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Bwrdd Iechyd Prifysgol
Bae Abertawe
Swansea Bay University
Health Board

SWANSEA BAY LHB FINANCE DEPT. PERFORMANCE & FINANCE COMMITTEE – P03 FINANCE REPORT

Period 03 Data (June 2020)

In Month

£ 699,092 overspent

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	-22,524	-22,336	188	0.84%
Pay	54,259	49,628	-4,630	-8.53%
Non Pay	66,849	71,990	5,141	7.69%
Total	98,584	99,283	699	0.71%

Cumulative

£ 16,328,284 overspent

Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	-68,110	-65,587	2,523	3.70%
Pay	148,315	147,121	-1,194	-0.81%
Non Pay	158,673	173,672	14,999	9.45%
Total	238,879	255,206	16,328	6.84%

- The Health Board has reported an in-month overspend of £0.699m in Month 3, which gives a cumulative overspend of £16.328m. This position compares to the planned deficit of £6.101m (3/12ths of the £24.4m deficit plan).
- WG issued £26.828m funding in relation to COVID-19 expenditure in Month 3, this funding comprises of £19.997m part funding of the Bay Field construction costs and £6.831m staffing costs for Quarter 1. The construction funding matches costs incurred in Month 3. The workforce funding has been applied in Month 3, of which £3.555m relates to costs incurrent in previous month.

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) – Red	699	↓
Reported year to date financial position – deficit/(surplus) – Red	16,328	↑
Reported year to date compared to forecast financial plan deficit – Red	10,228	↓

Capital

Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government		
Current reported year end forecast – deficit/(surplus) – Forecast Red	7,210	↓
Reported in-month financial position – deficit/(surplus) – Forecast Red	993	↓

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	92.7	↑

Revenue

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Capital Narrative

- Approved CRL value for 20/21 issued on 05/06/20 is £29.629m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Overspend to date relates to a number of schemes as detailed in the Annex.
- There are 3 All Wales Capital schemes reported to Welsh Government as high risk. There are 2 All Wales Capital schemes classified as medium risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government.
- The forecast outturn position for 20/21 is £7.210m overspend.
- Following on from the quarter 2 planning guidance and discussions at our June CRM, we are reviewing our approved plan against a number of options, to mitigate the adverse national funding position, while trying to maintain delivery and pace on a number of critical priority projects These include health & safety (Singleton cladding and anti-ligature) and maintaining the cancer clinical pathways (replacement of the CT-SIM). This is expected to be ratified by the main Board in July, with an update position provided in month 4

PSPP Narrative

- The number of invoices paid within 30 days in June exceeded the 95% target, with in month performance being 96.93%. This is the first month of the new financial year that the PSPP target has been achieved following performance of 94.33% in May and 87.86% in April when the COVID-19 pandemic was at its peak.
- The June performance has increased the cumulative compliance for the year to date from 90.73% at the end of May to 92.69% at the end of June.
- It is now imperative that the monthly PSPP performance exceeds 95% for the remainder of the financial year in order to ensure that a cumulative compliance figure of 95% is achieved for the 2020/21 financial year

	Month 1	Month 2	Month 3	Cumulative
	In Month	In Month	In Month	Position
	£000	£000	£000	£000
Service Delivery Units				
Mental Health & LD	195	300	17	512
Morrison	63	411	498	972
NPT Unit	303	169	1,143	1,615
PC & Community	342	95	-158	279
Singleton	-180	269	-162	-73
Directorates				
Board Secretary	15	21	29	65
Chief Operating Officer	-102	95	-60	-67
Director of Strategy (excluding COVID)	1	8	-6	3
COVID	2,047	6,176	-3,314	4,909
Director of Transformation	6	12	23	41
Finance	5	-1	-3	1
Informatics	153	218	172	543
Medical Director	8	39	12	59
Nurse Director	9	17	9	35
Workforce & OD	113	213	149	475
Clinical Medical School	-31	-14	-14	-59
Research & Development	0	0	37	37
Corporate I&E	97	143	255	495
Delegated Budget Position	3,044	8,171	-1,373	9,842
Corporate Plan	2,367	2,077	2,077	6,521
				0
Hosted Services				
Delivery Support Unit	-15	-15	-5	-35
EMRTS	0	0	0	0
Health Board Position	5,396	10,233	699	16,328

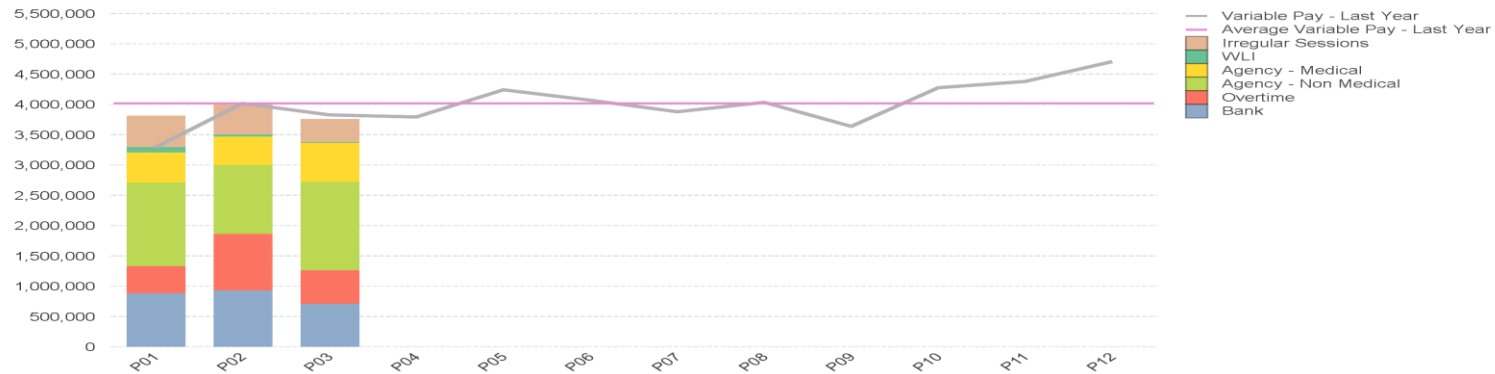
CIP	COVID	Other	Total	CIP	COVID	Other	Total
Month3	Month3	Month3	Month3	Cumulative	Cumulative	Cumulative	Cumulative
£000	£000	£000	£000	£000	£000	£000	£000
193	-134	-42	17	597	-5	-80	512
474	39	-15	498	1422	-310	-140	972
100	1043	0	1143	300	1362	-47	1615
159	-368	51	-158	519	-538	298	279
271	-458	25	-162	815	-872	-16	-73
7	14	8	29	18	31	16	65
91	0	-151	-60	273	-100	-240	-67
6	18	-30	-6	18	27	-42	3
	-3314		-3314	0	4909	0	4909
1	3	19	23	3	3	35	41
11	0	-14	-3	33	0	-32	1
25	67	80	172	75	297	171	543
2	1	9	12	6	1	52	59
6	10	-7	9	21	11	3	35
12	80	57	149	36	220	219	475
		-14	-14	0	0	-59	-59
	37		37	0	37	0	37
	255		255	0	398	97	495
1358	-2707	-24	-1373	4136	5471	235	9842
118		1959	2077	569	0	5952	6521
			0	0	0	0	0
			0	0	0	0	0
		-5	-5	0	0	-35	-35
			0	0	0	0	0
1476	-2707	1930	699	4705	5471	6152	16328

- The Health Board submitted a £24.4m deficit plan for 2020/21. This would effectively result in a £2.033m anticipated monthly overspend. In order to deliver the £24.4m planned deficit, £23m of savings delivery is required.
- It should be noted that Service Unit and Directorate budgets have been rebased for 2020/21. This rebase broadly reflects the expenditure profiles from 2019/20.
- The Health Board's cumulative overspend can be categorised as follows :
 - £6.152m operational overspend, which should be compared to the £6.101m forecast deficit;
 - £4.705m savings delivery shortfall. This delivery has been significantly impacted on by the COVID-19 pandemic
 - £5.471m net cost impact of COVID-19, after the application of the WG funding, the majority of which reflects PPE, equipping costs, primary care prescribing and loss of income.
- The significant increase in overspend in NPT unit reflects the emerging primary care prescribing pressure, linked to price concessions and growth and changes in prescribing.

Actual Pay Expenditure This Year and Last Year

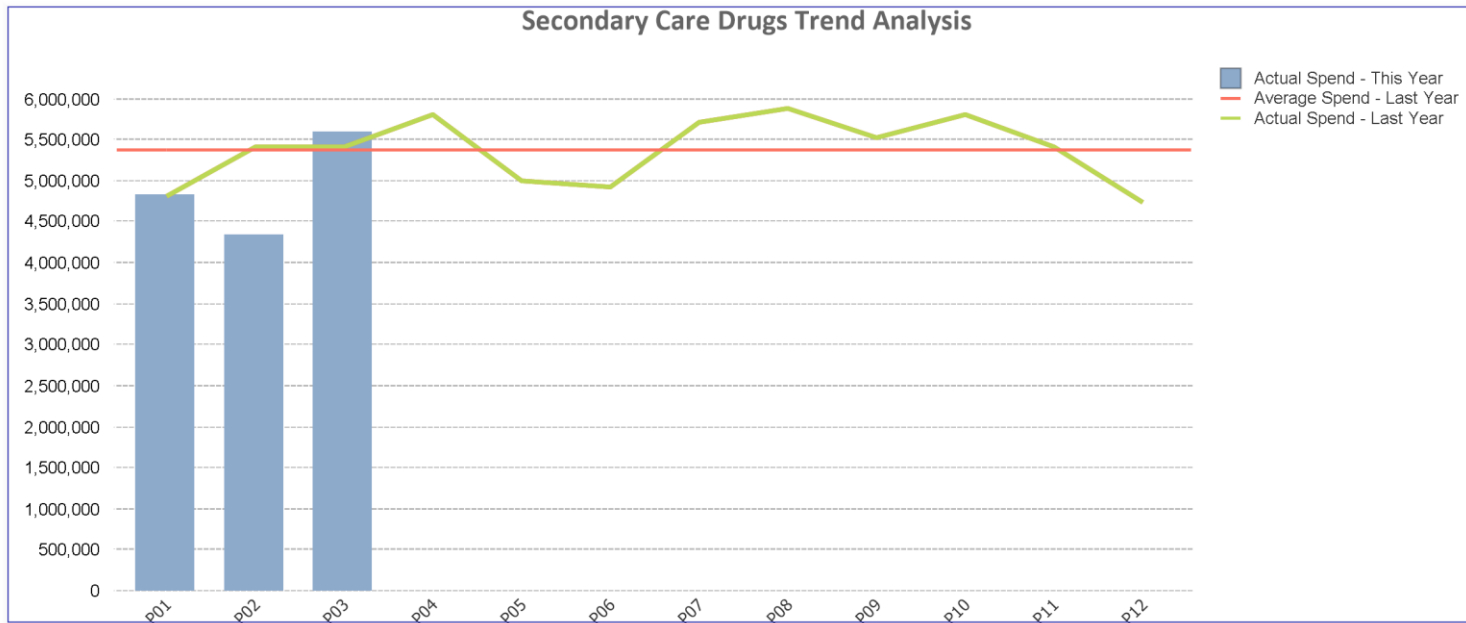


Variable Pay Expenditure This Year and Last Year

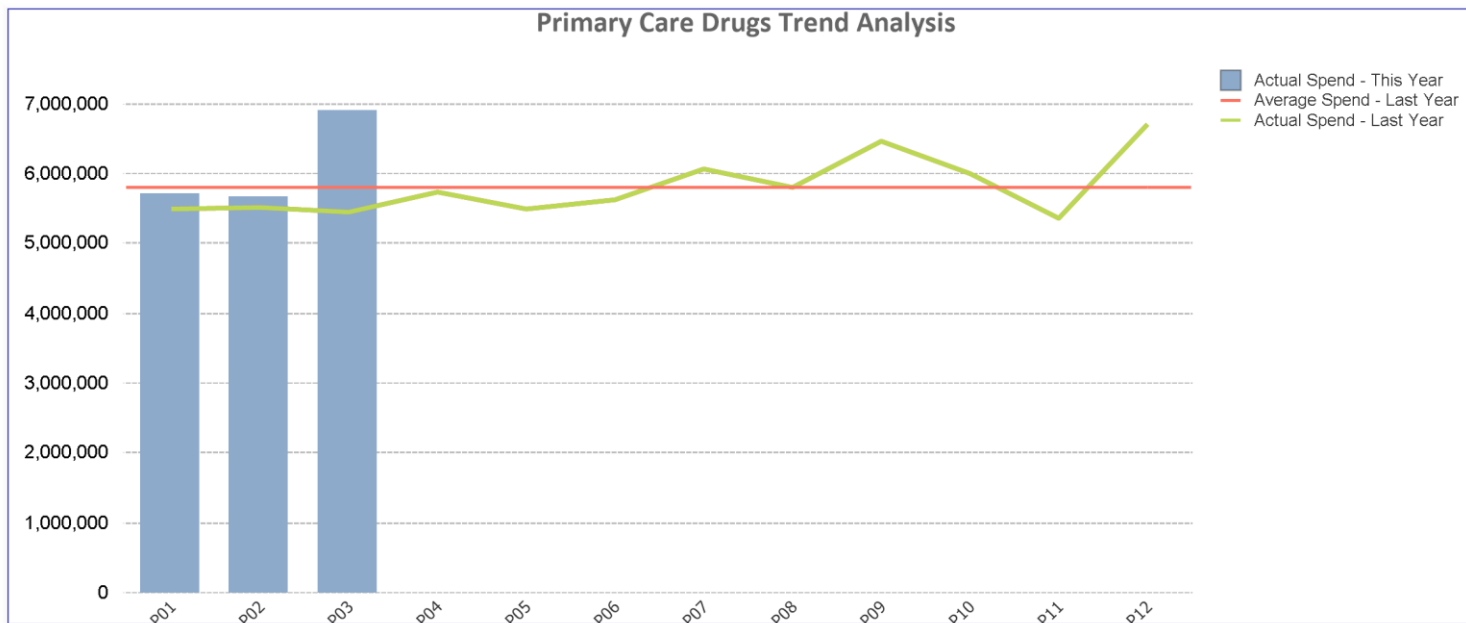


- Pay costs have reduced in Month 3 by just under £700k.
- This reduction is expected as it reflects the profiling of enhancement payments.
- Total variable pay has reduced from previous month.
- Reductions have been seen in overtime particularly, this is reflective of the additional contribution made by staff in the early weeks of the pandemic.
- It should be noted that the agency costs are increasing particularly in Medical and registered nursing staff groups.
- The average quarterly spend has increased by over £7m compared to the previous year.
- Around £2.9m relates to staff appointed for COVID including students, around £3m relates to increased costs of existing substantive and bank staff and the balance relates to increased agency costs.

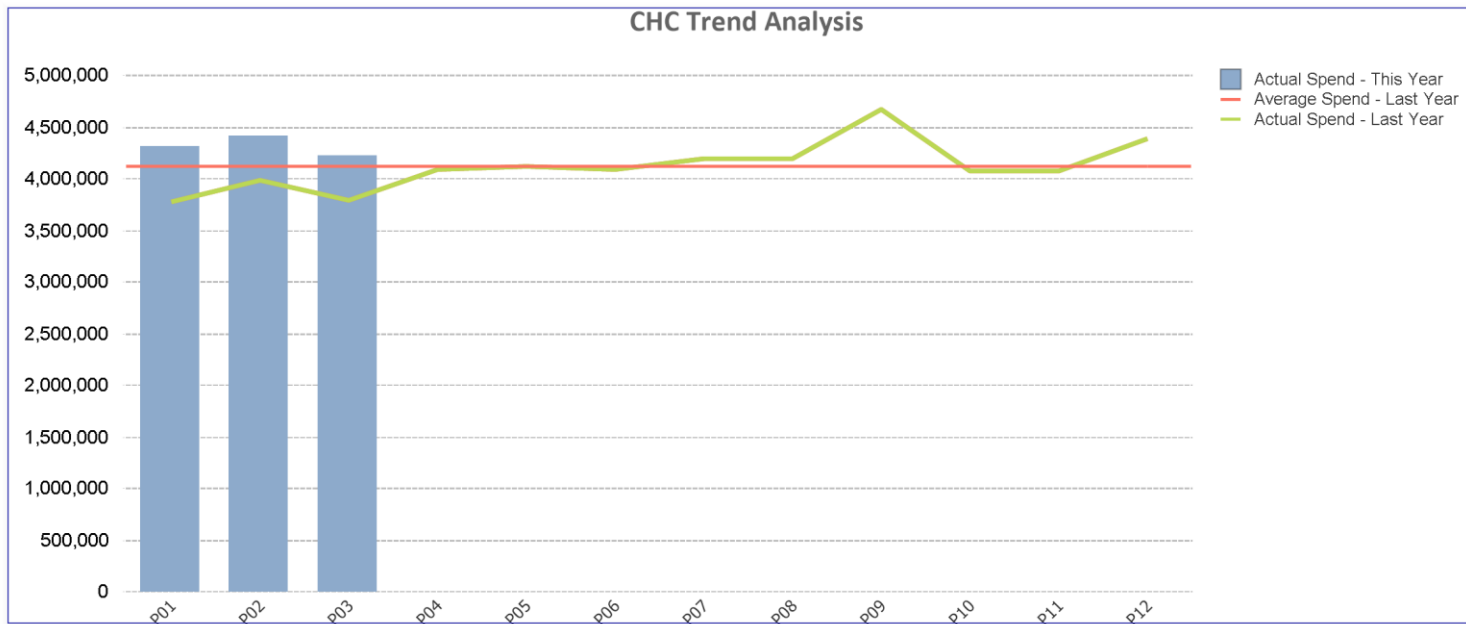
Sum of Inflated	Average Quarterly Spend 19/20	Quarter 1 Spend 20/21	Increase in Quarterly Spend
Row Labels	£000	£000	£000
ADDITIONAL CLINICAL SERVICES	17,995,396	18,613,224	617,829
ADMINISTRATIVE & CLERICAL	18,920,973	19,873,979	953,005
ALLIED HEALTHCARE PROFESSIONALS	9,353,772	9,710,351	356,579
ESTATES & ANCILLIARY	7,586,853	7,952,125	365,272
HEALTHCARE SCIENTISTS	4,258,164	4,290,113	31,949
MEDICAL & DENTAL	33,388,859	35,242,625	1,853,767
NURSING & MIDWIFERY	43,828,561	44,755,734	927,173
PROF SCIENTIFIC AND TECHNICAL	4,524,437	4,953,115	428,678
STUDENTS	1,781	1,729,409	1,727,629
Grand Total	139,858,795	147,120,675	7,261,880



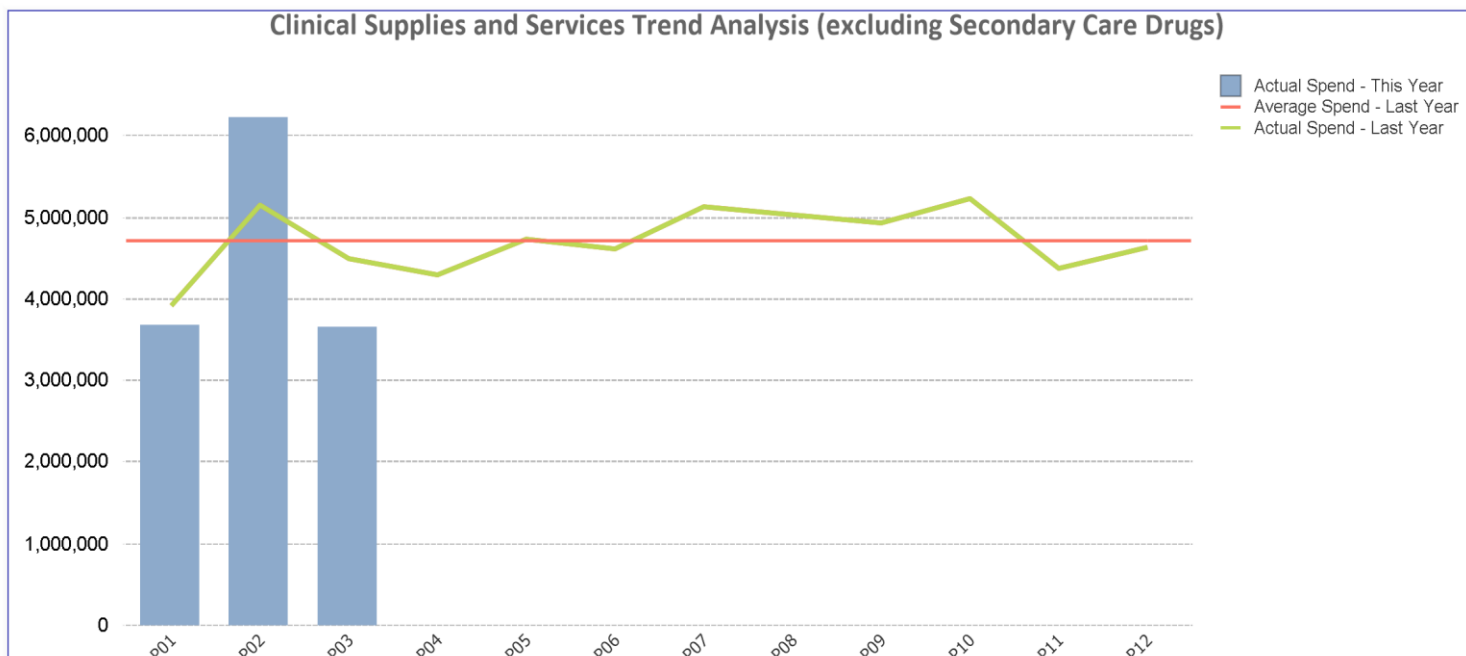
- Secondary care drugs have increased significantly in June and are now back to previously expected levels.
- This increase has been seen across both NICE and non NICE drugs.
- The NICE increases have been seen in Cancer, MS, Hep C and Rheumatology and reflect the restarting of essential services.



- Primary Care drugs costs have increased significantly.
- This increase reflects the Quarter 1 impact of price concessions and also increased prescribing levels.
- This is an area of significant potential cost pressure, however, it must be noted that the primary care drugs costs are estimated due to a 2 month timelag in data availability.



- General CHC numbers continue to reduce, which is reducing costs.
- There are however some risks associated with the management of additional COVID costs for nursing homes, which have not yet been agreed or reimbursed. This is being reviewed nationally by WG.



- Clinical Supplies costs remain lower than in previous year due to the lower than usual activity levels.
- However it should be highlighted that activity levels are increasing and where the activity requires high cost consumables eg cardiology, this will increase expenditure levels significantly.

Cost Improvement Plan area	Original Savings Plan £m	Assessed Savings Delivery £m
Management of surge capacity back to core bed base	4.00	0.00
Procurement	2.00	0.50
Medicines Management	2.00	1.00
Theatre Improvement	1.50	0.15
Patient Flow	1.50	0.15
Outpatients Improvement	1.50	0.15
General Efficiencies	1.00	0.26
Non-clinical, non-pay	1.00	0.25
Endoscopy	1.00	0.10
Medical Staff Rostering/Job Planning	0.50	0.00
Maintenance contracts	0.50	0.00
CHC Commissioning Team Review & Scrutiny	0.45	0.20
Improve 1:1 Care	0.40	0.00
International Nurse Recruitment	0.35	0.00
Project Management	0.33	0.17
Increase use of long shifts	0.30	0.07
Enhanced support for staff on LTS	0.30	0.00
Nurse Bank Auto Enrolment & Recruitment	0.30	0.00
A&C Agency	0.30	0.15
Collaborative Bank	0.25	0.00
Other	3.50	1.85
Total	23.00	5.00

Narrative

- The Health Board financial plan required £23m savings to be delivered to meet the £24.4m deficit plan.
- These savings have been developed utilising the KPMG pipeline of opportunities.
- At the time of plan submission (mid March) around £11.5m (50%) of savings were considered to be Green/Amber, with a further £11.5m assessed as requiring further development.
- The development and delivery of savings has been severely impacted by COVID-19 and the current assessment is that only around £5m of savings will be delivered in 2020/21.
- Work is underway to review all pipeline opportunities to ensure service efficiency improvements are maximised as services are reset and grip and control measures are reinstated and maintained.

HCHS & Prescribing	2020/21	Recurrent	Comments
	£	£	
HCHS & Prescribing Allocations	760,310,000	760,310,000	Opening Allocation
Mental Health Improvement Fund	451,000		Funding for first 6 months issued to support COVID response
Transformation Fund - Financial Support to Optimise Flow and Outcome	1,193,614		Funding being managed through RPB
A Healthier Wales - Childrens and Young Peoples Mental Health	200,000		Funding being managed through RPB
Dementia Action Plan	1,175,000		Funding being managed through RPB
ICF Funding - Wales Community Care Information System (WCCIS)	322,000		Funding being managed through RPB
Prison Healthcare Funding	329,026		Service Specific Allocations
Carer's Funding 2020-21	129,000		Service Specific Allocations
Treatment Fund Q1 & Q2 2020-21	1,050,651		Funding to support NICE implementation
Pay Award adjustments	206,895	206,895	
PH & W Co-ordinator Posts	124,018	124,018	Service Specific Allocations
British Red Cross April - June 2020	38,250		Service Specific Allocations
Care & Repair Funding 2020-21	43,254		Service Specific Allocations
Value Programme 2020-21	244,000		Final year support for VBHC
TI Support April - September 2020	58,000		Support for staff secondment
Single Cancer Pathway	356,828	356,828	Funding for Single Cancer Pathway made recurrent
Additional Pay Costs COVID 19 Quarter 1	6,831,000		COVID Support
Field Hospital Initial Allocation Set Up Costs	19,997,000		COVID Support
HCHS & Prescribing Allocations Q1	793,059,536	760,997,741	

GMS	2020/21	Recurrent	Comments
	£	£	
GMS Allocation	63,341,000	63,341,000	Opening Allocation
All Wales Easter Bank Holiday DES	212,679		COVID Support
In Hours Access Funding 2020-21	1,121,531	1,121,531	
GMS Allocation Q1	64,675,210	64,462,531	
Dental	2020/21	Recurrent	Comments
	£	£	
Dental Allocation	20,422,000	20,422,000	Opening Allocation
Dental Patient Charge Adjustment 2020-21	452,000	452,000	Anticipated Adjustment based on prior year
Gwen am byth scheme - Oral Health for Care Home residents	31,520	31,520	Service Specific Allocation
Dental Allocation Q1	20,905,520	20,905,520	
Pharmacy	2020/21	Recurrent	Comments
	£	£	
Pharmacy Allocation	21,112,000	21,112,000	Opening Allocation
Pre Reg Pharmacy Trainees Part Year 2019 Cohort	52,996		Recovery of costs
Pharmact Allocation Q1	21,164,996	21,112,000	

- The HCHS and prescribing initial allocation has increased by £32.750m in Quarter 1 2020/21, of which £26.828m relates to funding to support COVID. The recurrent HCHS and prescribing allocation has only increased by £0.688m, linked to pay award adjustment, PH&W service and Single Cancer Pathway.
- GMS allocation has increased by £1.334m, of which £1.122m is a recurrent increase in allocation.
- Dental allocation has increased by £0.484m all of which is recurrent.
- Pharmacy contract allocation has increased by £0.053m which is non-recurrent.

- The Health Board has recently submitted its Quarter 2 Operational plan, which included an assessment of the Quarter 2 additional cost profile. This indicated a net additional COVID impact for Quarter 2 of £12.775m.
- The forecasts for Quarters 3 and 4 as less well defined, particularly in respect of the utilisation of field hospitals. The net additional costs for these two quarters are reflected as £24.4m per quarter.
- There is an emerging cost pressure on primary care prescribing has also been added into the forecast.
- These forecasts, the current position and the Health Board planned deficit, results in a forecast of £100.68m

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual
	Actuals	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Impact on Savings Delivery	4.547	3.937	4.387	4.517	17.388
COVID-19 Gross Costs	38.984	25.97	23.684	23.435	112.073
COVID-19 Cost Reductions	-4.608	-3.274	-1.282	-1.185	-10.349
Slippage on Planned Investments	-1.916	-1.104	-0.12	-0.11	-3.25
TOTAL COVID-19 IMPACT	37.007	25.529	26.669	26.657	115.862
WG Funding Allocation	-26.828				-26.828
WG Funded Anticiapted		-12.756			-12.756
TOTAL COVID-19 IMPACT AFTER FUNDING	10.179	12.773	26.669	26.657	76.278
Operational Position	6.149	6.101	6.101	6.051	24.402
Health Board Forecast Position	16.328	18.874	32.77	32.708	100.68

#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Risk Rating	Key Decision Point and Summary Mitigation	Risk Owner Name
	Forecast Deficit		- 100,680	- 100,680	- 100,680			
1	ChC - Additional COVID impact	HB is collating claims from Care Homes for additional costs incurred as a result of COVID.	-	- 1,500	- 500	Medium	Claims to be assessed and verified with inconsistencies between Care Homes reviewed. WG payment proposals and funding arrangements to be confirmed.	Hilary Dover, Service Director Primary and Community Care
2	Major Conditions Funding	Major Conditions funding has been removed from WG allocations and is being managed by NHS Collaborative, which may put the funding at risk	-	- 700	- 700	Medium	Review of costs supported by this funding and consider the implications of managing services if funding is withdrawn. Liaise with NHS Collaborative on likelihood of funding.	Chris White, Chief Operating Officer
3	HCSW Banding - Theatres	Review of staff experience and competence and impact on banding	- 200	- 1,000	- 300	Medium	Position in theatres is agreed and the impact is being worked through. There is a potential consequential impact on other areas of the Health Board	Hazel Robinson, Director of Workforce and OD
4	Final Pension Charges	Final Pension charges may be incurred linked to the changes in the pension regulations	- 250	- 2,000	- 1,000	Medium	Potential final pension charges may be incurred in year. Some awareness of potential impacts.	Hazel Robinson, Director of Workforce and OD
5	NICE and High Cost Drugs	Impact of NICE technology appraisals and changes in service models	- 250	- 2,000	- 1,000	Medium	Monitor through the NICE and HCD group.	Judith Vincent, Chief Pharmacist
6	Additional Capacity	Potential requirement for additional capacity to support essential service provision	-	- 5,000	- 3,000	Medium	Ongoing impact of COVID on service provision and the potential delivery of essential services, which might require	Chris White, Chief Operating Officer
7	Field Hospital Capacity	Review of field hospital capacity	15,000	-	10,000	High	Currently reviewing the field hospital capacity and key planning assumptions	Sian Harrop-Griffiths, Director of Strategy
8	Primary Care Prescribing Price Concessions	Price Concessions are high at the moment due to the global impacts of COVID	2,500	-	1,500	Medium	Monitored through the Medicines Management Group	Judith Vincent, Chief Pharmacist
9	Savings Delivery	Opportunities to improve savings delivery	5,000	-	3,000	Medium	Review of the KPMG pipeline of opportunities and develop clear plans for the implementation of the opportunities within service reset and recovery	Darren Griffiths, Interim Director of Finance
			- 78,880	- 112,880	- 92,680			

KEY MESSAGES & ACTIONS

The Performance and Finance Committee are asked to note the Health Board position at the end of Quarter 1, the COVID cost assessment, impact of savings non-delivery and the assessed forecast based on the current planning assumptions.

Following the period of immediate response to the COVID-19 pandemic the Health Board has:

- Reinstated financial review meetings from month 2
- Routine weekly meetings with Finance Business Partners Partnering Teams
- Issued a clear approach to the in- year financial framework: -
 - o Focus on remaining within base budget and controlling the run rate within this
 - o Focus on exploring all savings opportunities to mitigate savings loss risk
 - o Ensure clear analysis and accounting for COVID-19 costs and controlling these proportionately to the need to respond whilst maintaining good governance and value for money
- Specific reassessment of service models driving cost forecasts to identify opportunities to cost avoid and appropriately reduce possible future costs.
- Develop a revised system for the consideration of financial issues arising outside of the currently agreed plan.