

SWANSEA BAY LHB FINANCE DEPT. PERFORMANCE & FINANCE COMMITTEE – P05 FINANCE REPORT

Period 05 Data (August 2020)

In Month

£ 7,582,019 overspent

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	-23,165	-22,193	972	1.12%
Pay	47,435	49,378	1,943	0.65%
Non Pay	48,404	53,071	4,667	4.48%
Total	72,673	80,255	7,582	2.20%

Cumulative

£ 28,711,030 overspent

Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	-113,971	-109,982	3,989	3.50%
Pay	243,319	245,191	1,872	0.77%
Non Pay	263,393	286,243	22,850	8.68%
Total	392,741	421,452	28,711	7.31%

- The Health Board has reported an in-month overspend of £7.582m in Month 5, which gives a cumulative overspend of £28.711m. This position compares to the planned deficit of £10.169m (5/12ths of the £24.4m deficit plan).
- WG issued a further £2.9m funding in relation to COVID-19 expenditure in Month 5. This funding is to support the COVID impact on Care Home and Adult Social Care providers. These costs have not yet been incurred by the Health Board and will be expended in future months in accordance with the WG guidance.

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	7,582	↑
Reported year to date financial position – deficit/(surplus) – Red	28,711	↑
Reported year to date compared to forecast financial plan deficit – Red	18,542	↑

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	2,336	↓
Reported in-month financial position – deficit/(surplus) – Forecast Red	860	↓

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	93.4	↑

Revenue

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Capital Narrative

- Approved CRL value for 20/21 issued on 16/08/20 is £32.930m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Overspend to date relates to a number of schemes as detailed in the Annex.
- There are 8 All Wales Capital schemes reported to Welsh Government as high risk. There are 3 schemes reported to Welsh Government as medium risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government.
- The forecast outturn position for 20/21 is £2.336m overspent, with funding expected from Welsh Government.
- 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 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.

PSPP Narrative

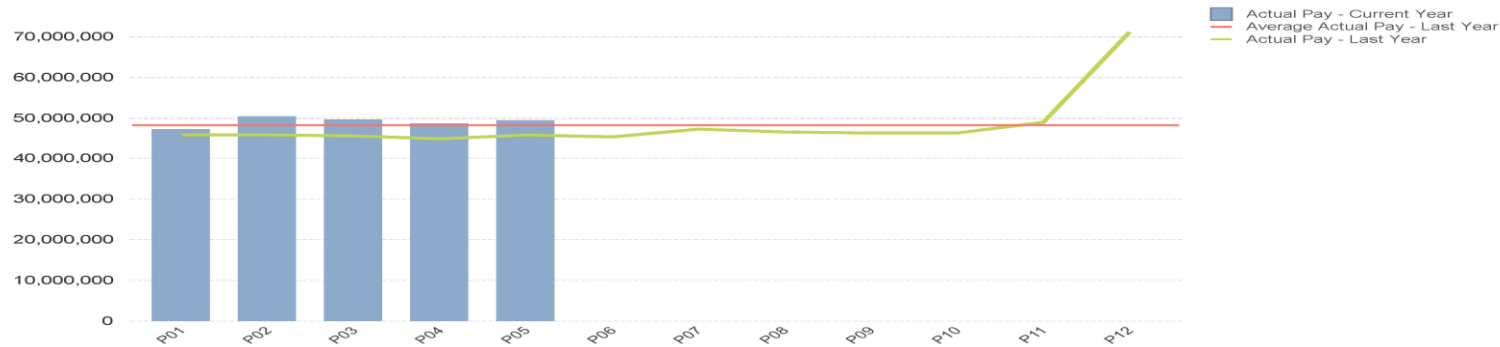
- The number of invoices paid within 30 days in August was again below the 95% target, with in month performance being 94.27%. The failure to achieve the 95% target in month was due to delays in receipting of purchase orders and in the authorisation of nurse agency invoices.
- Although the 95% target was not achieved, the August performance has increased the cumulative compliance for the year to date from 93.13% at the end of July to 93.39% at the end of August.
- It is now imperative that the monthly PSPP performance exceeds 95% for the remainder of the financial year in order to ensure that a cumulative compliance figure of 95% is achieved for the 2020/21 financial year.

	Month 1	Month 2	Month 3	Month 4	Month 5	Cumulative
	In Month	In Month	In Month	In Month	In Month	Position
	£000	£000	£000	£000	£000	£000
Service Delivery Units						
Mental Health & LD	195	300	17	453	327	1,292
Morrison	63	411	498	985	1,137	3,094
NPT Unit	303	169	1,143	399	831	2,845
PC & Community	342	95	-158	544	472	1,295
Singleton	-180	269	-162	583	563	1,073
Directorates						
Board Secretary	15	21	29	27	28	120
Chief Operating Officer	-102	95	-60	111	98	142
Director of Strategy (excluding COVID)	1	8	-6	22	24	49
COVID	2,047	6,176	-3,314	-969	1,620	5,560
Director of Transformation	6	12	23	25	20	86
Finance	5	-1	-3	7	2	10
Digital	153	218	172	-38	105	610
Medical Director	8	39	12	71	8	138
Nurse Director	9	17	9	18	16	69
Workforce & OD	113	213	149	149	27	651
Clinical Medical School	-31	-14	-14	-15	-4	-78
Research & Development	0	0	37	13	13	63
Corporate I&E	97	143	255	373	227	1,095
Delegated Budget Position	3,044	8,171	-1,373	2,758	5,514	18,114
Corporate Plan	2,367	2,077	2,077	2,077	2,077	10,675
						0
Hosted Services						
Delivery Support Unit	-15	-15	-5	-35	-9	-79
EMRTS	0	0	0	1	0	1
Health Board Position	5,396	10,233	699	4,801	7,582	28,711

CIP	COVID	Other	Total	CIP	COVID	Other	Total
Month 5	Month 5	Month 5	Month 5	Cum	Cum	Cum	Cum
£000	£000	£000	£000	£000	£000	£000	£000
160	111	56	327	944	257	91	1292
475	636	26	1137	2371	864	-141	3094
100	817	-86	831	500	2666	-321	2845
179	221	72	472	853	-32	474	1295
272	83	208	563	1359	-587	301	1073
7	7	14	28	32	42	46	120
91	-8	15	98	455	-88	-225	142
6	0	18	24	30	35	-16	49
0	1620	0	1620	0	5560	0	5560
1	0	19	20	5	3	78	86
-7	0	9	2	37	0	-27	10
25	28	52	105	125	329	156	610
2	0	6	8	10	3	125	138
6	0	10	16	33	14	22	69
12	22	-7	27	60	308	283	651
0	0	-4	-4	0	0	-78	-78
0	13	0	13	0	63	0	63
0	227	0	227	0	998	97	1095
1329	3777	408	5514	6814	10435	865	18114
-19	137	1959	2077	364	441	9870	10675
				0	0	0	0
				0	0	0	0
		-9	-9	0	0	-79	-79
		0	0	0	0	1	1
1310	3914	2358	7582	7178	10876	10657	28711

- The Health Board submitted a £24.4m deficit plan for 2020/21. This would effectively result in a £2.033m anticipated monthly overspend. In order to deliver the £24.4m planned deficit, £23m of savings delivery is required.
- It should be noted that Service Unit and Directorate budgets have been rebased for 2020/21. This rebase broadly reflects the expenditure profiles from 2019/20.
- The Health Board's cumulative overspend can be categorised as follows :
 - £10.657m operational overspend, which should be compared to the £10.167m forecast deficit;
 - £7.178m savings delivery shortfall. This delivery has been significantly impacted on by the COVID-19 pandemic
 - £10.876m net cost impact of COVID-19, after the application of the WG funding, the majority of which reflects PPE, equipping costs, primary care prescribing, loss of income and workforce costs for Month 5

Actual Pay Expenditure This Year and Last Year



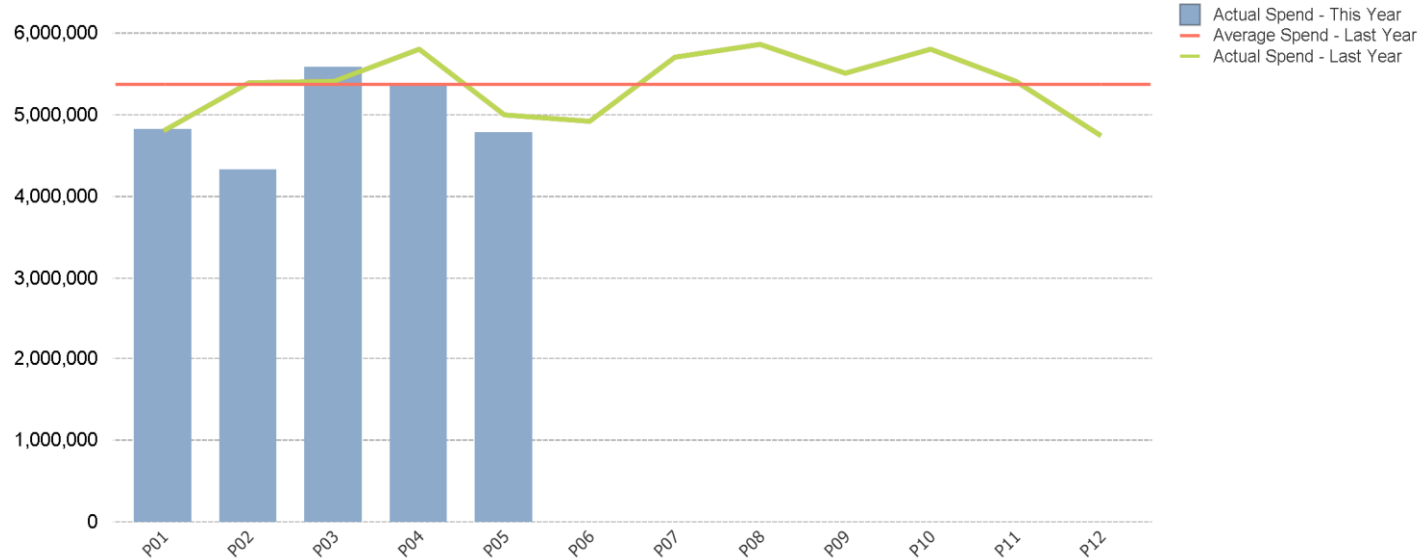
Variable Pay Expenditure This Year and Last Year



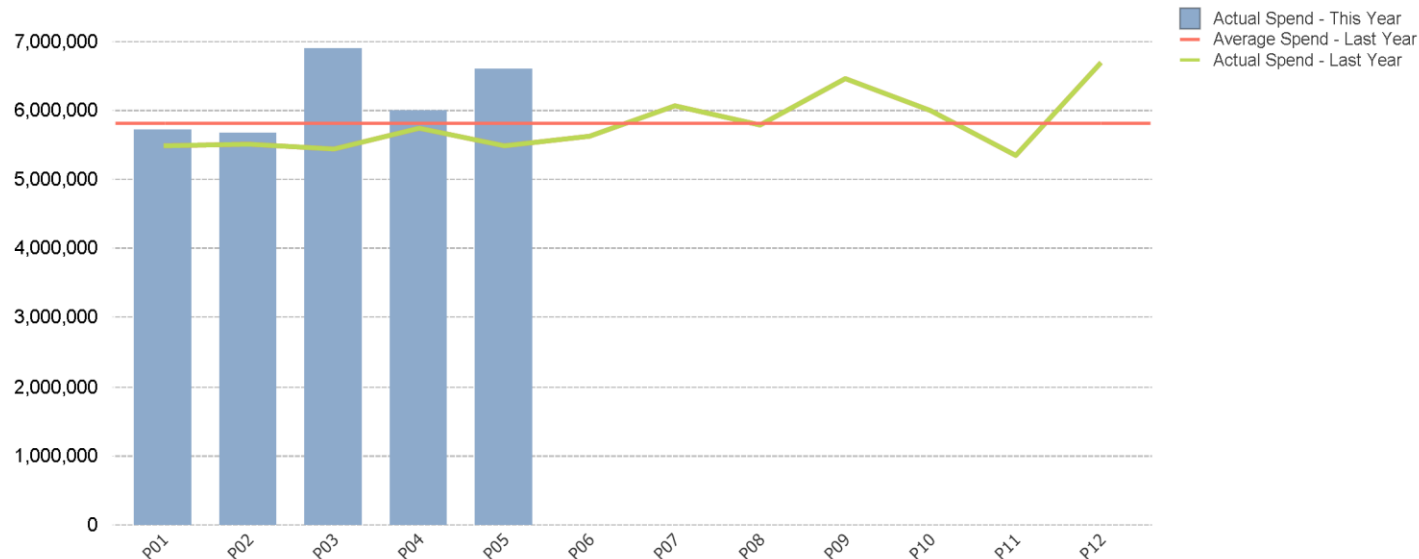
- Pay costs have increased in Month 5 by just under £700k.
- Around £300k of this increase is related to enhancement payment profile.
- The financial impact of students recruited through COVID has reduced by £650k in Month5.
- However there has been a significant increase in Variable Pay costs during the period £940k.
- The key areas of increase are Agency costs £427k; with key increases in Medical £150k and Nursing £280k, Bank costs predominantly linked to HCSW £312k, Overtime £110k and Other Medical Costs £92k

	2019-20 Month 1-5 Adjusted for inflation £000	2020-21 Month 1-5 £000	Increase £000	Increase %
Additional Clinical Services	30,211	31,444	1,233	4.08%
Admin & Clerical	31,385	32,731	1,346	4.29%
Aliied Health Professionals	15,623	16,256	633	4.05%
Estates & Ancillary	12,761	13,356	595	4.66%
Healthcare Scientists	7,056	7,156	100	1.42%
Medical and Dental	55,574	58,713	3,139	5.65%
Nursing and Midwifery	72,841	74,344	1,503	2.06%
Prof, Scientific and Technical	7,479	8,199	720	9.63%
Students	1	2,993	2,992	
Total	232,931	245,192	12,261	5.26%

Secondary Care Drugs Trend Analysis

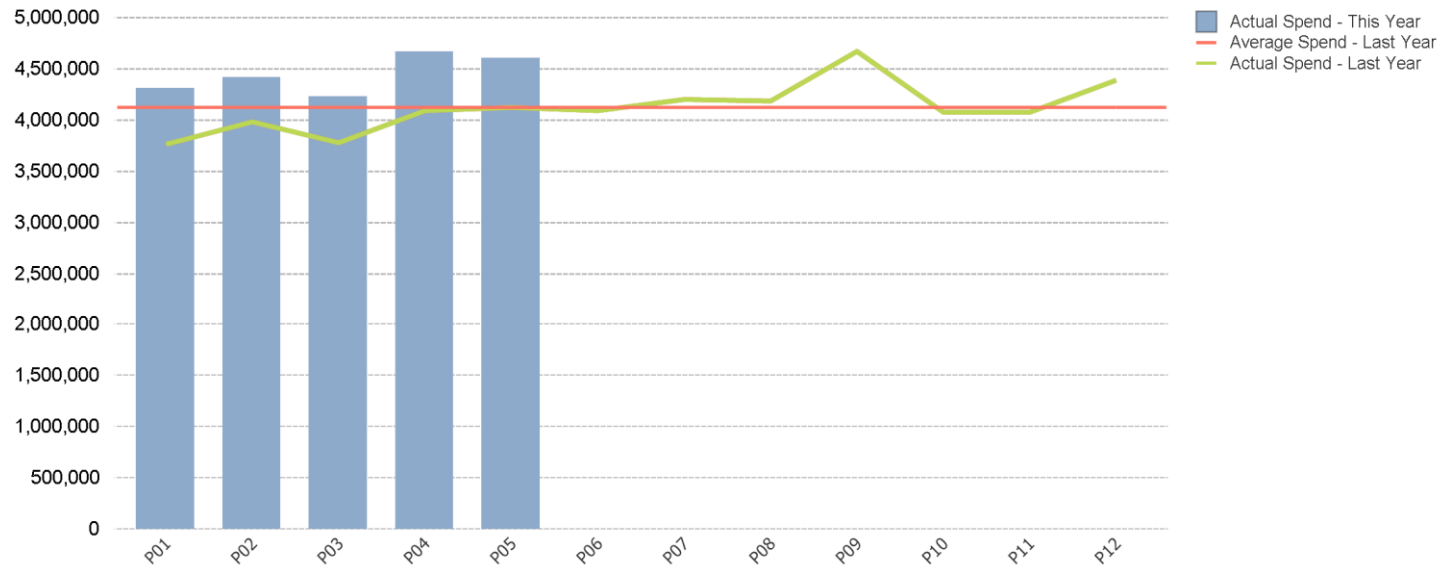


Primary Care Drugs Trend Analysis



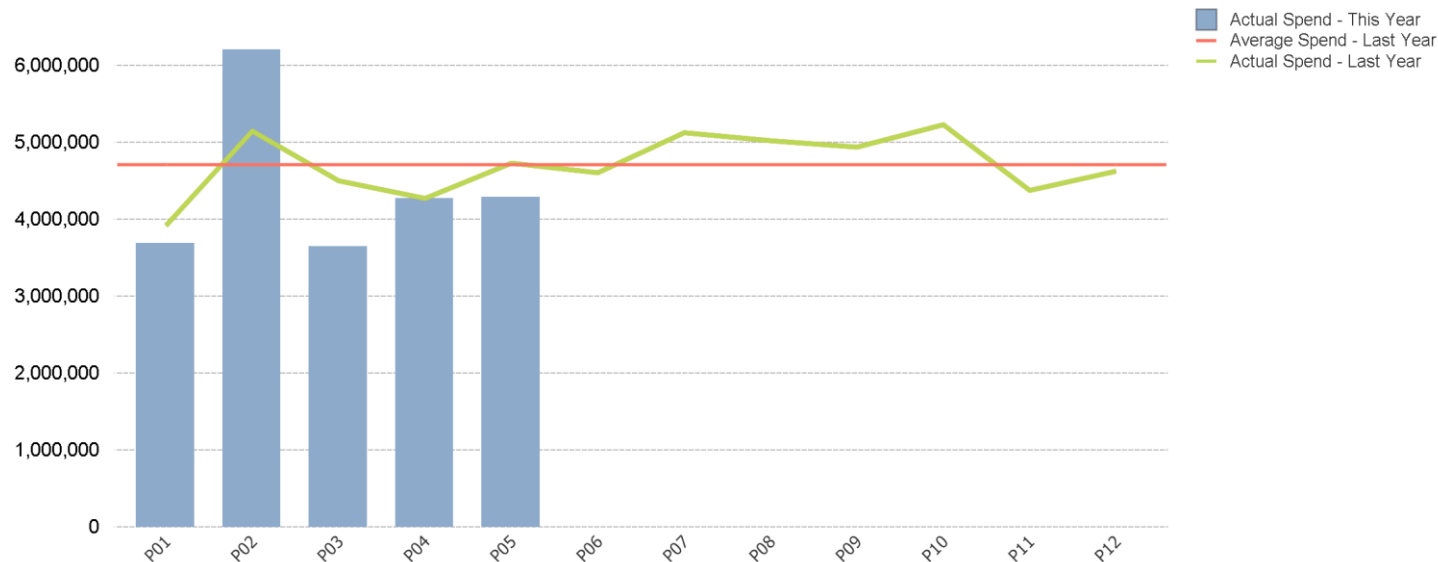
- Secondary care drugs costs have reduced in August, which is similar to reductions seen in previous years.
- The reduction has been seen predominantly in NICE/HCD Drugs, with the most significant reductions in Cancer, Medicine and HIV drugs and are linked to lower levels of activity during this period.
- As Primary Care prescribing data has a two month reporting lag. The latest data reflects actual costs to the end of June, which are then used to forecast costs for the following two months.
- Whilst May saw activity/item levels returned to more normalised pre-covid levels, June has seen a further increase. This is being examined to understand the impact of longer term prescriptions issued in March and April. There is significant growth in items such as DOACs and diabetes prescribing.
- The significant impact of price concessions however continued and this is currently being forecast to remain for the rest of this financial year.

CHC Trend Analysis



- General CHC numbers seem to have reached a plateau.
- The increases over the last two months reflect the agreed inflationary uplifts applied to ChC cases.
- The Health Board is working through the latest WG guidance on COVID uplifts for care home and adult social care providers. This additional cost is expected to be reflected in next few months.

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



- Clinical Supplies costs remain lower than in previous year due to the lower than usual activity levels.
- However it should be highlighted that activity levels are increasing and where the activity requires high cost consumables eg cardiology, this will increase expenditure levels significantly.

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	50	500	9%	224	50	174	22%
Commissioned Services	99	-	99	0%	-	-	-	0%
Medicines Management	2,084	1,000	1,084	48%	866	300	566	35%
Non Pay	7,329	2,107	5,222	29%	2,986	454	2,532	15%
Pay	13,080	2,964	10,116	23%	4,985	1,168	3,817	23%
Income Generation	298	72	226	24%	119	30	89	25%
Total	23,440	6,193	17,247	26%	9,180	2,002	7,178	22%

Narrative

- The Health Board financial plan identified a requirement to deliver £23m savings.
- At the start of the financial year around £11.5m of plans were considered green or amber, which the remaining £11.5m 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 £6.193m (26%), giving slippage of £17.247m.
- The year to date position is planned savings £9.180m, actual delivery £2.002m, giving slippage of £7.178m. The actual delivery is therefore 22% if the planned delivery levels.
- All units and directorates have been asked to review and refocus their savings plan opportunities and delivery.

- The Health Board forecast as at Month 5 is £96.180m. This is shown in the table below

	Forecast
	Position
	£m
Impact on Savings Delivery	17.247
COVID-19 Gross Costs	115.141
COVID-19 Cost Reductions	-9.791
Slippage on Planned Investments	-2.871
TOTAL COVID-19 IMPACT	119.726
WG Funding Allocation	-49.976
TOTAL COVID-19 IMPACT AFTER FUNDING	69.750
Operational Position	26.430
Forecast Position	96.180

- The net COVID impact after funding is £69.750m with an operational position of £26.430m. This £26.430m compares to the planned operational deficit of £24.405m. The key difference is the inclusion of the £2m impact of TAVI demand pressures.
- The Month 5 forecast is £2.82m higher than that reported in Month 4, the key drivers of this movement are £2m TAVI, £0.331 improvement in forecast savings delivery and £1.151m increased COVID costs, which are predominantly linked to increased staff and PPE costs.

#	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		- 96,180	- 96,180	- 96,180			
1	Major Conditions Funding	Major Conditions funding has been removed from WG allocations and is being managed by NHS Collaborative, which may put the funding at risk	-	700	700	Medium	Review of costs supported by this funding and consider the implications of managing services if funding is withdrawn. Liaise with NHS Collaborative on likelihood of funding.	Chris White, Chief Operating Officer
2	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	Hazel Robinson, Director of Workforce and OD
3	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.	Hazel Robinson, Director of Workforce and OD
4	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
5	Additional Capacity	Potential requirement for additional capacity to support essential service provision	-	- 5,000	- 3,000	Medium	Ongoing impact of COVID on service provision and the potential delivery of essential services, which might require	Chris White, Chief Operating Officer
6	Field Hospital Capacity	Review of field hospital capacity	15,000	-	10,000	High	Currently reviewing the field hospital capacity and key planning assumptions	Sian Harrop-Griffiths, Director of Strategy
7	Primary Care Prescribing Price Concessions	Price Concessions are high at the moment due to the global impacts of COVID	2,500	-	1,500	Medium	Monitored through the Medicines Management Group	Judith Vincent, Chief Pharmacist
8	Savings Delivery	Opportunities to improve savings delivery	5,000	-	3,000	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
9	Seasonal Pressures	Requirement for planned interventions to meet WG Winter Protection Plan priorities	-	7,500	-	Medium	The planned interventions to meet the WG Winter plan priorities are being developed and are being discussed with WG colleagues. These will also be incorporated within the Q3/4 operational plan	Chris White, Chief Operating Officer
			- 74,380	- 99,380	- 87,680			

KEY MESSAGES & ACTIONS

The Performance and Finance Committee are asked to note the Health Board position at the end of Month 5, the COVID cost assessment, impact of savings non-delivery and the assessed forecast based on the current 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.

In response to the Month 5 position and the significant workforce pressures the Health Board is :

- Undertaking nurse staffing scrutiny assurance reviews
- Reviewing medical staff costs to enable further scrutiny of current rota patterns and service impacts
- Specific review of savings opportunities though the Month 5 Financial Review Meetings