

To: Darren Griffiths, Interim Director of Finance, Swansea Bay University Health Board

9th November 2020

Dear Darren,

### **Swansea Bay University Health Board Month Six Financial Review**

Thank you for your time on Thursday 5<sup>th</sup> of November and the preparation that you and the team undertook in advance of the session. I took the session on behalf of Alan Brace who was unable to attend. The purpose of the review was to assess the certainty and robustness of the Swansea Bay University Health Board ('Swansea Bay') financial plan to ensure a clear financial forecast for the remainder of this financial year and key underlying assumptions.

As we discussed, Welsh Government has secured significant additional funding to stabilise the financial position for NHS Wales and support COVID-19 national and local priorities. This allowed early notification of funding allocations to organisations to give certainty of the funding envelope to finalise Quarter 3 and 4 plans. This has enabled organisations to finalise their service and workforce plans for the rest of the year to meet population need and continue to respond to the COVID-19 pandemic within a clear resource envelope. Following the submission of quarter 3 and 4 plans, it is vital that organisations now reflect the level of funding that is required to deliver these plans. This will enable Welsh Government to make further choices on other emerging issues over future months.

You opened the meeting welcoming the opportunity to run through the position at this midpoint of the year and acknowledged the transparency and excellent engagement across our teams to date. I equally acknowledged and thanked you for this approach, noting it has supported a clear and collective understanding of the position up to month 6.

You outlined that the forecast outturn position reported at month 6 was to deliver a deficit position of £26.4 million, which included managing current risk areas, and based on an assumption that key COVID expenditure was funded through the indicative allocations. You presented a detailed assessment of the forecast and key assumptions, and our discussion focused on the key themes outlined below:

#### **Forecast**

The Health Board's forecast is clear and transparent with a read across between the Month 6 MMR and the quarter 3 and 4 plan submissions. There have been material movements in the first 6 months of the year, particularly in reference to COVID-19 surge

capacity expenditure, which have been well described. We acknowledged that timely decisions in recent months on consolidating your field hospitals and surge capacity plans have enabled a consistency of planning assumptions for the rest of the year, which we recognise. You outlined at the meeting that you are now confident that the organisation's plans reflect clear alignment between capacity, workforce and finance. Acknowledging both the forecast expenditure and funding streams associated with COVID-19, the forecast is largely attributed to the opening plan deficit of £24.4m and a £2m additional in year pressure associated with TAVI activity.

## **Funding Assumptions**

The anticipated allocations presented are clear and acknowledged. You highlighted one area of potential change based on Welsh Government advice since the Month 6 MMR submission for the organisation to assume funding for decommissioning costs in full. Decommissioning costs associated with the field hospital and internal surge capacity, of £2m and £1m respectively, are part of the expenditure plan. Income for the field hospital component only had been anticipated at Month 6. Upon confirmation of £1m further allocation, for the internal surge decommissioning, the Health Board's forecast would reduce to £25.4m.

## **Workforce**

The financial plan reflects a step up in quarter 3 and 4 forecast pay expenditure. You highlighted this increase and noted it reflects additional workforce of circa 300 whole time equivalents underpinned by a combined recruitment plan and intended use of agency. We discussed this at length and explored your level of confidence that this workforce plan was realistic and deliverable. You confirmed you are confident in this approach and foresee minimal financial risk to this core plan. The workforce plan will support the various programmes in response to COVID-19 including Test Trace Protect and includes internal surge capacity and field hospital capacity of 86 beds. You outlined a level of risk to the organisation's plans if additional capacity was required above the 86 field hospital beds. In that scenario, your current service and workforce plans would change which may present some financial risk.

## **Capital**

The capital position presented was recognised and acknowledged. The recent decommissioning and consequential loss submissions are due to be reviewed. Swansea Bay have submitted all required field hospital submissions and the majority of the required funding has been allocated. As part of the recent review of capital allocations and utilisation across Wales it has been possible to support the enabling works for the cladding at Singleton for which you expressed the organisation's appreciation. An update of funding for anti-ligature works is expected imminently and Ian Gunney will be in contact in due course.

## **Forecast Range**

Given the issues outlined and discussed in relation to the forecast, you shared that you were confident in delivery and there is a narrow risk range to that position. We collectively acknowledged the working assumption that decommissioning field hospital capacity and therefore associated costs would be implemented this financial year. We will need to keep

this under review over future months in relation to the timing of any decision to decommission this capacity.

The clarity of your assumptions and clear forecast position is helpful and understood. I would anticipate the transparency and good engagement across our teams would continue over future months on an ongoing basis.

If there is anything further you want to discuss please contact me or one of the team.

Yours Sincerely,



**Hywel Jones**

Director, Finance Delivery Unit

**Copy:**

Alan Brace, Director of Finance, Health & Social Services Group, Welsh Government

Steve Elliot, Deputy Director of Finance, Health & Social Services Group

Ian Gunney, Interim Deputy Director, Capital & Estates, Health & Social Services Group

Samantha Lewis, Deputy Director of Finance, Swansea Bay University Health Board

Tracy Myhill, Chief Executive, Swansea Bay University Health Board

Dr Andrew Goodall, Chief Executive, NHS Wales