

Dyddiad/Date: 13th May 2022

Mrs Andrea Hughes
HSSDG – Head of NHS Financial Management
Welsh Government
Sarn Mynach
Llandudno Junction
Conwy, LL31 9RZ

Dear Andrea,

SWANSEA BAY UNIVERSITY HEALTH BOARD MONITORING RETURNS 30th APRIL 2022

I enclose for your attention the completed proformas in respect of the Health Board's Monitoring Returns to 30th April 2022. This letter provides the supporting commentary to the proformas and Action Point Schedule in response to your letter of 3rd May 2022.

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

The Health Board (HB) has developed and submitted a draft 3-year recovery and sustainability plan within which the financial plan results in an anticipated deficit of £24.4m, this is a reduction from the opening position by £17.7m.

SBUHB Financial Plan 2022-23	Updated Assessment
	£m
Opening deficit	24.4
FY21 savings gap	17.7
FY22 savings gap	0.0
2022/23 opening position	42.1
WG Allocation applied against sustainability	(12.4)
Savings required to manage FY21 Savings Gap	(5.3)
2022/23 underlying position after sustainability application	24.4
Application of core WG funding based on 2%	(9.7)
Cost pressures - National - core	7.1
Cost pressures - inflation	9.9
Cost pressures - demand growth	7.4
Investment decisions - 2022-23	7.0
CIPs - Service Transformation 2.5%	(17.0)
CIPs - General Savings 1.5%	(4.7)
Deficit/(surplus) for year 2022-23 - base plan	24.4

This plan is reflected in the opening section of Table A.

2. Underlying Position (Table A1)

The underlying position b/f reflects the £42.1m, with the in-year adjustments in Table A1 resulting in a c/f deficit of £24.4m.

3. Risks (Table A2)

The Health Board included key risks and opportunities within its 3 year plan submission and these will be refined as the year progresses and further information is available. The key changes from the submission include: -

- Savings Delivery – The savings targets for 2022/23 is £27m and previous risk reflected a 25% non-delivery. However, on the basis that during April £20m had been identified and this has increased further in May but also recognising this includes Red Schemes, the risk has been reduced to £7m.
- WAST Transition Plan Full Year Impact – reduced to £0.2m as this is the additional funding requested by WAST/EASC above the 3 year plan
- Service Group Pressures – this was to reflect variance above budget. Originally included as £3m but following Month 1 increased to £4m and to be kept under review. Internal performance management arrangements will focus on this.
- COVID Recovery - £9m spend above funding this has been reduced to £5m but £9m remains the recurrent issue.
- CHC Growth – new addition to the risks and based on some of the indicative data from Month 1, with one individual CHC case likely to cost £1.3m. This is an area to be kept under review.
- Covid Transition and Extraordinary Pressures – new addition to reflect the risk that the HB has assumed full funding within the position for these areas but that there remains a risk on whether the funding will be available.

4. Monthly Positions (Table B)

The Month 1 reported position is an overspend of £2.247m, which is £0.213m higher than the planned position of £2.034m. Whilst we have disclosed an increase above plan in Month 1 it is anticipated this will be offset in future months by Non-Recurrent benefits and cost containment.

In summary the key issues were: -

- Income = Underachieved – linked to pressures in WHSSC and other Health care Activities income
- Pay = Underspend – there were pressures in variable pay, but this has been offset in month with anticipated funding linked to COVID and vacancies.
- Non Pay = Overspend – whilst there were pressures in areas such as clinical consumables the most significant pressures, which has driven the £0.213m shortfall in month is linked to CHC primarily MH/LD. This will be an area of focus for the next 1-2 months to understand the impact to 31st March 2022 and the underlying pressures for future years.

With regard to the additional table in Table B (Section B) a summary of the assumptions supporting this is provided below. These assumptions have been used as the Health Board does not report in the structure required and so has had to estimate the allocation to the various categories: -

- Primary Care = linked to row 18 and 19 of the main Table B
- Mental Health = excluding CHC this reflects proportion of Pay and Non Pay
- Continuing HealthCare = linked to row 15 of the main Table B
- Commissioned Services = linked to row 13 of the main Table B, less WHSSC provider services
- Scheduled Care = within this area are all remaining costs which are not directly related to other areas. It should be noted that this will include all areas such as Theatres, HSDU and ITU as it is not possible to split out the element of these areas that are specifically related to Unscheduled Care or Children & Woman's.
- Unscheduled Care = this reflects proportion of Pay and Non Pay for those areas of the Ledger Hierarchy identified as Unscheduled Care and Medicine across the Health Board.
- Children & Women's = this reflects proportion of Pay and Non Pay for those areas of the Ledger Hierarchy identified as Woman's and Children's Services across the Health Board.
- Community Services = this reflects proportion of Pay and Non Pay for those areas within the Primary Care & Therapy Service Group that are not linked to the Primary Care Contracts.
- Specialised Services = linked to the value for WHSSC with Table D
- Executive / Corporate Areas = this reflects proportion of Pay and Non Pay for all Corporate Directorates.
- Support Services (inc. Estates & Facilities) = this reflects proportion of Pay and Non Pay for those areas of the Ledger Hierarchy identified as Estates and Hotel Services across the Health Board.
- Reserves = as detailed

At the end of Month 1 the Revenue Resource Limit is under-phased by £17.8m, the reasons for this can broadly be described as follows but we recognise further work is required on this aspect of the position:

- ICF expenditure expected later in the year
- NICE drugs expected growth
- Primary Care costs
- CHC expected growth and inflation
- Commissioner contracts
- COVID Transition
- COVID Recovery
- Extended Flu
- Winter Pressures
- Reinvestments to drive Service Change and Efficiency

5. Pay & Agency Expenditure (Table B2)

The Health Board Agency expenditure for Month 1 is £2.391m, which is 4.8% of the overall pay expenditure and is £0.213m higher than the same period in 2021/22.

The key reasons for Agency expenditure in month are set out in the bullets below. It must be highlighted that due to changes in reporting requirements the robustness of this analysis may not be as granular as in previous submissions.

- Vacancy Cover – 55%
- Temporary Absence Cover – 8%
- Additional Support to delivery and performance – 17%
- COVID-19 – 20%

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

For noting - as per the guidance Table B3 excludes expenditure in relation to Recovery as this is now part of the Health Boards recurrent funding.

The total for Table B3 is £63.7m, which included both national programmes and those areas linked to COVID Transition. A breakdown of this is provided in section 9 of the report by the various areas.

With regard to COVID there continues to be regular meetings between the Service Groups overseeing the clinical interventions driving the expenditure and the CEO/DOF via Check and Challenge sessions to ensure the funding required is robust. Through this process and along with regular reviews with relevant Budget Holders table B3 will continue to be updated through the year particularly as guidance changes the management of COVID across the Health Board.

The funding, above the national programmes is also recognised as a risk within Table A2, as at this point no funding has been confirmed by WG and the Health Board may be required to manage this as part of its wider financial position.

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

As summary of the savings position as at the end of April is provided in the Table below:

	£M
Target 2022/23	27.0
Green & Amber (as per table C3)	17.2
Red	4.6
Total Identified as at 30th April	21.8
Shortfall in Value	5.2
Shortfall %	19%

Work is continuing to focus on four priority areas: -

- Increasing RAG statuses from Red to Amber Green to increase assurance of delivery;
- PMO reviewing how to increase overall tracker achievement to improve against target;

- Profiling of savings to ensure in year run rate of savings in line with the requirements of the 2022/23 budgets.
- Weekly reporting across the Health Board to maintain a focus and visibility of the challenge.
- External expertise have been brought in to review the operating model of the savings Programme Management Office and to support areas where savings delivery has not yet attained target levels.

8. Welsh NHS Assumptions (Table D)

Table D reflects the Agreement of Balances position as at Month 12 2021/22.

9. Resource Limits (Table E)

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

For COVID the breakdown of the funding received and anticipated is summarised in the table below and links directly to forecast included in Table B3:

RRL Covid Allocations	Received	Anticipated	Total
	£'000	£'000	£'000
National Programmes: Tracing		5,600	5,600
National Programmes: Testing		2,098	2,098
National Programmes: Mass Vaccinations		6,565	6,565
National Programmes: PPE		6,067	6,067
National Programmes: Long Covid		578	578
Covid Transition: Clearing Standards		1,906	1,906
Covid Transition: Extended Flu		1,190	1,190
Covid Transition: Dental Income Shortfall (as per WG Letter)		1,418	1,418
Covid Transition: Dental Income Shortfall (Balance)		398	398
Covid Transition: Other		37,877	37,877
TOTAL ALLOCATION	-	63,697	63,697

For extraordinary pressures the three items are detailed in the table below:

RRL Extraordinary Items Allocations	Received	Anticipated	Total
	£'000	£'000	£'000
NI Health & Social Care Levy		6,929	6,929
RLW (Care Homes Only)		1,581	1,581
Energy Costs (inc Non BG items)		8,452	8,452
TOTAL ALLOCATION	-	16,962	16,962

The basis of these values are as follows: -

- NI = is based on the Month 1 Employers NI charge compared to the Month 12 position and extrapolated up for 12 months.
- RLW = this is an estimate at this point and based on individual care packages in place but excludes an impact of those on Band 1-2 that will see increase from £9.50 to £9.90 per hour. Those Band 1-2 staff have been excluded on the basis this will be part of the Pay Award funding.

Update on treatment of RLW in Care Homes – the Health Board is paying/agreeing at the enhanced RLW rates. We are anticipating the funding but also recognising this as a Risk in Table A2 that the Health Board may have to manage.

- Energy = a breakdown of the workings is provided in the table below below. The value included in table E is the costs above the recurrent budget and not the growth from 2021/22 as the IMTP was based on recurrent budget and not previous year spend profiles: -

2021-22 Forecast	May-22
Gas (per BG)	£ 5,178,184
Power (per BG)	£ 9,270,851
Sub Total forecast BG	£ 14,449,035
CTM SLA Glanrhyd	£ 300,000
Oil	£ 200,000
PFI Increases Gas & Electric	£ 1,189,200
Other PC/Community	£ 150,000
Sub Total Non-BG Areas	£ 1,839,200
Total forecast	£ 16,288,235
Baseline energy cost Budget 22/23	£ 7,836,129
Total baseline	£ 7,836,129
Extraordinary cost pressure	£ 8,452,106

10. Statement of Financial Position (Table F)

There is no requirement to complete this table for Month 1.

11. Cash Flow Forecast (Table G)

There is no requirement to complete this table for Month 1.

12. Public Sector Payment Compliance (Table H)

There is no requirement to complete this table for Month 1.

13. Capital Resource / Expenditure Limits (Table I)

There is no requirement to complete this table for Month 1.

14. Capital In Year Schemes (Table J)

There is no requirement to complete this table for Month 1.

15. Capital Disposals (Table K)

There is no requirement to complete this table for Month 1.

16. Aged Welsh NHS Debtors (Table M)

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of April. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £107k at the end of April 2022 (March 2022 - £1k) with the number of invoices in this category increasing from 1 at the end of March 2022 to 7 at the end of April 2022. Of the outstanding invoices between 11 and 17 weeks old, none have been paid since the end of April 2022.

There are no invoices outstanding for more than 17 weeks at the end of April 2022.

17. Ring Fenced Allocations (Tables N & O)

There is no requirement to complete these tables for Month 1.

A balanced position is currently anticipated on all ring-fenced allocations.

The financial information reported in these Monitoring Returns reflects those reported to the Health Board.

These Monitoring Returns incorporate the financials of the following hosted bodies: -

- Delivery Unit and EMRTS.

In the absence of the Chief Executive or the Director of Finance, the monthly monitoring return submission will be approved by Dr Richard Evans (Deputy Chief Executive) and Samantha Moss (Deputy Director of Finance), respectively.

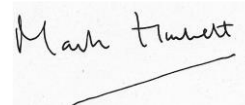
These Monitoring Returns will be circulated to the membership of the Health Board's Performance and Finance Committee on 24th May 2022 and will be referenced in the Director of Finance report to the Board on 26th May 2022.

Yours sincerely,



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DARREN GRIFFITHS
DIRECTOR OF FINANCE

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



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MARK HACKETT
CHIEF EXECUTIVE