

SWANSEA BAY LHB FINANCE DEPT. PERFORMANCE & FINANCE COMMITTEE – P06 FINANCE REPORT

Period 06 Data (September 2020)

In Month

£ 15,902,046 underspent

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	-22,976	-22,319	657	2.86%
Pay	47,972	48,777	805	1.68%
Non Pay	72,622	55,257	-17,364	-23.91%
Total	97,618	81,716	-15,902	-16.29%

Cumulative

£ 12,808,983 overspent

Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	-136,947	-132,301	4,646	3.39%
Pay	291,290	293,968	2,678	0.92%
Non Pay	336,015	341,500	5,485	1.63%
Total	490,359	503,168	12,809	2.61%

- The Health Board has reported an in-month underspend of £15.902m in Month 6, which gives a cumulative overspend of £12.809m. This position compares to the planned deficit of £12.2m (6/12ths of the £24.4m deficit plan).
- The in-month underspend and reduction in cumulative overspend has been driven by the inclusion of additional WG funding allocations and anticipated funding from national allocations, which support the additional expenditure incurred and the savings delivery impacts of the pandemic.
- The £0.6m overspend above the planned deficit reflects the TAVI demand and service delivery impact for the year to date.

Revenue		
Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £'000	Trend
Reported in-month financial position – deficit/(surplus) – Red	-15,902	↓
Reported year to date financial position – deficit/(surplus) – Red	12,809	↓
Reported year to date compared to forecast financial plan deficit – Red	609	↓

Capital		
Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government		
Current reported year end forecast – deficit/(surplus) – Forecast Red	(321)	↓
Reported in-month financial position – deficit/(surplus) – Forecast Red	(2,624)	↓

PSPP		
PSPP Target : To pay a minimum of 95% of all non NHS creditors within 30 days of receipt of goods or a valid invoice	Value %	Trend
Cumulative year to date % of invoices paid within 30 days (by number) – Forecast Red	93.41	↑

Revenue

- The Q3/Q4 Operating framework provided clarity on the levels and types of funding that the Health Board could anticipate for 2020/21.
- This has enabled the year to date position and forecast to be adjusted to reflect the impact of anticipated funding.
- The general allocation uplift identified for the HB is £48.2m, of which around £18m has been applied to the year to date position. It should be noted that the £48.2m is in addition to the £6.8m funding for workforce costs which was applied in Q1. Therefore around 45% of the general allocation has been applied in the first six months of the financial year.
- In addition, to the general allocation, further funding of £4.3m has been anticipated for PPE and Testing for costs incurred to date.
- The £12.809m reported year to date overspend, reflecting 6/12^{ths} of the £24.4m planned deficit plus £0.6m year to date impact of TAVI demand

Capital Narrative

- Approved CRL value for 20/21 issued on 07/10/20 is £34.554m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Underspend to date relates to a number of schemes as detailed in the Annex.
- There are 7 All Wales Capital schemes reported to Welsh Government as high risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government.
- The forecast outturn position for 20/21 is £0.321m underspent. There are a number of known funding adjustments for submitted schemes, which will neutralise this position.
- Following on from the quarter 2 planning guidance and agreement by Welsh Government, a revised discretionary plan was approved by the Board at its July meeting. The plan remains balanced, but has been adjusted through changes to schemes profiles and reductions in some discretionary allocations and switching between AWCP schemes to mitigate the adverse national funding position, while trying to maintain delivery and pace on a number of critical priority projects. The Board approved continuation with the design works on the Singleton cladding and maintaining the cancer clinical pathways through the letting of contracts for the replacement of the ageing CT-Simulator at the West Wales Cancer Centre. In making these changes, we have assumed that once the national funding situation improves, the plan can then revert to its original intentions. The plan also reflects the Q3/Q4 planning guidance

PSPP Narrative

- The number of invoices paid within 30 days in September was again below the 95% target, with in month performance being 93.52%. The failure to achieve the 95% target in month was due to delays in receipting of purchase orders and in the authorisation of nurse agency invoices.
- Other health boards in Wales also have issues with PSPP performance for nurse agency invoices and so the health board is part of an all Wales project to develop a new process for the payment of nurse agency invoices based on a model used in BCU Health Board which has dramatically improved their PSPP performance in this area.
- The September performance has increased the cumulative compliance for the year to date from 93.39% at the end of August to 93.41% at the end of September

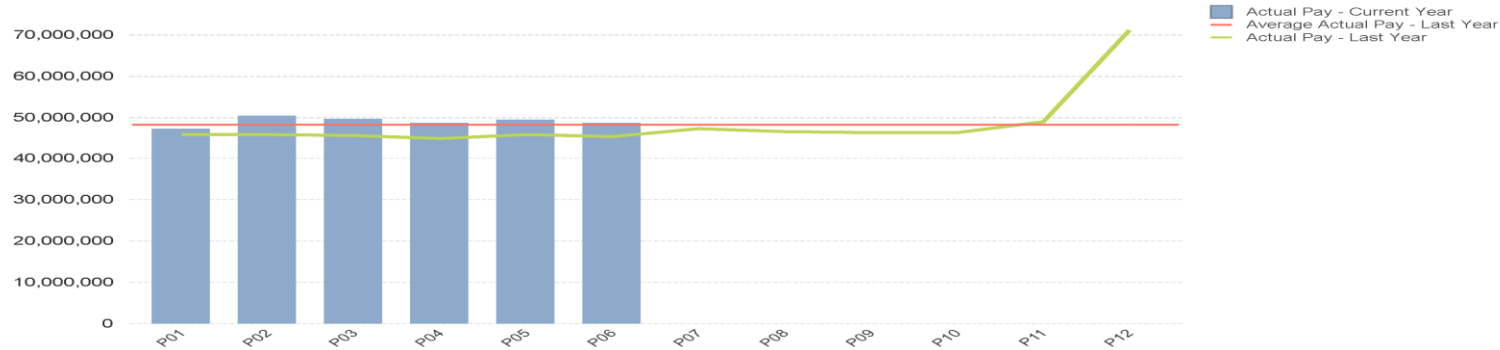
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Cumulative
	In Month	In Month	In Month	In Month	In Month	In Month	Position
	£000	£000	£000	£000	£000	£000	£000
Service Groups							
Mental Health & LD	192	294	18	449	323	349	1,625
Morrison	63	411	498	985	1,137	1,334	4,428
NPT and Singleton	160	445	931	961	1,369	962	4,828
PC & Community	308	93	-109	568	501	221	1,582
Directorates							
Board Secretary	15	21	29	27	28	30	150
Chief Operating Officer	-102	95	-60	111	98	84	226
Director of Strategy (excluding COVID)	1	8	-6	22	24	-44	5
COVID	2,047	6,176	-3,314	-969	1,620	151	5,711
Director of Transformation	6	12	23	25	20	28	114
Finance	5	-1	-3	7	2	-3	7
Digital	153	218	172	-38	105	114	724
Medical Director	23	34	16	72	11	-78	78
Nurse Director	9	17	9	18	16	10	79
Workforce & OD	98	217	145	148	24	82	714
Clinical Medical School	-31	-14	-14	-15	-4	-26	-104
Research & Development	0	0	37	13	13	12	75
Corporate I&E	97	143	255	373	227	210	1,305
Delegated Budget Position	3,044	8,169	-1,373	2,757	5,514	3,436	21,547
Corporate Plan	2,367	2,079	2,077	2,078	2,077	-19,303	-8,625
							0
Hosted Services							
Delivery Support Unit	-15	-15	-5	-35	-9	-35	-114
EMRTS	0	0	0	1	0	0	1
Health Board Position	5,396	10,233	699	4,801	7,582	-15,902	12,809

This month has seen phase 1 of the organisational restructure being actioned. This has meant that the retrospective positions of the service groups have had to be restated.

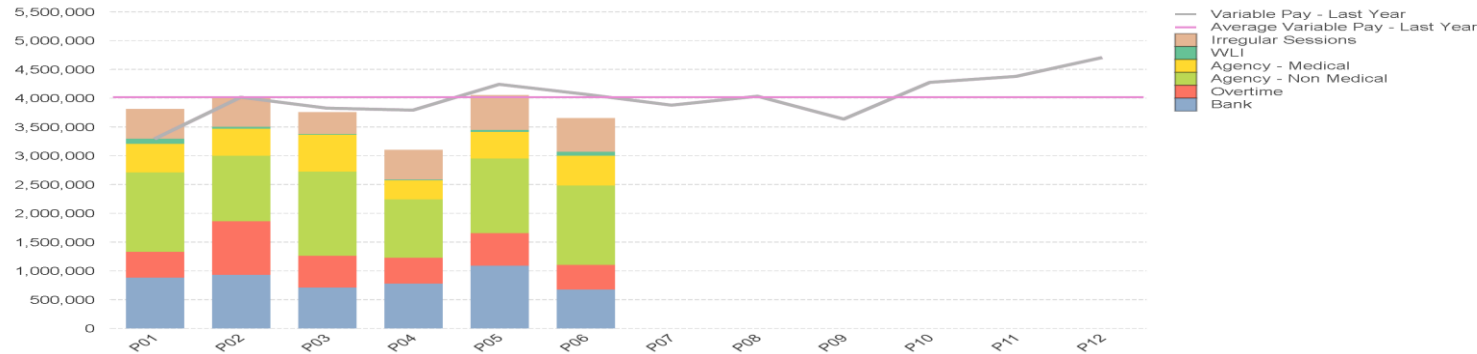
The key changes on month 6 are :

- Transfer of core therapies from NPT to PCCS
- Amalgamation of NPT and Singleton
- Transfer of Cancer Information Service from MHLD to NPT and Singleton
- Transfer of Post Graduate Centres from Medical Director to Workforce and OD.

Actual Pay Expenditure This Year and Last Year



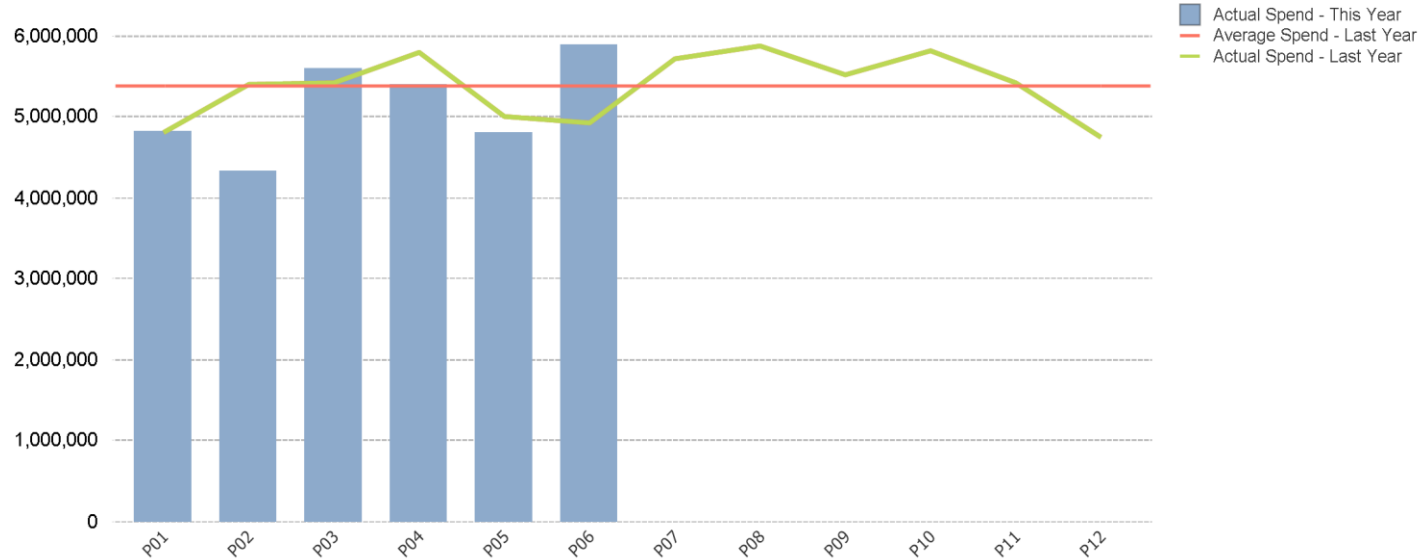
Variable Pay Expenditure This Year and Last Year



- Pay costs have reduced by around £600k in Month 6.
- Around £450k of this reduction is related to enhancement payment profile.
- Variable pay costs have reduced by around £400k compared with the previous month, mainly due to reduced bank and overtime costs.
- However agency costs increased during this period for both medical and nursing

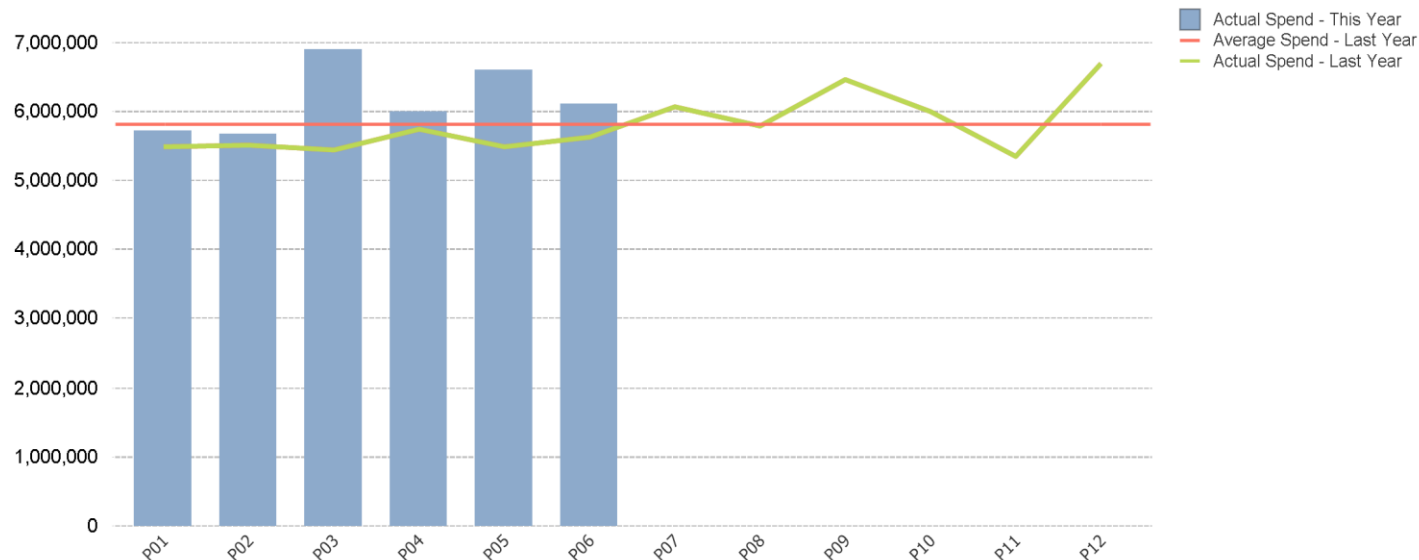
	2019-20 Month 1-6 Adjusted for inflation £000	2020-21 Month 1-6 £000	Increase £000	Increase %
Additional Clinical Services	36,047	37,613	1,566	4.34%
Admin & Clerical	37,600	39,238	1,638	4.36%
Aliied Health Professionals	18,733	19,502	769	4.11%
Estates & Ancillary	15,242	16,005	763	5.01%
Healthcare Scientists	8,463	8,641	178	2.10%
Medical and Dental	65,083	70,736	5,653	8.69%
Nursing and Midwifery	87,277	88,975	1,698	1.95%
Prof, Scientific and Technical	9,007	9,820	813	9.03%
Students	3	3,438	3,435	
Total	277,455	293,968	16,513	5.95%

Secondary Care Drugs Trend Analysis



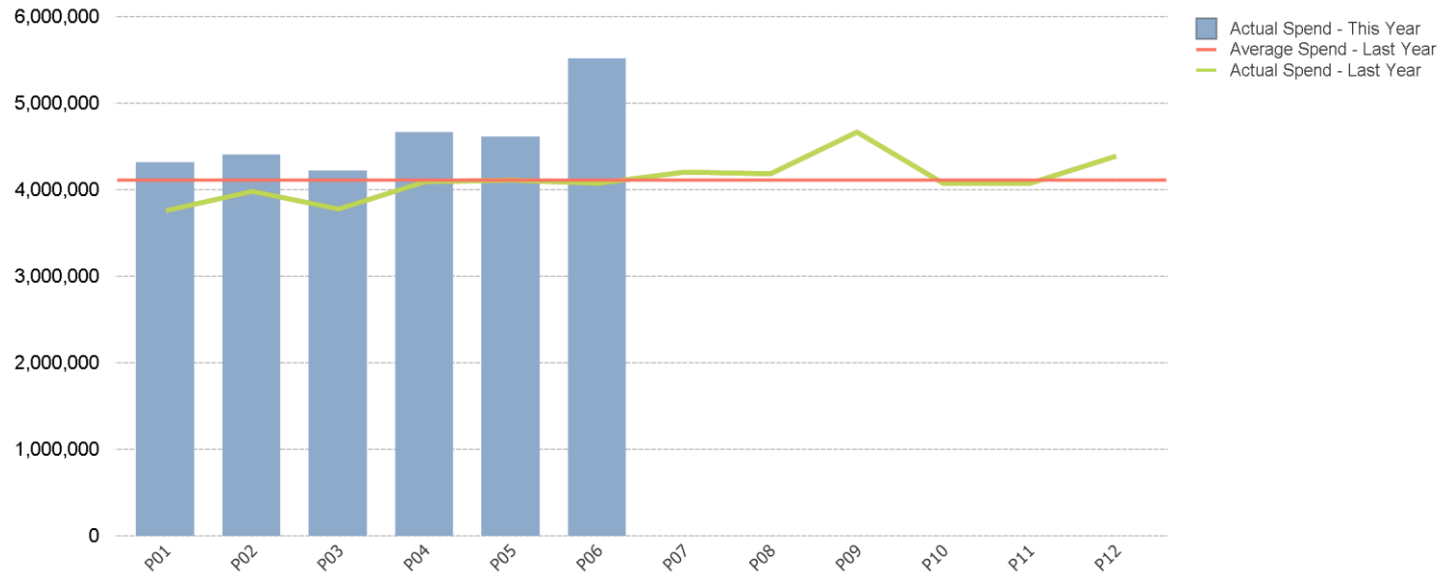
- Secondary care drugs costs have increased during September and are at the highest level reported this financial year.
- The key increases are in MS, Rheumatology where activity was restricted during the early part of the year due to COVID, Cancer due to increasing use of new drug regimes and HIV which is a cyclical issue.

Primary Care Drugs Trend Analysis

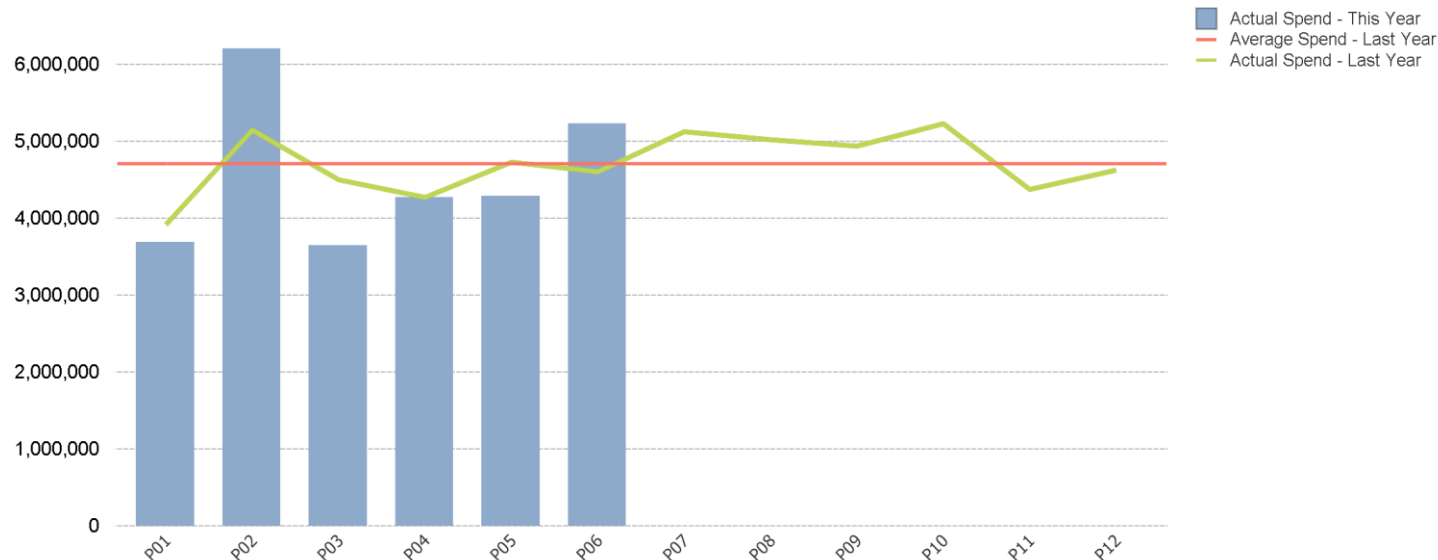


- As Primary Care prescribing data has a two month reporting lag. The latest data reflects actual costs to the end of July, which are then used to forecast costs for the following two months.
- Whilst activity/item levels are now more normalised, there is significant growth in items such as DOACs and diabetes prescribing.
- The significant impact of price concessions is continuing and this is currently being forecast to remain for the rest of this financial year.

CHC Trend Analysis



Clinical Supplies and Services Trend Analysis (excluding Secondary Care Drugs)



- General CHC numbers seem to have reached a plateau.
- The increase in Month 6 reflects the additional payments made in respect of the WG guidance on COVID uplifts for care home and adult social care providers. Further costs will be incurred in future months including those related to Joint Funded packages of care.
- The costs are expected to be within the £2.9m funding provided to the HB.

- Whilst clinical supplies costs have been low during the first six months of this financial year, due to lower than normal activity levels, costs are now increasing as planned care activity increases.
- This can particularly be seen for high cost procedure areas such as Cardiology and Orthopaedics.

SAVINGS ANALYSIS

	Annual Plan	Forecast Annual Delivery	Forecast Slippage	Forecast Delivery	YTD Plan	YTD Delivery	YTD Slippage	YTD Delivery
	£000	£000	£000	%	£000	£000	£000	%
ChC	550	120	430	22%	270	60	210	22%
Commissioned Services	99	-	99	0%	-	-	-	0%
Medicines Management	2,084	1,000	1,084	48%	1,040	400	640	38%
Non Pay	7,329	1,669	5,660	23%	3,664	606	3,058	17%
Pay	13,080	2,914	10,166	22%	6,131	1,550	4,581	25%
Income Generation	298	80	218	27%	119	36	83	30%
Total	23,440	5,783	17,657	25%	11,224	2,652	8,572	24%

Narrative

- The Health Board financial plan identified a requirement to deliver £23m savings.
- At the start of the financial year around £13m of plans were considered green or amber, which the remaining £10m planned but not sufficiently progressed to be considered green and amber.
- The COVID19 pandemic has clearly impacted on the delivery and development of savings.
- The current forecast delivery is £5.783m (25%), giving slippage of £17.657m.
- The year to date position is planned savings £11.224m, actual delivery £2.652m, giving slippage of £8.572m. The actual delivery is therefore 24% if the planned delivery levels.
- All units and directorates have been asked to review and refocus their savings plan opportunities and delivery.

Cost Improvement Plan area	Original Savings Plan £m	Forecast Savings Delivery £m
Management of surge capacity back to core bed base	4.00	1.83
Procurement	2.00	0.50
Medicines Management	2.00	1.00
Theatre Improvement	1.50	0.10
Patient Flow	1.50	0.10
Outpatients Improvement	1.50	0.10
General Efficiencies	1.00	0.32
Non-clinical, non-pay	1.00	0.25
Endoscopy	1.00	
Medical Staff Rostering/Job Planning	0.50	
Maintenance contracts	0.50	
CHC Commissioning Team Review & Scrutiny	0.45	0.12
Improve 1:1 Care	0.40	
International Nurse Recruitment	0.35	
Project Management	0.33	
Increase use of long shifts	0.30	0.08
Enhanced support for staff on LTS	0.30	
Nurse Bank Auto Enrolment & Recruitment	0.30	
A&C Agency	0.30	0.10
Collaborative Bank	0.25	
Other	3.50	1.29
Total	23.00	5.78

Narrative

- The table provides a broad analysis of the £23m savings plan assessment, with each of these items assigned to specific workstreams and groups.
- Good practice was made in developing nursing workforce, procurement, ChC and medicines management workstream plans, however progress was clearly impacted on by the response to the pandemic. During the summer months, efforts were made to review and re-establish plans, however as we enter the second wave, it is unlikely that significant progress will be made.
- The efficiency workstreams, theatres, outpatients and patient flow were at review and develop stage at the start of the financial year and have been significantly impacted by the pandemic and the delivery plans for essential services. These efficiency workstreams will require support and a refresh to understand the on-going impact of the changes driven by the pandemic and their alignment to supporting service efficiency.

Draft Financial Forecast as at 13/10/20	
£m	
Year End Forecast deficit/(surplus) as at Month 5	96.18
<u>Key Expenditure Adjustments</u>	
Field Hospital Planning Assumptions	-13.88
Additional Surge Capacity cost estimates	2.01
PPE increased requirements	1.67
LAC financial exposure	1.20
Additional Digital requirements	0.54
Essential Services support	1.85
Extended Flu Campaign	1.99
Winter Priorities	3.89
Revised Year End Forecast deficit/(surplus)	95.44
<u>Funding Assumptions</u>	
Funding Allocation as per Operating Framework	-48.20
PPE	-8.25
Field Hospital - Decommissioning	-2.91
Field Hospital - consequential losses	-0.46
Testing	-2.51
Extended Flu Campaign	-1.99
Winter Priorities	-3.89
Independent Sector	-0.80
Year End Forecast deficit/(surplus)	26.43

- The Health Board forecast has moved from £96.18m deficit in Month 5 to £26.43m in Month 6.
- The table sets out the key movements in the forecast, which include changes in expenditure assumptions following the Q3/Q4 operational plan development and funding assumptions based on the Operating Framework.
- The current £26.43m forecast reflects the £24.4m Health Board planned deficit as per the 2020/21 plan and the £2m impact of TAVI service demand.
- The forecast should now be anchored at this point and any significant changes or crystallisation of risks or opportunities considered against this forecast.

#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Risk Rating	Key Decision Point and Summary Mitigation	Risk Owner Name
	Forecast Deficit		- 26,431	- 26,431	- 26,431			
1	HCSW Banding - Theatres	Review of staff experience and competence and impact on banding	- 200	- 1,000	- 300	Medium	Position in theatres is agreed and the impact is being worked through. There is a potential consequential impact on other areas of the Health Board	Kathryn Jones, Interim Director of Workforce and OD
2	Final Pension Charges	Final Pension charges may be incurred linked to the changes in the pension regulations	- 250	- 2,000	- 1,000	Medium	Potential final pension charges may be incurred in year. Some awareness of potential impacts.	Kathryn Jones, Interim Director of Workforce and OD
3	NICE and High Cost Drugs	Impact of NICE technology appraisals and changes in service models	- 250	- 2,000	- 1,000	Medium	Monitor through the NICE and HCD group.	Judith Vincent, Chief Pharmacist
4	Additional Capacity	Potential requirement for additional capacity to support essential service provision over and above that included in the forecast	-	- 2,000	- 1,000	Medium	Ongoing impact of COVID on service provision and the potential delivery of essential services, which might require additional support.	Chris White, Chief Operating Officer
5	Capacity Demands and Workforce Availability	Forecast position includes the surge capacity to meet modelled demand and provides a modelled workforce to support. If actual demand exceeds modelled demand or workforce availability changes there may be a financial impact.	-	- 5,000	- 3,000	Low	Monitor of demand and workforce levels to manage impacts of service and financial plan.	Chris White, Chief Operating Officer
6	Funding Assumptions	Assumptions have been made regarding funding allocations from national allocations. These have not yet been confirmed	-	- 4,000	- 4,000	Low	Maintain communication with WG to verify the allocation assumptions	Darren Griffiths, Interim Director of Finance
7	LTA Arrangements	LTA arrangements have been managed on a block basis in Q1 and Q2, this is expected to continue in Q3, but no decision has been made for Q4	-	-	- 2,000	Low	Continue to manage the All Wales Directors of Finance	Darren Griffiths, Interim Director of Finance
8	Primary Care Prescribing Price Concessions	Price Concessions are high at the moment due to the global impacts of COVID	2,500	-	1,000	Medium	Monitored through the Medicines Management Group	Judith Vincent, Chief Pharmacist
9	Savings Delivery	Opportunities to improve savings delivery	4,000	-	2,000	Medium	Review of the KPMG pipeline of opportunities and develop clear plans for the implementation of the opportunities within service reset and recovery	Darren Griffiths, Interim Director of Finance
10	Demand Levels	Actual demand below modelled demand and additional capacity levels not required	3,000	-	2,000	Low	Monitor of demand and workforce levels to manage impacts of service and financial plan.	Chris White, Chief Operating Officer
11	Planned Expenditure Slippage	Expenditure delayed for projects and services. This includes ring fenced and directed services/funding	3,000	-	2,000	Medium	Closely monitor expenditure plans and discuss options including return of funding and reprovision with WG.	Darren Griffiths, Interim Director of Finance
12	Decommissioning	The forecast includes decommissioning costs for internal surge capacity. This may not be decommissioned in this financial year	-	-	1,000	High	Discuss with WG through regular capital and capacity planning meetings	Darren Griffiths, Interim Director of Finance
			- 14,631	- 42,431	- 30,731			

HCHS & Prescribing	2020/21	Recurrent	Comments
	£	£	
HCHS & Prescribing Allocations	760,310,000	760,310,000	Opening Allocation
HCHS & Prescribing Allocations Q1	793,046,403	760,997,741	
Field Hospital and Surge Capacity Set up Costs	8,900,000		COVID Support
TI Support	132,000		Final year allocation of TI support
Top slice of Treatment Fund	-13,133		Support for central prescribing rates/contract pricing
WHSSC Critical Care Funding	151,000		Pass through to WHSSC
WHSSC Funding - All Wales Traumatic Stress Quality Improvement Initiative	72,052		Pass through to WHSSC
EASC Funding for Pre Hospital Care	221,464	221,464	Pass through to EASC
Critical Care EASC Funding	308,720	308,720	Pass through to EASC
Major Trauma WHSSC Funding	2,210,034	2,210,034	Pass through to WHSSC
SpR Allocation Q1 & Q2	172,021		Regular staffing allocations
Outpatient Transformation Fund Q1 & Q2	252,632		Service Specific Allocation
Clinical Excellence Awards - Quarter 1	206,640		Regular staffing allocations
COVID 19 Additional Cross Border Costs 0.8% WHSSC	60,026	60,026	Pass through to WHSSC
Support for Adult Social Care Providers COVID 19	2,905,000		COVID Support
A Healthier Wales Disability - Improving Lives Programme	57,000	57,000	Long standing allocation
Immunisation - Care Homes, Pertussis, HPV MSM & Flu	43,792		Service Specific Allocation
A Healthier Wales - Suicide Awareness/Prevention	25,350		Service Specific Allocation
ARRP	103,811		Pass through to WHSSC
British Red Cross July 2020 - March 2021	114,750		Service Specific Allocation
DDRB Pay Award 2020-21	2,101,566	2,101,566	Additional Pay Award in excess of 1%
Mental Health Older People - DOL's funding	8,520		Long standing allocation
Transformation Fund - Whole System Approach 7 Cluster Rollout	926,000		Transformation Programmes
Transformation Fund - Cwmataw Cluster Q1	200,000		Transformation Programmes
Transformation Fund - Our Neighbourhood Approach Q1	1,122,975		Transformation Programmes
Transformation Fund - Home Haemodialysis Q1	17,320		Transformation Programmes
HCHS & Prescribing Allocations Q2	813,345,943	765,956,551	

GMS	2020/21	Recurrent	Comments
	£	£	
GMS Allocation	63,341,000	63,341,000	Opening Allocation
All Wales Easter Bank Holiday DES	212,679		COVID Support
In Hours Access Funding 2020-21	1,121,531	1,121,531	
GMS Allocation Q1	64,675,210	64,462,531	
Primary Care Improvement Grant	216,000		
Adj to In Hours Access	1,000	1,000	
Pertussis for Pregnant Women	19,714		
GMS Allocation Q2	64,911,924	64,463,531	

Dental	2020/21	Recurrent	Comments
	£	£	
Dental Allocation	20,422,000	20,422,000	Opening Allocation
Dental Patient Charge Adjustment 2020-21	452,000	452,000	Anticipated Adjustment based on prior year
Gwen am byth scheme - Oral Health for Care Home residents	31,520	31,520	Service Specific Allocation
Dental Allocation Q1	20,905,520	20,905,520	
Vocational Training	827,000		
Dental Contract Uplift 2020/21	571,000	571,000	
Dental Allocations Q2	22,303,520	21,476,520	

Pharmacy	2020/21	Recurrent	Comments
	£	£	
Pharmacy Allocation	21,112,000	21,112,000	Opening Allocation
Pre Reg Pharmacy Trainees Part Year 2019 Cohort	52,996		Recovery of costs
Pharmacy Allocation Q1	21,164,996	21,112,000	
Pharmacy Allocation Q2	21,217,992	21,112,000	

- The tables set out the WG additional allocations received in Quarter 2, which are :
 - HCHS and Prescribing - £20.230m
 - GMS - £0.237m
 - Dental - £1.398m
- It should be highlighted that the whilst the HCHS and Prescribing allocation has increased by £53.036m from the opening allocation, only £5.647m of this has been issued recurrently.
- In addition to the allocations that we have received, there are a further £96m of allocations anticipated by the Health Board. The key funding included in the anticipated allocations is £78m COVID and related allocations. The other allocations include such items as depreciation, regular staffing costs, transformation funding, substance misuse.

KEY MESSAGES & ACTIONS

The Performance and Finance Committee are asked to note the Health Board position at the end of Month 6, the COVID cost assessment, impact of savings non-delivery and the assessed forecast based on the Quarter 3 and 4 planning assumptions.

Following the period of immediate response to the COVID-19 pandemic the Health Board has:

- Reinstated financial review meetings from month 2
- Routine weekly meetings with Finance Business Partnering Teams
- Issued a clear approach to the in- year financial framework: -
 - o Focus on remaining within base budget and controlling the run rate within this
 - o Focus on exploring all savings opportunities to mitigate savings loss risk
 - o Ensure clear analysis and accounting for COVID-19 costs and controlling these proportionately to the need to respond whilst maintaining good governance and value for money
- Specific reassessment of service assessments driving cost forecasts to identify opportunities to cost avoid and appropriately reduce possible future costs.
- Re-established the scrutiny group for service and investment decisions.
- Re-aligned financial governance and engagement through SLT.

Key actions for the forthcoming period are :

- Establishing clear financial performance targets in light of the updated financial forecast.
- Focus on key cost drivers; medical staff, nurse staff, ChC, income loss and medicines management, most of which form part of savings delivery framework.
- Assessment of longer term or recurrent impacts of actions resulting from the pandemic and changes to service models to ensure they support and align to the efficiency opportunities.