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Swansea Bay University  
Health Board



<b>Meeting Date</b>	<b>28<sup>th</sup> March 2023</b>		<b>Agenda Item</b>	<b>2.1</b>
<b>Report Title</b>	Financial Report – Period 11 2022/23			
<b>Report Author</b>	Samantha Moss, Deputy Director of Finance Alison McLennan, Finance Business Partner			
<b>Report Sponsor</b>	Darren Griffiths, Director of Finance and Performance			
<b>Presented by</b>	Darren Griffiths, Director of Finance and Performance			
<b>Freedom of Information</b>	Open			
<b>Purpose of the Report</b>	The report advises the Performance & Finance Committee of the Health Board on the financial position for Period 11 (February 2023) 2022/23 and sets out the current forecast revenue year end outturn.			
<b>Key Issues</b>	<p>The report invites the Performance &amp; Finance Committee to note the detailed analysis of the financial position for Period 11 (February 2023) 2022/23.</p> <p>The report includes an analysis of the COVID-19 revenue impact and the forecast year-end revenue position based on current planning assumptions.</p> <p>Risks have been updated.</p>			
<b>Specific Action Required (please choose one only)</b>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>	<b>Approval</b>
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Recommendations</b>	<p>Members are asked to:</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the agreed 2022/23 financial plan.</li> <li>• <b>CONSIDER</b> and comment upon the Board’s financial performance for Period 11 2022/23.</li> <li>• <b>NOTE</b> the actions to ensure delivery of the financial forecast with a specific focus on savings delivery: - <ul style="list-style-type: none"> <li>○ Targeted meetings to be held with areas not achieving target either in-year or recurrently. <b>All Service Group Directors and Corporate Directors</b></li> <li>○ Focused attention to ensure that 100% of the green and amber schemes are delivered in line with the plans identified. <b>All Service Group Directors and Corporate Directors</b></li> <li>○ Where savings delivery is not assured through the last round of meetings central action will be taken to close all gaps.</li> </ul> </li> <li>• <b>NOTE</b> increased cost control in respect of COVID response costs: -</li> </ul>			

	<ul style="list-style-type: none"> <li>○ Check &amp; Challenge meetings were held during 2022/23 and this focus will need to be maintained as we approach 2023/24 and the delivery on next year's plan. Whilst costs have been funded by WG in 2022/23 this is on a non-recurrent basis. Therefore embedded COVID costs must continue to reduce to support the 2023/24 plan. <b>All Service Group Directors</b></li> <li>● <b>NOTE</b> actions to ensure the operational pressures are mitigated and areas return to financial balance. <ul style="list-style-type: none"> <li>○ Focused attention on the delivery of Financial Recovery and reduced Run Rates linked to the actions from the Summit meeting on 7<sup>th</sup> September 2022 and reduction in Run Rates linked to the Workshop held on 15<sup>th</sup> February 2023. <b>All Service Group Directors and Corporate Directors</b></li> <li>○ Opportunities identified following the submission of the Run Rate information on 10<sup>th</sup> February 2023 expanded on in the Workshop 15<sup>th</sup> February 2023. <b>All Service Group Directors and Corporate Directors</b></li> <li>○ Financial Improvement Plan prepared for Morriston Service Group by the Financial Improvement Director. Detailed action plans in progress to maximise the benefits realisation with the plan – specifically run rate reduction. <b>Morriston Service Group Directors and Corporate Directors</b></li> </ul> </li> <li>● <b>NOTE</b> the risks position at Month 11.</li> <li>● <b>NOTE</b> all actions and updates to support the management of the 2022/23 financial position.</li> </ul>
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## FINANCIAL REPORT – PERIOD 11

### 1. INTRODUCTION

The report provides the Committee with an account of the period 11 2022/23 revenue position.

### 2. FINANCIAL PLAN 2022/23

The Health Board (HB) agreed the 3-year recovery and sustainability plan for 2022/23 at its meeting on 31<sup>st</sup> March 2022. The plan was subsequently revised and updated following notification from Welsh Government (WG) that the deficit of £24.4m would be funded recurrently, and was approved on 28<sup>th</sup> July 2022.

**Table 1: 2022/23 Year 1 of Recovery and Sustainability Plan**

SBUHB Financial Plan 2022-23	Submission (inc £24.4m)
	£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>
Application of core WG funding based on 2%	(9.7)
Cost pressures & Investments	31.4
Cost pressures Operational	0.0
CIPs - 4%	(21.7)
<b>Deficit/(surplus) for year 2022-23 - base plan</b>	<b>(0.0)</b>
Extraordinary cost pressures	24.1
<b>Deficit/(surplus) for year 2022-23 - after extraordinary pressures</b>	<b>24.1</b>
COVID Scheduled & Unscheduled care Sustainability Funding	(21.6)
COVID Recovery Costs	21.6
COVID Response Costs	42.9
Covid Transition & Extraordinary Pressures Funding	(67.0)
<b>Deficit/(surplus) for year</b>	<b>(0.0)</b>

Key assumptions underpinning the plan:

- Starting with underlying deficit b/f = **£42.1m**
- Increase in WG funding for 22/23 = **£22.1m**
- Additional Funding WG = **£24.4m**
- Savings requirement = **£27.0m**
- Recognised growth & investment = **£31.4m**
- Anticipated that COVID transition and extraordinary funded in full by WG as per forecasts at Month 3

### 3. FINANCIAL PERFORMANCE

The key metrics linked to the revenue position are provided in the table below. Further details on the key drivers to this are provided in section 4 of the report.

**Table 2: Key Variances**

	In Mth	Year To Date	Forecast 31st March 2023
	£M	£M	£M
<b>Variance Against RRL Deficit / (Surplus)</b>	- 1.74	2.36	0
<b>Additional Expenditure Anticipated to be Funded by WG</b>			
- Covid (excluding National Programmes)	1.21	31.43	37.08
- Extraordinary Pressures	1.86	16.05	18.19
<b>2022/23 Savings Delivery Target Shortfall (inc unmet b/f)</b>	<b>0.00</b>	<b>4.02</b>	<b>3.74</b>

- **Variance Against Revenue Resource Limit** – The Health Board (HB) should now be achieving a breakeven position following confirmation that the previously identified deficit of £24.4m would be funded by WG. The actual Month 11 variance was an underspend of (£1.74m). The Year-To-Date plan at Month 11 should be breakeven but actual variance is an overspend of £2.36m, with ongoing forecast to deliver breakeven by 31<sup>st</sup> March 2023.
- **Additional Expenditure** – this is the value of the additional funding required to support COVID Transition and extraordinary pressures. At the time of writing this report only 1 item of COVID funding remained outstanding linked to loss of contract income (£0.142m), and all other funding had been received.
- **Savings Delivery** – With a 2022/23 annual target of £27.0m, plus £4.6m unmet savings b/f and a further £2m added in Month 6, the in-month delivery is anticipated at £2.1m. For Month 11 this has been achieved and the Year-To-Date showing a shortfall of £4.02m, with estimated shortfall of £3.73m by Month 12 (see section 4.4 table 8b).

At the end of Period 11 the £2.357m year to date variance is broken down by Service Group and Corporate Directorate as per the table 3 below:

**Table 3: Summary Position by Service Group/ Directorate @ Month 11**

	Year to Date
	@ Month 11
	£000
<b>Service Groups</b>	
Mental Health & LD	2,219
Morrison	18,156
NPT & Singleton	5,933
PC & Community	-553
<b>Directorates</b>	
Board Secretary	-70
Chief Operating Officer	630
Director of Strategy (excluding COVID)	-446
COVID	0
Director of Transformation	-98
Finance & Estates	682
Digital	-341
Medical Director	-158
Nurse Director	-451
Workforce & OD	-188
Clinical Medical School	0
Research & Development	24
DSU	0
EMRTS	-107
Director Insight, Communication & Engagement	-106
Corporate I&E	-38
Public Health	-8
<b>Delegated Budget Position</b>	<b>25,088</b>
Opportunities Released	-22,731
<b>Current Delegated Position</b>	<b>2,357</b>

**Actions/Comments in Month 11 Summary:**

- Morrison Service Group – A Finance Improvement Director was appointed and commenced w/c 19<sup>th</sup> September. The Month 11 position reported by the Morrison Service Group remains a concern and the Group is now significantly over the £9m target set, with only 1 month of the financial year remaining. Within the Health Board forecast it is assumed that the Service Group will overspend by £20.3m, which would take them £11.3m over target. The Service Group position held at the Month 10 overspend level, in part supported by the old and no longer relevant Receipted But Not Invoiced items (RBNI) that have been released and also from a slight reduction in variable pay costs, which offset increases in areas like Theatre consumables linked to increased activity/sessions. The work of the Finance Improvement Director, in conjunction

with the Service Group has led to the development of Financial Improvement Plan that could deliver a £5m improvement on this forecast, which was provided as an attachment to the Month 8 paper. This work will now be taken forward by the appointment of an additional post in Morriston to deliver the improvements that will support and complement the overall run rate reductions actions required for the 2023/24 Plan.

- Mental Health/Learning Disabilities Service Group – overall this has improved since Month 5 following allocation of £3.3m of resources to support Continuing Healthcare from central reserves. There remains overspend within CHC area, along with non-delivery of savings Year-To-Date, which is partly offset by underspends on Pay.
- Finance & Estates – this is due to pressures on general Estates building and Engineering maintenance and consumables.
- NPT & Singleton Service Group – Year-To-Date overspend up to Month 8 was primarily linked to (1) pressures on secondary care drugs; (2) clinical supplies and services; (3) non delivery of savings. Since Month 9 other pressures emerged (1) increase in pay costs and (2) primary care prescribing (see section 4.2.2). Pressures on Prescribing continued in the Month 11 position.
- Chief Operating Office – pressures on pay, provisions and non-delivery of savings.

#### **4. KEY DRIVERS IMPACTING REVENUE**

This section will provide the reader with the key aspects within the Health Board position that is influencing the financial performance against the Revenue Resource Limit.

##### **4.1 Pay / Variable Pay – Trends**

The performance against budget both in month and Year-To-Date is provided in table 4 below, with the variance spilt between Variable Pay costs and fixed staff costs. For noting the Month 6 actuals included the pay arrears associated with the 2022/23 Pay Award, with costs increasing by approximately £2.5m per month funded by an allocation from WG.

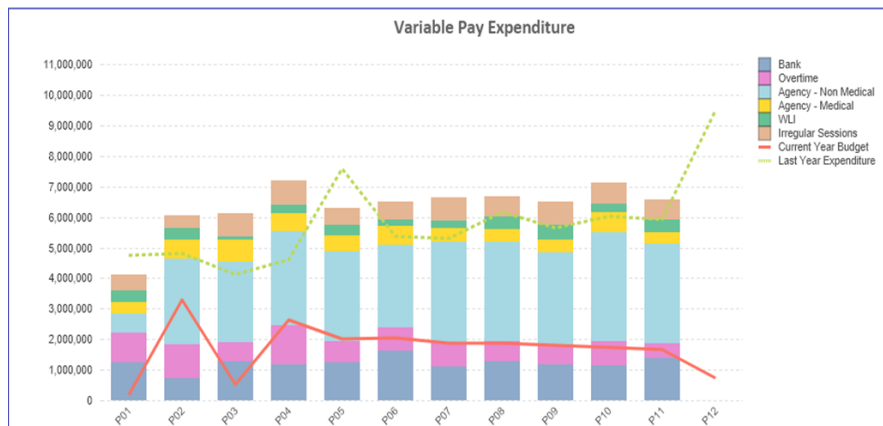
In Month 11 there was a decrease in the pay variance, supported by the decrease in variable pay. The Month 9 position included the release on the annual leave accrual linked to COVID as per the financial plan agreed with WG at the mid year review. Of note is that in Mth 12 the Health Board will be paying the non-consolidated 1.5% pay award back dated to April 2022, this will be funded by WG and should have nil impact on the variance position to the 31<sup>st</sup> March 2023.

##### **Table 4: Variance on Pay 2022/23**

Pay	Budget	Actual	Variance	Variance	Total
	£'000	£'000	Variable Pay £'000	Fixed Costs £'000	Variance £'000
Mth 1	49,837	49,556	5,401	- 5,682	- 281
Mth 2	55,348	55,298	6,177	- 6,227	- 50
Mth 3	53,589	53,819	6,015	- 5,786	230
Mth 4	55,956	55,973	7,076	- 7,059	17
Mth 5	54,690	55,630	6,206	- 5,266	940
Mth 6	69,398	68,949	6,353	- 6,802	449
Mth 7	58,845	58,954	6,536	- 6,428	109
Mth 8	57,308	58,371	6,602	- 5,539	1,063
Mth 9	47,391	47,789	6,435	- 6,037	398
Mth 10	56,709	57,397	7,058	- 6,370	688
Mth 11	58,654	58,604	6,485	- 6,535	- 51
YTD	617,725	620,341	70,346	- 67,730	2,615

The performance of Variable Pay in comparison to 2021/22 is summarised in graph 1 below. With the exception of Month 1 Variable Pay has been above last year's levels. In Month 11 there was continued pressures in bank and WLI, although there is a small reduction in non-medical agency costs, agency medical costs and overtime when compared with the month 10 position.

### **Graph 1: Variable Pay Analysis**



**Note: The Agency Non-Medical for Month 1 reflects an error in the system generating the report, this has been corrected in the Month 2 reporting. The error did not impact on overall position, only this analysis, making comparisons between Month 1 and Month 2 difficult from this chart.**

## **4.2 Non Pay**

The performance against budget both in-month and Year-To-Date is provided below. The variance linked to the deficit is now negated.

### **Table 5: Variance on Non-Pay**

Non Pay	Budget	Actual	Variance Linked Deficit	Variance Non Pay Pressure	Total Variance
	£'000	£'000	£'000	£'000	£'000
Mth 1	51,733	54,108	2,034	341	2,375
Mth 2	58,231	60,897	2,034	632	2,666
Mth 3	58,977	61,574	2,034	563	2,597
Mth 4	64,111	59,244	- 6,102	1,235	- 4,867
Mth 5	60,888	61,216	-	328	328
Mth 6	58,898	60,154	-	1,256	1,256
Mth 7	63,894	64,429	-	536	536
Mth 8	62,339	62,504	-	165	165
Mth 9	64,178	64,369	-	190	190
Mth 10	63,211	62,432	-	- 779	- 779
Mth 11	64,899	62,558	-	- 2,340	- 2,340
YTD	671,358	673,486	-	2,128	2,128

The overall non pay variance can be summarised as set out in table 6a below.

**Table 6a – Key variances driving non pay overspend**

	Variance £m
Continuing Healthcare	9.767
Drugs/FP10 Drug Scripts	1.413
Clinical services/supplies	4.945
Savings	4.017
<b>Sub total</b>	<b>20.142</b>
Offset by underspends across income/losses/clinical negligence/recharges/other corporate expenditure on Z095 #1	(17.198)
<b>Total Variance Non Pay</b>	<b>2.944</b>

**Note #1 – full impact on this will not be known until closer to year end as many of these items on only finalised in March. However financial implication will be assessed as part of the Mid Year Forecast and ongoing review of Z095 (see section 4.4).**

#### 4.2.1 Continuing Healthcare

One area of the non-pay with significant variance against budget in Months 1-11 is Continuing Healthcare. An analysis of actual spend and patient numbers for 2022/23 is provided in table 6 below on a month by month basis.

**Table 6b – Continuing Healthcare breakdown**

Service Area	General		Mental Health		Learning Disabilities		Total	
	Patient No.	£	Patient No.	£	Patient No.	£	Patient No.	£
Mth 1	357	1,947,177	182	1,120,588	197	1,774,467	736	4,842,232
Mth 2	352	2,135,283	182	1,187,727	196	1,805,067	730	5,128,078
Mth 3	364	2,101,956	182	734,588	196	1,630,935	742	4,467,480
Mth 4	364	2,118,112	186	1,121,814	195	1,818,387	745	5,058,314
Mth 5	359	2,206,096	187	1,230,746	195	1,822,278	741	5,259,120
Mth 6	363	2,207,998	190	1,245,448	195	1,899,799	748	5,353,246
Mth 7	378	2,316,074	194	1,275,215	196	1,603,363	768	5,194,652
Mth 8	380	2,320,729	195	1,328,834	196	1,684,113	771	5,333,677
Mth 9	379	2,679,235	194	1,177,666	196	1,961,716	769	5,818,618
Mth 10	377	2,371,729	203	1,372,568	192	1,925,712	772	5,670,009
Mth 11	363	2,073,256	200	1,142,462	200	1,738,678	763	4,954,396
Total		24,477,647		12,937,657		19,664,517		57,079,820



#### 4.2.2 Primary Care Prescribing

The August 2022 Prescribing Audit Report (PAR) first showed a significant increase in costs from the first four months of the year and this has continued. The latest data shows that spend has remained high and this data along with the modelling jointly by the Finance and Pharmacy Teams is indicating that this will be £2.4m above plan at Month 12, which is £1m higher than the reported variance in Month 8. This is being driven by a number of issues (1) No Cheaper Stock Obtainable; (2) further Category M price changes; (3) continued growth above planning assumptions; and (4) impact Strep A and a growth in prescription of antibiotics for children and also adults during the winter months. Final assessment of these issues and the latest PAR will be undertaken in early April to assess the most likely outcome for 2022/23 as part of the year end closedown process. This assessment will look at the most recent data, trends and information from the service to determine the accrual for the two months of costs that are always missing at the 31<sup>st</sup> March.

#### 4.2.3 Other key issues arising In Year

In most months, there are numerous under and over spends against the various non-pay subjective codes. This section will be used to identify any material issues that impact on the financial performance in each month.

Whilst there were variances across various areas of clinical consumables the most significant pressures in Month 11 were found in Disposable Clinical Supplies (M&SE narrative on Ledger). Partly linked to activity in the last few months and also the ongoing pressures linked to inflation.

### 4.3 Income

**Table 7 – income by month**

Income	Budget	Actual	Variance
	£'000	£'000	£'000
Mth 1	- 23,248	- 23,094	154
Mth 2	- 23,126	- 23,356	- 229
Mth 3	- 25,905	- 26,159	- 254
Mth 4	- 23,854	- 24,380	- 526
Mth 5	- 24,271	- 24,878	- 607
Mth 6	- 24,537	- 24,653	- 117
Mth 7	- 25,117	- 25,249	- 132
Mth 8	- 24,023	- 24,850	- 827
Mth 9	- 22,463	- 22,849	- 386
Mth 10	- 24,977	- 25,095	- 118
Mth 11	- 28,431	- 27,776	655
YTD	- 269,951	- 272,338	- 2,387

In Month 11 the overachievement in income is attributable to Research & Development, Long Term Agreements & WG income, with other income categories broadly achieving a balanced position.

#### 4.4 Savings

At the end of Month 11 the 2022/23 savings target is £27m, with a further £4.6m of unmet savings brought forward from 2021/22, which takes the combined target to £31.6m. A further £2m was added to the savings target in month 6 to allow for a recognised year end targeted overspend for the Morriston Service Group taking the combined target to £33.6m. As per the weekly Savings report dated 2<sup>nd</sup> March (supporting the WG Month 11 submission), the total value of schemes identified for 2022/23 is £35.2m (£21.4m recurrently) and these values are included in the tables below. However, the actual likely delivery for 2022/23 as per Table 8b is £29.9m (which assumed delivery of all Red Schemes).

**Tables 8a – Savings Overview (as at 02/03/23)**

	Reported PFC Sept £m	Reported PFC Oct £m	Reported PFC Nov £m	Reported PFC Dec £m	Reported PFC Jan £m	Reported PFC Feb £m	Reported PFC Mar £m	Movement £m
<b>2022/23 Identified (Planned)</b>	29.5	32.0	34.1	34.3	34.3	34.7	35.2	0.5
<b>2022/23 Identified Recurrently</b>	24.1	26.4	27.1	24.0	23.6#	22.7#	21.4	(1.3)

#Reduction linked to the removed of Red Schemes between Month 7 and Month 8.

To date, slippage on the savings plan is causing a non-pay overspend of £4.017m as noted in Section 3.

**Table 8b – Savings Overview (as at 02/03/23)**

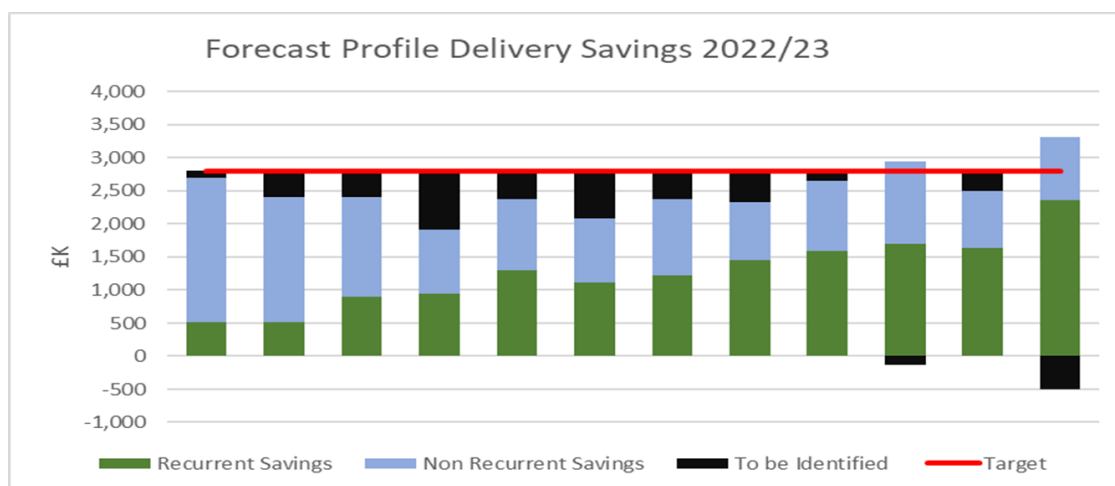
Summary Breakdown	Target 2022/23 £k	Actual Identified 2022/23 £k	Shortfall £k	Actual Recurrently Identified £k	Recurrent Shortfall £k
Corporate	6,124	6,238	-113	4,536	1,209
Morriston	10,447	7,437	3,010	3,940	6,507
NPTS	7,089	6,961	128	6,454	-66
MHLD	4,188	4,117	71	2,944	794
PCC	3,975	3,990	-16	2,543	962
IMM and Health Board Wide	1,819	1,170	649	1,000	819
	<b>33,641</b>	<b>29,913</b>	<b>3,728</b>	<b>21,416</b>	<b>10,225</b>

**Note: Identified column in table 8b reflects forecast delivery whereas identified in Table 8a is total value of identified schemes. The difference reflects that in year not all planned schemes are reporting as deliverable in full.**

**Tables 8c – Savings Overview (as at 02/03/23)**

	Total		Morrison		NPTS		MHLD		PCC		Corp/Other	
	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s	22-23 £000s	FYE £000s
Red	870	1,920	0	-	593	1,773	-	-	-	-	277	147
Amber	493	1,152	343	836	150	150	0	-	1	-	-	166
Green	28,550	18,345	7,095	3,104	6,218	4,532	4,117	2,944	3,989	2,543	7,131	5,223
	29,913	21,416	7,437	3,940	6,961	6,454	4,117	2,944	3,990	2,543	7,408	5,536
% of CIPS Green	95.44%	85.66%	95.39%	78.78%	89.33%	70.21%	100.01%	100.00%	99.97%	100.00%	96.26%	94.35%

**Tables 8d – Savings Overview Future Months (as at W/C 02/03/23)**



The Services Group and Corporate Directorates will be using, where possible, Non-recurrent opportunities to ensure that the gap of 'to be identified' is addressed in 2022/23 but the recurrent delivery is equally as important to deliver.

**Actions:**

- Each Wednesday a weekly report is produced by the Programme Management Office (PMO) and issued to Executive and Service Group Directors to ensure there is a constant focus. Within the weekly report are detailed actions that will be taken and updates provided on progress against these.
- Targeted meetings to be held with areas not achieving target either in-year or recurrently. All Service Group Directors and Corporate Directors
- Focused attention to ensure that 100% of the green and amber schemes are delivered in line with the plans identified. All Service Group Directors and Corporate Directors
- Where recurrent savings delivery is not assured central action will be taken to close all gaps, including the removal of vacancies. This will be part of the work to upload both the recurrent budgets and the plan into the 2023/24 Ledger.

**4.5 Long Term Agreements (inc Welsh Health Specialised Services Committee) Performance**

Historic background to the Long Term Agreements were provided in previous monthly reports. The last update was included in the Month 9/Q3 report and the

next update will be the final outturn at Month 12. However, the Month 9 reported data is included for completeness.

Table below is the performance of Swansea Bay HB at the end of Month 9 as a provider, for services commissioned by other Health Boards. Under the previous Long Term Agreements the full year forecast for underperformance would be £9.8m, under the interim arrangements that risk has reduced to £2.044m.

SBU Provider	LTA Value	Old LTA Rules		Mitigated	
		Variance M8	F/C	Variance M8	F/C
Hywel Dda (Excluding NICE)	37.494	-1.325	-1.988	-0.514	-0.771
AB	0.916	-0.002	-0.004	0.023	0.034
C&V	4.215	-0.052	-0.078	0.028	0.042
CTM Bridgend	17.028	-0.655	-0.983	0.029	0.044
CTM former CT	1.114	-0.023	-0.035	0.047	0.071
CTM - CCSLA (NPTH)	7.674	-0.744	-1.116	0.054	0.081
Powys	8.501	-0.214	-0.321	-0.006	-0.009
WHSSC ( Exc Pass Through)	112.402	-3.005	-4.507	-1.024	-1.536
<b>LTA Sub Total</b>	<b>189.343</b>	<b>-6.022</b>	<b>-9.033</b>	<b>-1.363</b>	<b>-2.044</b>

Table below is the performance of contracts provided by other Health Boards at Month 5 but commissioned by Swansea Bay. Here under the previous Long Term Agreements arrangements we would have seen a benefit of £5.6m but under the interim arrangement that has reduced to £3.883m.

SBU Commissioner	LTA Value	Old LTA Rules		Mitigated	
		Variance M8	F/C	Variance M8	F/C
Hywel Dda (Excluding NICE)	4.755	-0.831	-1.247	-0.616	-0.924
AB	0.204	0.010	0.015	0.055	0.082
C&V	3.685	-0.111	-0.166	-0.386	-0.579
CTM Bridgend	24.327	-2.177	-3.265	-1.504	-2.256
CTM former CT	3.001	0.015	0.023	0.042	0.064
CTM - CCSLA (NPTH)	1.814	-0.256	-0.384	-0.099	-0.149
Powys	1.122	-0.078	-0.117	-0.065	-0.098
Velindre (Excluding NICE)	0.301	-0.026	-0.039	-0.015	-0.023
<b>LTA Sub Total</b>	<b>39.209</b>	<b>-3.454</b>	<b>-5.180</b>	<b>-2.588</b>	<b>-3.883</b>

Therefore, at this point in the financial year we are assuming nil impact on the overall financial position of the HB on the basis that the information indicated underperformance as a provider will be offset by underperformance as a commissioner, but this will be monitored closely as we near the end of the financial year.

#### 4.6 COVID Transition (Response)

The national COVID programmes of Trace Test Protect (TTP), Mass Vaccinations and Personal Protective Equipment (PPE) are confirmed as funded by WG. The COVID Transition costs are recognised by WG, and funding expected has now been received in full.

Within the 3 Year Recovery and Sustainability Plan submitted at 31<sup>st</sup> March 2022, the Health Board included anticipated costs of £25m (excluding the national programmes), however the first full assessment reported to WG in mid-April included costs of circa £40m and the figure in the updated 3 Year Recovery and Sustainability Plan was £42.9m.

The forecast position for 2022/23 at the end of Month 11 is included table 9 below and has been reported in detail to WG as part of the Monthly Monitoring Return submissions. The table provides both the forecast and the funding received. Since the Mth 11 closedown the £0.430 for Long COVID has been received and only the £0.142m remains outstanding.

**Table 9 – COVID Allocations and Anticipated Allocations**

Income Assumptions	Received	Anticipated	2022/23 Forecast @ Mth 11	Total By Type
	£'000	£'000	£'000	£'000
National Programmes: Tracing	5,601	-	5,601	20,997
National Programmes: Testing	2,286	-	2,286	
National Programmes: Mass Vaccinations	7,886	-	7,886	
National Programmes: PPE (Exc Stores Staff)	4,285	0	4,285	
National Programmes: Long COVID	-	430	430	
National Programmes: Nonsocomial	508	-	508	2,336
COVID Impact Funding Received: Extended Flu Funded to Date	918	-	918	
COVID Impact Funding Received: Dental Income Shortfall (as per WG Letter)	1,418	-	1,418	34,744
COVID Impact : Cleaning Standards	1,906	-	1,906	
COVID Impact: Dental Income Shortfall (Balance)	-	142	142	
COVID Impact: Other	32,696	-	32,696	
<b>Total Table B3</b>	<b>57,504</b>	<b>573</b>	<b>58,077</b>	<b>58,077</b>

#### 4.7 COVID Recovery

The Health Board has received £21.6M recurrently to support COVID recovery. The funding is held in a central budget and issued out based on the cost of the work undertaken called down by the Service groups each month. There continues to be close monitoring of the financial performance against this budget and an update of the spend by recovery areas is provided below. The budget column is an indicative estimate of costs by area, but the Health Board needs to ensure that whilst one area may require more investment this is offset but under commitments in other areas of the Recovery Plan. The Table below is a summary reconciled to the headings the Service Group have called the funding down against.

**Table 10 – COVID Recovery Allocation**

COVID Recovery Areas	Indicative Budget 2022/23	YTD Funding Committed	Balance Funding Remaining 2022/23
	£'000	£'000	£'000
National Endoscopy Programme	2,876,653	3,692,490	- 815,837
Regional Cataract Services	1,398,337	758,278	640,059
Regional Orthopaedics	3,419,104	104,905	3,314,199
Strengthened Diagnostic & Imaging services	4,499,529	4,168,992	330,537
Implementation of the Critical Care Plan	-	16,500	- 16,500
Cancer	1,280,070	1,115,749	164,321
Other Capacity	4,139,711	7,113,211	- 2,973,500
Other Eyes	318,825	356,874	- 38,049
Primary Care Pathway Redesign	26,448	253,992	- 227,544
Other - Pre Committed	3,221,803	1,460,730	1,761,073
Therapies	121,543	105,472	16,071
Other (WHSSC)	297,978	372,522	- 74,544
<b>TOTAL</b>	<b>21,600,000</b>	<b>19,519,715</b>	<b>2,080,285</b>

At end August 2022 the plan against the funding was £0.4m over committed. This increased to £1.4m at the end of December 2022 and has been revised to £0.6m at the end of January 2023. At the end of February 2023 the spend is forecast to be aligned to the funding received of £21.6m.

#### 4.8 Extraordinary Pressures

As per the 3 Year Recovery and Sustainability Plan submission, there are three areas of extraordinary pressures within 2022/23. All funded required to support these areas have been received in full from WG. A breakdown is provided below:

**Table 11 – Extraordinary item cost assessment @ Mth 11**

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)	11,157	-	11,157
<b>TOTAL ALLOCATION</b>	<b>18,194</b>	<b>-</b>	<b>18,194</b>

#### 5. SUMMARY ALL RISKS – REVENUE

As reported above at the end of Month 11 the in-month position is an underspend of (£1.74m), taking the YTD position to £2.36m overspent. Given the fact that the Health Board is reporting a deficit of £2.36m at Month 11 the table below summarises how the Health Board moves from current deficit to balance by 31<sup>st</sup> March 2023.

	£M
Potential Deficit	2.360
Mitigating Actions:	
1.RBNI Oct 20-April 21	(0.500)
2. Further Opportunities from B/S Review	(1.900)
<b>Potential Risk Adjusted Forecast</b>	<b>(0.040)</b>

Linked to the ongoing review of the opportunities, including the final elements of funding from WG and the balance sheet, the Health Board is on target to deliver a balance position to the 31<sup>st</sup> March 2023. Based on this assessment and also that at the time of writing this report there were only 2-3 weeks till the 31<sup>st</sup> March the risks reported in previous months have been removed. Updates on the risks reported in Month 10 are summarised below:

Further details on the risks:

- Delivery of Run Rate – this will be supported by Balance Opportunities
- Prescribing – assumed that the £2.4m will not increase significantly and is included within the delivery of run rates point above.
- COVID Recovery – as noted in section 4.7 scheduled to be aligned to the funding received of £21.6m.
- Delivery of Continuing Health Care – no significant growth forecast above delivery of run rate position
- Savings Delivery – within run rate and based on trajectories in section 4.4, should over achieve in Month 12.

## 6. RISK ASSESSMENT

As outlined in the Performance and Finance Committee in August 2022 it was agreed there would be two Board level financial risks: -

- **Achieving financial balance**, which replaces the risks previously reported and referenced as 73, 79 and savings, with the key elements as follows: -
  - Risk of delivery of savings quantum
  - Risk of operational overspend being in excess of slippage to cover in year
  - Risk of residual COVID costs becoming part of base expenditure for the Board
  - Risk of commitment of reserves being above reserves available.

**A score of 12 is suggested, which is a reduction from the 20 reported in Month 10. This is based on the assumption that whilst the financial forecast for 2022/23 is reporting balanced through various opportunities, all the moving part of the financial position need to come together to achieved balance in 2-3 weeks time. Both impact and likelihood are now (4x3=12)**

- **Availability of capital (risk 72)**. This risk has been re-opened for 2022/23 as the initial draft financial plan is not balanced given a 24% reduction in discretionary capital allocation. Work is underway to manage schemes to reduce commitments in 2022/23 and to produce a balanced plan. This risk varies during the year as more details on schemes emerge and potential slippage funding is made available by Welsh Government. **A score of 12 is suggested at this stage as the whilst plan is now balanced a number of schemes are on hold and the flexibility within the plan is extremely limited given the reduction in the allocation. Both impact and likelihood dropped one level (4x3=12)**

The 2023/24 financial outlook and the risks surrounding the plan have been reported to various Boards and Committees during Quarter 4 of 2022/23. Both these risks will need to be re-assessed in the light of the 2023/24 plan and will be reported to the committee from Month 1 of 2023/24. A meeting is scheduled for Monday 27<sup>th</sup> March 2023 to do this.

## 7. FINANCIAL MATURITY

There are no items of exception to be reported to the Committee in Month 11.

## 8. SUMMARY OF ACTIONS AND UPDATES

Items that have been completed and closed are now removed from the list below and moved to Appendix 1

**Table 15 – Action Summary**

Area	Ref	Action	Update- September Report
Savings	M03.2	Focused attention to ensure the 100% of the green and amber schemes are deliver in line with the plans identified. Thus ensuring plan and actual align.	Ongoing Review linked updates provided in section 4.5
Savings	M11.1	Where savings delivery is not assured and gaps remain with regard to recurrent delivery vacancies may need to be removed	

## 9. RECOMMENDATIONS

Members are asked to:

- **NOTE** the agreed 2022/23 financial plan.
- **CONSIDER** and comment upon the Board’s financial performance for Period 11 2022/23.
- **NOTE** the actions to ensure delivery of the financial forecast with a specific focus on savings delivery: -
  - Targeted meetings to be held with areas not achieving target either in-year or recurrently. **All Service Group Directors and Corporate Directors**
  - Focused attention to ensure that 100% of the green and amber schemes are delivered in line with the plans identified. **All Service Group Directors and Corporate Directors**
  - Where savings delivery is not assured through the last round of meetings central action will be taken to close all gaps.
- **NOTE** increased cost control in respect of COVID response costs: -
  - Check & Challenge meetings were held during 2022/23 and this focus will need to be maintained as we approach 2023/24 and the delivery on next year’s plan. Whilst costs have been funded by WG in 2022/23 this is on a non-recurrent basis. Therefore embedded COVID costs must continue to reduce to support the 2023/24 plan. **All Service Group Directors**
- **NOTE** actions to ensure the operational pressures are mitigated and areas return to financial balance.



- Focused attention on the delivery of Financial Recovery and reduced Run Rates linked to the actions from the Summit meeting on 7<sup>th</sup> September 2022 and reduction in Run Rates linked to the Workshop held on 15<sup>th</sup> February 2023. **All Service Group Directors and Corporate Directors**
- Opportunities identified following the submission of the Run Rate information on 10<sup>th</sup> February 2023 expanded on in the Workshop 15<sup>th</sup> February 2023. **All Service Group Directors and Corporate Directors**
- Financial Improvement Plan prepared for Morriston Service Group by the Financial Improvement Director. Detailed action plans in progress to maximise the benefits realisation with the plan – specifically run rate reduction. **Morriston Service Group Directors and Corporate Directors**
- **NOTE** the risks position at Month 11.
- **NOTE** all actions and updates to support the management of the 2022/23 financial position.

<b>Governance and Assurance</b>		
<b>Link to Enabling Objectives</b> <i>(please choose)</i>	<b>Supporting better health and wellbeing by actively promoting and empowering people to live well in resilient communities</b>	
	Partnerships for Improving Health and Wellbeing	<input type="checkbox"/>
	Co-Production and Health Literacy	<input type="checkbox"/>
	Digitally Enabled Health and Wellbeing	<input type="checkbox"/>
	<b>Deliver better care through excellent health and care services achieving the outcomes that matter most to people</b>	
	Best Value Outcomes and High Quality Care	<input checked="" type="checkbox"/>

	Partnerships for Care	<input checked="" type="checkbox"/>
	Excellent Staff	<input type="checkbox"/>
	Digitally Enabled Care	<input type="checkbox"/>
	Outstanding Research, Innovation, Education and Learning	<input type="checkbox"/>
<b>Health and Care Standards</b>		
<i>(please choose)</i>	Staying Healthy	<input type="checkbox"/>
	Safe Care	<input type="checkbox"/>
	Effective Care	<input type="checkbox"/>
	Dignified Care	<input type="checkbox"/>
	Timely Care	<input type="checkbox"/>
	Individual Care	<input type="checkbox"/>
	Staff and Resources	<input checked="" type="checkbox"/>
<b>Quality, Safety and Patient Experience</b>		
Financial Governance supports quality, safety and patient experience.		
<b>Financial Implications</b>		
The Board is reporting a balanced forecast year-end deficit financial outturn prior to the impact of COVID-19.		
<b>Legal Implications (including equality and diversity assessment)</b>		
No implications		
<b>Staffing Implications</b>		
No implications		
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>		
No implications		
<b>Report History</b>	Updates on the financial position are provided at every meeting	
<b>Appendices</b>	none	

## APPENDIX 1:

### LIST OF CLOSED ITEMS:

Area	Ref	Action	Update- September Report
Savings	M01.1	Each Wednesday a weekly report is produced by the Programme Management Office (Savings) and issued to Executive and Service Group Directors to ensure there is a	<b>Weekly report continues to be updated and shared widely.</b>  <b>ACTION: CLOSED</b>

Area	Ref	Action	Update- September Report
		constant focus. Within the weekly report are detailed actions that will be taken and updates provided on progress against these within the report.	
<b>COVID Transition</b>	M01.3b	Following the latest de-escalation guidance service need to continually review requirements and update forecast with support of the Finance Business Partner.	<b>Revised forecasts to be brought to discussions with Chief Executive Officer and Director of Finance and Performance during July.</b>  <b>ACTION: CLOSED</b>
<b>COVID Transition</b>	M02.3	Linked to M01.3 above given the latest de-escalation guidance service areas need to review requirements and update forecast with support of the Finance Business Partner .	<b>Completed for Chief Executive Officer meetings in July.</b>  <b>ACTION: CLOSED</b>
<b>LONG TERM AGREEMENTS Performance (Providers &amp; Commissioner</b>	M01.2	Update to be provided during Q2 and quarterly from that point.	<b>Q1 update included in September report with further updates on Quarterly basis of PFC</b>  <b>ACTION: CLOSED</b>
<b>Financial Performance</b>	M03.1	Morrison – The Chief Executive Officer has requested enhanced support/escalation to focus on both assurance regarding financial control, clarity on why actual spend is increasing and actions to return spend to pre-pandemic levels, along with a continued focus on savings as Morrison has 84% of the total HB red schemes..	<b>Work is underway to procure this support for commencement in September</b>  <b>ACTION: CLOSED</b>
<b>Opportunities (Central Budgets)</b>	M02.5	Look at options for sharing the Main Central Budget in a format that assists the reader of the report.	<b>By end of Quarter 2</b>  <b>ACTION: CLOSED</b>
<b>Financial Maturity</b>	M01.10	Various developments	<b>Refer to Section 8 of the report</b>  <b>ACTION: CLOSED</b>
<b>Financial Performance</b>	M04.3	Review of corporate cost centre Z095 to ensure no additional risks regarding Corporate Income associated with Service Level Agreements/Long Term Agreements/Road Traffic Accidents and Oversea visitors	<b>Work commenced in August and continues into Q3 with updates to be included future PFC papers as necessary.</b>  <b>ACTION: CLOSED</b>
<b>Financial Maturity</b>	M05.01	All aspects	<b>Going forward it is proposed that items under this section are reported to the Committed by exception and that the standard information is removed.</b>  <b>ACTION: CLOSED</b>
<b>Risks</b>	M02.4	Review of the operational forecast to continue through August-September to inform updated position for 2022/23 and the	<b>Data used to support Mid Year Review presentation to WG. Update will provided to In</b>

Area	Ref	Action	Update- September Report
		anticipated Mid-Year review with WG.	<b>Committee section of December meeting.</b>  <b>ACTION: CLOSED</b>
<b>Financial Performance</b>	M04.1	Chief Executive Officer has asked the Director of Finance to prepare a financial improvement plan to enable the forecast balances position to be achieved.	<b>Following meeting between Chief Executive Officer and Director Of Finance on 1<sup>st</sup> August a number of actions to support plan were agreed and updates provided in Section 6.</b>  <b>ACTION: CLOSED</b>
<b>Financial Performance</b>	M05.2	Following the Summit meeting on 7 <sup>th</sup> September a list of agreed actions have been developed, which will form the basis of the Financial Recovery Plan.	<b>Updates on progress will be provided to the committee each month. Update in Section 6.</b>  <b>ACTION; CLOSED</b>
<b>Extraordinary Pressures</b>	M01.8	Continued discussions with WG on the risks regarding funding and the methodology assessing the '2021/22 levels'.	<b>Part of regular discussions with Finance Delivery Unit</b>  <b>ACTION: CLOSED</b>
<b>Extraordinary Pressures</b>	M01.7	Continual review of each area and refinement of forecast.	<b>Updates provided each month to WG and Performance &amp; Finance Committee.</b>  <b>ACTION: CLOSED</b>
<b>Financial Performance</b>	M10.1	Run Rate workshop to address creep in operational pressures and run rates held on 15 <sup>th</sup> February. The output will drive 22/23 and 23/24.	<b>Update to be provided to the March Committee.</b>  <b>CLOSED – part of the Financial Plan discussions for 2023/24</b>
<b>Savings</b>	M02.1	Chief Executive Officer set target for 100% delivery of savings and all schemes to be green and amber by the end of June.	<b>Update of Performance included in Section 4.5.</b>  <b>CLOSED</b>
<b>Savings</b>	M02.2	Further work is required on mitigating the b/f unmet savings delivery from 2021/22 and this will need to be part of the review in assessing the utilisation on central budgets.	<b>Update of Performance included in Section 4.5.</b>  <b>CLOSED</b>
<b>COVID Transition</b>	M01.3a	Forecast continue to be refined and updated based on most relevant information from the Service Groups.	<b>Continually being reviewed and updated</b>  <b>CLOSED</b>
<b>COVID Transition</b>	M01.4	Check & Challenge meeting with Chief Executive Officer were held in July 2022, which picked up the actions from the point above.	<b>Actions from July meetings were reviewed and updated actions from 3<sup>rd</sup> and 4<sup>th</sup> November meetings were issued to Service Groups. Next set of meetings scheduled for February 2023</b>

Area	Ref	Action	Update- September Report
			<p>which form part of Run rate work plan.</p> <p><b>CLODED 2022/23 – continued focus required 2023/24</b></p>
<b>COVID Transition</b>	M01.5	Continued discussion with WG on the risks regarding funding.	<p>Discussions are taking place regularly. See update in section 4.7 on discussions and presentation to Finance Delivery Unit.</p> <p><b>CLOSED</b></p>
<b>COVID Recovery</b>	M03.3	To ensure that the allocation of resources is directed to delivering WG expectations in balance with risk profile of patients on waiting lists.	<p>Allocations are updated and revised monthly.</p> <p><b>CLOSED</b></p>
<b>COVID Recovery</b>	M04.2	Continual review to ensure plan is balance by the end of September.	<p>Updates provided each month to WG and Performance &amp; Finance Committee.</p> <p>Enhanced monitoring commenced in Quarter 2 to link activity and finances.</p> <p><b>CLOSED</b></p>
<b>Risks</b>	M08.1	Continued focus and review of the operational forecast and associated risks.	<p>Ongoing to 31<sup>st</sup> March 2023.</p> <p><b>CLOSED</b></p>
<b>Opportunities (Central Budgets)</b>	M01.9	Continue to development of the process for reporting of central budgets that is helpful to the reader to improve the transparency of the financial position. With updates provided on a quarterly basis.	<p>Further information was provided to the Performance &amp; Finance Committee in the Month 2 Finance Report to support a move towards a more transparent approach, with updates to be provided each quarter.</p> <p>All General Reserves will be issued out to areas between Mth 8 and 9. In Q4 revised approach to the management of Reserves will be developed for implementation from Mth 1 23/24. This will ensure all funding is issued at the start of the Financial Year or on receipt of In Year Funding from WG.</p> <p><b>CLOSED – 2023/24 reserves management will be addressed as part plan and recommendations to the Board.</b></p>