

Dyddiad/Date: 11<sup>th</sup> October 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 30<sup>TH</sup> SEPTEMBER 2024**

I enclose with this commentary the completed proformas in respect of the Health Board's Monitoring Returns to 30<sup>th</sup> September 2024.

On the 26<sup>th</sup> September the Health Board submitted a revised Financial Assessment for 2024/25. The assessment and accompanying letter summarised a high degree of confidence in the delivery of £64.1m deficit position by the 31<sup>st</sup> March 2025, with further opportunities of £13.3m giving the Health Board line of sight to £50.8m.

A summary of the Financial Assessment and details on the position following Month 6 have also been discussed with representatives from Welsh Government (WG) and the NHS Executive (NHSE) on 9<sup>th</sup> October 2024. The risks around the delivery of the £50.8m were recognised but with a line of sight to £50.8m which had been presented to the Board as its meeting on 25<sup>th</sup> September, the forecast currently remains at £50.1m. Work will need to continue on the de-risking of the financial position and the full delivery of the savings identified.

The elements of the Financial Assessment, which are summarised in the Table 1 below have also been reflected in Tables A, A2, C and E.

**Table 1: Elements of the Financial Assessment**

<b>AREAS:</b>	<b>£M</b>	<b>£M</b>
PART A: Plan @ End March 2024 Deficit / (Surplus)	50.1	
PART B: Run Rates Pressures Outside Plan	88.1	
PART C: Achieved Green & Ambers on Trackers	(12.3)	
PART D: Controllable Expenditure Targets	(2.5)	
PART E: Options Presented Green & Amber	(18.4)	
Part F: Options Presented Red	(8.6)	
Part G: Planning Assumption Changes Recurrent	(11.0)	
<b>R&amp;S Assessment (Slide 6)</b>		<b>85.5</b>
<b>Potential N/R Opportunities to support 2024/ 25 Financial Assessment:</b>		
N/R Opportunities	(17.1)	
<b>Total N/R Opportunities</b>		<b>(17.1)</b>
<b>R&amp;S Assessment (Slide 7)</b>		<b>68.4</b>
<b>Further Opportunities Linked Red Pool 2 &amp; 3</b>		
- Stretch Target	(4.3)	
<b>Total Further Opportunities</b>		<b>(4.3)</b>
<b>R&amp;S Assessment (Slide 8)</b>		<b>64.1</b>
<b>Best Case Scenario Opportunities</b>		
- Delivery of Green/Amber/Reds in Full	(13.3)	
<b>Total Further Opportunities</b>		<b>(13.3)</b>
<b>R&amp;S Assessment Best Case Scenario</b>		<b>50.8</b>

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

The Health Board (HB) submitted an Annual Plan on 28<sup>th</sup> March 2024 which reported a deficit of £50.1m. This has not been approved by WG who have requested as a minimum the HB reduces its deficit to £17m. In order to meet the £50.1m deficit plan operational savings totalling £26.1m needed to be achieved and all service areas were required to breakeven to their delegated budgets.

Given both the in-year financial challenges and gap between the £50.1m deficit plan and the £17m control total, the Health Board was asked to submit a revised Financial Assessment for 2024/25; this was presented at the Public Board on 25<sup>th</sup> September, having already gone through a robust internal sign off process and was submitted to WG on 26<sup>th</sup> September. This work brings together the work of the Programme 1 and Programme 2 of the Recovery & Sustainability Programme Board summarised in the actions under Section 4.4 of the Month 4 and Month 5 MMR submissions.

As noted in the opening paragraphs the forecast position reported in both Table A and Table B remains as per the £50.1m due to the line of sight to £50.8m reflected in the 'best case' scenario of the Financial Assessment. However, there are a significant number of risks discussed with WG and NHSE colleagues on 9<sup>th</sup> October to achieve this, which have been noted in section 3 of this letter and Table A2.

Provided below is information regarding the presentation of the numbers in Table A and how they relate back to the Financial Assessment and Table 1 above:

Ref Table A	Source Financial Assessment (as per Table 1)	Value Financial Assessment (as per Table 1)	Further Details on Entries within Table A and Financial Assessment
Line 1-14	Part A	£50.1m	-
Lines 18-20	Part C & E	£12.3m + £18.4m	Within the Financial Assessment the HB recognised that in previous years, of the savings identified only 69% are delivered. Therefore in Part D, E and F a risk adjustment was included, which totalled £13.3m. However to achieve the £50.8m the full savings identified would need to be delivered. Therefore the total of the savings will not reflect those entries in Part C and E of the Financial Assessment as Line 18-20 include all savings and do not include an assessed risk adjustment. In addition where Service Areas may not have added all Green/Ambers to the trackers any balance will be entered onto line 29.
Line 25	Part C, E, F and N/R Opportunities	-	Some of the opportunities within Part C, E and F of the Financial Assessment and the non-recurrent opportunities in Table 14, will include accountancy gains. As these are realised in the ledger/trackers they will transfer from the current lines in Table A to Line 25. Currently only £1.5m is reflected on this line, which is part of the N/R Opportunities from the Financial Assessment.
Line 28 (and Line 15)	Part B	£88.1m	The opening £88.1m value will be a combination of Lines 15 (as the run rate pressure in the Financial Assessment will reflect gross position including any shortfall in savings) and the Line 28. However the overall quantum of Lines 15 and 28 will change depending on the in-month run rate pressures.
Line 29	Part C & E		Balance of any outstanding Green and Ambers, where the value is not in line with the Financial Assessment and not recorded on the trackers driving Table C and Lines 18-20.
Line 30	Part D	£2.5m	Table A reflects the £2.5m before the risk adjustment (see comments on Lines 18-20).
Line 31	Part F	£8.6m	Schemes which at time of completing the MMR remained Red are reflected here as these will be required to deliver in full.
Line 32	Part G	£11.0m	50% of £11m in Month 1-6, with balance split over the remaining months.
Line 33	N/R Opp	£17.1 m	Reflects in full the opportunities regardless of current risk on delivery as denoted in Table 14 of the Financial Assessment, less accountancy gains reported on Line 25.
Line 34	Stretch Target	£4.3m	Reflects further opportunities from Red Options included in Pool 2 and 3 (see table 10)

			of Financial Assessment). But require further work before added to the trackers.
Line 35	n/a	£0.7m	The best case scenario in the financial assessment was £50.8m, compared to the original plan of £50.1m. As the £50.1m forecast remains, a further £0.7m of opportunities is required and has been entered as a Month 12 entry at this point.

## 2. Underlying Position (Table A1)

The underlying b/f position reflects the £54.9m, reported both in the Month 12 MMR submission and the MDS submitted on the 29<sup>th</sup> March 2024. The Annual Planning cycle has resulted in an improvement of £4.8m, adjusting the underlying position to £50.1m. This is predicated on the recurrent delivery of £34.5m of savings schemes (£26.1m operational and £8.4m of disinvestment decisions made in the planning cycle) and of all Service Areas achieving a breakeven position against their delegated budgets.

The revised 2024/25 Plan has currently focused on the in-year delivery, however many of the options presented have a higher recurrent value and the impact of this alongside the recurrent operational variances will need to be considered as part of the 2025/26 Planning process. Table A1 will then be updated as underlying position is reported to the Board later in 2024/25.

## 3. Risk Management (Table A2)

### **Risks:**

As outlined at the meeting with WG and NHSE colleagues on 9<sup>th</sup> October 2024, to achieve the best-case option (Table 15) within the Financial Assessment the Health Board has to deliver a significant reduction in its run rate position, through the delivery of savings and other opportunities.

The specific risks detailed in Table A2 reflect those in the worst-case option also detailed in Table 15 of the Financial Assessment:

- Savings Delivery (Part D,E,F) – to reach the £50.8m the organisation must deliver in full all the savings identified. Looking at previous financial years Swansea Bay has a track record of not delivering all the savings identified and as such £13.3m or 31% of Part D-F is identified as a risk.
- Further Slippage on Reds - non delivery above the 31% assumed in the Savings Delivery (Part D,E,F above) and as reflected in the worst case scenario option as £8.1m. [Note = on Table A2 Line 13 and 4 reflect the £8.1m.]
- Stretch Target £4.3m – there is a further risk to the operational delivery of the “Stretch” targets assigned to Service Groups and Corporate Directorates based on the options in Red Pool 2/3. Due to the volume of schemes already included on savings trackers that will absorb management capacity and given the remaining

time left in 2024/25 to work these up and operationalise before March 2025 will be challenging.

- Gap £0.7m Table A – difference between the best case scenario and the £50.1m has yet to be identified and remains a risk.
- N/R Opportunities – currently the N/R Opportunities assessed as Amber and Red in Table 14 of the Financial Assessment and summarised below have been reflected as a risk in Table A2. These Amber and Red schemes will be re-assessed each month and updated where there is a change in the assessed risk.

<b>RAG Rating</b>	<b>£'m</b>
Green	6.6
Amber	7.9
Red	2.6
<b>TOTAL</b>	<b>17.1</b>

In addition, the Health Board needs to consider changes which could impact the delivery of the Financial Assessment, and which will not be known until later in the Financial Year. These can be material in nature and include:

- Finalised assessment of the Risk Share of the Welsh Risk Pool for 2024/25 completed by NWSSP;
- Confirmation of the Pension Discount Factor to be applied in the 2024/25 accounts, published nationally at the end of Q3 by the Treasury;
- Changes to the Bad Debt provision confirmed at the end of the Financial Year;
- Under or Over delivery of the RTA income above Budget, which is finalised at the end of the Financial Year.
- Further deterioration in the Financial Position linked to operational pressures.
- Changes in assumptions regarding LTA Performance and Prescribing.
- Unplanned costs relating to winter pressures within the Health Board and across partnerships.

These by their nature are difficult to quantify at this point, but indicative figures were included in Part C of Table 15 of the Financial Assessment and reflected in Table A2.

### **Opportunities:**

For Month 6 reporting there are 4 lines in this section:

- Microsoft VAT Recovery – as per Month 4 submission and in line with WG guidance, the recovery of Microsoft VAT was removed from Table C3 and is included in Table A2 as an opportunity.
- Further Non-Recurrent Opportunities – work will continue to assess all aspects of the Health Board position including the balance sheet, use of funding and performance of LTA's. The current value of these N/R Opportunities is based on Table 14 of the Financial Assessment. Further opportunities by their nature are difficult to quantify at this point, but indicative figures were included in Part C of Table 15 of the Financial Assessment.
- Further Red opportunities under assessment – the Health Board has been working through £38m of Red Schemes. Each scheme has had to be impact assessed, considered by the Executive Team and recommended to the Board. Those assessed

as needing further work (Pool 2/3) before being recommended represent a further opportunity above £4.3m Stretch Target.

- R&S Work Plan – the R&S programme is continuing to assess and challenge many areas of expenditure. For example there is significant focus on job planning led by the Interim Medical Director. Outputs from all areas of work will be added to the savings trackers once finalised, and thus have the potential to increase the value of schemes currently included in Part D-F of the Financial Assessment.

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

##### 4.1 Overview Variance & Plan:

The profile of income and expenditure in Table B is indicative at this stage given the number of actions underway. The profile will also be refined as further analysis is completed on the YTD operational drivers and mitigating actions/options.

Further details regarding the reasons for the variance to plan reported in Table B are provided in section 4.2 below.

A summary of the drivers of the In-Month position is summarised in the table below:

**Table 2: Key Drivers**

Month 6 - In Month	HB Wide £'m	MH/LD £'m	PCT £'m	NPTS £'m	Morr £'m	Corp £'m	Central £'m
<b>Plan 1: Plan</b>							
12th Deficit Plan	4.2	-	-	-	-	-	4.2
<b>Part 2: Savings Delivery</b>							
Non Delivery £26.1m Savings	(1.4)	(0.4)	(0.6)	(0.4)	0.2	(0.2)	-
<b>Part 3: Operational Pressures</b>							
<b>Income</b>							
- JCC Performance	0.2	-	-	-	0.2	-	-
- Dental PCR Income	0.1	-	0.1	-	-	-	-
<b>Pay</b>							
- Medical	0.6	-	-	0.2	0.4	-	-
- Nursing (inc UQ)	1.0	0.5	-	0.1	0.4	-	-
- A&C	-	-	-	-	-	-	-
- COO Overtime	0.1	-	-	-	-	0.1	-
<b>Surge Beds</b>							
- Gorseinon	0.1	-	0.1	-	-	-	-
- SUSD	-	-	-	-	-	-	-
- Singleton	0.1	-	-	0.1	-	-	-
<b>Non-Pay</b>							
- Secondary Care Drugs	0.3	-	-	0.2	0.1	-	-
- Non Pay General (inc.Clinical Supplies/Reserves)	1.1	(0.1)	-	0.6	0.5	-	-
- Estates (Building Materials / Energy)	(0.3)	-	-	-	-	(0.3)	-
- COO (Provisions)	-	-	-	-	-	-	-
- CHC	0.7	-	0.7	-	-	-	-
<b>Sub Total Part 3</b>	<b>4.0</b>	<b>0.5</b>	<b>0.9</b>	<b>1.2</b>	<b>1.6</b>	<b>(0.2)</b>	<b>-</b>
<b>Part 4: Further Opportunities</b>							
- Balance Corporate Directorates	(0.6)	-	-	-	-	(0.6)	-
- Central Z Codes	(0.9)	-	-	-	-	-	(0.9)
<b>Sub Total Part 4</b>	<b>(1.5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.6)</b>	<b>(0.9)</b>
<b>Total</b>	<b>5.1</b>	<b>0.0</b>	<b>0.3</b>	<b>0.8</b>	<b>1.8</b>	<b>(0.9)</b>	<b>3.2</b>

## 4.2 Movements In-Month / YTD Variance and Forecast Profile

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 28 of Table A and relate to the summary provided in Table 2 above:

- **Income**

The Joint Commissioning Committee (JCC) Income as a provider continued to slightly underperform in-month, with an in-month underachievement of £0.14m. The YTD underachievement is £0.8m.

Dental Contract Income underachieved by £0.1m in-month, with an YTD underachievement of £0.7m.

- **Pay**

The Month 6 pay overspend was £0.1m (Month 5, £1.0m), this improvement in month was largely driven by Additional Clinical Services overspend offset by Administrative and Clerical underspends and a reduction in Medical & Dental costs linked to variable pay improvement. The YTD pay pressures are driven by a number of factors including the continuation of staffing surge bed capacity, pressures on services across the organisation and high levels acuity, coupled with high levels of sickness.

- **Clinical Consumables**

This area continues to be a pressure with an in-month position of £0.6m (Month 5, £1.6m). 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).

- **Prescribing**

Currently prescribing is balanced in month and there is a small YTD underspend of £0.3m. We have at this point received 4 months of PAR data. The Q1 data is below the anticipated levels at this point in the year. However, the data developed in partnership with Pharmacy colleagues is indicating that price concessions linked to Cat M and NCSO may increase significantly in Q2. Apixaban also remains in the NCSO basket which means previously anticipated savings are not being delivered and instead present a cost pressure. Therefore, the position is being maintained as relatively balanced pending further PAR data in the coming months.

As per **action point 2.1** an analysis of items with a forecast greater than £0.5m when compared to an equal twelfth of the end of year total forecast was completed.

- Primary Care Contractor has an additional assumed £1.0m in Month 12 in relation to the GP Refresh anticipated allocation – confirmation of this pass-through cost is not typically received until Month 12.
- Capital Donation/Government Grant Income is typically confirmed in Month 12.
- Primary Care Drugs is phased based on prescribing days in any given month and anticipated timings of Category M drug prices.

- Pay will naturally fluctuate with the timing of starters and leavers, as well as the level of reliance on variable pay linked to sickness, number of open beds, additional activity etc.
- Non-Pay is profiled in line with when services are received or goods are delivered.
- Continuing Care will be driven by the number and price of packages of care at any given time, and the number of calendar days each month.

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

The key 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: The main driver of the increase relates to the Medical & Dental Pay Award for 2023/24.
- Other Income
  - PMF: This is a timing difference in the forecast in relation to R&D income.
- Provided Services – Pay
  - PMF/PMFYF: This relates to the Medical & Dental Pay Award for 2023/24 for which pay arrears were made in Month 6; this was not included in the forecast at Month 5.
- Non-Pay:
  - PMF/PMFYF: The decrease in forecast is reflective of the YTD run rate and additional savings schemes identified.
- Secondary Care Drugs:
  - PMF: The in-month increase is largely driven by Cancer Blood Products; analysis is on-going as to the reason for this.
- Healthcare Services Provided by Other NHS Bodies
  - PMFYF: The forecast has been increased to reflect the pass-through WG funding for Vertex to JCC confirmed in Month 6.
- Continuing Care and Funded Nursing Care:
  - PMF/PMFYF: the increase is based on the latest database modelling, driven by case numbers and package prices.

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

Through previous submissions, WG will be aware that the Health Board was working through a process to identify further opportunities to support the financial position, culminating in the submission of the Financial Assessment on 26<sup>th</sup> September.

The table below provides a summary of the actions taken by the Health Board since the submission of the August (Month 5) MMR submission. Actions up to and including the Month 5 (August) submission are provided in previous submissions. Each action is aligned to the Recovery & Sustainability (R&S) Programme, which is made up of three elements: -



- Programme 1 focusing on immediate actions to address controllable expenditure.
- Programme 2 focusing on Short Term Service Changes that will impact on run rates and savings delivery, including the governance linked to the original accountability letters culminating in the re-submission of the 2024/25 Financial Assessment.
- Programme 3 focus on medium term sustainability to support the 2025/26-2027/28 Plan to deliver financial balance during this period.

Date	Action
16 <sup>th</sup> Sept	<b>Programme 2 R&amp;S</b> – Informal Executive Team discussion on draft revised 2024/25 Plan.
17 <sup>th</sup> Sept	<b>Programme 2 R&amp;S</b> – Presentation to In-Committee PFC on the Financial Assessment for recommendation to the Board on 25 <sup>th</sup> September.
25 <sup>th</sup> Sept	<b>Programme 2 R&amp;S</b> – Public Board with discussion and presentation on the revised 2024/25 Financial Assessment.
26 <sup>th</sup> Sept	<b>Programme 2 R&amp;S</b> – Submission of Financial Assessment for 2024/25 to WG.
9 <sup>th</sup> Oct	<b>Recovery &amp; Sustainability Overarching</b> – further discussion with WG/NHSE on the Financial Assessment submitted, full disclosure of risks, output from Month 6 and trajectory to 31 <sup>st</sup> March 2025.
<b>11<sup>th</sup> October 2024 Completion and Submission Month 6 MMR</b>	
Oct 2024	<b>Programmes 1-3 R&amp;S</b> – establishment of the new R&S Board, reporting to PFC to provide the oversight of all aspects of the Recovery & Sustainability Programme.

Following the submission of the Financial Assessment three overarching actions will be undertaken:

Action	Detail
Communication	<ul style="list-style-type: none"> <li>• Formal communication and feedback from Assessment submitted on 26<sup>th</sup> September has been issued to the organisation. This communication included: <ul style="list-style-type: none"> <li>• Clarity on the Red Option presented and agreed by the Executive Team</li> <li>• Control total for each service areas to achieved by 31<sup>st</sup> March 2025 to ensure the Health Board is able to deliver the Financial Assessment.</li> <li>• Next steps are for the four Service Groups to profile the delivery of their options and control total over Months 7-12, to allow oversight of when area is off trajectory.</li> </ul> </li> </ul>

Action	Detail
R&S Board	<p>The key deliverables of this Board are:</p> <ul style="list-style-type: none"> <li>• Receiving the Service Groups (SG) and Corporate Teams (CT) recommended actions / plans to deliver against key financial and performance indicators.</li> <li>• Scrutinising and gaining assurance of delivery from the Service Groups and Corporate Teams for their financial and performance plan.</li> <li>• Monitoring delivery against the financial and performance plans and ensuring remedial actions are implemented in the event of a deviation from the original plan.</li> <li>• Implementing escalation using the performance management framework.</li> <li>• The role of the Board is not to make decisions on behalf of the SGs or CTs in respect to their plans and delivery. Direct Board decision making, and instructional direction would represent an escalation under the performance management framework. This does not include active dialogue and supportive discussion.</li> <li>• Negative deviation from the financial plan that cannot be recovered in year or performance against the agreed key metrics within a period of three consecutive months would represent an escalation under the performance management framework. The exception to the above being in year changes that are supported by the Health Board or instructed by Welsh Government.</li> <li>• Oversight of the delivery of the thematic executive led options presented to Board and ensuring updates are provided through the governance arrangements directly to Performance &amp; Finance Committee.</li> <li>• Receiving assurance from the Business Case Assurance Group (BCAG), scrutiny committee that investments have delivered against their original objectives and evidence that those objectives are relevant to the current clinical process.</li> <li>• The Board will make recommendations to the Performance and Finance Committee regarding the continuation or disinvestment of ongoing funding related to previous BCAG investment cases.</li> <li>• Directing 'deep dives' of specific areas, supported by appropriate benchmarking information, and evidenced analysis assessed under the 'case for change' model where appropriate.</li> <li>• Receive recommendations from the programme management office (PMO) for health board opportunities identified via bench marking, National Value and</li> </ul>

Action	Detail
	<p>Sustainability board, NHSE VAULT and other benchmarking data.</p> <ul style="list-style-type: none"> <li>• Board will agree and delegate delivery to SG's and CT's on a maximum of six key new cross working programmes in a rolling twelve month period. SGs and CTs will jointly work towards delivering to facilitate a sustainable recovery in the longer term</li> <li>• Rhythm of Board in respect to cross cutting sustainable working: <ul style="list-style-type: none"> <li>○ Board will have delegated authority to deploy staff and resources across the organisation as required to deliver the objectives.</li> <li>○ Where resources are constrained, the Board will make recommendations via the Management Board and the performance and finance committee to 'stand down' or defer other programmes and objectives to release the necessary resources.</li> </ul> </li> </ul>
Focus on exception	<ul style="list-style-type: none"> <li>• To achieve the best-case Financial Assessment from 26<sup>th</sup> September there are three key areas that need to be delivered: <ol style="list-style-type: none"> <li>1. Achievement of the control total set for Service Area</li> <li>2. Delivery of the options presented and agreed by the Board.</li> <li>3. Reduction in Variable Pay by targets set of 25% at end September and further 25% by end December.</li> </ol> </li> <li>• With regard to point 2 the options are in excess of 210+ and whilst the savings trackers will be used to capture the data, the Health Board will need to oversee and manage these through exception reporting of those that are not on target either in month or YTD.</li> <li>• Adjustments are being developed to support the required changes in reporting to R&amp;S Board, PFC and the Board to ensure exceptions and deviations from the 3 areas above are clear.</li> </ul>

#### 4.5 Other Areas of Comment:

- **Energy Forecast (F)**

An update was received on 10<sup>th</sup> June 2024 from NWSSP regarding the forecast which has been validated and included in Month 3 MMR submission. As a result, Month 1 and 2 actuals have been restated. There is no update for the Month 6 MMR submission.

- **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.

- **Accountancy Gains (E)**

The Accountancy Gains identified to date are reported in Table C3; this is profiled in Month 7 as verification work is underway to confirm the value. The potential for further Gains will remain under review during the year.

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

The Health Board Agency expenditure for Month 6 is £1.4m (Month 5, £1.5m), which is 2.0% (Month 5, 2.3%) of the overall pay expenditure.

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

- Vacancy Cover – 64%
- Temporary Absence Cover – 11%
- Additional Support to delivery and performance – 25%
- COVID-19 – 0%

Other Variable Pay (excluding Agency) is classified by the Health Board into the following categories: Bank, Overtime, Waiting List Initiatives (WLI) and Irregular Sessions and all of these have been included within the Table. A summary split by category is provided below:

Category	In-month expenditure £'000
Bank	1,890
Overtime	578
WLI	307
Irregular Sessions	650
<b>Total</b>	<b>3,425</b>

Both Agency/Premium Locum and Other variable pay remain key areas of focus for opportunities to reduce the current run rate of expenditure, with specific reduction targets having been issued to Service Groups.

Drivers of the material movements from the prior month's forecast are provided below:

### Table A:

- Medical & Dental: the increase is driven by the Medical & Dental Pay Award for 2023/24, with arrears being paid in Month 6.
- Nursing & Midwifery: the decrease reflects the continuing actual improvement YTD, predominantly linked to variable pay, however this is partly offset by an increased reliance on Unregistered Nursing (in Additional Clinical Services).

Table B:

- No material changes.

Table D:

- No material changes.

**6. COVID-19 (Table B3)**

The total forecast expenditure shown on Table B3 for 2024/25 is currently £7.188m following a capping of expenditure versus the funding provided as part of the Annual Planning cycle. This action has been taken to drive efficiency within this element of the Health Board. The breakdown of this by area of COVID is provided below:

£'000	Funding	Plan / Forecast
Health Protection (including PPE)	3,994	3,154
Vaccination Programme	4,400	3,080
Long COVID	954	954
<b>Total</b>	<b>9,348</b>	<b>7,188</b>

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

The position reported in the MMR by each area is provided in the table below, which will only reflect Green and Amber schemes:

Savings Table 1: Green/Amber

In-Year Savings	2024/25 Savings Target £'m	In Year Opportunities Identified Trackers 2024/25 £'m	Less Opportunities to manage In Year Pressures £'m	In Year Opportunities to Deliver Savings £'m	In Year Shortfall on Savings Target £'m	Recurrent Shortfall on Savings Target £'m
Morrison	7.8	4.5	0.0	4.5	3.3	0.0
NPTS	8.0	13.5	5.6	8.0	0.0	0.0
MHLD	2.6	9.1	6.5	2.6	0.0	0.0
PCT	3.1	8.9	5.8	3.1	0.0	0.0
Corporate	4.7	6.7	2.1	4.7	0.0	0.0
	<b>26.1</b>	<b>42.8</b>	<b>19.9</b>	<b>22.9</b>	<b>3.3</b>	<b>0.0</b>

Overall, there has been progress in the identification of opportunities and further pipeline ideas, aligned in part to the work outlined in Section 4.4. As the Health Board will need to deliver mitigating cost reduction actions to address the YTD overspend and run rate pressures the overall level of savings and mitigating actions required will be more than the £26.1m planned target.

In Month 6 there is a YTD 'catch up' of the new schemes verified as part of the Recovery Plans and Financial Assessment.

A summary of the total opportunities at 7<sup>th</sup> October 2024, is provided in the table below:

Savings Table 2: All Schemes

	2024/25 Savings Target £'m	In Year Opportunities Identified (Forecast) 2024/25 £'m	Less Opportunities to manage In Year Pressures £'m	In Year Opportunities to Deliver Savings £'m	In Year Shortfall: Forecast vs.Target £'m	Recurrent Shortfall on Savings Target £'m
Morrison	7.8	8.2	0.4	7.8	0.0	0.0
NPTS	8.0	13.5	5.6	8.0	0.0	0.0
MHLD	2.6	9.1	6.5	2.6	0.0	0.0
PCT	3.1	10.3	7.2	3.1	0.0	0.0
Corporate	4.7	6.8	2.2	4.7	0.0	0.0
	<b>26.1</b>	<b>48.0</b>	<b>21.9</b>	<b>26.1</b>	<b>0.0</b>	<b>0.0</b>

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

Table D reflects the latest Month 6 position.

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

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

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

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

The inventory value has increased from £11.139m at the end of August 2024 to £11.631m at the end of September 2024, an increase of £0.492m. The increase relates to all stock for Pharmacy, Blood products and Omnicell.

There has been an increase in trade receivables from £212.827m at the end of August 2024 to £212.976m at the end of September 2024, an increase of £0.149m.

The closing September 2024 cash balance of £10.499m is outside of the range of the Health Board target of a cash balance of £2.5m at month end and the best practice cash target for the Health Board of £6m. This is explained in section 11, Cashflow (Table G).

The trade and other payables figure saw an increase from £178.608m at the end of August 2024 to £183.105m at the end of September 2024, an increase of £4.497m. This comprised an increase in the tax and social security costs and in WGA (Whole Government Account) creditors.

Provisions decreased by £3.153m from £210.681m at the end of August 2024 to £207.528m at the end of September 2024. The majority of this decrease relates to 2 cases where the probability changed:

- 1 case £6.7m prob changed from 2 to case closed – decrease in provision and
- 1 other case £2.9m from 3 to 2 increases for damages – increase in provision.

As the quantum's received are now being reflected in the financial ledger monthly, 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 September 2024, the Health Board had a cash balance of £10.499m, which is outside of the best practice cash target for the Health Board of £6m.

The cash deficit position of £64.465m is detailed in the table below:

	£'000
Forecast I&E Deficit	- 50,100
Reimbursement from Capital to Revenue	9,307
Movement in Working Capital Balances	- 26,531
Opening Cash Balance	2,859
<b>Forecast Cash Deficit</b>	<b>- 64,465</b>

The difference between the £64.465m forecast cash deficit and the Forecast I&E deficit Cash figure, reflects the £9.307m of capital cash to reimburse revenue CRL, and the movement in the working capital balances.

We have a large closing cash balance for Month 6 due to the following:

- The total of the Pay expenditure was £5.5m less than expected. The forecast had not split out the different timings of the agreed pay award.
- The total of the Capital payment runs were £1.5m less than forecast.

During Month 6 we have reviewed the cashflow forecast in some detail, particularly the level of revenue payment runs, and based upon the last few months, we have reduced the forecast to more accurately reflect our expectations. This is the main reason for the reduction in the Year End forecast closing cash balance.

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 achieved the 95% PSPP target the % of Non-NHS Invoices Paid within 30 Days in Quarter 2 with compliance being 96.8% for the quarter and 96.1% YTD.

NHS payment compliance for invoices paid within 30 days was, however, below 95% with the quarterly performance being 86.6%. 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 3.

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

The forecast outturn shows a balanced position. The balanced position mitigates any non-receipt of the £1.160m business case fees shown as anticipated allocations below.

<b>Scheme</b>	<b>£m</b>	<b>Narrative</b>
Business Case Fees - Modular Theatres, Singleton	0.477	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees - Adult Acute Mental Health	0.172	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees - Tonna Older Adults Mental Health	0.043	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees – Thoracic, Morriston	0.111	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees - Urology Morriston to NPT	0.276	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.
Business Case Fees - 2nd CT Sim, Singleton	0.080	Business case fees incurred for schemes included in the Health Board 10-year capital programme/national prioritisation.

As discussed at the CRM on 9<sup>th</sup> July, the £974k approved income from the City Deal has been included as a Capital Grant.

The following allocations are classed as risks.

<b>Scheme</b>	<b>£m / Risk Level</b>	<b>Narrative</b>
Singleton Cladding - Main works and	0.165 / High	A CRL transfer from Singleton Cladding - Main Works to Patient Waiting Area,



<b>Scheme</b>	<b>£m / Risk Level</b>	<b>Narrative</b>
Patient Waiting Area, Morriston Hospital		Morriston Hospital of £0.165m is required as discussed with Ian Gunney.
Morriston Infrastructure Modernisation Phase 2	0.300 / Medium	A request has been made to Ian Gunney for this slippage to be retained this year by the Health Board.
Regional Pathology Fees	0.224 / Medium	The OBC is on-hold pending the outcome of the national prioritisation work and a request made in January for additional design fees. If no further SCP design fees are to be released by WG this year, the balance of £224k can be returned as slippage to be re-provided in 25-26.
Replacement of Cath Lab A, Morriston	0.304 / Medium	The scheme is nearing completion and is showing a forecast underspend of £304k. We will be writing as part of fixing our CRLs to request a reinvestment into the Cardiac Centre.
Diagnostic Equipment PY	0.058 / Medium	The scheme is nearing completion and is showing a forecast underspend of £58k. We will be writing as part of fixing our CRLs to request a reinvestment into the Imaging department.
Diagnostic Equipment CY	0.224 / Medium	The scheme has approved funding over 2 years. Slippage on the building element of the Fluoroscopy scheme at the NPT PFI, means it's likely £224k slippage will be declared this month to fix our CRLs.

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.

Note that the validation error in Table J will be corrected in Month 7, the lower limit shown is correct.

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

There are three further planned property disposals this year for Garngoch, Phillips Parade and Morriston land with combined expected sale proceeds of £0.850m. However, as discussed at the CRM on 10<sup>th</sup> September 2024 there is a medium risk that the Garngoch disposal does not occur this year due to delays with the removal of a restrictive covenant.

#### **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 September. The value of NHS debts outstanding for between 11 and 17 weeks

amounted to £18.7k at the end of September 2024 (August 2024 - £116k) with the number of invoices decreasing in this category to 4 invoices compared to 18 invoices as at the end of August 2024.

Of the outstanding invoices between 11 and 17 weeks old, no invoices have been paid since the end of September 2024. Also, no invoices over 17 weeks have been paid since the end of September.

All 4 outstanding invoices are being chased:

- Cwm Taf – Query on additional amount invoiced, compared to AOB amount agreed. This is unchanged from Month 5.
- Hywel Dda – invoice was only part paid, chased to understand reason for this.
- PHW – chased, no response received.
- Velindre – chased, no response received.

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

Table N (GMS) & O (Dental) have been completed for Quarter 2 as required. GMS and Dental are currently forecast to overspend by £0.359m and £0.180m respectively.

#### **17. IFRS 16 (Table Q)**

This Table was completed for the first time in Month 3.

Approved schemes: The 2024/25 forecast in Month 6 is unchanged from Month 5. The forecast in Month 5 increased from Month 4 as a result of leases being approved during August following the IFRS 16 leases submission to WG in July 2024.

Unapproved schemes: The 2024/25 forecast in Month 6 is unchanged from Month 5. The forecast in Month 5 reduced compared to Month 4. The movement was as a result of:

- several leases being approved during Month 5 which are now included in approved schemes,
- several leases being updated for latest view following the leases submission to WG in September 2024, and
- several leases being postponed to 25/26 (postponement included in leases submission to WG in September 2024).

#### **18. Governance Arrangements**

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

In the absence of the Chief Executive, the monthly monitoring return submission will be approved by Darren Griffiths (Director of Finance and Acting 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 29<sup>th</sup> October 2024.

Yours sincerely,



.....  
**SAMANTHA MOSS**  
**DEPUTY DIRECTOR OF FINANCE**



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

Jan Williams, Chair  
Darren Griffiths, DOF & Acting CEO  
NHS Financial Management  
Mr Jason Blewitt, Wales Audit Office