

Dyddiad/Date: 13th July 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 JUNE 2022

I enclose for your attention the completed proformas in respect of the Health Board's Monitoring Returns to 30th June 2022. This letter provides the supporting commentary to the proformas and Action Point Schedule in response to your letter of 30th June 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. Noting the comments under action point 2.4 in the reply letter we have not at this point reflected a change to the underlying position as the Service Groups have been targeted with ensuring full and recurrent delivery of savings as per actions being led by the CEO reported in the Month 2 letter and updated in this reply letter. If the HB is unable to achieve recurrent delivery, then we would look to take this change in the underlying position through the Performance and Finance Committee for approval prior to updating Table A1 in the MMR.

3. Risks & Opportunities (Table A2)

Risks:

The Health Board included key risks and opportunities within its 3 Year Recovery and Sustainability Plan submission and these will be refined as the year progresses. Also at the request of the Health Board's Performance & Finance Committee a detailed monthly review is now undertaken to assess likelihood and impact, which will inform the MMR submission. The scores of these assessments are reported routinely to the Performance and Finance Committee

The key items in Table A2 at Month 3, for which there is an update since the Month 2 submission are: -

- *LTA Go Live* – no change from Mth 2 comments.
- *Savings Delivery* – The savings targets for 2022/23 is £27m. The total value of schemes identified/planned including Red totals £27.1m. The forecast delivery against the target is reported as £26.2m, with £3.1m remaining in Red. For Month 3, the risk included in Table A2 reflects the shortfall in the forecast between the £27m and the £26.2m, plus red schemes, giving a total of £3.9m. 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. 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 2 MMR and the latest weekly report of 7th July 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 7th July 2022:

	Total Identified (Planned) £M	Total Delivery (Forecast) £M	Green (Forecast) £M	Amber (Forecast) £M	Red (Forecast) £M
Report w/c 07/07/22	27.1	26.2	16.6	6.5	3.1
Report w/c 08/06/22	23.0	23.0	13.4	4.7	4.9
MOVEMENT	4.10	3.20	3.20	1.80	- 1.80

- *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)* – Building on the Month 2 narrative the risk has been reduced by £0.1m in Month 3 as an element of the impact has materialised through the operational position.
- *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. The £5m is an indicative figure pending the work during July 2022 to provide an indicative operational forecast figure for the four Service Groups and Corporate Directorates. Further updates will be provided on this in Month 4 MMR. Mitigating action is also being discussed for early deployment, so that if required, action can be taken earlier in the financial year to manage any assessed risk.
- *COVID Recovery* – Of the £21.6m the Health Board has committed £6.9m at the end of Month 3. Work on the forecast for the year shows a risk that if all activity planned is delivered there is the potential for a £3.1m over commitment. 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* – no change from Month 2 comments.
- *Energy Funding Assumptions* – in Month 3 the actual costs accrued using the data from the estates department showed a decrease from levels seen in Month 1 and Month 2, which is reflected in the supplementary return. However, the risk added in Month 2 has been kept at this point and will be reviewed monthly as part of the wider ongoing review of the energy forecast.
- *Covid Transition and Extraordinary Pressures* – no change from Month 2 comments but figures are updated to reflect Mth 3 reported position and reflected in the supplementary return.

Opportunities;

- *Demand Growth to be reduced by 25% & Slippage on planned investments*
Within the plan (see table in Section 1) are two entries totally £14.4m.

Cost pressures - demand growth	7.4
Investment decisions	7.0

If through the year, the demand growth and planned investments change there would be opportunities for this funding to be used to support the overall position. These opportunities would be due to overall demand being lower, or projects delayed in starting, or issues with recruitment increasing slippage, or the HB taking a proactive stance in not investing should pressures arise in year over those anticipated in the plan. These areas are continually reviewed as part of the wider assessment on the financial position.

- *Other Opportunities Slippage* – During each year funding is issued by WG to the Health Board and due to delays, primarily in recruitment there is slippage on schemes. This entry added in Month 3 is a reflection of the potential opportunity which is likely to arise as the year progresses.

4. Monthly Positions (Table B)

The in-month reported position for Month 3 is an overspend of £2.573m, which is £0.539m higher than the planned position of £2.034m. For the YTD the £7.208m is £1.106m off profile. Whilst we have disclosed an increase above plan in Month 3 it is anticipated this

will be offset in future months by Non-Recurrent benefits, cost containment and improved delivery of the savings.

Variances

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

- Income = Overachieved in month
 - Relates to R&D income.
- Pay
 - Overspent in Month – the underspends in Month 1 were supporting the Non Pay pressures. In Month 2 and 3 the increase in Agency spend and other variable pay areas has impacted on the overall Month 3 position, as the overall pay underspend in Month 3 has reduced by a further £0.3m, to report an in month overspent. The area with the most significant increase has been the Morriston Service Group, with stepped increases in Nurse/HCSW Bank and Medical additional sessions (non-WLI). Discussions have commenced with the service group triumvirate on actions required and potential further support to arrest and then recover this position.
- Non Pay = Overspend in Month
 - Whilst there were variances across various areas of clinical consumables the most significant pressures in Month 3 were seen in drugs and general M&SE, which was not seen to the same level in Month 1 and 2. Further work will be required to understand whether this was a one-off issue or a rising pressure linked to activity/demand.
 - 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 3 as reflected in the ledger. As we get closer to the agreed target of £27m for the year this shortfall will become a surplus in future months and support the recovery back to the £24.4m deficit position.

The increase driving variances in Pay and Non Pay (clinical consumables) is in the main attributable to one Service Groups (Morriston). The CEO has requested enhanced support/escalation to focus on both assurance regarding financial control, clarity on why actual spend is increasing and actions to return spend to pre-pandemic levels, along with a continued focus on savings as Morriston has 87% of the total red schemes. Further updates will be provided in future MMR submissions on the actions being taken and plan to mitigate the issues arising in this one section of the Health Board.

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 1 – 2 movements (action points 2.4)
 - Pay – As in most months there are movements across all cost centres driven by multiple service and operational issues by no one thing of note. However, in addition to these standard movements there was an issue which impacted on actuals linked to the year-end accruals, where budgets were adjusted as

opposed to accruals being made. So whilst overall there was no impact on the financial performance actual trends were impacted on. This has been picked up internally and work to address this is being undertaken.

- Drugs – there was a stepped increase in NICE drugs costs between Month 1 and 2 in the following service areas - Oncology, Rheumatology, Sexual Health, Neurology and Renal. This was approximately £1.6m. This increase in NICE has remained in Month 3 and is part of the ongoing monitoring for NICE against the NICE budget, which will inform the wider Health Board position.
- Joint Financing – in Month 1 the costs for the LA element of Tracing was not accrued within the ledger and so 2 months we accrued in Month 2, resulting in an increase in actual costs. This had no impact on the variance as it is assumed for TTP budget/funding will offset costs.
- Month 2 – 3 movements
 - Pay – at a Health Board level there has been a reduction in actual basic pay of (£0.8m) again this is across multiple areas within the ledger, along with reductions in Enhancements (£0.2m) and Overtime (£0.4m).
 - Healthcare Services Provided by Other NHS bodies – reflect the finalised 2022/23 LTA agreements for services commissioned by the HB.
- Y/E Forecast Movements
 - Pay – On reviewing the pay forecast in detail there are movements across all cost centres driven by multiple service and operational issues by no one issue of note.
 - Healthcare Services Provided by Other NHS bodies – reflect the finalised 2022/23 LTA agreements for services commissioned by the HB.

At the end of Month 3 the Revenue Resource Limit is under-phased by £13m, 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
 - Commissioner contracts
 - COVID Transition*
 - COVID Recovery*
 - Extended Flu
 - Winter Pressures
 - Reinvestments to drive Service Change and Efficiency*
- *- there will be focused scrutiny on these areas linked to the paragraph above and the reporting requirements of Performance & Finance Committee.*

5. Pay & Agency Expenditure (Table B2)

The Health Board Agency expenditure for Month 3 is £3.36m, which is 6.2% of the overall pay expenditure and is £1.2m higher than the same period in 2021/22.

Between Month 2 and 3 the agency increased by £0.130m. This is split between medical and non-medical agency and primarily relates to the two of the four Service Groups (Morrison and NPTS).

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

- Vacancy Cover – 43%
- Temporary Absence Cover – 22%
- Additional Support to delivery and performance – 19%
- COVID-19 – 16%

6. COVID-19 (Table B3)

The total for Table B3 is £63.8m, 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.

The key changes in the overall costs of COVID are:

- Mass Vaccination - an additional £0.5m has been added to support the autumn booster programme. Through Director of Public Health and Medical Director for Primary and Community Services the HB is planning to deliver the booster programme for certain age groups with Primary Care and an estimate of the costs of delivery by Primary Care contractors is included. However, it is noted that costs will need to be refined as the programme develops.
- COVID Extended Flu – costs included reflect the recent allocation for SBHB of £0.918m which covered 50-64year-olds and the 7-11 year olds.
- COVID Transition
 - Pay – Increase in Month 3 for costs linked to increase COVID sickness and associated costs of covering absences.
 - Non pay – Increase linked to transport requirements to support patient flow, which was not previously identified as a cost for 2022/23.

As per action point 2.7 the issue with PPE has been resolved however there has been a movement between pay and non-pay for Month 1 and 2, although the overall expenditure has not changed. Whilst we did not wish to retrospectively change previous months it has now meant the figures are working correctly through the relevant tables.

As outlined in the Month 2 report the changes anticipated following the updated guidance has yet to be reflected through the tables. To assist the reader in clarifying the HB position the key points of note have been provided below: -

- The CEO and DOF are undertaking quarterly review/challenge meetings with the Service Groups to challenge the funding requirements provided linked to COVID Transition. The latest rounds were completed in May 2022 and the next meetings are scheduled for mid-July 2022. Further meetings are scheduled for the first week of August 2022 to agree final positions.
- Following these meetings each Service Group has a set of actions, issued by the CEO for review at the next quarterly meeting.
- On receipt of the WG guidance the Health Board has provided de-escalation guidance to all Health Board staff, published on 9th June 2022.
- Service Groups now need to understand the impact of this on its service and implement the changes in line with the updated guidance.

- Only when this is complete by the service can the Finance Business Partners fully assess the financial impact of these changes on the COVID Exit plans.
- This will correspond with the CEO/DOF Challenge sessions in July.
- Following the sessions in July 2022 the COVID forecast will be updated but due to timings will not be included in the Month 3 submission.
- Increased prevalence of COVID in the Health Board and the impact on staffing absence is increasing. At the time of writing this letter the HB is experiencing significant levels of staff absence due to staff unable to attend work as a result of contracting COVID and there are 120 patients in our beds with confirmed COVID (with a further 132 within our beds recovering from COVID)

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.

Annual Leave (Action 1.19):

The first payments for the Sell Back of Annual Leave were made in Mth 3. This is lower than anticipated but it expected that further payments will be made over the next 2-3 months and updates on this will be provided through this letter. The table below provides a summary:

	£m
A/L Opening Balance 1 st April 2022	11.497
Sell Back Payment Mth 3	0.748
A/L Closing Balance 30 th June 2022	10.749

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

A summary of the savings position as reported in w/c 7th July 2022 is provided in the Table below. Please note for the letter we are using the latest weekly report to provide the overarching view of the Health Board, but due to the work required to complete Table C3 the data is taken at the end of the month being reported and so there may be differences between the two sources as the HB savings trackers are continually updated.

	Mth 1 £M	Mth 2 £M	w/c 7 th July £M
Target 2022/23	27.0	27.0	27.0
Green & Amber	17.2	18.1	23.1
Red	4.6	4.9	3.1
Total Forecast Delivery	21.8	23.0	26.2
Total Identified	21.8	23.0	27.1
Shortfall in Value to Plan	5.2	4.0	0.1
Shortfall % to Plan	19%	15%	0%

Of note is that since the Month 2 submission of MMR a further £4.1m 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. Therefore, whilst the HB still has a gap between planned (£27.1m) and forecast (£26.2m) there is progress each

week against the target. The Health Board's savings PMO is instrumental in maintaining the rhythm of savings delivery.

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 the Risk section 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.

The position at the end of June 2022 on Savings alongside the work mentioned under the Service Group Pressures Risk for completion in July 2022 will provide an indicative operational forecast figure for the four Service Groups and Corporate Directorates. Further updates will be provided on this in Month 4 MMR on the work.

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
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. Update expected for M4
NUR2309	Complex child legal costs	89	-	Internal Legal Team to update, expected for M4
NPTSCIP2308	Outpatients	10	10	Expect scheme to turn green in Q3
NPTSCIP2328	Housekeeping	200	200	Scheme is under review; will provide update for M4
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.
	Total	513	324	

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. It is noted that further work is required on this section to reflect as a minimum the agreed LTA values for 2022/23. And work will continue during July to update this table.

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	2022/23	Total By
	Forecast @ mth 3	Type
	£'000	£'000
National Programmes: Training	5,600	20,869
National Programmes: Testing	2,132	
National Programmes: Mass Vaccinations	7,092	
National Programmes: PPE (Exc Stores Staff)	4,959	
National Programmes: Long COVID	578	
National Programmes: Nosocomial	508	
COVID Transition: Cleaning Standards	1,906	42,954
COVID Transition: Extended Flu	918	
COVID Transition: Dental Income Shortfall (as per WG Letter)	1,418	
COVID Transition: Dental Income Shortfall (Balance)	398	
COVID Transition: Other	38,314	
Total Table B3	63,823	63,823

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

Extraordinary Items	2022/23
	Forecast @ mth 3
	£'000
NI Health & Social Care Levy	6,929
RLW (Care Homes Only)	1,581
Energy Costs (inc Non BG Items)	15,639
TOTAL ALLOCATION	24,149

The basis of these values are as follows: -

- NI = as per Month 1 report and no change.
- RLW = as per Month 1 and no change (confirm this is only for Care Home element and not staff employed by SBUHB).
- Energy = Latest forecast from the Shared Services on Energy totals £20.230m, which is reflected in Col Q of the supplementary return. The actuals for Month 1-3 now reflect the figures in the ledger as opposed to a 12th of the forecast. Based on the information from our estates department the costs for June 2022 have reduced but are expected to increase again. Between Month 2 and Month 3 a review of the

figures included in the return for the PFI (NPT Hospital) has been undertaken and the update reflected in the return. There is also work going on between Month 3 and Month 4 on other areas not part of the BG forecast, including primary care premises for which the HB jointly occupies and contributes to the utility costs, along with some of the LD bungalows. Updates on all areas be provided each month.

Due to a limitation on the number of lines within Table E, a number of Anticipated Allocations have been grouped together. The detail is shown below:

Our Ref	2. ANTICIPATED ALLOCATIONS	HCHS	Total Revenue Resource Limit	Total Revenue Drawing Limit	WG Contact and Date
		£'000	£'000	£'000	
57a	Mental Health Service Improvement Funding	656	656	656	Sally Thompson - June 2022
57b	Mental Health Eating Disorder Funding	152	152	152	Sally Thompson - June 2022
57c	Primary Care/Tier 0	429	429	429	Sally Thompson - June 2022
57d	Alternative to Admission	68	68	68	Sally Thompson - June 2022
57e	Health and Social Care Climate Emergency National Programme	59	59	59	Lisa Wise - June 2022.
57f	HPV Programme	250	250	250	Sarah Spiteri - June 2022
57g	Digital Healthcare Programme- Salary Costs for Tracy Jones 2022/23	53	53	53	Slan Isaac - June 2022
57h	SAS Advocate Underspend	33	33	33	Sarah Abraham (NHS Confed) - June 2022
Total		1,700	1,700	1,700	

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 increased from £9.372m at the end of March 2022 to £10.026m at the end of June 2022, an increase of £0.654m. The increase mainly relates to drugs stocks across all hospital sites (£0.224m), blood products stocks of £0.259m and theatre stocks of £0.171m.

There has been an increase in trade receivables from £186.502m at the end of March 2022 to £194.114m at the end of June 2022, an increase of £7.612m. There has been an increase of £11.599m due to income accruals for anticipated allocations from Welsh Government, an increase of £1.199m in the VAT debtor as all VAT claims relating to 2021/22 have to be submitted by 31st July 2022. There are also increases of £1.623m in trade debtors as a result of first quarter invoices being raised in late June, with these increases offset by a reduction of £6.533m in the Welsh Risk Pool debtor following reclaims from Welsh Risk Pool.

The closing June 2022 cash balance of £0.608m is in line with the Health Board target of a cash balance of £1-£1.5m at month end and well within the best practice cash target for the Health Board of £6m.

The trade and other payables figure saw a reduction from £268.789m at the end of March 2022 to £241.100m at the end of June 2022, a reduction of £27.689m. This comprised a reduction of £16.303m in capital payables and a reduction of £11.386m in revenue payables. The reduction in revenue payables mainly relates to reductions in goods received not invoiced, payment of clinical negligence settlements treated as creditors at

year end and a reduction in both NHS and non-NHS creditors with payments made in June to staff who opted to sell back their untaken annual leave from 2021/22 which was accrued for at year end.

Provisions reduced by £2.343m from £150.655m at the end of March 2022 to £148.312m at the end of June 2022. The reduction relates mainly to payment of clinical negligence settlements against the existing provisions. The first quarter quantum reports for clinical negligence, personal injury and GP indemnity claims will be included in the Month 4 reported position.

11. Cash Flow Forecast (Table G)

As at the end of June 2022, the Health Board had a cash balance of £0.608m which is slightly below 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 deficit and an early assessment of the impact of any movement in working capital balances on the cash position. This early forecast indicates a cash deficit (taking into account anticipated allocations) of £29.886m as detailed in the table below:

	£000
Forecast I&E Deficit	-24,400
Movement in Revenue Working Balances	1,780
Movement in Capital Working Balances	-21,664
Temporary Working Capital cash provided in CRL	10,000
Opening Cash Balance	4,398
Forecast Cash Deficit	-29,886

Aside from the forecast I&E deficit for which strategic cash support will be required, the biggest cash issue is the significant forecast reduction in capital creditors of £21.664m. The Health Board welcomes the initial temporary increase of £10m 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 January 2023 and February 2023 in order to meet ongoing capital cash payments.

A full review of the cash forecast has been undertaken at the end of June 2022, based on the first quarter receipts and 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 £2.830m. 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	1.339 / Medium	Funding anticipated from WG.
Field Hospital Decommissioning	0.500 / Medium	Funding anticipated from WG.
WICIS	0.027 / Medium	Funding anticipated from WG.
City Deal – Morriston Access Road Design	0.965 / Medium	Funding anticipated from City Deal.

The following allocations are classed as medium risk.

Scheme	£m / Risk Level	Narrative
Singleton Cladding	1.000 / Medium	As discussed at the CRM on 11 th July, we have recently received a number of additional compensation events. These are currently under review with our cost advisor and we would expect to be in a position to confirm the level of slippage funding to be returned to WG by the end of July. Given the significant level of additional costs having to be borne from the project contingency and there still being 18 months remaining, there is an increased risk that the project will be unable to remain within the allocated budget during 2023-24.

All other schemes are 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 £3,329 at the end of June 2022 (May - £94k) with the number of invoices in this category increasing from 18 at the end of May 23 at the end of June 2022. Of these 6 relate to Aneurin Bevan Health Board, mainly in respect of drugs issues to pharmacies in the Aneurin Bevan Health area, 7 to Cardiff & Vale Health Board with the delays appearing to be linked to the No PO No pay policy and 5 with Welsh Government. 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. Any help that you can provide in securing payment of these Welsh Government invoices would be much appreciated. Of the outstanding invoices between 11 and 17 weeks old, three have been paid since the end of June 2022.

There are 3 invoices outstanding for more than 17 weeks at the end of June 2022 all of which are pharmacy invoices to Aneurin Bevan Health Board. All of these invoices have now been paid.

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 26th July 2022.

Yours sincerely,



.....
DARREN GRIFFITHS
DIRECTOR OF FINANCE

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



.....
MARK HACKETT
CHIEF EXECUTIVE