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Dyddiad/Date: 13th September 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 31st JULY 2022

I enclose for your attention the completed proformas in respect of the Health Board's Monitoring Returns to 31st August 2022. This letter provides the supporting commentary to the proformas and Action Point Schedule in response to your letter of 26th August 2022.

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

As reported from Month 4, following confirmation from Welsh Government (WG) of an additional recurrent allocation of £24.4m the Health Board (HB) updated its 3-year recovery and sustainability plan, which was approved by the Board on the 27th July 2022. The updated financial plan presents a balanced financial position for 2022/23, with a summary provided below.

Financial Plan 2022-23	£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)
Additional WG allocation applied against sustainability	(24.4)
Savings required to manage FY21 Savings Gap	(5.3)
2022/23 underlying position after sustainability application	0.0
Cost pressures - National - core	7.1
Cost pressures - inflation	9.9
Cost pressures - demand growth	7.4
Investment decisions - 2022-23	7.0
Application of core WG funding based on 2%	(9.7)
CIPs - Service Transformation 2.5%	(17.0)
CIPs - General Savings 1.5%	(4.7)
Deficit/(surplus) for year 2022-23 - base plan	(0.0)

This plan is reflected in the opening section of Table A, which is an update to the Plan included in the Month 1-3 MMR submissions.

In addition, lines 26 and below of Table A will continue to be reviewed to provide greater clarity on the elements that support the Health Board's balance forecast for 2022/23.

2. Underlying Position (Table A1)

In line with the updated 3-year recovery and sustainability plan Table A1 has been updated to reflect the underlying position, which is now balanced.

3. Risks & Opportunities (Table A2)

Risks:

The key items in Table A2 at Month 4, for which there is an update since the Month 3 submission are: -

- *LTA Go Live* – the original risk of £7.2m assumed that the HB performance across all areas of the LTA would be below the 10% tolerance based on 2021/22 activity levels. For Month 5 the risk has been reduced to £4.2m. This reflects the full year forecast based on performance at the end of Q1 on services commissioned by other Health Boards from Swansea Bay (SB) HB. For Month 5 an offsetting value is included in the Opportunities section to reflect performance against LTAs commissioned by Swansea Bay Health Board.
- *Savings Delivery* – The current savings targets for 2022/23 is £27m. The total value of schemes identified/planned including Red totals £29.5m. The forecast delivery against the target is reported as £27.6m, with £3.1m remaining in Red. For Month 5, the risk included in Table A2 reflects the over achievement in the forecast between the £27m and the £27.6m, plus red schemes, giving a total of £2.5m. However, the likelihood is recorded as low given the continued focus by the CEO and Director of Finance and Performance on a target for 100% of schemes to be identified and all red schemes translated into Amber / Green by 14th September 2022. The continued focus by the CEO through regular meetings is proving successful with the performance in savings improving week on week. The table below shows continued progress with the Health Board moving in the right direction, comparing the figures reported in Month 4 MMR and the latest weekly report of 29th August 2022. This information and the detail behind this is provided weekly to the Executive Team to ensure savings remain high profile.

Position based on Weekly Savings Report w/c 29th August 2022:

	Total Identified (Planned) £M	Total Delivery (Forecast) £M	Green (Forecast) £M	Amber (Forecast) £M	Red (Forecast) £M
Report w/c 07/07/22	27.4	26.5	17.4	6.0	3.1
Report w/c 29/08/22	29.5	27.6	19.8	4.7	3.1
MOVEMENT	2.10	1.10	2.40	- 1.30	-

- *WAST Transition Plan Full Year Impact* – no change from Month 2 comments.
- *Cwm Taf Morgannwg (CTM) SLA Disaggregation (1)* – no change from Month 2 comments.
- *CTM SLA Disaggregation (2)* – no change from Month 3 comments.

- *Service Group Pressures* – In addition to CHC and energy there are increasing pressures linked to (1) premium costs of agency staff and (2) general inflationary pressures in non-pay. Given the operational challenges and in spite of the actions put in place by the CEO as detailed each report within Section 4, the risk has been retained within Table A2.
- *COVID Recovery* – Of the £21.6m the Health Board has committed £10.2m at the end of Month 5. Work on the forecast for the year shows a risk that if all activity planned is delivered there is the potential for a £0.4m over commitment; this represents a substantial reduction in the scale of risk). The Recovery funding is reviewed continually to ensure it remains in line with the allocations and is reported in detail to the Performance and Finance Committee and the Board but there is a low risk of over commitment. As the year progresses choices will be made to manage this within the funding envelope.
- *CHC Growth* – reduced as now 5 months into the financial year.
- *SAN Replacement* – this is a new risk which has been flagged due to pressures on capital on the replacement of this key digital kit. The £0.360m reflects the Full Year Cost however this is unlikely to be the actual impact on 2022/23 if we have to fund via Revenue.
- *Energy Funding Assumptions* – no change from Month 3 comments.
- *Covid Transition and Extraordinary Pressures* – no change from Month 2 comments but figures are updated to reflect Month 5 reported position and reflected in the supplementary return. Of note is that the Risk linked to the COVID Transition costs now only reflect the costs for which no funding has been received (please refer to the narrative and table included under section 9 of this report). detailed discussions have commenced with the Finance Delivery Unit (FDU) to further explore the drivers and nature of these costs relating to the ongoing impact of COVID on staff absence and surge capacity in particular.
- *Prescribing* – currently there is no risk reported for Prescribing Growth above plan, but this will continue to be reviewed as the year progresses.

Opportunities;

- *Demand Growth to be reduced by 25% & Slippage on planned investments* – no change from comments made in Month 3 submission.
- *Other Opportunities Slippage* – no change from the comments made in the Month 3 submission.
- *WHSSC (action point 3.4)* – No further updates at the time of writing this report. For noting the £0.557m at Month 3 should have been included as an opportunity but was not included in table A2.
- *Underperformance on Services Commissioned by Swansea Bay HB* – based on the information reviewed in August using the Q1 data there is a new opportunity reflected in Table A2 in Month 5 of £3.8m. This will be updated once quarterly data has been assessed throughout the year.

4. Monthly Positions (Table B)

At the end of Month 5 the in-month position reported an overspend of £0.661m, taking the YTD position to £2.493m overspent. Detailed below is further information on the variances driving this along with actions being taken to manage the overspend.

Variances

In summary the key issues from a variance perspective were: -

- **Income = Overachieved in Month**
 - Relates to R&D income.
- **Pay = Overspent in Month**
 - Variable Pay – overall variable pay has reduced in Month 5 by £0.8m compared to Month 4. However, Month 4 included the OT Holiday payment of £0.5m. Therefore, the true reduction was £0.3m across a number of headings including Agency, but it should be noted that Month 4 saw a significant increase in Agency above trend in month 1-3.
 - Overspent in Month – overall Pay was £0.9m overspent in-month, which is a significant change from previous months, this is against an increase in the WTE by 315. This increase in WTE is seen in A&C, Estates and HSCW. The largest increase was in Medical, but further work is required to understand whether this is linked to the impact of the Junior Doctor rotation in August 2022.
- **Non Pay = Overspend in Month**
 - Whilst there were variances across various areas of clinical consumables the most significant pressures as in previous months were seen in M&SE, which reflect +50% of the clinical consumable variance.
 - CHC – both MH/LD and general CHC continue to put increased pressure on the overall position these primarily being driven by the cost of packages as opposed to the volume of packages.
 - Savings – whilst the Health Board is driving forward the full delivery of the £27m as detailed in this report, the profiling of savings budget (equally over the 12 months) has meant non-delivery remains in Month 5 as reflected in the ledger. Cumulatively this represents £2.2m of the £2.5m YTD overspend.

At the end of Month 5 the following steps have been taken to support the organisation and ensure actions are taken to support the position and the challenges (action point 4.1): -

- As the Accountable Officer, the CEO has issued letter to all the Service group and Directors and the expectation regarding financial performance in 2022/23.
- The letters outline both the increase in savings target but also clearly outlining the target (outturn control total) each area must achieve in 2022/23 to ensure the HB delivers a balanced financial position. There will be a stretch target for Morriston, in part mitigated by the additional savings.
- To mitigate the increased operational pressures all areas (excluding Morriston Service Group) will be required to deliver, a further £2m of savings on a non-recurrent basis. This additional £2m, on top of the £27m, will be transacted through the ledger and the MMR in Month 6.
- As outlined by the CEO the expectation is all savings (£27m+21/22 b/f+£2m) must be identified by 9th September (and reported on 13th September 2022) before further actions will be taken by the CEO to ensure delivery. There is also the expectation that recurrent savings will be identified in full by the end of September 2022 which is why Table A was assuming £11.462m in the MMR submission (action point 4.3), this will start to drop as recurrent element of schemes are identified and record through Table C3.
- On 7th September 2022 all Executive Directors, Service Group Directors and direct reports met (at a summit held by the CEO and the Director of Finance and performance) to discuss the financial position and to address 2 key questions (1) what actions can be taken in the next 2 months to address the 2022/23 deficit and

ensure delivery of control totals; and (2) what actions can be taken to deliver improvements to support a sustain financial plan for 2023/24 and beyond. The output from this event, attended by +40 senior members of the Health Board is a set of actions which over the next 2-3 weeks will need to be translated into a clear plan to address the challenges and will be reported to the Performance & Finance Committee for noting and to monitor progress. Delivery against these actions will be used to inform the assessment on the financial position for the Mid-Year review meeting scheduled for 28th October 2022.

- A further letter will be issued late Sep/Oct 2022 confirming the final elements of budget linked to the 2022/23 investment programme as part of the 3-year recovery and sustainability plan. At this point, with the exception of any in year WG funding, the Service Groups and Corporate Directorate will be clear on both their target and funding in which they will need to remain within.
- Independent, specialist financial improvement support has been identified to assist Morriston Service Group with its financial challenges. This support will commence during the week commencing 12th September 2022.

Actuals (linked directly Table B)

The key movements on Table B with regard to actual and forecast for the year, which will include COVID and hosted services are:

- Month 4-5 movements
 - Secondary Care Drugs– this reflects the increase seen in Month 4 linked to NICE, which is funded on actual basis so this would not impact on variance only on actual spend.
 - Pay – above Month 1-3 but links back to Pay detailed earlier in this section.
- Y/E Forecast Movements
 - Pay – as per comment above
 - Non-Pay – this has increased in the Month 5 submission in part due to the ongoing increases in the Energy projections. The profile of this may need to be refined as we go through the year and we will continually review this.
 - DEL – adjusted to reflect required linked to email on IFRS 16 Proposed Allocation Adjustments - DEL Depreciation & Revenue Recovery.

Ring Fenced Supplementary Return

- COVID Recovery – at the end of Month 5 £10.2m had been allocated to the Service Groups to support Recovery and of the £10.2m, £8.64m has been spent, with the balance of the budget to be committed in future months. The remaining funding will be allocated based on the Health Board's robust plan to support the deliver of activity and the investment required to support a sustainable infrastructure. As noted in section 3 there remains a risk that the Health Board could be over-committed against the funding by £0.4m in 2022/23.
- Urgent Emergency Care – the letter from Deputy Chief Executive of NHS Wales dated 4th April 2022 outlined a recurrent allocation of £2.960m to financial year 2025/26. A submission from the Health Board submitted on 30th June 2022 outlined the funding required to meet its aspirational object, totalling £4.8m. However, for the purposes of the return and as addressed within the Health Board, only £2.960m will be funded and can therefore be committed in year.
- RIF – information on current and forecast expenditure have been compiled jointly by the Local Authorities and the Health Board.

- Value Based Health Care – allocation of resources is in line with the presentation given to the VFLG in June 2022. There has been a delay in the Heart Failure funding being issued since Month 4, however it remains on target to 31st March 2023.
- Planned Care - in March 2022 we were informed via an email of £15 million for the Outpatient Transformation programme in 2022/23 across Wales. Initially the assumption was that Health Board share would be £1.959m based on 13.06%. However, the letter from WG dated 28th June confirmed £0.640m. At this point we have assumed the £1.959m in Table E but only £0.640m in the Ring Fenced return but would welcome clarification on the funding so we can adjust the MMR in Month 6 as required.
- VBHC – assume costs will commence in October 2023, but further work is required. The Project Lead is currently on annual leave until early October 2022 and therefore clarification may not be available until Month 7 submission.

At the end of Month 5 the Revenue Resource Limit is under-phased by £23.7m, the reasons for this can broadly be described as follows but the HB will continue to undertake further work on this as the year progresses: -

- RIF (previously ICF) expenditure expected in Q4*
- NICE drugs expected growth
- Primary Care costs
- CHC expected growth and inflation

5. Pay & Agency Expenditure (Table B2)

The Health Board Agency expenditure for Month 5 is £3.480m, which is 6.3% of the overall pay expenditure and is £0.2m lower Month 4 position as noted in section 4 on Pay.

The key reasons for Agency expenditure in month are set out in the bullets below: -

- Vacancy Cover – 53%
- Temporary Absence Cover – 22%
- Additional Support to delivery and performance – 13%
- COVID-19 – 12%

6. COVID-19 (Table B3)

The total for Table B3 remains at £63.3m, which includes 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 the support of the CEO the Health Board has been continually reviewing and challenging the Transition COVID costs. Following a number of helpful discussions jointly between the HB and the FDU a summary of the forecast (based month 4) linked to the ongoing impact of the COVID on areas such as Clinically Optimised Patient, bed pressures and sickness were provided to the FDU on 6th September. In summary the key points are detailed below. This work would support the requirements from action point 4.4:

- At Month 4 the COVID forecast spend, excluding national programmes, dental income and cleaning standards = £37.2m

- On analysing the £37.2m of forecast costs, they can be attributed to 2 key areas (1) surge beds above pre-pandemic levels in part linked to the legacy of COVID on Clinical Optimised Patient levels; and (2) Sickness rates/absences that is COVID specific.
- In assessing the additional costs as a result of ongoing impact of COVID on beds and coverage for sickness from a top down approach using average costs per day the total value was circa £37.998m.

The forecast on COVID for 2022/23 at Month 5 is provided in the table below:

RRL COVID Allocations	2022/23 Forecast @ mth 5 £'000
National Programmes: Trading	5,600
National Programmes: Testing	2,240
National Programmes: Mass Vaccinations	7,616
National Programmes: PPE (Exc Stores Staff)	4,669
National Programmes: Long COVID	578
National Programmes: Nonaccrual	508
COVID Transition Funding Received: Extended Flu Funded to Date	918
COVID Transition: Dental Income Shortfall (as per WG Letter)	1,418
COVID Transition: Cleaning Standards	1,906
COVID Transition: Dental Income Shortfall (Balance)	421
COVID Transition: Other	37,481
Total Table B3	63,535

Overall there has been little change between the forecast position submitted in Month 4 and that reported in Month 5 across all areas of COVID.

The anticipated allocations, above the national programmes are recognised as a risk within Table A2 as the Health Board may be required to manage this as part of its wider financial position. This should reconcile to the figure included in Section 9 on COVID. The financial planning assumptions here remain consistent and in line with the advice received in the Chief Executive of NHS Wales' letter of 14th March 2022.

Annual Leave (Actions 4.5):

In Month 5 further payments for the Sell Back of Annual Leave were made. We continue to anticipate further payments will be made over the next 2 months and updates on this will be provided through this letter.

The table below provides a summary of the Annual Leave accrual at the end of Month 5:

	£m
A/L Opening Balance 1 st April 2022	11.497
Sell Back Payments Month 3	0.748
Sell Back Payments Month 4	0.117
Sell Back Payments Month 5	0.002
A/L Closing Balance 30th June 2022	10.630

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

A summary of the savings position as reported in w/c 29th August 2022 is provided in the Table below.

	Mth 1 £M	Mth 2 £M	Mth 3 £M	Mth 4 £M	w/c 29/08/22 £M
Target 2022/23	27.0	27.0	27.0	27.0	27.0
Green & Amber	17.2	18.1	23.1	23.4	24.5
Red	4.6	4.9	3.1	3.1	3.1
Total Forecast Delivery	21.8	23.0	26.2	26.5	27.6
Total Identified	21.8	23.0	27.1	27.4	29.5
Shortfall in Value to Plan	5.2	4.0	0.1	0.4	2.5
Shortfall % to Plan	19%	15%	0%	-1%	-9%

Of note is that since the Month 4 submission of MMR a further £2.1m of savings has been identified and classified as planned (reported in the table above). The HB is monitoring progress on a weekly basis with this focus driving the movement of schemes from red to amber and green, as well as the identification of further schemes to support operational pressures and sustainability into 2023/24.

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 has 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.

As outlined within Section 4 the CEO, has set clear targets for delivery and will continue to meet those Service Areas who continue to fail to meet the targets set, which is supporting the progress being made.

Please note that we are reporting 3 errors on Table C3 in relation to 3 schemes which will not deliver during 2022/23, these are:

Organisation	Division	Business Unit	Savings Scheme Number (i.e. DA1 onwards)	Scheme / Opportunity Title	Recurrent/ Non Recurrent	Current Year Annual Plan £'000	Plan FYE (Recurring Schemes only) £'000	Current Year Forecast £'000	Forecast FYE (Recurring Schemes only) £'000
Swansea Bay	Urriston Hospital	Urriston Hospital	MORCIP0020	AP's Instead of Band 5's	R	47	70	0	70
Swansea Bay	Urriston Hospital	Urriston Hospital	MORCIP0021	DNA Rate review & reduction plan - text reminders	R	39	69	0	69
Swansea Bay	Urr Care + Community Care + Com		PCCGIP2381	Supporting care home with EMI model of rural care	R	261	821	0	521

Further details of the 3 non-delivered schemes are below:

- The top 2 schemes (MORPCIP0020 and MORPCIP0021) relating to Morriston are included in the table below, as their RAG status is Amber and have passed their Go Green date.
- With regards to the Primary Care and Community scheme (PCCCIP2381); the Service Group undertook a tendering exercise with Procurement colleagues but there was no interest in the tender. Feedback from the care home sector is that they are struggling with recruitment and therefore do not have the capacity to take on more complex EMI patients. Therefore, whilst the actions to deliver this schemes were put in place the savings will now not be achieved.

Whilst the 3 schemes above will not deliver as per the information provided in the table above, as reported in section 3 and also above, there continues to be new pipelines additional schemes coming through to replace those schemes that, for various reasons, do not deliver.

As part of the MMR work we are also monitoring the target of schemes moving from Green to Amber within 3 months of being entered onto the tracker. The table below provides a summary of those breaching along with brief overview of the reason. We will continue to focus and challenge to drive this forward within the HB:

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview
DS2316a	Review of VAT recovery on maintenance & support contracts	136	-	The investigation into whether or not VAT is recoverable on the Microsoft contract is being pursued by DHCW centrally (it's a pass through cost from them to us). They are awaiting confirmation from HMRC which is likely to be concluded during November.
MHLDCIP2301	Reduced nurse variable pay from effective rostering, to include annual leave planning and action on working breaks, sickness management and review of staffing levels.	375	500	Expectation that this scheme will turn Green. Nursing variable pay has been increasing in the new year, this is driven by increased sickness, acuity, COVID absence and vacancy. There are monthly rostering meetings across all divisions and a weekly grip and control meeting.
MHLDCIP2311	Reduced cost from review and right sizing by Commissioning Team	120	120	HB commissioned external review of CHC arrangements in MH/LD, which have identified the need for a large number of CHC reviews. This has an impact on the LAs, who we are engaging with the HB to resolve. Given work required the Service Group are not expecting this to turn Green for a few months.

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview
MHLDCIP2312	Reduced cost from review and right sizing by CHS	180	180	As per comments above
MHLDCIP2313	Reduced cost from improved management of voids	20	20	Expect scheme to turn Green in Q3. We are constantly reviewing those schemes where there is under-occupancy to place new cases.
MORCIP0014	LOS - Heart Failure Team	262	466	This is a Spend to save scheme; required investment and appointments, implementation has slipped hence still amber. Patient backlog and flow to community beds has impacted delivery timescales and ability to drive out the cost reductions; we are not turning green until we can see the mitigating actions on patient flow starting to show impact. We are working with community colleagues, social care colleagues and developing changed service models around internal flow. We are also working on developing other schemes to mitigate the shortfall.
MORCIP0020	AP's instead of Band 5's	47	70	The training that would have allowed this to progress to a saving has been pulled by the University and a cohort will not run this year. The intention is to train next year and therefore this will now become a pipeline CIP. We are unable to mitigate this, as it is outside of our control.
MORCIP0021	DNA Rate review & reduction plan - text reminders	39	59	A reduction of DNA through planned actions will result in better throughput per clinic and allow us to reduce staffing levels or outsourcing. We've targeted a small reduction and believe it is deliverable. We are still reviewing data and clinic arrangements to ensure we are delivering before turning green. No barriers raised by service yet – we just haven't completed August reporting/ data review to have assurance it is delivering.
MORCIP0041	Charitable Funds Strategy	100	-	Due to leave of the staff involved in the scheme, we are not expecting the scheme to turn green before end of August. Working on where the opportunities are to reduce revenue spend and more effectively utilise charitable donations this year.
NPTSCIP2308	Outpatients	10	10	Expect scheme to turn green in Q3

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview
NPTSCIP2328	Housekeeping	200	200	Scheme is under review, Service group to liaise with Procurement and provide update for M5.
PCCCIP2379	CES budget recurring realignment	114	114	Community Equipment Scheme, which is delivered with our Local Authorities in partnership under a s33 agreement. Proposal to reduce budget by £200k per year in total (our share is £114k) but it has yet to be formally agreed with Swansea City Council. The next meeting is at the end of September, so an update is expected for M6.
	Total	1,603	1,739	

8. Welsh NHS Assumptions (Table D)

Table D reflects the Agreement of Balances position as at Month 12 2021/22 or updated where changes have been agreed with other bodies.

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. This is now broken down into 3 sections, the national programmes, COVID transition for which funding has been received and COVID Transition for which no funding has been received (which is also reflected as a Risk in Table A2):

RRL COVID Allocations	2022/23 Forecast @ mth 5 £'000	Total By Type £'000
National Programmes: Tracing	5,600	21,211
National Programmes: Testing	2,240	
National Programmes: Mass Vaccinations	7,616	
National Programmes: PPE (Exc.Stores Staff)	4,669	
National Programmes: Long COVID	578	
National Programmes: Nonsocomial	508	
COVID Transition Funding Received: Extended Flu Funded to Date	918	2,336
COVID Transition: Dental Income Shortfall (as per WG Letter)	1,418	
COVID Transition: Cleaning Standards	1,906	39,808
COVID Transition: Dental Income Shortfall (Balance)	421	
COVID Transition: Other	37,481	
Total Table B3	63,355	63,355

For extraordinary pressures the three items (above current funded levels) are detailed in the table below:

Extraordinary Items	2022/23
	Forecast @ Month 5 £'000
NI Health & Social Care Levy	6,929
RLW (Care Homes Only)	1,695
Energy Costs (inc Non BG items)	30,061
TOTAL ALLOCATION	38,684

The basis of these values are as follows: -

- NI = as per Month 1 report and no change.
- RLW = this has increase slightly linked to further work undertaken in MH/LD on the cost of packages of care.
- Energy = Latest forecast from the Shared Services on Energy totals £33.6m, which is reflected the line called 'Total Shared Service Energy Cost'. With regard to the line for PFI and Primary Care premise this continues to be refined as the year progresses and to date no invoices have been provided to the Health Board for the actual costs of PFI utilities, so continue to be based on estimates.

The Health Board is starting to incur costs linked to Ukrainian Humanitarian Partnership Response. At the end of Month 5 the total spend is only £0.004m, however there is ongoing work both from primary and secondary care to provide the clinical support needed. Anticipated funding will be added as the impact becomes clearer.

10. Statement of Financial Position (Table F)

The key issues in respect of the statement of financial position movements are as follows:

The inventory value has decreased from £10.089m at the end of July 2022 to £10.081m at the end of August 2022, a decrease of £0.008m.

There has been a decrease of £4.136m in trade receivables from £225.728m at the end of July 2022 to £221.592m at the end of August 2022, comprising a reduction in the Welsh Risk Pool debtor of £3.626m, and the WGA debtor of £0.479m.

The closing August 2022 cash balance of £4.447m is in line with Welsh Governments target and the best practice cash target for the Health Board of up to £6m at month end.

The trade and other payables figure saw a decrease from £244.547m at the end of July 2022 to £238.206m at the end of August 2022, of £6.341m, comprising an increase in revenue creditors of £4.391m and a reduction in capital creditors of £0.944m.

Provisions decreased slightly by £0.028m from £153.926m at the end of July 2022 to £153.898m at the end of August 2022.

11. Cash Flow Forecast (Table G)

As at the end of August 2022, the Health Board had a cash balance of £4.447m which is slightly above the planned month end cash balance of between £1m and £2m.

Whilst it is still early in the financial year to provide a robust forecast cash position for the year, the cash forecast in Table G is predicated on the forecast year end break even position and an early assessment of the impact of any movement in working capital balances on the cash position. This early forecast indicates a cash surplus as detailed in

the table below. However, this breakeven position assumes all allocations detailed in Table E, including extraordinary pressures and COVID response are received and any variance from this assumption would impact on the cash forecast.

	£000
Forecast I&E Breakeven position	0
Movement in Revenue Working Balances	3,011
Movement in Capital Working Balances	(21,664)
Temporary Working Capital cash provided in CRL	15,000
Opening Cash Balance	4,398
Forecast Cash Surplus	745

The biggest cash issue is the significant forecast reduction in capital creditors of £21.664m. The Health Board welcomes the initial temporary increase of £15m to the CRL in respect of the movement in capital working balances which will assist in managing the cash position. However, even with this temporary increase all available capital cash will need to be drawn down by December 2022 to meet the clearance of the closing 2021/22 capital creditors. Without the ability to draw down any further capital working capital cash at that stage then revenue cash will need to be drawn down for February 2023 in order to meet ongoing capital cash payments.

The cash flow is updated daily and any changes to the forecast cash position at year end will be reported through these returns.

12. Public Sector Payment Compliance (Table H)

The Health Board achieved the 95% PSPP target for quarter 1 with compliance being 95.81% for the quarter.

NHS payment compliance was, however, below 95% with the quarterly performance being 89.15%. The health board remains focussed on improving PSPP compliance for NHS invoices and ensuring that performance remains above 95% for Non NHS invoices.

13. Capital Resource / Expenditure Limits (Table I)

The forecast outturn shows an overspend position of £2.340m. Although allocations are anticipated on the following schemes which will provide a balanced position, the impact of the reductions to the discretionary capital funding this year are now starting to emerge. The pressure to retain a balanced capital position is becoming fragile as there is very little remaining flexibility in the programme to manage emerging service and infrastructure risks. Along with the uncertainty around funding support being made available by Welsh Government to support the assumed income for business case fees, the risk of the plan shifting from balance to imbalance is now material with little mitigating options available to the Health Board to avoid this.

Scheme	£m / Risk Level	Narrative
Business Case Fees	0.886 / Medium	Funding anticipated from WG.
Field Hospital	0.401 /	Funding anticipated from WG.

Scheme	£m / Risk Level	Narrative
Decommissioning	Medium	
WICIS	0.027 / Medium	Funding anticipated from WG.
City Deal – Morriston, Access Road Design	0.966 / Medium	Funding anticipated from City Deal.
Eye Care - Open Eyes Ophthalmology System	0.061 / Medium	Funding anticipated from WG.

No schemes are highlighted as high or medium risk this month. All other schemes on the Capital Programme are categorised as low risk and any variances are linked to planned contributions from discretionary.

14. Capital Disposals (Table K)

There are planned equipment disposals in relation to Ultrasounds purchased in 2021/22 with expected sale proceeds of £1.998m. The reported forecast outturn position assumes that the £1.998m disposal income will be received.

15. Aged Welsh NHS Debtors (Table M)

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of June. The value of NHS debts outstanding for between 11 and 17 weeks amounted to £243,497 at the end of August 2022 (July 2022 - £38.1k) with the number of invoices in this category increasing 41 (compared to 11 in July 2022) to at the end of August 2022.

Of the 41 outstanding invoices between 11 and 17 weeks old, 16 invoices have been paid since the end of August 2022. Of those still outstanding:

- 9 relates to Cwm Taf Morgannwg Health Board in relation to Pharmacy;
- 1 relates to Powys Local Health Board in relation to the provision of MRI physics support for new MRI scanners and
- 9 with Welsh Government, which relate mainly to staff recharges.

One invoice in particular which is outstanding with Welsh Government and was agreed at year end amounts to £3.006m and continued non-payment of this invoice is causing the health board to have to draw down additional cash. We understand that the contract relating to the service being invoiced for, has now been signed (12 August 2022), so help that you can provide in securing payment of these Welsh Government invoices would be much appreciated.

16. Ring Fenced Allocations (Tables N & O)

There is no requirement to complete these tables until Month 6.

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

17. Summary

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
- 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 for the meeting scheduled on 27th September 2022.

Yours sincerely,



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DARREN GRIFFITHS
DIRECTOR OF FINANCE



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MARK HACKETT
CHIEF EXECUTIVE

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

