



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Bae Abertawe  
Swansea Bay University  
Health Board

# SWANSEA BAY LHB FINANCE DEPT. FINANCIAL MANAGEMENT GROUP – P3 FINANCE POSITION

Period 03 Data (June 2019)

## In Month

**£ 1,497,458 overspent**

	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(20,988,697)	(20,968,020)	20,677	0.10%
Pay	44,847,934	45,467,178	419,244	1.38%
Non Pay	48,676,709	49,534,247	1,057,538	1.76%
<b>Total</b>	<b>72,535,946</b>	<b>74,033,405</b>	<b>1,497,458</b>	<b>2.06%</b>

## Cumulative

**£ 3,409,306 overspent**

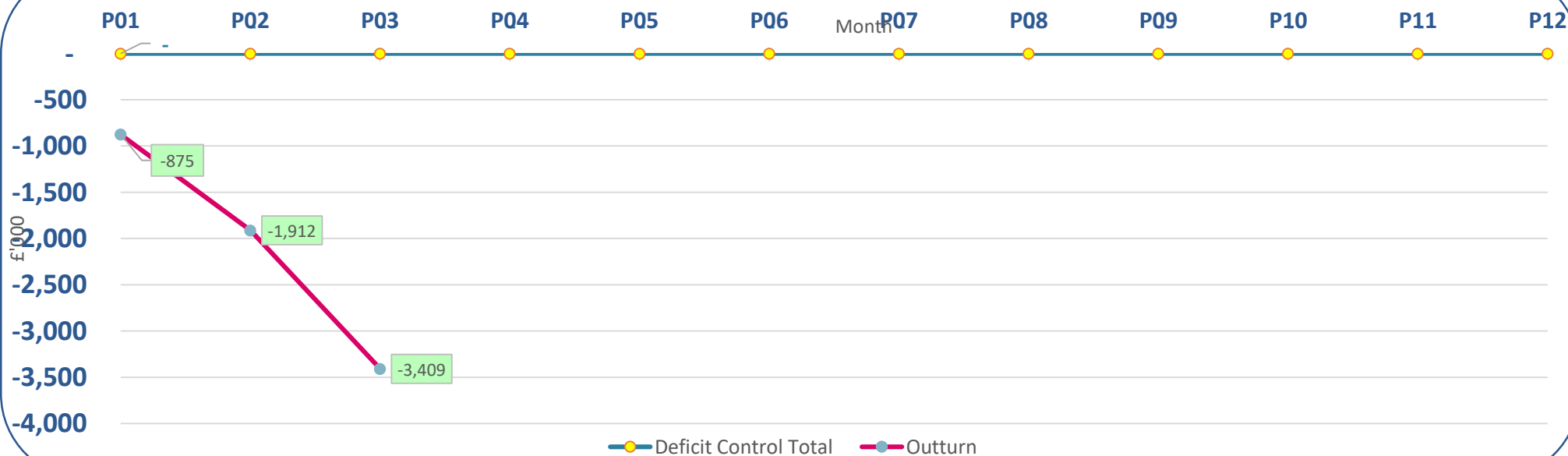
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(62,331,319)	(62,534,563)	-203,244	0.33%
Pay	136,664,440	137,093,268	428,828	0.31%
Non Pay	143,036,298	146,220,020	3,183,722	2.23%
<b>Total</b>	<b>217,369,419</b>	<b>220,778,725</b>	<b>3,409,306</b>	<b>1.57%</b>

## Forecast

**Breakeven**

Type	Full Year Budget (£'000)	Full Year Forecast (£'000)	Forecast Variance (£'000)	% Variance
Income	(242,653)	(243,640)	(987)	(0.41%)
Pay	527,657	527,657	0	0%
Non Pay	564,764	565,751	987	0.17%
<b>Total</b>	<b>849,768</b>	<b>849,768</b>	<b>0</b>	<b>0%</b>

## Full Year Financial Performance and Projection



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)	1,497	↑
Reported year to date financial position – deficit/(surplus)	3,409	↑
Current reported year end forecast – deficit/(surplus)	0	→

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 Green	Breakeven	→
Reported in-month financial position – deficit/(surplus) – Forecast Amber	(1,189)	→
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 Green	95.8	↓

## Revenue

- The Health Board is committed to achieving financial balance in 2019/20. The Health Board has a balanced core financial plan, this however excludes the impact of the diseconomies of scale associated with the clinical and corporate management costs following the Bridgend Boundary Change, which are £5.4m. This adds a significant additional pressure to the Health Board's delivery requirement and will require significant support to deliver savings of this.
- The Month 3 reported position is an in-month overspend of £1.497m. The key drivers of this position are:
  - Operational Pressures primarily workforce costs, activity related/contract income and Chc.
  - Slippage against planned and required savings.
  - Bridgend Boundary Change diseconomies of scale
  - On-going costs associated with the Bridgend Boundary Change work

## Capital Narrative

- Approved CRL value for 19/20 is £24.604m which includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- Underspend to date relates to a number of schemes as detailed in the Annex, there is no anticipated impact on the year end forecast due to these underspends to date.
- There are 5 All Wales Capital schemes that are being reported to Welsh Government as medium risk. These are being closely monitored and discussed at the monthly progress meeting with Welsh Government. In addition discretionary capital has been reported as medium risk due to the value of assumed income the current plan is dependent upon.

## PSPP Narrative

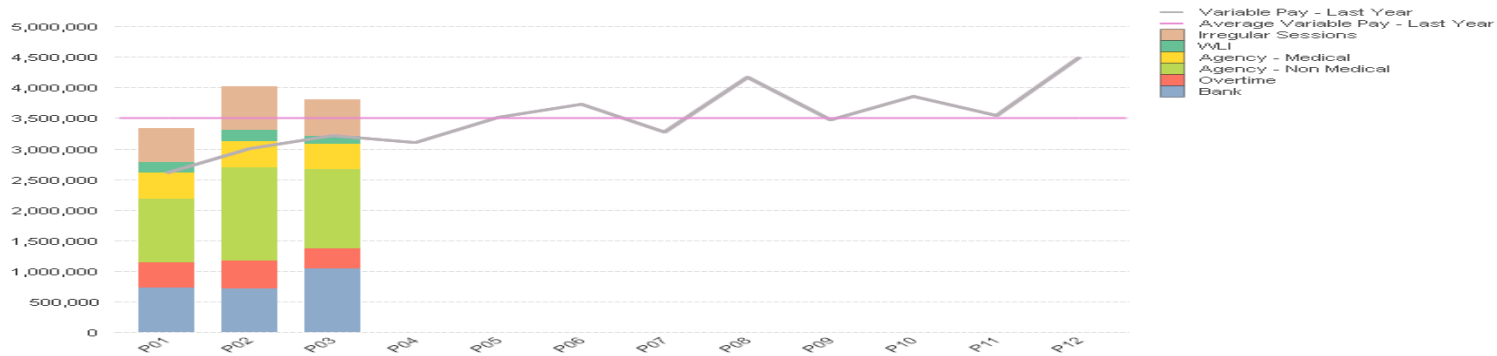
- The number of invoices paid within 30 days in June again exceeded the 95% target, with the performance for the month being 95.7%.
- The June performance reduced the cumulative compliance for the year from 95.9% at the end of May to 95.8% at the end of June.
- Work continues within the health board to ensure that this compliance figure is maintained each month and to work on improving the payment performance of NHS creditors.



Actual Pay Expenditure This Year and Last Year



Variable Pay Expenditure This Year and Last Year

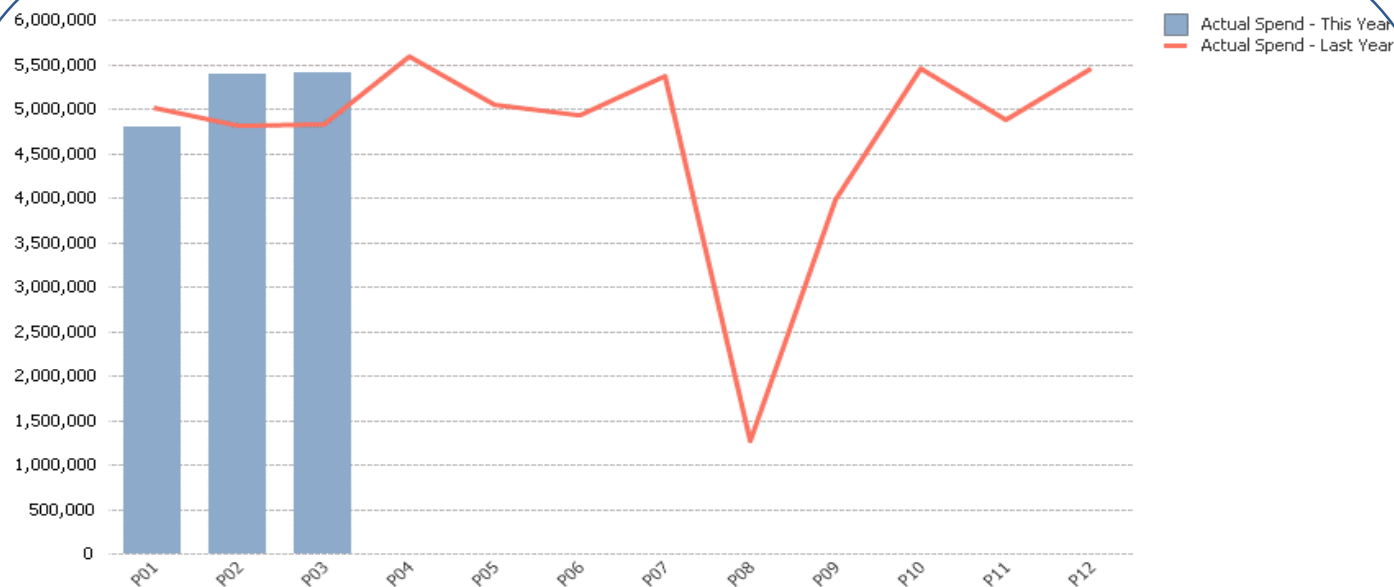


Substantive & Variable Pay Expenditure This Year and Last Year

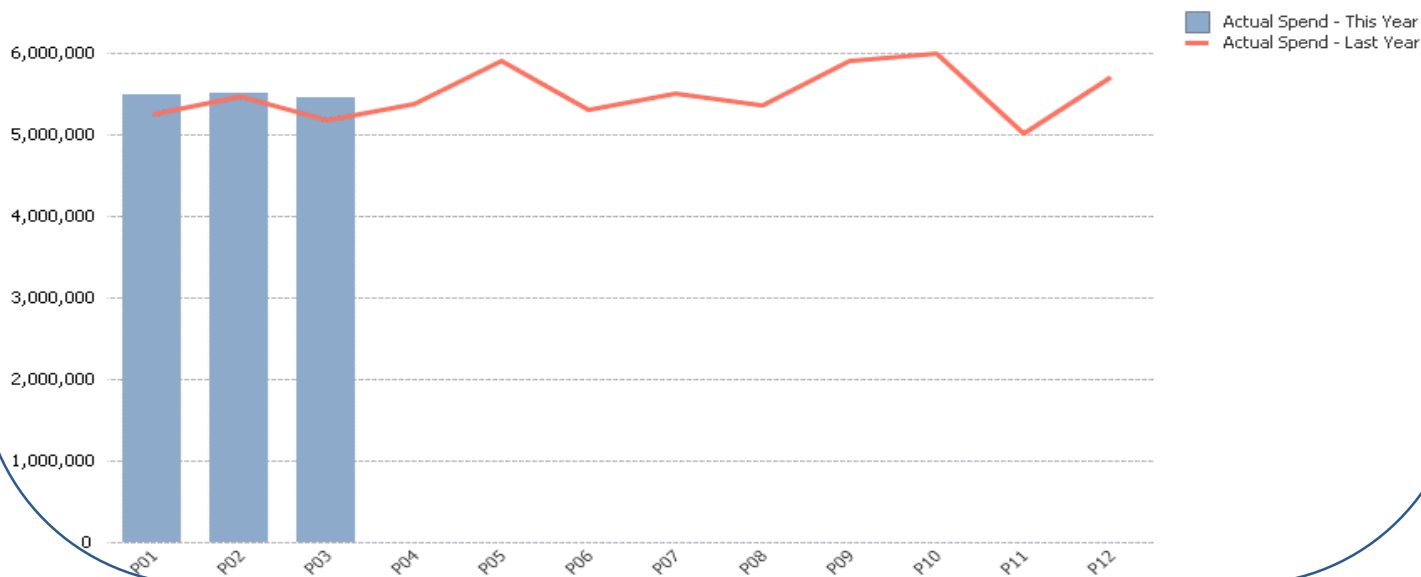


- Overall pay spend has reduced very slightly, which reflects the profiling of enhancements paid. The budgets are also profiled to reflect this.
- Pay spend is above that which was expected for 2019/20.
- Variable Pay spend has reduced from the previous month, but is still running significantly above the same period last year (surge capacity was not open during that period) and the average spend for last financial year.
- The baseline adjusted substantive pay costs have increased throughout the year. This will need to be reviewed to ensure that variable pay costs are seeing a corresponding reduction.

### Secondary Care Drugs Trend Analysis



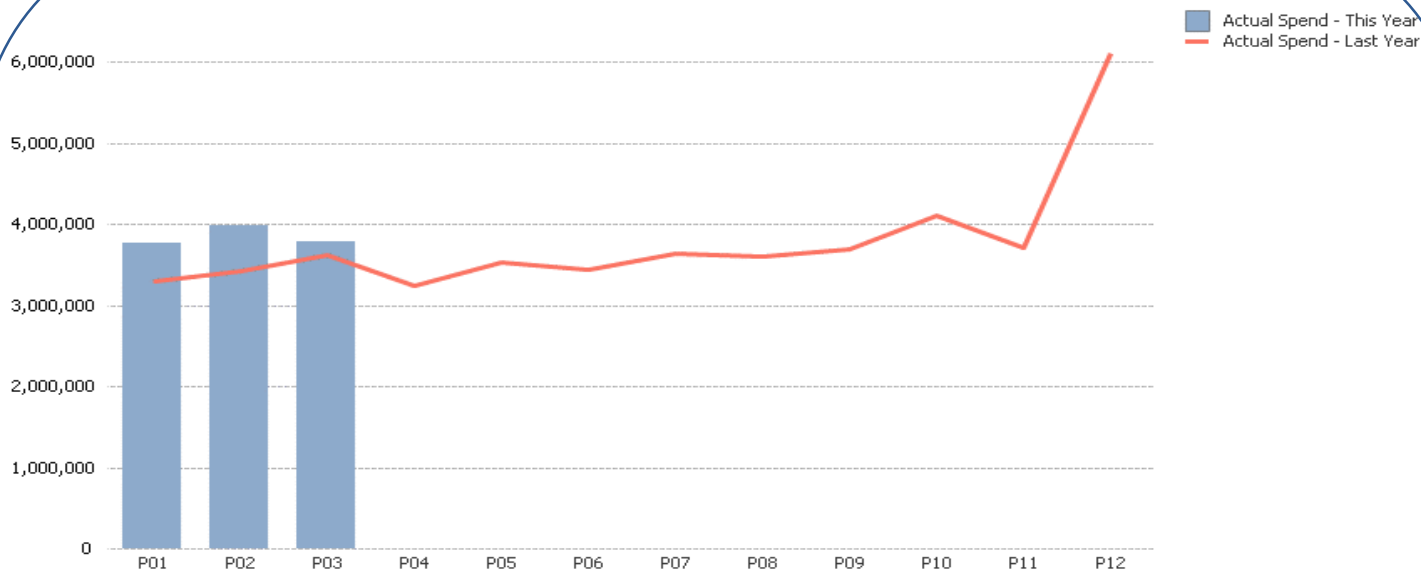
### Primary Care Drugs Trend Analysis



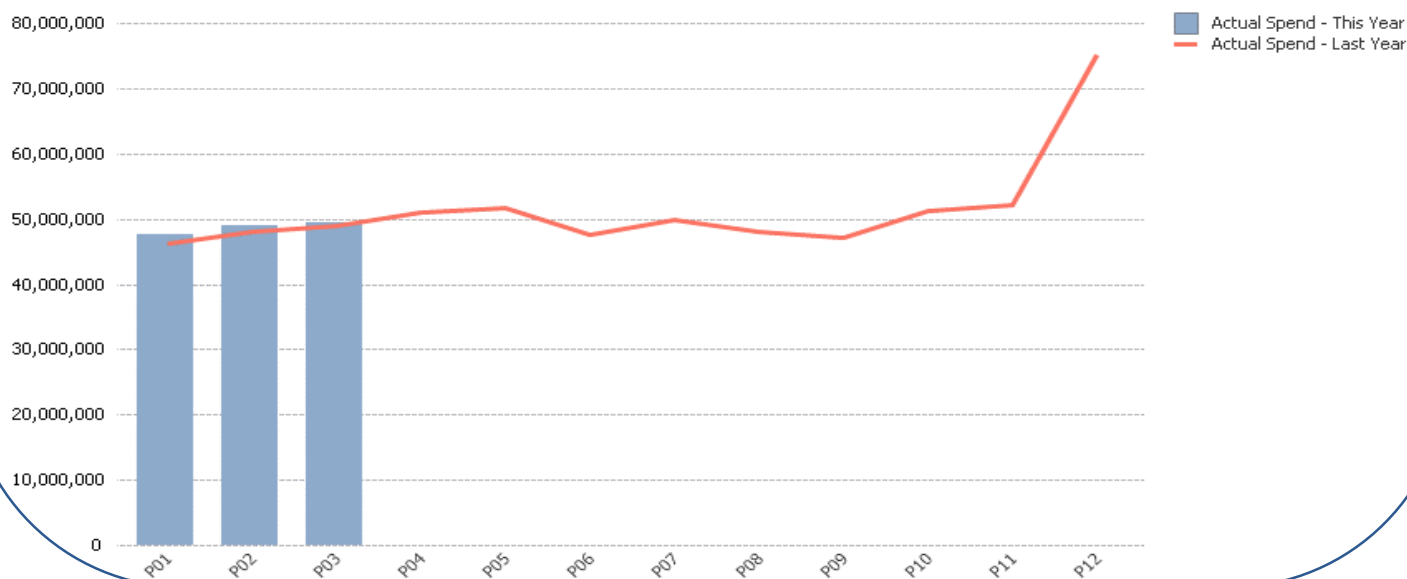
- Secondary drugs were stable in 2018/19, with little or no increase in costs reported compared to previous year.
- The last two months has seen a step up in expenditure, particularly for NICE/High Cost drugs and this needs to be closely monitored with Medicines Management colleagues to ensure expenditure can be maintained within plan.

- Primary Care drugs were less volatile in 2018/19 than the previous year, due to greater stability of NCSO price concessions.
- The true position is difficult to assess at this point as there is only 1 month of actual expenditure for 2019/20.
- The position is being closely monitored by Medicines Management colleagues to ensure expenditure can be managed within plan.

### ChC Trend Analysis

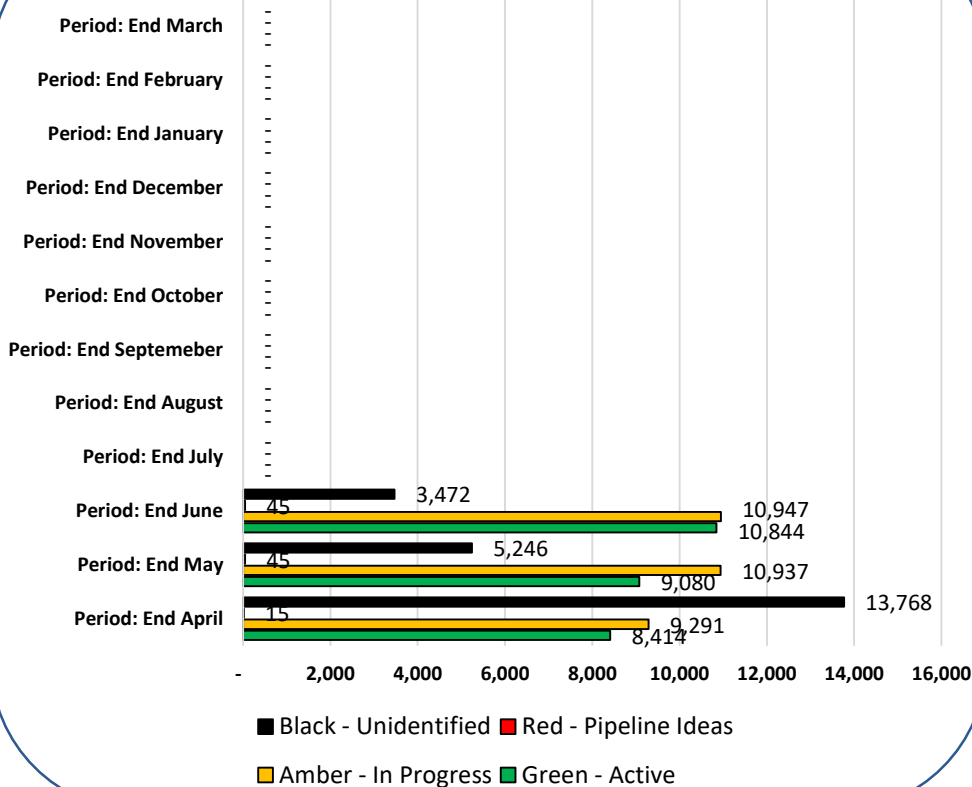


### Adhoc Non Pay Trend Analysis

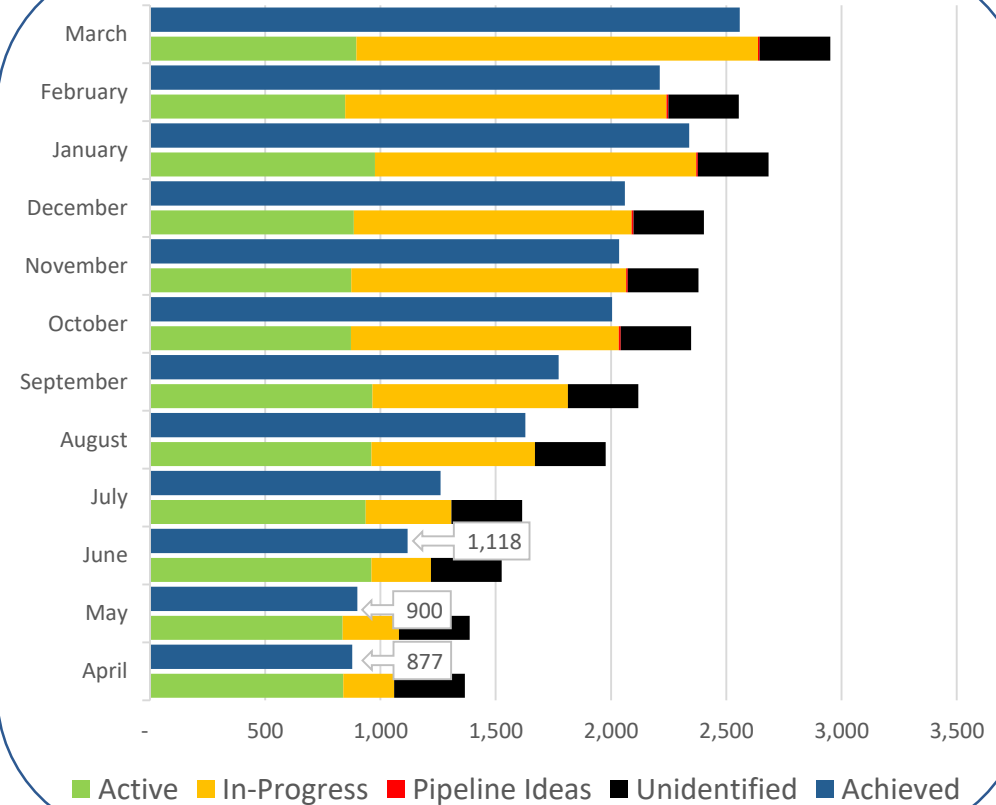


- ChC expenditure saw a steady growth in 2018/19, due to increasing case numbers across all areas.
  - The expenditure for Quarter 1 2019/20 is above that of the same period in the previous year.
  - This area represents a financial risk given the full year impact of 2018/19 case growth and ongoing growth levels.
  - Category B - cost control savings – require the Units to absorb growth – £2.2m
- 
- Other non-pay expenditure is broadly as anticipated.

## Trend over time



## Current Profile of Savings



## Narrative

- The Health Board has identified £21.8m of schemes, which is 99% of the overall planned £22m savings requirement. The unidentified savings reflect the savings the units are also seeking savings to manage pressures.
- It is recognised that saving plans of around £30m will need to be identified to assist in mitigating delivery slippage, operational pressures and support the diseconomies of scale impact.
- All Units and Directorates are developing financial recovery plans and these will be tracked via the CIP tracker mechanism.

## Narrative

- The actual savings delivery has increased in P3, however slippage against identified schemes is still being reported. One of the key areas of slippage is the delivery of increased service income at Morriston which is being stifled by ability to access bed capacity.
- The level of savings delivery is required to step up significantly in future months with only £2.9m of the minimum £22m requirement delivered to date, leaving £19m to be delivered in the remaining 9 months.
- The Delivery Support Team will initially focus on the necessary actions to support the areas of savings slippage and robustly testing the remaining savings plans to ensure full delivery is achieved.

# FINANCIAL RISKS & OPPORTUNITIES LOG

#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Key Decision Point and Summary Mitigation	Risk Owner Name
<b>Annual Plan Deficit</b>			<b>0</b>	<b>0</b>	<b>0</b>		
1	Savings Requirement not fully delivered	The full £22m savings requirement is not identified or delivered	0	-5000	-3000	Focus on full identification of savings through Financial Recovery meetings and Financial Management Group. Identify and assess the impact of slippage on savings delivery	Lynne Hamilton, Director of Finance
2	Nurse Staffing Act	Expansion of Nurse Staffing Act increases nurse resource requirement	0	-1000	-500	Nurse Staffing Act must be clearly scrutinised and options considered including reconfiguration of clinical capacity	Gareth Howell, Director of Nursing and Patient Experience
3	WG Additional Funding Support	Financial Plan includes £10m additional funding support provided by WG non-recurrently in 2018/19.	0	-10000	0	Continue to work closely with WG	Lynne Hamilton, Director of Finance
4	Ophthalmology Gold Command	Ophthalmology potential clinical risk related to follow up capacity	0	-1000	-200	Assess clinical risk and identify options to increase capacity to mitigate clinical risk	Chris White, Chief Operating Officer
5	Performance Sustainability	Health Board Plan provides funding to support performance sustainability across Unscheduled Care, RTT and Cancer. Potentially this could be insufficient	0	-3000	0	Review impact of current operational pressures on sustainability and financial plans. Identify opportunities to increase efficiency and reduce resource requirement	Chris White, Chief Operating Officer
6	Bridgend Boundary Change Diseconomies of Scale	The diseconomies of scale associated with the Bridgend Boundary change have been identified. The forecast assumes that these costs are mitigated and managed.	0	-5400	-3500	Identify opportunities to reduce the impact through efficiency and restructure. Ongoing discussion with WG over transitional support	Hannah Evans, Director of Transformation
7	Management of New Income Streams	Maximise the opportunities linked to new income streams	1000	0	500	Ensure that all opportunities to access and utilise new income streams are maximised	Lynne Hamilton, Director of Finance
8	Management of Bridgend Boundary Change Impact	Potential impact of the deficit associated with Bridgend residents and services being supported by Swansea Bay	0	-7100	0	Due diligence work underway by PWC. WG position being considered	Tracy Myhill, Chief Executive Officer
9	Enhanced Control Measures	Agree and implement enhanced control measures to support operational financial performance	5000	0	3000	Ensure all non-essential and non-fixed costs are robustly managed. This will be supported by the new Delivey Team	Tracy Myhill, Chief Executive Officer
10	Mitigating Actions and Opportunities	Maximise all opportunities both recurrent and non-recurrent	5000	0	4000	Ensure all opportunities, including recurrent and non-recurrent are maximised to support the overall financial delivery	Lynne Hamilton, Director of Finance
11	LTA Income	Potential LTA income reduction due to lower than planned activity levels	0	-1500	-500	Assess impact of the RTT performance measures/plans on HBs. USC plan to include options to improve elective capacity resilience	Chris White, Chief Operating Officer
			<b>11,000</b>	<b>- 34,000</b>	<b>- 200</b>		

The Month 3 financial performance has highlighted the key risks to the delivery of the 2019/20 financial position as :

- Workforce costs, particularly the premium rate costs of contingent labour and the additional staffing requirements to support performance and operational pressures;
- ChC growth and inflation, which need to be contained;
- Income achievement due to operational pressures;
- Delivery of the planned savings requirement.

The Health Board has established a Delivery Support Team that will focus on :

- Accelerating delivery of current plans including USC and High Value Opportunities;
- Accelerating development of pipeline plans and opportunities;
- Ensuring robust “grip and control” on all expenditure;
- Developing a battle rhythm that moves from monthly progress to daily/weekly focus, unblocking issues, problem solving and supporting system wide working.

An initial financial recovery work programme has been established and is appended for information.