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Health Board



<b>Meeting Date</b>	<b>29<sup>th</sup> March 2022</b>	<b>Agenda Item</b>	<b>2.1</b>
<b>Report Title</b>	Financial Report – Period 11 2021/22		
<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 and Finance Committee of the Health Board financial position for Period 11 (February) 2021/22 and sets out the current forecast revenue year end outturn.		
<b>Key Issues</b>	<p>The report invites the Performance and Finance Committee to note the detailed analysis of the financial position for Period 11 (February) 2021/22.</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>The paper also provides an update on the actions to refine the financial plan for 2022/23.</p> <p>Risks have been updated.</p>		
<b>Specific Action Required</b> <i>(please choose one only)</i>	<b>Information</b>	<b>Discussion</b>	<b>Assurance</b>
	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Recommendations</b>	<p>Members are asked to:</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the agreed 2021/22 financial plan.</li> <li>• <b>CONSIDER</b> and comment upon the Board's financial performance for Period 11 (February) 2021/22, in particular: <ul style="list-style-type: none"> <li>▪ the revenue outturn position of £20.946m deficit; and</li> <li>▪ the adjusted year-end forecast deficit of £24.405m.</li> </ul> </li> <li>• <b>NOTE</b> the actions to ensure delivery of the financial forecast.</li> <li>• <b>NOTE</b> emerging savings position for 2022/23</li> <li>• <b>AGREE</b> the risk handling for the 4 risks noted</li> <li>• <b>NOTE</b> the actions to further refine the 2022/23 financial plan.</li> </ul>		

# FINANCIAL REPORT – PERIOD 11

## 1. INTRODUCTION

The report provides the Performance and Finance Committee with an account of the period 11 revenue position

The report informs the Performance and Finance Committee that the Period 11 (February) revenue financial position is an overspend of £20.946m and invites the committee to note the detailed analysis of the Period 11 (February) revenue financial position.

## 2. BACKGROUND

The Health Board agreed the Annual Plan for 2021/22 at its meeting on 23<sup>rd</sup> June 2021, having approved the draft annual plan in March 2021. This included a financial plan which reflected a £42.077m opening underlying deficit and indicated that in-year cost pressures and investment commitments could be met by WG allocation uplift and planned savings. The Health Board plan therefore produces a £42.077m forecast deficit.

	2021-22 Plan Update £m
20/21 Core Underlying Position	24.405
20/21 Savings COVID impact	17.672
<b>20/21 Underlying Position</b>	<b>42.077</b>
Cost pressures	25.600
WG Allocation	-15.100
Investment Commitments	8.500
Planned Savings	-27.700
Investments to enable Savings	8.700
<b>Forecast Position</b>	<b>42.077</b>

The savings requirement for 2021/22 of £27.7m is a gross saving position, which recognises and allows for the investments to support the delivery of efficiency opportunities.

The Health Board is also anticipating around £132m of COVID funding for this financial year, this is based on assumed costs for 12 months. This £132m includes non-recurrent funding to mitigate the COVID impact on 2020/21 savings. **This reduces the forecast deficit to £24.405m.**

## 3. FINANCIAL IMPLICATIONS

### 3.1 Revenue Position

#### 3.1.1 Summary Revenue Position

The Health Board deficit plan is being held within the Corporate Plan. Based on the adjusted forecast deficit, there would be a planned £2.034m overspend each month.

The unmet savings targets from 2020/21 have been removed from the Service Group and Corporate Directorates. COVID funding has been allocated to meet COVID costs. All Service Groups and Corporate Directorates are therefore being managed against an expectation of breakeven.

The period 11 reported in-month position was an overspend of £1.705m and £20.946m cumulatively. The cumulative position should be compared with the planned deficit of £22.371m. The cumulative position is £1.425m below the forecast position.

	Budget	Actual	Variance	Budget	Actual	Variance
	In Month	In Month	In Month	Cumulative	Cumulative	Cumulative
	£000	£000	£000	£000	£000	£000
Income	- 26,224	- 26,418	- 194	- 265,057	- 263,631	1,426
Pay	56,239	55,020	- 1,219	596,486	586,566	- 9,920
Non-Pay	58,401	60,102	1,701	628,086	638,129	10,043
<b>Delegated Position</b>	<b>88,416</b>	<b>88,704</b>	<b>288</b>	<b>959,515</b>	<b>961,064</b>	<b>1,549</b>
Corporate Plan	- 1,417		1,417	- 19,397	-	19,397
<b>Total Position</b>	<b>86,999</b>	<b>88,704</b>	<b>1,705</b>	<b>940,118</b>	<b>961,064</b>	<b>20,946</b>

### 3.1.2 Income

Income budgets have reported an under-achievement of £1.426m.

The income position Month 11 showed an overachievement, with a reported in-month over-achievement relating to CTM and DHCW.

The underlying income under-achievement remains as in previous months, with the key areas of pressure being dental, catering, rental and other patient related charges.

The LTA and SLA block arrangements have now formally been agreed and will remain in place for the rest of this financial year. It is expected that there will be interim arrangements in place for 2022/23, whilst a fundamental review of funds flow arrangements is undertaken in readiness for 2023/24.

The current income position is being supported by around £0.6m per month of COVID sustainability response funding.

### 3.1.3 Pay

The underspend on workforce budgets has continued in-month, with underspends remaining in A&C Nursing and AHP's

Workforce	Budget	Actual	Variance	Budget	Actual	Variance
	In Month	In Month	In Month	Cumulative	Cumulative	Cumulative
	£000	£000	£000	£000	£000	£000
A&C	8,194	7,663	- 531	86,570	81,936	- 4,634
APST	2,010	1,879	- 131	21,193	20,029	- 1,164
AHP	3,869	3,594	- 275	41,365	38,307	- 3,058
HCS	1,720	1,648	- 72	18,496	17,650	- 846
ACS (Excluding HCSW)	1,646	1,559	- 87	18,254	17,377	- 877
M&D	13,427	13,410	- 17	139,985	141,130	1,145
Nursing (including HCSW)	22,750	22,491	- 259	241,737	239,495	- 2,242
E&A	2,802	2,776	- 26	31,170	30,646	- 524
VF	- 179	-	179	- 2,280	-	2,280
<b>Total Workforce</b>	<b>56,239</b>	<b>55,020</b>	<b>- 1,219</b>	<b>596,490</b>	<b>586,570</b>	<b>- 9,920</b>

Medical staff budgets appear to have a significant overspend however around £350k of this relates to the reporting adjustment previously referred to which is backdated. In Mth 11 the Medical staff budgets has balanced in month.

Variable costs has reduced slightly in month, this is linked to agency non-medical and overtime. Much of these additional costs are funded through winter and COVID non-recurrent funding and are not impacting on the budgetary position.

#### **3.1.4 Non Pay**

The non-pay budgets have over-spent in month. The key drivers of the overspend continue to be ChC costs within MH and LD, which are partially offset by workforce underspends.

The Health Board has emerging pressures from increasing utilities prices, this is currently around £350k per month, however the full impact will not be seen until next financial year due to the pre-purchase of some 80% of utilities which is in place until March 2022. NWSSP colleagues are working to assess the ongoing impact and to identify options to mitigate further anticipated price increases.

The non-pay position also includes the shortfall in savings delivery. This is being offset by the release of slippage on investments.

#### **3.1.5 Savings and Recovery Challenge**

The Health Board 2021/22 savings plan includes a gross savings requirement £27.7m, this supports the investment to enable efficiency opportunities to be released.

To date, the Health Board has identified £28.460m of green and amber savings.

There is slippage forecast against these schemes which reduces the forecast savings delivery to £28.301m. Whilst, despite the slippage, the savings requirement is broadly being met, this is due to over-delivery of savings in some areas, which is in the main non-recurrent. Within the overall savings programme there is significant slippage on bed utilisation efficiencies, the treatment of which needs to be agreed recurrently.

The recurrent full year impact of the savings is £25.4m, which is £2.3m short of the recurrent savings requirement. **Further schemes are being identified to bridge this gap as a matter of urgency and until that time 2021/22 planned investments not yet committed will need to be held to ensure there is no adverse impact on the Health Board underlying financial position.**

Within the £25.4m recurrent savings around £7m are schemes linked to bed utilisation efficiencies. These efficiencies required enabling actions/investments to support the service model changes. It is recognised

that that there have been delays in these enabling actions due to recruitment challenges and service pressures resulting in bed efficiencies not being able to be delivered as planned. The impact of the delays in these schemes have been removed from the recurrent delivery and the recurrent savings targets have been adjusted accordingly. The £7m slip in the plan will be supported through uncommitted investments, additional agreed savings and some non-recurrent opportunities to allow time for the enabling actions to take effect. It is planned that the bed savings will now form part of the suite of savings identified for 2022/23. This has reduced the recurrent savings plan to £20.7m and the forecast recurrent delivery to £18.1m, this leaves the £2.6m shortfall in recurrent savings as previously identified. The impact of bed efficiencies, future demand growth and occupancy levels will form part of the 2022/23 bed plan model and will feed into the 2022/23 financial plan.

The Health Board draft financial framework sets a requirement for a 4% savings target to be delivered in 2022/23 (1.5% general savings and 2.5% service transformation). This is in addition to ensuring full recurrent delivery of the 2021/22 savings. The table below sets out where KPMG indicated savings could be realised. It should be noted that the bed reduction has not been considered given the scale and ambition of reduction in the recurrent savings plan from 2021/22.

<b>Key Savings Themes</b>		<b>Targeted Value £m</b>
Productivity	Theatre Efficiency	4.2
	Outpatients	3.6
	Endoscopy	1.0
Shift Left	ChC	2.5
	Primary/Community Services	5.0
Fixed Cost Reduction	Management Costs	3.9
	Estate Rationalisation	2.0
General Savings	Nursing	2.0
	Medical	2.0
	Medicines Management	1.0
	Procurement	2.0
	Other Savings 0.5%	3.5
<b>Total Targeted Value</b>		<b>32.7</b>

The table below sets out the indicative targets based on 4% (£26.6m). The savings PMO has been working with Service Groups to continue to develop the savings schemes for 2022/23. Within the delegated targets is a list of the thematic savings to be delivered in 2022/23 and these are being worked up by the relevant leads. There has been credible progress in the last month with PCCT and MH/LD identifying over 100% of savings, and NPTS identifying just over 70%. There has been progress on Morriston schemes, however the Morriston shortfall does present a risk to ensuring the Health Board CIP plan is complete and robust by the end of this financial year.

The drive for the identification of further savings is live and forms part of the daily operating of the PMO.

Service Group	Provisional Target 22/23 £k	B/F from 2021/22 £k	Total 22/23 Target £k	22-23 In Year			22-23 Recurrently		
				Achieved to Date 22/23 £k	%	Shortfall from target £	Achieved Recurrently £k	%	Shortfall from target £
MHLD	3,203	-66	3,137	3,353	104.7%	-216	2,152	67.2%	985
Morrison	8,956	1,491	10,447	5,220	58.3%	5,227	7,030	78.5%	3,417
NPTS	6,189	-25	6,164	4,576	73.9%	1,589	4,459	72.0%	1,706
PCC	3,457	48	3,505	3,532	102.2%	-27	1,828	52.9%	1,677
<b>Service Group Sub Total</b>	<b>21,805</b>	<b>1,449</b>	<b>23,254</b>	<b>16,681</b>	<b>76.5%</b>	<b>6,573</b>	<b>15,469</b>	<b>70.9%</b>	<b>7,785</b>
Corporate Inc IMM*	5,195	1,237	6,432	2,597	50.0%	3,835	2,597	50.0%	3,835
<b>Total</b>	<b>27,000</b>	<b>2,686</b>	<b>29,686</b>	<b>19,278</b>	<b>71.4%</b>	<b>10,408</b>	<b>18,066</b>	<b>66.9%</b>	<b>11,620</b>

The Provisional target is indicative until the financial plan for 22/23 is complete. There are still a number of estimated CIP schemes across all service area, but progress is being made with circa £19m identified savings representing 71% of the initial target, not including any shortfall from 2021/22.

The Finance PMO, Senior Finance Managers and Service Directors are continuing to review further schemes and pipelines to ensure the full £27m of savings are identified.

#### **Savings Actions: -**

- Further schemes must be identified to bridge 2021/22 Recurrent gap of **£2.3m** as a matter of urgency and until that time 2021/22 planned investments not yet committed will need to be held to ensure there is no adverse impact on the Health Board underlying financial position, **Service Directors/Executive Directors/PMO March 2022;**
- **Continue to develop** schemes and themes to meet 100% by end of March 2022. **Service and Corporate Directors as per set timescales**
- Adjust bed savings profile and mitigate the slippage in this plan with alternative plans and solutions.

The Health Board 2021/22 savings plan includes a gross savings requirement £27.7m, this supports the investment to enable efficiency opportunities to be released.

#### **4. COVID-19**

The Health Board forecast COVID expenditure for 2021/22 is £114.550m. The funding for COVID programme costs i.e. Test, Trace, vaccination, PPE had now been issued to the Health Board based on Month 8 forecasts. The Health Board is now expected to manage within the funding allocations issued. **Given the challenges in fully deploying the funding allocated, any requests from WG for bids for additional funding for this financial year must be signed off by the Director of Finance prior to submission.**

COVID Expenditure	YTD Spend	Forecast Spend
	£000	£000
Testing	3,000	3,254
Tracing	11,426	12,686
Vaccination	13,143	14,392
Extended Flu	1,191	1,191
Cleaning Standards	2,169	2,366
Recovery	19,584	24,987
Long COVID	326	635
Urgent Emergency Care	2,954	4,130
Sustainability :		
Primary Care Prescribing	5,319	5,773
PPE	4,710	5,110
Care Homes	2,203	2,242
Staffing	24,703	29,179
Other Non Pay/Income Loss	8,470	8,605
	<b>99,198</b>	<b>114,550</b>

In addition to the £114.550m costs, WG have also provided support (£17.672m) for the 2020/21 savings delivery which was severely impacted on by the pandemic. This support has been provided non-recurrently and this has been reflected in the Health Board £42m underlying position.

The majority of costs are being incurred evenly throughout the financial year, however the costs of recovery and urgent emergency care, have significantly higher costs profiled in the latter part of the financial year.

The utilisation of the recovery funding will be driven by the Planned Care Board, however it is essential that all Service Groups are supporting and ensuring the best use of this considerable resource to support patient care. There has been significant slippage on the planned use of the recovery funding due to outsourced capacity constraints, recruitment challenges and operational service pressures. It is crucial that alternative expenditure options/plans are developed, agreed and actioned to avoid the under-utilisation of these available resources.

An initial assessment of potential ongoing costs has been made based on current service models and policy/guidance. The Health Board has now received the 2022/23 WG revenue allocation, which includes £21.6m Planned and Unscheduled Care (Recovery) funding and a recognition of central funding support for COVID Programmes; TTP, Vaccination and PPE. Further detailed work on the wider Covid costs is required to fully understand the choices and service and financial impacts for the Board to consider as part of the 2022/23 recovery and sustainability plan process.

### **COVID Response and Recovery**

- **Develop** alternative opportunities to ensure allocated recovery funding is fully utilised. **Planned Care Board supported by Deputy COO, Deputy Director of Finance – rolling action to be overseen by Planned Care Board**
- **Ensure** that Urgent Emergency Care commitments and further actions aligned to Winter Plans are delivered – **UEC Board support**

- Service Group directors to work with the COO/DOF to assess all COVID response costs for **exit plans** to be presented to CEO and DoF – **First draft of detailed exit plans by March 2022**

## 5. FORECAST POSITION

The Health Board forecast remains at a deficit of £24.405m, following the inclusion of non-recurrent funding to support the 2020/21 savings delivery impact. The recurrent forecast remains at £42.077m.

It must be highlighted that the delivery of the £24.405m is dependent on being able to manage slippage on investments and funding, particularly recovery funding and any further unanticipated income/allocations.

### **Baseline Position Actions:-**

- **Action** that all opportunities to commit revenue slippage in 2021/22 to improve efficiency, workforce deployment or reduce run rate are identified, agreed and implemented in Quarter 4 (CEO and DoF signed off phase I – further ideas needed) – **COO, Deputy COO and Deputy Finance Director**

The Health Board forecast remains at a deficit of £24.405m, following the inclusion of non-recurrent funding to support the 2020/21 savings delivery impact. The recurrent forecast remains at £42.077m.

## 6. OPPORTUNITIES AND RISKS

Through the regular review of opportunities and risks and continuing discussions with WG and following the revision of the forecast, the Health Board is endeavouring to manage opportunities and risks that may arise within the overall forecast position.

Any significant changes to income or expenditure assumptions will be highlighted.

## 7. RISK ASSESSMENT

There are four Board level financial risks: -

- **Residual Cost Base (risk 73):** There remains a potential for a residual cost base increase post COVID-19 as a result of changes to service delivery models and ways of working - **Risk Rated 20**. A detailed submission has been shared with Finance Delivery Unit and discussions have commenced at a National Welsh level on handling of the impact of COVID on underlying pressures from 2022/23. **It is proposed that this risk remains unchanged whilst this work is undertaken.**
- **Resource required lower than health board recovery plan ambition (risk 79):** The Performance and Finance Committee agreed that this risk be established for 2021/22. During 2020/21 the COVID-19 pandemic impacted services in many different ways. Of particular concern has been the impact on access to services, particularly outpatients, diagnostic tests, elective surgery and therapy services. The recovery of access times to pre-pandemic levels will require a significant amount of human, estates and financial resource to support it. There is potential for the scale of ambition that the Health Board has in terms of access recovery will be unaffordable in context of the current financial plan.

**The risk is reported as severe impact (5) but moderate likelihood (3) score 15.**

The Health Board has received £22m in 2021/22 to address access pressures and further funding will be notified for 2022/23. It is therefore proposed that the risk score remains the same but that the risk be modified to incorporate 2022/23.

- **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 recue 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 20 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.
- The September 2021 Committee also agreed to add an additional risk regarding the **savings schemes related to bed release**. A significant amount of work is underway on this area at the moment with changes planned in the Emergency Department itself, GP services in support of this, length of stay reduction plans and the purchase of care home beds to increase patient flow. These developments are intended to reduce admission and occupancy and will ultimately release bed capacity. In the first instance this released capacity will be used to reduce risk in the delivery of care, but then will be further used to reduce cost. It is therefore proposed that **a current score of 15 be maintained this month** with a high impact but medium likelihood. The mitigation of the risk will come through the actions of the Urgent Emergency Care (UEC) Programme Board and will be considered through a number of detailed discussions in February and early March 2022 to refresh the savings profile for the Health Board

## **8. 2022/23 REVENUE FINANCIAL PLAN**

Following the issue of the 2022/23 Revenue Allocation Letter on 21<sup>st</sup> December 2021. The Health Board has met both formally and informally with colleagues at the Finance Delivery Unit and WG. This has helped to validate the Health Board approach to the financial plan and the consideration of the plan in three parts :

- Core Plan – this reflects the Health Board underlying financial position of £42m, the known inflationary and growth pressures and the application of WG core stability allocation uplifts and the recognised/agreed level of savings for 2022/23.
- Extraordinary Issues – there are three extraordinary issues that are impacting on the Health Board forecast cost base for 2022/23; utilities price inflation, impact of Real Living Wage within the social care sector from April 2022 and the employers contribution to the Social Care Levy (1.25% uplift to NI rates).
- COVID Costs – the Revenue Allocation letter confirms that additional funding will be provided to support COVID programmes ie TTP, Vaccination and PPE. An allocation of £21.6m has been provided recurrently to support planned and unscheduled care service sustainability (recovery). There is no additional support currently identified for continued COVID response and this needs to be considered in light of changes to disease prevalence, service demands and guidance.

The Health Board is currently undertaking a full review of all costs and savings opportunities to challenge, validate and finalise the assessments and assumptions being made within the financial assessment.

## 9. FINANCIAL MATURITY

The Health Board undertook a governance maturity assessment in the autumn. This was undertaken as a self-reflection to help to inform, drive and enhance improvements in the Health Board’s governance processes and ways of working.

Whilst the maturity element is titled “Money/Value for Money” the essence of the aspects of maturity is based on good financial discipline and control, transparency of process and robust, effective decision making.

The assessment of this maturity element was undertaken against the following assessment matrix and the assessment placed the Health Board at Early Progress level with 66% of the assessments being at that level with 16% Basic and 16% Results. This was considered a fair reflection.

Progress Levels →	BASIC LEVEL Principle accepted and commitment to action	EARLY PROGRESS Early progress in development	RESULTS Initial achievements achieved	MATURITY Results consistently achieved	EXEMPLAR Others learning from our consistent achievements
Key Elements ↓ MONEY/VALUE FOR MONEY	Budget, cost pressures and efficiency targets are clearly identified and understood by the Board.	All in-year plans are costed and trajectory of spend / savings have been established to achieve breakeven / target. Quality implications are robustly tested.	The organisation has a record of meeting planned cost reductions / CIPs and agreed investments, whilst rejecting proposals with an unacceptable impact on quality.  Unexpected in year pressures are identified and the Board show timely reprioritisation of deliverables.	Our services consistently run under benchmark cost. Headroom is created for developments / improvements.  The Board is demonstrably reinvesting whole budget, rather than being limited by ‘affordability’ at margins.	We successfully leverage wider community resources to improve service delivery and outcomes.

The System of Financial Control which was developed early 2020/21 will assist in further maturing the financial domain. The assessment scored as early progress, but further work has been done in 2021/22, particularly on the system of financial control, which has been focussed on a move to “results” and “maturity”. The progress and next steps being work on within the System of Financial Control is set out below across 8 key areas of financial control.

- **Planning – Integrated approach to service, workforce and financial planning.**
  - Progress – greater alignment of planning through Integrated Planning Group allowing service prioritisation within available resources. This is supported by clear business case scrutiny process.
  - Next Steps – expand focus to reallocation of resources not just investments.
- **Budget Planning – Revenue and Capital budgets set in line with organisation’s plan and allocation.**
  - Progress – revenue budgets aligned to 19/20 baseline
  - Next Steps – refresh of baseline budgets post COVID to ensure clear understanding of delivery expectations. Capital budget prioritisation and planning based on service priorities.
- **Budget Delegation – Clear and formal procedure for the delegation of budgets from the Board cascaded throughout the organisation.**
  - Progress – delegation letters issued to Service Groups but no response collated.

- Next Steps – ensure delegation letters are issued to all Corporate Directorates as well as Service Groups and ensure appropriate recognition is returned. Reporting to Audit Committee
- **Budgetary Control – Clear and robust control process with accountability through the Performance Management Framework**
  - Progress – Performance Management Framework established and implemented
  - Next Steps – 12 month review of Performance Management Framework in readiness for 2022/23, aligned to clear budgetary, workforce and service performance trajectories.
- **Reserves – Agreed process for managing and reporting reserves**
  - Progress – reporting of reserves and allocations periodically through PFC
  - Next Steps – Agreed reporting on Quarterly basis including forecast.
- **Accountability and Performance Management – Linked to Performance Management Framework**
  - Progress – Service group recognition of budgetary and performance delivery based on 19/20. COVID impact has been significant
  - Next Steps – re-establish clear baseline and cascade throughout the organisation. Identify development needs for service and clinical managers to enable them to deliver effectively.
- **Board Reporting – Clear and concise Board Reporting, articulating risks and opportunities and providing insight to allow informed decisions**
- **Business Cases – Clear process for the development and approval of business cases, supported by post implementation benefits realisation monitoring.**
  - Progress – Establishment of Business Case Assurance Group and reporting to Management Board
  - Next Steps – Develop clear timeline and pre-scrutiny process for Business Cases to avoid unproductive work. Support training and development for managers in developing business cases including clear performance metrics.

It is worth note that some of the aspects of higher maturity, whilst reflected under the financial maturity assessment are broader than just finance. Members will recall that recently a formal review of the Annual Plan and an adjustment to that plan were made by the Board. This action relates very well to the results section of the maturity, particularly the description of “unexpected in year pressures are identified and the Board show timely reprioritisation of deliverables”.

It is recognised that whilst progress has been made, further actions are required to progress the organisation’s financial maturity. This will be crucial post-pandemic as the organisation may need to re-establish and re-inforce aspects of the systems of control in light of the changing landscape.

This update remains unchanged from the update last month but is included for reference and is relevant to the budget setting paper to be discussed in the March 2022 committee.

## **10. ACTIONS AND NEXT STEPS**

The Health Board has a number of key actions to ensure the delivery of the forecast £24.405m year-end deficit: -

- Further schemes must be identified to bridge 2021/22 Recurrent gap of **£2.6m** as a matter of urgency and until that time 2021/22 planned investments not yet committed will need to be held to ensure there is no adverse impact on the Health Board underlying financial position, **Service Directors/Executive Directors/PMO March 2022;**
- Adjust bed savings profile and mitigate the slippage in this plan with alternative plans and solutions.
- **Develop** alternative opportunities to ensure allocated recovery funding is fully utilised. **Planned Care Board supported by Deputy COO, Deputy Director of Finance – rolling action to be overseen by Planned Care Board**
- **Ensure** that Urgent Emergency Care commitments and further actions aligned to Winter Plans are delivered – **UEC Board support**
- All opportunities to commit revenue slippage in 2021/22 to improve efficiency, workforce deployment or reduce run rate are identified, agreed and implemented in Quarter 4 (CEO and DoF signed off phase I – further ideas needed) – **COO, Deputy COO and Deputy Finance Director**
- Further develop the system of financial control to support developing the maturity of the Board assessment of Money/Vale for Money

To support the further refinement of the 2022/23 financial plan the following actions are required: -

- **Continue to develop** schemes and themes to meet and 100% by end of March 2022. **Service and Corporate Directors as per set timescales.**
- Service Group directors to work with the COO/DOF to assess all COVID response costs for exit plans to be presented to CEO and DoF – **First draft of detailed exit plans by March 2022**

## 9. RECOMMENDATIONS

Members are asked to:

- **NOTE** the agreed 2021/22 financial plan.
- **CONSIDER** and comment upon the Board's financial performance for Period 11 (February) 2021/22, in particular:
  - the revenue outturn position of £20.946m deficit; and
  - the adjusted year-end forecast deficit of £24.405m.
- **NOTE** the actions to ensure delivery of the financial forecast.
- **NOTE** emerging savings position for 2022/23
- **AGREE** the risk handling for the 4 risks noted
- **NOTE** the actions to further refine the 2022/23 financial plan.

<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 £24.4m forecast year-end deficit financial outturn prior to the impact of COVID-19.		
<b>Legal Implications (including equality and diversity assessment)</b>		
No implications for the Committee to be aware of.		
<b>Staffing Implications</b>		
No implications for the Committee to be aware of.		
<b>Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)</b>		
No implications for the Committee to be aware of.		
<b>Report History</b>	The Committee receives an update on the financial position at every meeting	
<b>Appendices</b>	Appendix 1 – Month 11 Finance Position for PFC	