash deficit reported is predicated on the receipt of all anticipated cash allocations detailed in Table E and it is a major concern that as at the end of January 2023 there remains £30.782m of anticipated allocations not yet confirmed. This includes particularly large amounts in respect of COVID (£16.041m) and for the energy price increase (£4.433m). It is essential that these allocations are confirmed and issued to the Health Board as soon as possible to provide more certainty in respect of the cash forecast. As will be noted from the cash flow forecast in Table G if these allocations are not available for draw down by mid-February 2023 at the latest then the Health Board will have insufficient cash to meet its payment commitments from the beginning of March 2023, given that working capital cash cannot be drawn down until March 2023.

The second factor informing the cash flow forecast is the significant forecast reduction in capital creditors of £21.664m. Whilst the HB has received an initial temporary increase of £15m to the CRL in respect of this movement, conversations with WG have indicated that this cash cannot be included in the cash forecast until confirmation of the availability of this cash is made following the supplementary budget in February 2023. This cash has therefore been removed from the cash flow forecast in March 2023 as agreed with WG, contributing £21.664m to the cash forecast deficit (the £15m identified plus the remaining capital creditors forecast reduction of £6.664m).

The third factor is the forecast reduction in revenue working capital balances and the associated cash impact. As can be seen from the statement of financial position, revenue

creditors are forecast to reduce by £35.488m, which comprises a number of elements. There are payments to staff who have sold back annual leave in 2022/23 and backfill costs associated with covering the additional leave that staff carried over at the end of 2021/22, the allocations in 2021/22 for this being resource only with no cash. There are forecast reductions in other creditor areas as part of the balance sheet releases discussed with WG and the Finance Delivery Unit at the mid-year review some of which are cash impacting and some of which are not, as well as reductions in trade creditors and goods received not invoiced as part of the Health Board's ongoing push to improve its PSPP compliance. Whilst an element of the reduction in creditors can be offset through reductions in receivables, the cash impact of forecast movement in provisions and through managing cash payments closely during March 2023, this still leaves a sum of £17.615m needing to be covered through additional cash to cover the forecast cash deficit. This figure will also increase if the full value of the anticipated allocations in Table E is not provided in cash, reinforcing the requirement for those anticipated allocations to be confirmed and issued as soon as possible.

Finally, another factor at play and impacting on revenue cash is the fact that revenue cash is owed £6.477m from capital cash as the capital cash payments made in 2021/22 exceeded the cash drawn down via the CRL. Therefore, £6.477m capital cash is also required in addition to the £21.664m capital cash requirement for movement in working capital balances. Receipt of this £6.477m together with the opening cash balance as at 1st April 2022 would therefore leave a revised cash requirement of £7.515m for movement in revenue working capital balances, giving a small cash surplus of £0.775m at the end of March 2023 as in the table below.

Cash Position for Month 10	Total
	£'000
Opening balance as at 01/04/22	4,398
Reduction in Capital Creditors	-21,664
Forecast deterioration in revenue working balances	-17,615
Forecast Closing Cash Balance	-34,881
Cash Support Required	
Movement in working capital - capital cash	21,664
Capital cash to repay revenue	6,477
Cash required for revenue working capital balances	7,515
Total	35,656
Revised Cash Balance	775

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

It is assumed that any payment for revised wage award arrangements which would impact in 2022/23 will have a nil net impact on the financial positions and that cash will be made available to cover this.

12. Public Sector Payment Compliance (Table H)

The Health Board missed the 95% PSPP target for Quarter 3 with compliance being 94.6% for non NHS and 86.3% for NHS for the Quarter.

Cumulative compliance is still above 95% at 95.2% and the issue in Quarter 3 related to delays in the authorisation of NHS invoices within the service groups as a result of the service pressures being experienced by frontline staff responsible for the authorisation of NHS invoices.

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 & J)

The forecast outturn shows a reduced overspend position of £0.600m. Allocations are anticipated on the schemes shown below which will provide a balanced position.

Scheme	£m / Risk Level	Narrative
Regional Pathology	0.500 / Low	Funding anticipated from Welsh Government.
Digital Solutions Suite - Cimla	0.100 / Low	Funding anticipated from Welsh Government.

The following allocations are all classed as high risk. The in-year slippage on AWCP schemes is being offset with increased spend on discretionary schemes.

Scheme	£m / Risk Level	Narrative
National Programme – Imaging P2	0.493 / High	<ul style="list-style-type: none"> All works contracts have now been let, but contractors have indicated increased programme timescales and reduced spend profiles this year.
Morrison Hospital Infrastructure Modernisation – Phase 2 Stage 2	0.400 / High	<ul style="list-style-type: none"> Work has commenced later than anticipated, resulting in a reduced spend profile from the Supply Chain Partner (SCP).
Housing with Care Fund (HCF): Dan-y-Deri	0.362 / High	<ul style="list-style-type: none"> As agreed with Health and Housing officials since late approval means design fees to be managed by the Health Board and consequently pushed into next year.
Ring- Fenced Orthopaedic Beds, Morrison	0.231 / High	<ul style="list-style-type: none"> Extended works programme due to increased lead time for materials and equipping.
DPIF - Digital Medicines Transformation Portfolio	0.185 / High	<ul style="list-style-type: none"> Clinical evaluation still ongoing on type of devices to be used in a Mental Health setting.

All other schemes on the Capital Programme are categorised as low risk and any variances are linked to planned contributions from discretionary.

14. Aged Welsh NHS Debtors (Table M)

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of January. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £396k at the end of January 2023 (Dec 2022 - £396k) with the number of invoices in this category reducing to 18 (compared to 18 in Dec 2022) at the end of January 2023.

There are no invoices outstanding between 11 and 17 weeks old.

There are only 2 invoices outstanding for more than 17 weeks (21 in December 2022). Both relate to Welsh Government.

These invoices have not been disputed and both Welsh Government invoices were agreed as part of the Month 7 agreement of balances exercise.

Since the Agreement of Balances in Month 9, our Debtors team have been working hard to chase down outstanding invoices with the other Health Boards, and the reduction in outstanding invoices, to only 2 invoices, is a significant achievement.

15. Ring Fenced Allocations (Tables N & O)

There is no requirement to update these tables until Month 12 (Quarter 4).

16. 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.

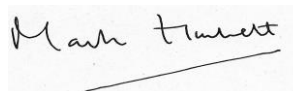
In the absence of the Chief Executive or the Director of Finance, the monthly monitoring return submission will be approved by Dr Richard Evans (Deputy Chief Executive) and Samantha Moss (Deputy Director of Finance), respectively.

These Monitoring Returns will be circulated to the membership of the Health Board's Performance and Finance Committee for the meeting scheduled on 23rd February 2023.

Yours sincerely,



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DARREN GRIFFITHS
DIRECTOR OF FINANCE



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MARK HACKETT
CHIEF EXECUTIVE

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