

Dyddiad/Date: 13<sup>th</sup> March 2024

Ms Claire Bowden  
Deputy Head of NHS Financial Management  
Welsh Government  
King Edward VII Ave  
Cardiff  
CF10 3NQ

Dear Claire,

**SWANSEA BAY UNIVERSITY HEALTH BOARD MONITORING RETURN 29<sup>th</sup> FEBRUARY 2024**

I enclose with this commentary the completed proformas in respect of the Health Board's Monitoring Returns to 29<sup>th</sup> February 2024.

The Health Board's (HB) 'Landing Plan' to deliver the Control Total set by Welsh Government (WG) was presented to the Board on 30<sup>th</sup> November 2023, the key points in relation to the Landing Plan were summarised in the opening section of the Month 8 letter. The information in the sections below represent material updates to the delivery of the plan and the information from section 1 onwards provides further information to support the specific Tables within the MMR.

- **Delivery Control Total**

At its Board Meeting on 30<sup>th</sup> November 2023 the Board supported the aspiration to deliver the Control Total and the opportunities and actions needed to achieve this. From Month 10 MMR Table A, there was a small overspent anticipated for Month 11.

The actions required in Month 11 were delivered in full or in part. There remain two actions within Part 4 Table A: Landing Plan 10-20-30 + Options linked to Capacity restrictions on Agency usage and delivery of Reduced Targets Set for all Service Areas which did not achieve to the level anticipated.

In addition to some actions not delivering in Month 11, costs for the Industrial Action for January 2024 and February 2024 were reflected in the position, with the majority of February 2024 costs manually accrued. There were benefits that partly offset the cost of

the Industrial Action, including a gain on the marginal rate recovered from WHSSC for Cardiac procedures which provided a one-off benefit of £0.6m.

The Month 11 position should have been £0.09m overspent as reporting in Table A in Month 10, but the impact of two months of Industrial Action costs less the WHSSC benefits of £0.6m took the reported position to £1.2m overspent in-month.

- **Structure Landing Plan & Table A**

The structure of the Landing Plan and its component parts reflected in the bottom section of Table A remain unchanged and comments to note:

- *Part 2B: Corporate Balance Sheet Release (Table A Line Ref 28)* – reflects the Annual Leave and the Medical Study Leave accrual. Paper to be presented to Audit Committee on 21<sup>st</sup> March.

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

The Health Board submitted a revised plan at 31<sup>st</sup> May 2023 which reported a deficit of £86.6m. Since the Month 6 MMR submission the additional funding of £60.8m for 2023/24, of which £43.3m is recurrent, has been fed into Table A on line Ref 23. Lines Ref 27-32 provide the further changes that have been supported by the Board and detailed in the opening section above.

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

The underlying b/f position reflects the £32.2m, reported both in the Month 12 MMR submission and the MDS submitted on the 31<sup>st</sup> March 2023 and relates to Section 1 of the table reported above. However, as per the plan submitted on 31<sup>st</sup> May 2023, the recurrent underlying position c/f would be £86.6m less the recurrent additional funding of £43.3m, but as the recurrent savings requirement in the plan of £22.2m has yet to be met this is impacting on the position reported in Table A1. Work has now commenced on the assessment of the underlying position linked to the 2024/25 Plan, which will be finalised in the next 2 weeks for presentation to Board on 28<sup>th</sup> March 2024.

3. **Risk Management (Table A2)**

As there is only one month remaining all standard risks have been removed, with the exception of Industrial Action.

- Junior Doctors' Industrial Action – The Month 11 position reported the impact of the first two Industrial Action periods (January and February). The Health Board was able to mitigate the January costs via N/R benefits above that needed in the Landing Plan and is looking for further opportunities to mitigate the February and March costs non-recurrently over the next few weeks. However, this will be a significant risk as we head into 2024/25.

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

##### **4.1 Overview Variance & Plan:**

Updates on the plan are provided in the opening section on the letter with further details on the reasons for the variance to plan reported in Table B provided in section 4.2 below.

##### **4.2 Movements In-Month / YTD Variance**

The key areas of variance across the Health Board are summarised in the commentary below. The items below are those that drive the operational run rate pressures currently reported on Ref Line 27 of Table A:

- **Income**

The Welsh Health Specialised Services (WHSSC) Income as a provider continues to impact on the performance against plan, with YTD underachievement of £1.8m. Month 11 saw a continuation of trends linked to reduced activity in February 2024.

As reported for the previous 10 months of 2023/24, the pressure as a result in the loss of Dental Contract Income continues, with the YTD shortfall increasing to £1.6m in Month 11.

- **Pay**

The Month 11 pay overspend has deteriorated from Month 10 and stood at £3.6m (an increase from Month 10 overspend of £2.3m), taking the YTD overspend to £20.5m. There has been a small decrease in WTEs between months, predominantly within Nursing. There has been a decrease in Overtime and Medical Agency, whilst both Non-Medical Agency and Bank have remained similar to Month 10. This includes both the cost of cover and reduced salary from the Junior Doctors' Industrial Action in January and February; February estimates have been predominately manually accrued.

- **Clinical Consumables**

This area continues to be a significant pressure with a YTD variance of £8.2m. With the in-month position being higher than Month 10 (£0.3m) at £0.5m. There are 80+ subjective lines within this category including secondary care drugs but areas seeing most pressures YTD continue to be general consumables (M&SE), laboratory products and implants (which in part will be driven by activity).

- **Non Delivery Savings**

The Health Board has set a 3.5% savings target for 2023/24, after two years of achieving 4%. In addition there is a further £10.6m of unmet recurrent savings b/f from 2022/23. However there remains a gap in the delivery of savings to meet the target sets which has resulted in a £0.9m variance in Month 11, with a £9.0m YTD position.

- **Prescribing**

At Month 11 the in-month position reflected in the ledger on Prescribing is breakeven (Month 10 £0.8m overspent) and £5.7m YTD. The latest PAR continues to recognise the significant price reduction in Apixaban (the most commonly prescribed DOAC), however growth in both price and volume continue to offset the benefits. It is expected that the Category M position will improve in the final two months of the year to partly offset the YTD overspend; this data is not yet available to validate this assumption.

#### **4.3 Movements In-Month / Forecast Actuals (Table B1)**

The keys issues of note from Table B1 against the core heading of (1) PMA = Prior Month Actuals, (2) PMF = Prior Month Forecast and (3) PMFYF = Prior Month Full Year Forecast are provided in the section below:

- **Revenue Resource Limit (RRL)**
  - PMF/PMFYF: re-phasing of the RRL and additional allocations received in relation to GMS GP Pay/Expenses Uplift, GMS IT Support & Refresh and Vertex (WHSSC) and Medical Training Posts which were not anticipated.
- **Welsh NHS Local Health Boards and Trusts Income**
  - PMF/PMFYF: this relates to the recognition of over performance in respect of LTA agreements.
- **Other Income**
  - PMFYF: this includes income for the R&D and Local Authority but there is no one specific area but a number of items each month impacting on the movement.
- **Primary Care Contractor**
  - PMF: this relates to timing differences in-month in relation to recognition of the increased Pharmacy rates.
- **Provider Pay**
  - PMF/PMFYF: increase in costs between Month 10 and 11 as noted in section 4.2 above, with elements of this forecast to continue for the remainder of the year, including the March Industrial Action which will span 4 days (January and February both being 3 days).
- **Provider Non Pay**
  - PMFYF: this reflects a number of items within the Landing Plan in relation to delays in investments, including an assumption that offsetting benefits are identified to cover the impact of the February and March Industrial Action.
- **Other Private & Voluntary Sector**
  - PMF/PMFYF: this relates to timing differences regarding outsourcing Recovery activity and an increased use of outsourcing within the delivery plan.
- **Joint Financing and Other**
  - PMF/PMFYF: this relates to timing differences in costs in relation to the Local Authority elements of the RIF expenditure in-month. Overall the

decreased forecast relates to changed expenditure plans between Local Authorities and the Health Board.

- **Losses**
  - PMF: this relates to timing differences in the assumptions made in the Month 10 forecast; there is no impact on the Forecast Year End assessment.
- **Month 12 Values**
  - There remains a significant increase in anticipated expenditure in Month 12 for Joint Financing, which is based on the profile of the budgets and historic trends. This will continue to be reviewed.

#### **4.4 Actions In Plan to Manage Risks and YTD Variance**

Under this section in previous MMR Letters the Health Board has provided details of the actions being driven by the Health Board to mitigate the planned deficit, the variance from plan and the risks detailed under Section 3, which have been in place from the start of the financial year. Only updates or additional actions above those reported in previous months are captured below:

- **Landing Plan** – The Health Board's 'Landing Plan' to deliver the Control Total set by Welsh Government of £17.1m was presented to the Board on 30<sup>th</sup> November 2023. The Board supported the aspiration to deliver the Control Total and the opportunities and actions needed to deliver the target. The control target requirements for Service Groups have been formally communicated to Budget Holders in December 2023 via a letter from the Chief Executive. Recovery meetings with Service Groups have focused on developing plans to achieve the required reductions in run rates, with continued progress in Mental health and Learning disabilities (MHL), Primary, Community and Therapy Services (PCTS) and Neath Port Talbot Singleton (NPST) and limited progress within Morriston Service Group (MSG), largely due to the outbreaks of Norovirus, COVID, Flu and C.difficile leading to some beds being closed and other facilities opened being an unavoidable management focus. The managerial and financial impact of the Industrial Action has also had a significantly detrimental impact that requires further assessment. The Landing Plan will be used going forward to oversee the delivery of the Control Total and will be shared with the Performance & Finance Committee monthly to provide oversight and assurance on the delivery of the actions.

#### **4.5 Other Areas of Comment:**

- **Energy Forecast (F)**

As noted previously whilst NWSSP continue to provide updates it is important to note that this forecast is not based on actual or predicted volume usage but industry averages. This becomes important given the Morriston site acquires a significant amount of its power from the Solar Farm, which if using industry averages would not be built into the forecast. In addition, the PFI costs for NPT Hospital are outside of the Crown Commercial Services (CCS) forecast.

Therefore the Health Board has an assessment of its predicted usage costed at the CCS rate and incorporating the PFI costs. The forecast in Table B for 2023/24 provides an updated estimate of £15.5m for 2023/24, including PFI (reduction of £0.4m since Month 10). We have used a bottom-up approach led by our Estates/Energy leads taking into consideration the actual and predicted usage and then applying the contract price provided by NWSSP. The HB is assuming the full funding for energy of £7.8m in its overall Landing Plan.

We will continue to monitor the HB assessment of the position and review the forecast monthly as the actual costs/invoices are processed.

- **Uncommitted Reserves (G)**

The Health Board is not holding uncommitted reserves, any reserves it holds are linked to projects (e.g. Recovery Programme) or NICE and are issued on an actual basis.

Where there are investment reserves that are not required these are being managed via the Landing Plan and brought into Table B and the HB position as detailed in Table A.

- **Accountancy Gains (E)**

There are some gains recorded on the savings trackers and all areas are required to review and where appropriate release unused accruals from 2022/23 by the end of Month 6, which will then be released into the positions. These benefits are being reported through the savings tracker as accountancy gains.

The two items referenced in Table A Line 28 are not currently reported in the MMR as an accountancy gain but are just noted at this point in Table A. Whilst Audit Wales cannot agree or approve an accounting treatment, they have not raised any concerns with the actions proposed in the paper shared with them on 8<sup>th</sup> December 2023. However, to ensure the paper follows the appropriate governance route it will be presented to the next Audit Committee on 21<sup>st</sup> March for noting prior to any transactions being processed via the ledger, at which point these will be added to the savings tracker as an accountancy gain.

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

The Health Board Agency expenditure for Month 11 is £2.376m, which is 3.6% of the overall pay expenditure and is £0.118m lower than the value reported in Month 10.

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

- Vacancy Cover – 54%
- Temporary Absence Cover – 15%
- Additional Support to delivery and performance – 28%
- COVID-19 – 2%

## 6. COVID-19 (Table B3)

The total forecast expenditure shown on Table B3 for 2023/24 is currently £11.476m. The breakdown of this by area of COVID is provided below:

	Total
	£'000
Health Promotion	3,500
Vaccination Programme	5,500
Long COVID	478
Nosocomial	508
PPE	1,492
<b>Total</b>	<b>11,476</b>

This reflects a reduction in forecast for Long COVID in line with a return submitted by the Therapies operational team. We are working to understand the basis of the submission as it is not in line with the YTD reported position; we have entered a YTD negative value of £162k in Month 11 to align to the return (note this shows as a net £123k on Col M Ref 67 due to the charge for Nosocomial in the same line).

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

As at 11<sup>th</sup> March 2024, the weekly internal reporting mechanism within the Health Board reported savings identified in 2023/24 of £23.1m. The tables within the MMR were based on the data at the end of February 2024 and since the data was run the value of savings identified and reported may have changed compared to the overall value within the Month 11 MMR. The position reported on 11<sup>th</sup> March 2024 by each area is provided in the table below:

Service Areas	2022/23 SAVINGS TARGET B/F £'m	2023/24 SAVINGS TARGET £'m	TOTAL SAVINGS TARGET £'m	ACTUAL IDENTIFIED IN 2023/24 £'m	SHORTFALL IN FY2023/24 £'m
Corporate	1.47	2.66	4.12	3.85	0.28
NPTS Service Group	1.90	5.45	7.36	4.59	2.77
Morrison Service Group	4.54	6.36	10.89	4.41	6.49
MH & LD Service Group	0.79	2.57	3.36	3.49	(0.12)
Primary Care & Community Service Group	0.96	2.89	3.85	3.69	0.16
Medicines Management	0.00	2.28	2.28	2.28	0.00
HB	0.82	0.00	0.82	0.82	(0.00)
<b>Total</b>	<b>10.48</b>	<b>22.20</b>	<b>32.68</b>	<b>23.12</b>	<b>9.56</b>

This clearly shows that the one area of non-delivery remains to be the Morrison Service Delivery Group, which is in Enhanced Monitoring and for which additional support has been commissioned to work with this Service Group, as reported in previous letters.



Note that where delivery of a scheme on Table C4 has been reported incorrectly in prior months, a correcting negative YTD value has been entered in the current month as no prior months can be restated.

**8. Welsh NHS Assumptions (Table D)**

Table D reflects the Agreement of Balances position as at Month 9 2023/24.

**9. Resource Limits (Table E)**

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

Of note is the value of anticipated allocations outstanding as any change from the values anticipated will pose a risk to the underpinning assumptions made in assessing our delivery of the Control Total and also in the management of the cash position. Of greatest concern is: -

- Pay Award Allocations: whilst in February the Health Board received 90% of the anticipated allocation the balance of £4m remains material.

An update on when the Health Board is likely to receive confirmation of the above would be helpful so we can advise the Performance & Finance Committee and Board accordingly.

**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 by £0.355m from £11.169m at the end of January 2024 to £11.524m at the end of February 2024.
- In terms of Trade receivables, there has been a decrease of £4.9m from £271.8m at the end of January 2024 to £266.9m at the end of February 2024. This relates mainly to a decrease of £2.8m in the Welsh Risk Pool (WRP) Debtors, and a decrease of £2.3m in NHS Debtors.
- The closing February 2024 cash balance of £2.581m which is in line with the best practice cash target for the Health Board of £6m.
- The trade and other payables figure saw a decrease of £1.483m from £201.9m at the end of January 2024 to £200.5m at the end of February 2024. This comprised a reduction in creditors and accrued expenditure.
- There has been a decrease of £1.95m in provisions from £215.7m as at the end of January 2024, to £216.2m as at the end of February 2024. The quantum received are now being reflected in the financial ledger on a monthly basis, rather than quarterly. This will create a more regular movement for both the Trade Receivables (WRP Debtors) and the Provision figures.



## 11. Cash Flow Forecast (Table G)

As at the end of February 2024, the Health Board had a cash balance of £2.581m, which is within the best practice cash target for the Health Board of £6m.

The cash deficit position of £43.123m is detailed in the table below:

	£'000
Forecast I&E Deficit	- 86,595
Additional funding received	60,000
Reimbursement to Capital from Revenue	5,215
Movement in Working Capital Balances	- 24,602
Opening Cash Balance	2,859
<b>Forecast Cash Deficit</b>	<b>- 43,123</b>

The difference between the £43.123m forecast cash deficit and the Forecast I&E deficit Cash figure, reflects the £5.215m of capital cash to reimburse revenue CRL, and the movement in the working capital balances.

Following receipt of additional £60m funding from WG, and as a result of the cash deficit position, the Health Board formally requested support from WG for the movement in working capital cash balances (£33m) and strategic cash (£17m). We will require the working capital cash support during March 2024, and have provided WG colleagues with a more up to date position as at Friday 8<sup>th</sup> March. We will continue to update WG colleagues with regards to timings and cash levels.

The current cash forecast in Table G is predicated on the forecast year end deficit position and the current assessment of the impact of any movement in working capital balances on the cash position. However, this position assumes all allocations (£10m) detailed in Table E are received and any variance from this assumption would impact on the cash forecast. The timing of receiving this funding directly impacts when the Health Board cash position will deteriorate.

The cash flow is updated daily and a full review of the cash forecast is currently being undertaken several times a week, to ensure that any changes to our cash requirements, can be communicated in a timely manner to WG.

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

The Health Board did not achieve the 95% PSPP target for Quarter 3 with compliance being 94.6% for the quarter.

NHS payment compliance was, however, below 95% with the quarterly performance being 80.9%. The Health Board remains focussed on improving PSPP compliance for NHS invoices and ensuring that performance remains above 95% for Non NHS invoices.

Further updates will be reported at the end of Quarter 4.

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

The forecast outturn shows an overspend position of £0.195m. Allocations are anticipated on the following schemes, which will provide a balanced position.

<b>Scheme</b>	<b>£m / Risk Level</b>	<b>Narrative</b>
Dan-y-Deri Fees	0.152 / Low	Awaiting CRL uplift.
HCF Minor Projects - Virtual Wards: Remote Patient Monitoring	0.043 / Low	Funding increase approved from HCF Minor Projects. Awaiting CRL uplift.

The following allocations are classed as risks.

<b>Scheme</b>	<b>£m / Risk Level</b>	<b>Narrative</b>
Singleton Cladding	(0.203) / High	Potential scheme underspend as discussed at the CRM on 5 March. Discussions to be held with WG following updates from the scheme cost advisor on final account/gain share projections.
Regional Pathology	(0.343) / High	As discussed at WG presentation on 9 January, scheme is on hold pending agreement on proposed RIBA stage 2 / OBC redesign.
Morrison Infrastructure Modernisation Phase 2 – Sub Station 6	(1.170) / High	Inclement weather and delays with the generator manufacture have resulted in increased programme timescales and a re-profiling of spend into 2024/25. Discussions to be held with WG following updates from the scheme cost advisor on final account/gain share projections.
PET CT Scanner	0.109 / High	Approval has been received from the national PET-CT programme board to proceed with the traditional redesign. As discussed at CRM on 5 March additional design fees of £119k will be incurred.
SARC	(0.425) / High	Delays with agreement of legal documents with New Pathways have impacted when works can commence. The Health Board

Scheme	£m / Risk Level	Narrative
		works commenced in February following the completion of the New Pathways works in their building. Works will complete in May.
Burns Unit and Critical Care Expansion	(0.712) / High	A revision to the programme has been made around M&E with slippage of £0.621m.
Diagnostic Equipment	(0.131) / High	Savings have been made against the in-year allocation following confirmation of final costs for 2 DR rooms. This will be reported through as part of the scheme completion next year.
Emergency Department and Minor Injury Unit Improvements	(0.257) / High	Some timescales have slipped into April - HB will manage.
Year-End Funding	(0.263) / High	Some delivery timescales have slipped into April - HB will manage.

All other schemes are low risk and any variances are linked to planned contributions from discretionary and in some instances payback of prior year fees.

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

No disposals expected to take place this year but as discussed at the CRM there is a potential urgent disposal of Cymmer Health Centre to NPT Council. At this stage it's not clear if the disposal will take place this year.

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

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of February. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £6k at the end of February 2024 (January 2024 - £20k) with the number of invoices decreasing in this category to 1 compared to 22 invoices as at the end of January 2024.

Of the outstanding invoices between 11 and 17 weeks old, all invoices has been paid since the end of February 2024.

The outstanding invoice shown in Table M for £6k belongs to Cwm Taf and it has been confirmed on 8<sup>th</sup> March 2024 that it has been paid on the payment run that day, but we are awaiting the remittance advice.

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

Table N & O have been completed for Quarter 3 as required. GMS and Dental are currently forecast to overspend by £0.320m and £0.202m respectively. A further update will be provided at Quarter 4.

On Table P whilst there are no uncommitted values remaining. With regards to the VBHC £1.471m, the previously uncommitted value of £478K is not forecast to be spent, which is aligned to the latest submission.

The financial information reported in these Monitoring Returns reflect those reported to the Health Board. These Monitoring Returns incorporate the financials of the following hosted bodies: -

- EMRTS.

**17. Governance Arrangements**

In the absence of the Chief Executive, the monthly monitoring return submission will be approved by Darren Griffiths (Deputy Chief Executive) and for the Director of Finance by Samantha Moss (Deputy Director of Finance).

These Monitoring Returns will be circulated to the membership of the Health Board's Performance and Finance Committee on 26<sup>th</sup> March 2024.

Yours sincerely,

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

  
.....  
**DR RICHARD EVANS**  
**INTERIM CHIEF EXECUTIVE**

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