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Swansea Bay University
Health Board

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Dyddiad/Date: 2nd May 2023

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 MARCH 2023

I enclose for your attention the completed proformas in respect of the Health Board's Monitoring Returns to 31st March 2023. This letter provides the supporting commentary to the proformas and Action Point Schedule in response to your letter of 26th March 2023.

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

As reported from Month 4 of 2022/23, 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)

2022/23:

The final 202/23 position for the Health Board was £0.401m underspent. As reported on Table A this is a combination of 2 elements. The first was an underspend on COVID costs in respect of Mass Vaccinations, Testing and Tracing which were then offset by increases in operational costs. One key change in the operational costs related to the Annual Leave accrual. The Health Board released £9.9m from the balance sheet during 2022/23, which had been reported through previous MMR submissions, thus leaving £0.7m on the balance sheet. On completion of the final assessment of the Annual Leave position on the 31st March 2023 the final value was £0.7m higher than forecast due to more people carrying forward leave in part linked to operational pressures in the latter months of the year. The net impact of these 2 elements is a Health Board underspend of £0.401m. Both elements making up this underspend are non-recurrent and will therefore not impact on the underlying position noted in section 3 below.

2023/24 (Action Point 11.1)

Table A has been updated to reflect the Underlying Position reported via the Financial Plan / MDS and detailed further in section 2.

2. Underlying Position (Table A1)

For Month 12 Table A1 has been changed to reflect the underlying c/f issue of £32.2m, which links directly to the 2023/24 Financial Plan submission and MDS (Finance Tab 3). The £32.2m is made up of a number of elements detailed in the table below:

	CURRENT ASSESSMENT
	£M
2022/23 Impact into 2023/24 (Underlying Issues)	
Savings = Prior year recurring gap	0.0
Run Rate = Prior Year recurrent overspend	11.0
COVID = Transitional Costs £32.6 + Cleanlyn Standards £1.9m	21.2
Total	32.2

3. Risks & Opportunities (Table A2)

As this is the final year-end position, all risks and opportunities are been confirmed within the position.

4. Monthly Positions (Table B)

At the end of Month 12 Health Board is reporting an underspend for 2022/23 of £0.401m. This is an interim position pending the review by external Audit during May 2023 and June 2023.

There have been some movements between the forecast by line in Month 11 and the final figures at Month 12 and key issues are (Action Point 11.2):

- Primary Care – this is lower than anticipated but is based on the final assessment of the contracts for 2022/23.
- Pay – the increase in costs relate primarily to the following:
 - 1.5% and 1.5% Consolidated pay arrears = £15m
 - Medical Study Leave = increase in accruals based on HEIW data = £7m
 - Annual Leave accrual = increase above plan of £0.7m
 - Additional Pension Costs = £28m
 - Increase Nurse Agency (review of all statements and change in the rate as basis of accruals) = £1.7m
- CHC – this has reduced in the last quarter and the final value is based on the NCCD position and associated accruals.
- Joint Finance – this is lower as recharges for Local Authority not as high as expected.
- Non Pay - £3m reduction in costs linked to the release of balance sheet opportunities from decommissioning of the Bay Field Hospital as reported on Table A.

Ring Fenced Supplementary Return (11.3)

The tables have been updated to reflect the allocation and expenditure.

On Energy the final costs were £0.566M less than forecast which the Health Board has managed as part of the wider year end position.

5. Pay & Agency Expenditure (Table B2)

The Health Board Agency expenditure for Month 12 is £5.366m, which is 4.7% of the overall pay expenditure and is £1.74m higher than the Month 11 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 – 31%
- Temporary Absence Cover – 10%
- Additional Support to delivery and performance – 41%
- COVID-19 – 18%

6. COVID-19 (Table B3)

Table B3 sections A4-A6 there was no change from that reported at the end of Month 11 for Health Board expenditure but there was a charge in relation to the All Wales Delivery Unit (DU) (hosted by SBUHB) with £461k funded by WG, which has been included in Month 12 on the Admin and Clerical Line of Table B3 section A6. However there will be a £0.461m difference between the total value on Table A6 and the FDU figures as a result of the DU funding received and transacted, which is not part of the wider Health Board expenditure on COVID-19 and so excluded from the FDU submission.

Linked action point 11.5 the Dental Contractual Loss of Income should now be £1.560m on both Table B3 and FDU return, although recognising that the final income position on Dental improved in the final month, however as the full funding had been internally allocated to the Dental Budget the £1.560m remains on Table B3.

For Section A1-A3 the final outturn was lower than that allocations received for all three elements as detailed below.

Area	Funding £M	Outturn £M	Variance £M
Testing (A1)	2.3	2.0	0.3
Tracing (A2)	5.6	5.2	0.4
Mass Vaccination (A3) (excluding DU)	7.9	7.6	0.3
TOTAL	15.8	14.8	1.0

For section A1 and A3 this related to final Health Board costs for pay and non –pay being lower than forecast, but on section A2 the key reason was the invoices from the Local Authorities was lower than anticipated.

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

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
MHLDCIP2301	Reduced nurse variable pay from effective rostering, to included annual leave planning and action on working breaks, sickness management and review of staffing levels.	375	500	This will not be delivered in year due to a number of reasons. There has been increased acuity, unscheduled care pressures, increased sickness and vacancy. So, our variable pay costs have been increasing not decreasing and this position is unlikely to change in the remaining months of the year.
MHLDCIP2312	Reduced cost from review and right sizing by CHS	180	180	This relates to CHC cases that have triggered a CHC review leading to a contribution to these cases from local authority. There is on-going negotiation with the LAs and the level of contribution is not yet resolved. It has been necessary to push this saving back a number of times already and these savings cannot be relied on in the current financial year.
MHLDCIP2313	Reduced cost from improved management of voids	20	20	We are currently carrying voids, these have actually increased in year, and there is difficulty placing service users in these voids.

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview
MORCIP0006	Additional Pancreatic activity through commissioned 3rd weekly list	20	40	This scheme relies on increasing pancreatic activity. We have secured the consultant time through job planning, but theatre and bed capacity remain challenging - work continues to resolve this as part of the overarching strategy to increase surgical throughput via development of elective hubs. Until we have regular sessions we are keeping this amber as a risk.
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.
MORCIP0044	Associate Specialists into Medical Vacancies	38	75	These scheme has been delayed due to other wider service changes linked to an OCP. We are working on mitigating it in the interim (see new schemes emerging) and considering the recurrent opportunity post the service changes already in train.

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview
MORCIP0059	Procurement Savings	267	267	We have reassessed opportunities across a variety of general procurement lines which are now being pursued, schemes will turn green when pricing/ volume/ item changes have been agreed with relevant parties. We anticipate achievements not being straight line but are confident the approach will bring significant cost reduction benefits. We have already had success with other procurement schemes as above.
MORCIP0060	Procurement Savings	33	33	As per comment above
MORCIP0061	Procurement Savings	226	226	As per comment above
MORCIP0062	Procurement Savings	116	116	As per comment above
MORCIP0063	Theatre Instrument switch	154	154	The theatres procurement group is working with the procurement team and we have good engagement, we have seen the first scheme taking hold but has been low value, would hope to turn this green in the new year.
PCCCIP2381	Supporting care home with EMI model of nursing care	261	521	We undertook a tendering exercise with Procurement colleagues but there was no interest. 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. It is recognised that there is a deficit in EMI capacity in the Swansea / NPT region and therefore the HB needs a strategy to meet this shortfall as the number of patients is growing. The HB has undertaken a strategic review of CHC and has this issue has been highlighted. We will look at a solution to address the shortfall in the 23-24 IMTP.
PCCCIP2396	(W314,H314 & H311) relocation of Health Visitors	10	41	This delivery of this scheme was predicated on a wider accommodation review, considering the external payments we currently make for accommodating Health Visitor staff, alongside the contract terms and potential for agile staff relocation. On careful review, change to the existing patterns will unfortunately not achieve the saving initially sought.

Savings Scheme No.	Scheme / Opportunity Title	Current Year Annual Plan £'000	Plan FYE (R Schemes) £'000	Overview
NPTSCIP2358	Primary Care Over delivery	150	150	This will be a green when the forecast delivery shows the required levels. All actions are in place the question is about performance and exact delivery levels.
DS2310	MS365 VAT recovery 22/23	478	478	Discussions at the February DDoFs confirmed that, DHCW has advised the Microsoft VAT Recovery will now be finalised in 2023/24
DS2311	MS365 VAT recovery 21/22	389	-	Discussions at the February DDoFs confirmed that, DHCW has advised the Microsoft VAT Recovery will now be finalised in 2023/24
Total		3,065	3,396	

There are several schemes showing validation errors and these relate to:

Where the FYE of Recurrent schemes > than the In Year Forecast (3 errors):

- COO2309 – Security at Singleton is now showing a zero value against the forecast FYE, as after a review the Health Board will no longer be able to release any savings associated with security at the Singleton site.
- PCC2381 – is referred to in the table above
- DS2310 – Discussions at the February DDoFs confirmed that, DHCW has advised the Microsoft VAT Recovery will now be finalised in 2023/24.

Where the FYE on schemes with no In Year Forecast (1 error):

- MORR0006 - is referred to in the table above

8. Welsh NHS Assumptions (Table D)

Table D sets out the income and expenditure assumptions with other Health Boards as per the TMS statements agreed as part of the Year End Process.

9. Resource Limits (Table E)

There are no outstanding allocations due from Welsh Government (WG).

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 reduced by £15k from February 2023 to £4.033m as at March 2023.

There has been an increase in trade receivables from £182.630m at the end of February 2023 to £200.230m at the end of March 2023, an increase of £17.6m. This relates to an increase in the Welsh Risk Pool debtor of £2.7m, and an increase of NHS Debtors and Accruals, and other Debtors of £13.9m.

The closing March 2023 cash balance of £2.859m is within the Welsh Government 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 an increase from £217.628m at the end of February 2023, to 317.235m at the end of March 2023, of £99.6m. The increase related to NHS creditors and NHS accruals for invoices not received.

Provisions saw a reduction of £2.9m from £161.395m at the end of February 2023 to £158.473m at the end of March 2023. This related mainly to a reduction in the Clinical Negligence provision and Personal Injury provision.

11. Cash Flow Forecast (Table G)

As at the end of March 2023, the Health Board had a cash balance of £2.859m, within the WG best practice figure of £6m.

The Health Board continued to process payments including the use of same day payments via CHAPS on 31st March in order to reduce the cash balance as low as possible.

The Health Board drew down in cash £69.181m of the approved CRL cash allocation, which includes the £21.664m of capital working capital cash, the £6.477m of capital cash to reimburse revenue CRL and the £7.515m revenue working capital cash requested, but did not draw down any strategic cash support.

12. Public Sector Payment Compliance (Table H)

The Health Board did not achieve the 95% PSPP target for Quarter 4 with compliance being 93.7% for non NHS and 83.5% for NHS for the Quarter. Compliance performance has been impacted throughout 2022/23 by a backlog of nurse agency invoices as a result of the significant increase in the number of nurse agency shifts worked, and also delays in the authorisation of NHS invoices within the service groups as a result of the service pressures being experienced by frontline staff responsible for the authorisation of NHS invoices

Cumulative compliance for 2022/23 was also not achieved at 94.7%.

Attention remains focussed on improving PSPP compliance for both NHS and Non NHS invoices.

13. Capital Resource / Expenditure Limits (Table I & J) & Capital Disposals (Table K)

The final position for 2022/23 shows a small underspend of £0.037m against the final CRL of £38.684m issued on the 19th April 2023.

Sales of equipment took place in 2022/23 with a combined NBV of £0.016m.

14. Aged Welsh NHS Debtors (Table M)

Table M lists all Welsh NHS invoices outstanding for more than 11 weeks as at the end of March 2023. There were no invoices outstanding between 11 and 17 weeks.

There were no invoices outstanding for more than 17 weeks at the end of March 2023.

15. Ring Fenced Allocations (Tables N & O)

Table N & O are completed quarterly. As per the M12/Quarter 4 submission, GMS expenditure is reporting an underspend of £0.403m and Dental expenditure is reporting an overspend of £0.258m.

16. 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 for 23rd May 2023.

Yours sincerely,



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DARREN GRIFFITHS
DIRECTOR OF FINANCE



.....
MARK HACKETT
CHIEF EXECUTIVE

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

