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Bwrdd Iechyd Prifysgol
Abertawe Bro Morgannwg
University Health Board



Meeting Date	31 January 2019		Agenda Item	3(iii)
Report Title	Financial Report – Period 9			
Report Author	Samantha Lewis, Assistant Director of Finance			
Report Sponsor	Lynne Hamilton, Director of Finance			
Presented by	Lynne Hamilton, Director of Finance			
Freedom of Information	Open			
Purpose of the Report	The report advises the Board of the Health Board financial position for Period 9 (December 2018).			
Key Issues	<p>The report invites the Board to note the detailed analysis of the financial position for Period 9 2018/19.</p> <p>The report also invites the Board to note the capital budget forecast position, cash position and key balance sheet movements.</p>			
Specific Action Required <i>(please ✓ one only)</i>	Information	Discussion	Assurance	Approval
			✓	
Recommendations	<p>Members are asked to:</p> <ul style="list-style-type: none"> • NOTE that the updated £10m forecast deficit. • CONSIDER and COMMENT upon the Board's Period 9 financial performance. 			

FINANCIAL REPORT – PERIOD 9

1. INTRODUCTION

The report advises the Board that the Period 9 (December 2018) revenue financial position is an overspend of £13.809m.

The report invites the Board to note the detailed analysis of the revenue financial position and to consider the impact of the Recovery and Sustainability work streams on the Financial Plan.

The report also invites the Board to note the capital budget forecast position, cash position and key balance sheet movements.

2. BACKGROUND

2.1 The Health Board has two key statutory duties to achieve:

- **To submit an Integrated Medium Term Plan (IMTP) to secure compliance with breakeven over 3 years.**

2016/17	No Approved Plan
2017/18	No Approved Plan
2018/19	No Approved Plan

The Health Board will fail to achieve this Statutory Duty.

- **To achieve financial breakeven over a rolling three year period, which commenced on 1st April 2016 and will end on 31st March 2019.**

2016/17	£39.3m Overspend
2017/18	£32.4m Overspend
2018/19	£10.0m Forecast Overspend

The Health Board will fail to achieve this Statutory Duty.

2.2 Summary of Performance against Key Financial Targets

Financial KPIs : To ensure that net operating costs do not exceed the revenue resource limit set by Welsh Government	Value £000
Reported year to date financial position – deficit/(surplus)	13,809
Reported year to date financial position compared to forecast deficit plan	1,309
Current year-end Forecast – deficit/(surplus)	10,000

Capital KPIs: To ensure that costs do not exceed the capital resource limit set by Welsh Government	Value £000
Reported in month financial position – deficit/(surplus)	(1,267)
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 %
Cumulative year to date % of invoices paid within 30 days (by number)	94.3

3. FINANCIAL IMPLICATIONS

3.1 Revenue Position

3.1.1 Summary Revenue Position

The Health Board has reduced its year-end forecast deficit to £10m following the non-recurrent provision of additional WG funding to support service pressures and performance.

The Health Board has reported an in-month underspend of £1.152m in Period 9 (December 2018) against a planned underspend of £1.215m.

The reported cumulative overspend of £13.809m which is £1.390m above that which should be anticipated based on the £10m forecast deficit.

The key reasons for the overspend above the planned forecast deficit are the non-delivery of the required level of savings and increasing operational pressures, particularly medical staff costs. The non-delivery and operational pressures are being partially offset in-month by the use of mitigating opportunities, including slippage on some committed reserves and other recurrent and non-recurrent opportunities.

To meet the £10m year-end forecast, the Health Board will need to deliver an average monthly underspend of £1.215m until the end of March 2019.

3.1.2 Income

Income budgets have reported an over-achievement of £2.887m to Period 9. This reflects improving private patient income, RTA income, Research and Development income and VAT recovery. It should be noted that much of the income is activity driven and is as a result may result in additional costs.

3.1.3 Pay

Pay budgets have reported an underspend of £3.876m. This underspend reflects vacancy levels across most staff groups. Whilst we are reporting an underspend, this is a misleading view because it does not reflect savings not fully delivered. This is because CIPs, and therefore the effect of non-delivery,

are classified as non-pay within the All Wales financial reporting structure. If the non-delivery impact was attributed on a 70/30 basis across pay and non-pay, the pay position would be reporting an overspend of £0.7m.

The pay award for all staff has now been applied has been applied. This has effectively increased pay costs by around £1.5m per month. However even after adjusting for this additional cost, pay expenditure levels are running above the levels for the same period in the previous year, due to increasing reliance on variable pay. **Slide 5.**

3.1.4 Non Pay

Non-pay budgets have reported an overspend of £20.573m.

The non-pay position includes £10.6m, which reflects the impact of original £25m financial plan deficit, less the released reserves and other mitigating opportunities.

Following the budget rebasing undertaken for the start of 2018/19, non-pay budgets and expenditure are better aligned. The residual £9.9m non-pay overspend can be attributed to savings non-delivery, both in terms of 2018/19 savings requirements and the 2017/18 savings included in the underlying financial position, this amounts to £6.6m and around £3.3m of emerging non-pay pressures linked to infrastructure maintenance, infection control issues, clinical consumables and ChC costs which are linked to activity increases.

3.1.5 Savings Requirement

The Health Board Annual Operating Plan established a savings requirement of £21.2m for 2018/19. The identification and delivery of the savings requirement has been attributed to Executive led work streams and local cost down and efficiency savings. These savings are being monitored through the Recovery and Sustainability Programme.

A review of savings at the end of Quarter 1, identified three work streams were unlikely to deliver benefits in 2018/19, the Health Board has identified opportunities to mitigating against this lack of delivery. This effectively means that the savings expectation for 2018/19 has reduced to £15.9m

To date the Health Board has identified £14.5m of schemes rated as Green and Amber at the end of December, with a further £1.7m of Red schemes where delivery confidence is less assured. This £16m is shown in **Slide 4**

The level of savings identified has remained broadly static for a number of months and whilst work is continuing to develop the work stream plans to enable further savings to be identified and delivered, it is unlikely that these will deliver any material saving in this financial year. It is however, essential that these schemes are fully identified and robustly planned to ensure they deliver the required benefits in 2019/20 financial year. The Health Board has identified and will continue to identify mitigating actions and opportunities to address the short falls in delivery against the £10m forecast deficit.

3.1.6 Revenue Risks and Opportunities

A number of financial risks and opportunities have been identified and are being monitored. The key risks and opportunities are shown in **Slide 7**. These risks are updated each month and are reported to Welsh Government and reviewed by the Performance and Finance Committee.

3.2 Capital

The approved CRL value at Month 9 is £25.164m. This includes Discretionary Capital and the schemes under the All Wales Capital Programme.

3.2.1 Performance to Date

The reported financial performance at Month 9 is a £1.267m under spend to plan.

The underspend is in part due to schemes detailed in the below risk assessment. In addition there has been a delay in starting works on the Isolation Room in ED Morriston.

All allocations are reviewed and risk-assessed monthly by the Health Boards Capital Management Group and changes to scheme budgets recommended where appropriate. As a result of this process a number of scheme allocations have been reduced and funds re-allocated to other high priority schemes in month.

3.2.2 Risk Assessment

The risk assessments on All Wales Capital Programme schemes which are not considered to be low risk are:

Scheme	Risk Profile	Risk Value £'000	Comments
Morriston - HVS Phase 1B (S1) and Renal Refurbishment Morriston	High	160	There is an identified combined underspend across both schemes of £160k. A proposal for reinvestment to retain this funding has been submitted to Welsh Government for consideration
Additional Discretionary – Ty Llidiard	Medium	578	Additional allocation of £878k notified to the Health Board on the 23 rd November. As discussed at the November and December CRM £300k of this allocation is confirmed as achievable through existing contracts. Further spend has not yet been confirmed by the contractor, this is expected on the 18 th January. Discussions ongoing with WG as to how this would be managed
Fees for Bridgend Primary Care Scheme	Medium	10	Latest forecast provided by Linc Cymru is 10k over the initial allocation. This will be reviewed and monitored over the next few months and was discussed with WG at the monthly CRM. Given the value this would normally be managed internally by the Health Board between years however this now needs to be assessed in conjunction with the Bridgend transfer.
National Clinical Systems	Medium	25	Current forecast shows 25k of underspend to date which will not be recovered by the end of the financial year. This slippage has been factored into the Health Boards discretionary capital position in M9 and will be reprovided in 2019/20. The Health Board will discuss with WG at the Jan CRM in relation to CRL adjustments

Neonatal and Post-Natal Capacity at Singleton Hospital	Medium	500	Actual spend in M9 was 500k less than the cashflow provided by the main contractor. There are no significant delays reported however this underspend is a cause for concern given the large numbers already in the Jan – March 2019 forecast. A meeting has been arranged for January 17 th with the main contractor and QS to specifically discuss this issue. An update will be provided to WG at the January CRM.
Anti - ligature	Medium	100	An element of this work relates to NPT hospital which is required to be co-ordinated through the PFI provider. Work at NPT has not yet started due to ongoing discussions about the design and detail required and there is therefore a risk of not achieving the forecast spend in year. Discussions are ongoing to establish a realistic forecast.
Replacement of Linac B - Singleton	Medium	250	The start of this scheme has been delayed by 3 weeks due to the additional approvals required following financial vetting on the main contractor. Contracts have now been signed but a revised forecast is required before a slippage value can be confirmed

3.2.3 Forecast Outturn

The forecast outturn against the current CRL shows a break-even position.

3.3 Balance Sheet

For the period ended 31st December 2018 there was an increase of £1.890m in net assets employed (0.42%). Total assets reduced by £38.913m with total liabilities reducing by £40.803m.

The main reduction in assets was in respect of the Welsh Risk Pool debtor for clinical negligence and personal injury claims. The health board accounts for such claims gross with all estimated settlement costs in excess of £25,000 being reimbursed by the Welsh Risk Pool. There was a £30.836m reduction in the estimated costs of the Welsh Risk Pool share of the outstanding claims on the latest report issued by Welsh Health Legal Services, which is reflected in the December balance sheet. This reduction was offset by an increase in the income accrual for anticipated allocations from Welsh Government, as there were no outstanding allocations at year end. The largest element of the remaining movement is in respect of tangible and intangible fixed assets which reduced by £13.606m, with depreciation on these assets exceeding the asset additions for the period. The closing cash balance at the end of December of £1.677m was also £1.301m higher than at the end of March 2018, with an increase in stocks of £0.914m relating primarily to pharmacy stocks at Morriston and Singleton Hospitals (£0.740m) and theatre stock at Morriston Hospital (£0.091m).

The reduction in liabilities was due to the reduction in the gross provision for clinical negligence and personal injury claims as per the latest estimated costs of the outstanding claims on the report issued by Welsh Health Legal Services, amounting to £26.145m. There was also a reduction in revenue trade creditors of £7.087m and a reduction of £7.387m in creditors relating to capital schemes.

3.4 Cash

The closing December cash balance amounted to £1.677m which is in line with the plan to hold between £1m and £2m of cash at the end of the month in accordance with the Welsh Government best practice figure.

Following confirmation from Welsh Government that repayable strategic cash assistance of £9.979m and cash to support the forecast movement in working balances of £8.154m has been agreed and which will be available to draw down in March, the updated cash forecast for 2018/19 shows a small cash surplus of £0.469m. The analysis of the forecast cash position at year end is shown in the table below.

Analysis of Cash Position	£000
Current Forecast I&E Deficit	10,000
Capital Cash Shortfall	
Cash required for working balances movements – Capital	(1,372)
Cash Required to Reimburse Revenue Cash for 2017/18 year end payments	1,315
Capital Cash Required for Working Capital	(57)
Revenue Cash Shortfall	
Cash required for working balances movements – Revenue	8,320
Cash impact of movement in provisions	1,206
Cash due from capital for reimbursement of 2017/18 year end payments	(1,315)
Revenue Cash Required for Working Capital	8,211
Total Working Capital Cash Required	8,154
Less Opening Cash Balance	490
Total Cash Shortfall	17,664
Less Strategic Cash Assistance Agreed	9,979
Working Capital Cash Support Agreed	8,154
Anticipated Closing Cash Balance	469

The cash forecast is monitored and updated on a daily basis. It must be noted that the £9.979m of strategic cash assistance provided in 2018/19 will add to the £55.292m provided in previous years giving a total of £65.271m. Repayment of this strategic cash assistance will be required in accordance with the Health Board's future Integrated Medium Term Plan submissions.

3.5 Public Sector Payment Policy (PSPP)

To the end of December the health board remained below the 95% PSPP target, with 94.3% of supplier invoices paid within the 30 day target. There has been a significant improvement in PSPP performance with the 95% target being achieved in each of the last 4 months. However, the issues with delays in authorising nurse agency invoices earlier in the year mean that the cumulative 95% target is not being achieved. If the health board is able to maintain PSPP performance for the last quarter at above 95% then it is likely that by year end cumulative compliance will reach the 95% target.

4 RECOMMENDATION

Members are asked to:

- **NOTE** the Health Board revised £10m year-end deficit forecast.
- **CONSIDER** and comment upon the Board's Period 9 financial performance, in particular:
 - i. the revenue outturn position; cumulative overspend of £13.809m,
 - ii. the capital forecast position;
 - iii. balance sheet movements;
 - iv. cash position; and
 - v. performance against the Public Sector Payment Policy compliance.

Governance and Assurance					
Link to corporate objectives (please ✓)	Promoting and enabling healthier communities	Delivering excellent patient outcomes, experience and access	Demonstrating value and sustainability	Securing a fully engaged skilled workforce	Embedding effective governance and partnerships
					✓
Quality, Safety and Patient Experience					
Financial Governance supports quality, safety and patient experience.					
Financial Implications					
No Implications for the Board to be aware of.					
Legal Implications (including equality and diversity assessment)					
No Implications for the Board to be aware of.					
Staffing Implications					
No Implications for the Board to be aware of.					
Long Term Implications (including the impact of the Well-being of Future Generations (Wales) Act 2015)					
No implications for the Board to be aware of.					
Report History	Board receives an update on the financial position at every meeting.				
Appendices	Appendix 1 – Appendix 2 -				



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ABMU FINANCE DEPT. HEALTH BOARD REPORT

Period 09 Data (December 2018)

Lynne Hamilton

In Month

£ 1,151,557 underspent

Type	Cur Month Budget (£'000)	Cur Month Actual (£'000)	Cur Month Variance (£'000)	% Variance
Income	(20,916)	(21,061)	(145)	0.69%
Pay	58,673	58,055	(618)	1.05%
Non Pay	59,103	58,714	(388)	0.66%
Total	96,860	95,709	(1,152)	1.19%

Cumulative

£ 13,809,498 overspent

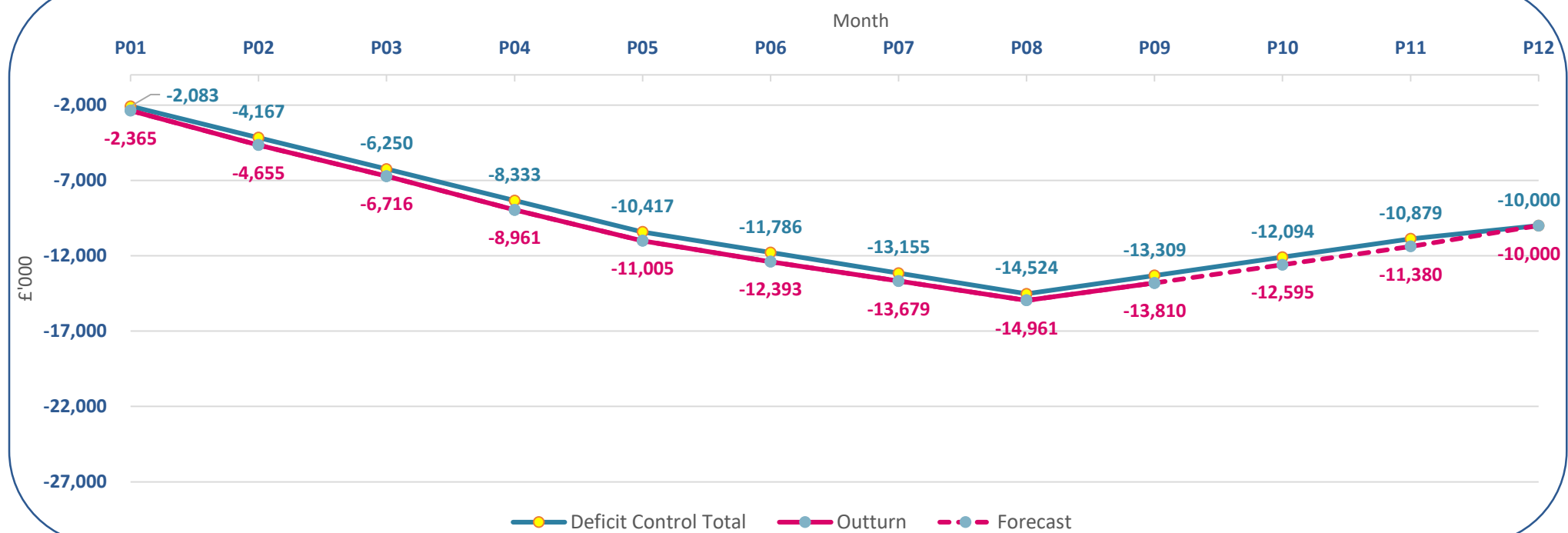
Type	YTD Budget (£'000)	YTD Actual (£'000)	YTD Variance (£'000)	% Variance
Income	(182,175)	(185,062)	(2,887)	1.58%
Pay	502,087	498,211	(3,876)	0.77%
Non Pay	505,682	526,255	20,573	4.07%
Total	825,594	839,403	13,809	1.67%

Forecast

£10,000,000 overspent

Type	Full Year Budget (£'000)	Full Year Forecast (£'000)	Forecast Variance (£'000)	% Variance
Income	(241,616)	(245,465)	(3,849)	(1.59%)
Pay	670,030	664,862	(5,168)	(0.77%)
Non Pay	700,290	719,307	19,017	2.72%
Total	1,128,704	1,138,704	10,000	0.89%

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) – Forecast Green	-1,152	↓
Reported year to date financial position – deficit/(surplus) – Forecast Amber	13,809	↓
Reported year to date compared to forecast financial plan deficit – Forecast Amber	1,309	↓
Current reported year end forecast – deficit/(surplus) – Forecast Amber	10,000	↓

Capital		
Capital KPIs: To ensure that costs do not exceed the Capital resource limit set by Welsh Government	Value £000	Trend
Current reported year end forecast – deficit/(surplus) – Forecast Green	Breakeven	→
Reported in-month financial position – deficit/(surplus) – Forecast Amber	(1267)	↓

PSPP		
PSPP Target : To pay a minimum of 95% of all non NHS creditors within 30 days of receipt of goods or a valid invoice	Value %	Trend
Cumulative year to date % of invoices paid within 30 days (by number) – Forecast Red	94.3	↑

Revenue Narrative

- Following the provision of an additional £10m from WG, the year end forecast deficit has been reduced to £10m.
- Health Board P09 in-month reported position is an underspend of £1.152m against a monthly target underspend of £1.215m.
- The Board remains on target to deliver the £10m deficit control total, however it is essential that risks and opportunities are managed to ensure delivery of the control total.
- The year to date overspend is £1.309m over the £10m control total target based on 9/12th of £20m less £2.5m of the £10m additional funding support.
- The key pressures remain the effect of not delivering the required savings in full, medical agency and escalating pressures on clinical consumables.

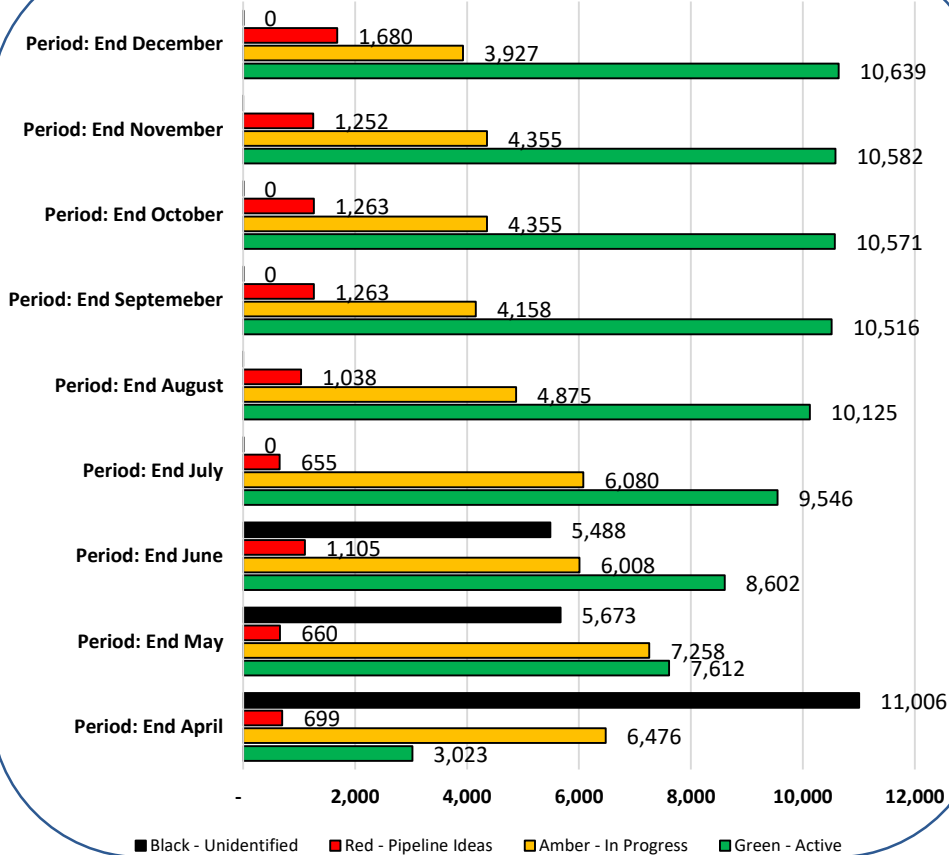
Capital Narrative

- Approved CRL value for 18/19 is £25.164m, This includes Discretionary Capital and the schemes under the All Wales Capital Programme.
- The Health Board has also anticipated allocations totalling £8.025m which have all been approved and have been added to the CRL in January. The majority of this has been reported previously with the exception of £1.487m approved in Dec for Environmental Infrastructure BJC 2 and £2.232m of spend brought forward from 19/20 for Linac equipment replacement
- Underspend to date has increased this is in the main due to underspend on the Neonatal Scheme in Singleton. A meeting with the main contractor took place on the 17th January to assess the position and any potential impact on 18/19 spend

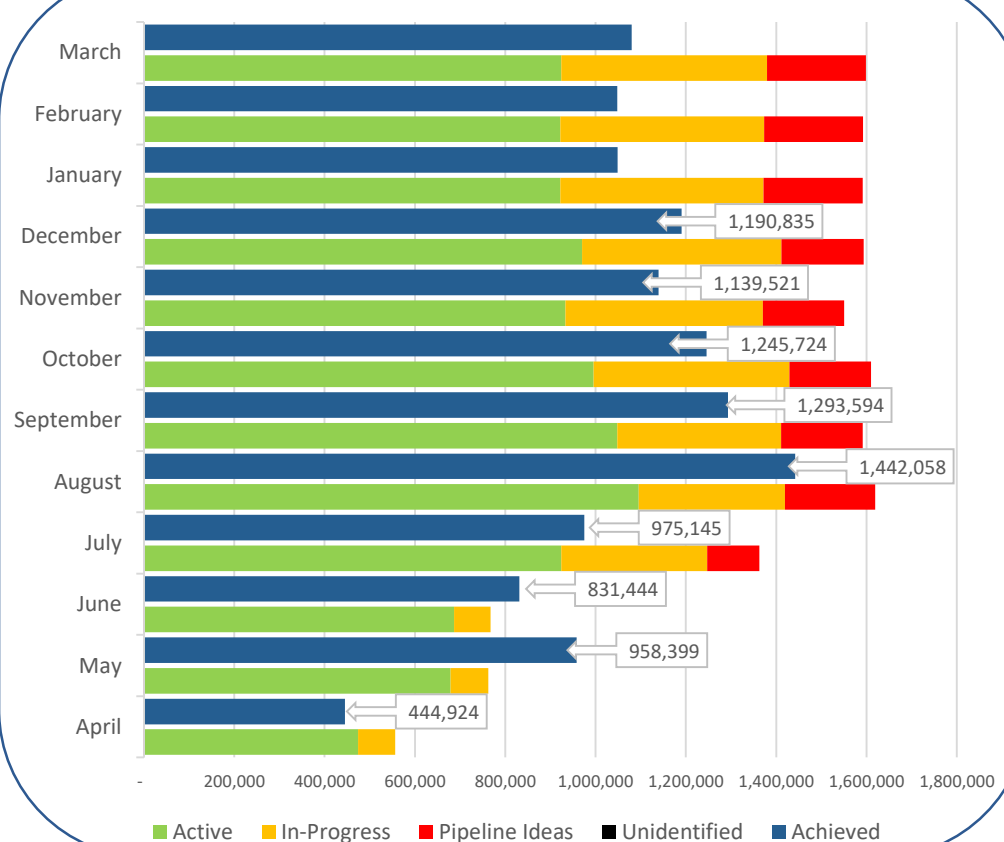
PSPP Narrative

- Although the number of invoices paid within 30 days continues to be below the 95% target, the cumulative performance increased from 93.9% at the end of November to 94.3% at the end of December.
- The in month compliance for December was 97.5%.
- There are, however, a significant number of invoices on hold both within ABMU and across Wales as a result of the implementation of the NO PO/NO Pay policy and this is expected to impact on PSPP in future months when these invoices are paid. Work is ongoing across the Health Board to clear these invoices and other invoices which are on hold due to receipting delays.

Trend over time



Current Profile of Savings



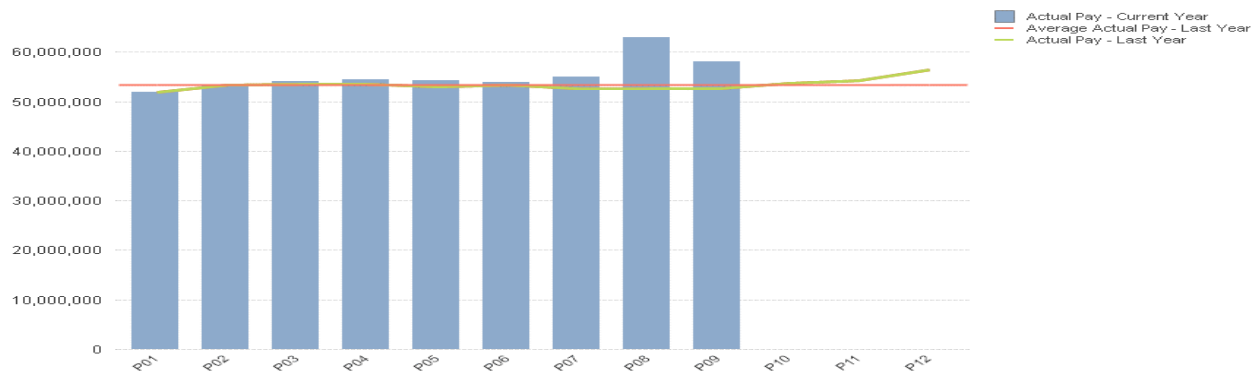
Narrative

- The Health Board has £16.0m of schemes, which is 76% of the overall planned £21m savings requirement.
- The identification of mitigating opportunities has offset 3 of the work streams; Reducing Waste, Harm and Variation, MH Ring Fence and Workforce Redesign. This has effectively reduced the savings requirement to £15.9m.
- Whilst the adjusted savings target has been fully identified, it is essential that these are fully delivered. Slippage has already been reported and forecast with mitigating opportunities deployed to offset this slippage.
- £3.25m of the £16.0m is non-recurrent.

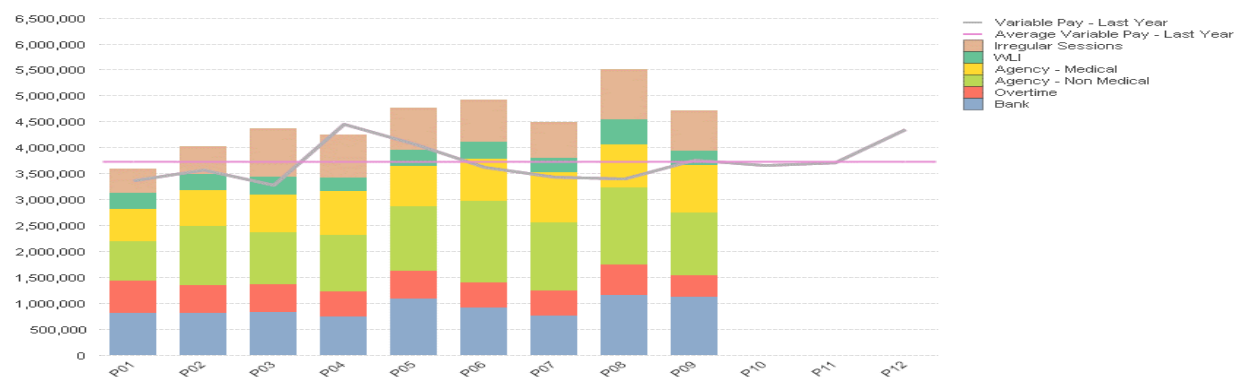
Narrative

- The savings profile identified a significant step up in savings delivery requirement across Quarter 2. This resulted in a significant level of slippage in P04.
- Whilst the level of savings delivery stepped up from Month 5, recent months have seen reducing levels of savings delivery. The delivery to date is £1.89m below the planned level.
- Based on the current delivery assessment, the annual savings delivery shortfall has been reassessed as around £2.5m, which would mean a delivery of around £13.5m against the £16m plans and £21m target.

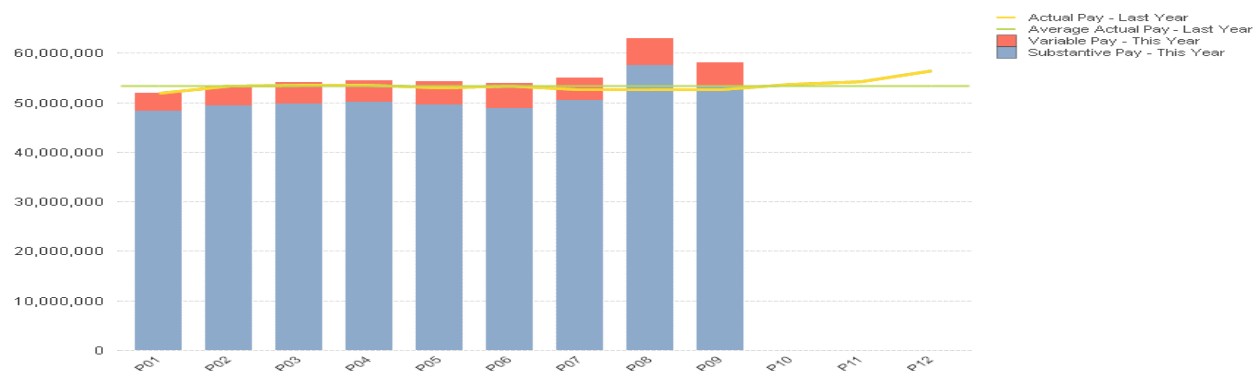
Actual Pay Expenditure This Year and Last Year



Variable Pay Expenditure This Year and Last Year

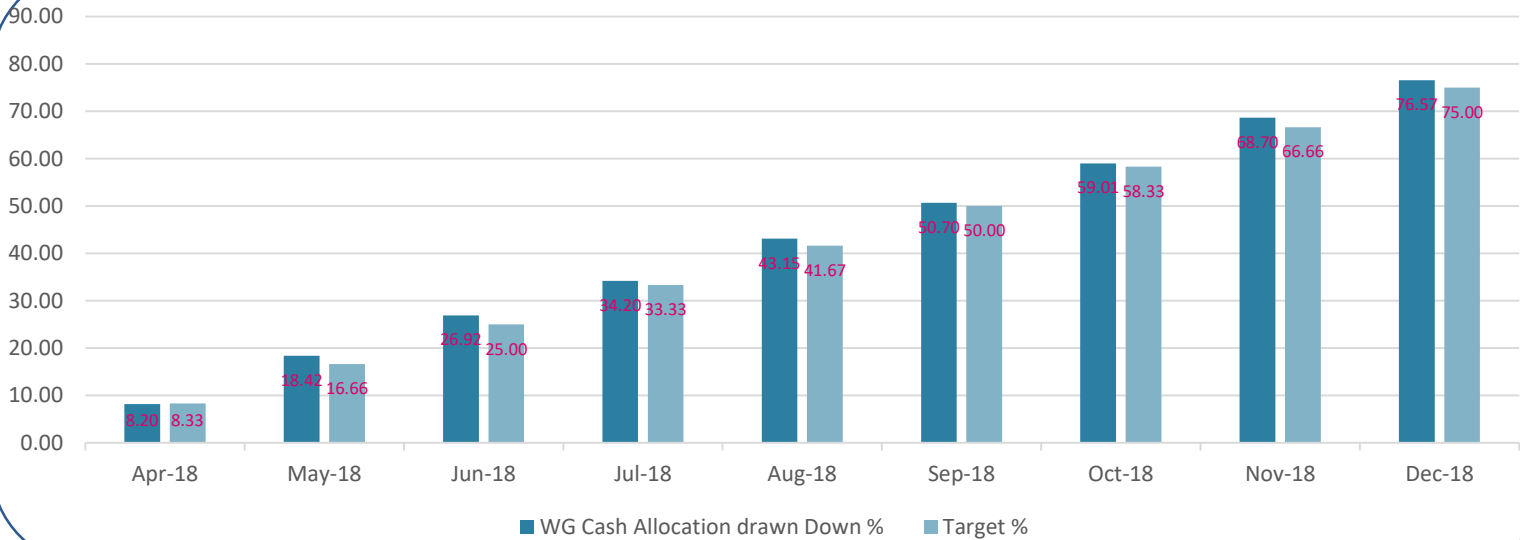


Substantive & Variable Pay Expenditure This Year and Last Year



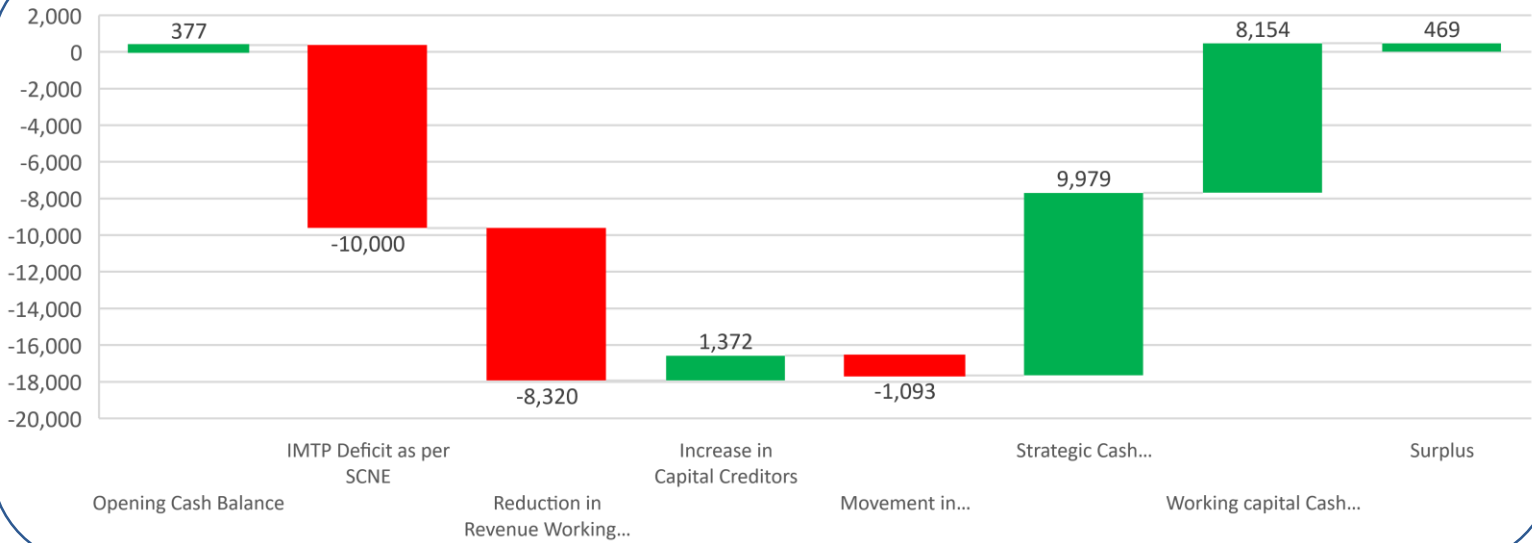
- The average monthly pay spend prior to the pay awards was around £54m. An increase of around £1.5m per month to reflect the impact of the pay award for all staff groups was forecast.
- The spend in P09 was £58m which is around £2.5m above the pay award adjusted average.
- Pay Arrears for Medical and Dental and Execs and Very Senior Managers of around £2m were paid in P09.
- The residual increase reflects costs of additional capacity and RTT.
- P09 has continued to see high levels of bank costs and agency costs for Medical and Nursing staff.
- Variable pay is running significantly above 2017-18 levels at around £0.8m higher per month.
- The main areas of increase are medical agency and ADH payments £0.3m, Nurse bank spend £0.2m and non medical agency £0.3m per month.

Welsh Government Draw Down



- 1. The health board held a cash balance of 1.678m at the end of December. This balance is in line with the local target of holding between £1m and £2m in cash at month end.
- 2. At the end of December the health board is forecasting a small cash surplus at year end of £0.469m, following confirmation from Welsh Government that the £9.979m of strategic cash assistance and £8.154m to support working capital cash balances movement will be provided, which will be available to draw down in cash in March 2019. This will take the cumulative strategic cash assistance received over the last 3 years to £65.271m. This strategic cash assistance is repayable to Welsh Government.

Analysis of Forecast Cash Position



#	Issue	Description	Opportunity (Best Case) £000	Risks (Worse Case) £000	Most Likely £000	Key Decision Point and Summary Mitigation	Risk Owner Name
	Annual Plan Deficit		-20000	-20000	-20000		
1	Actions required to sustain the underlying financial position do not deliver in full	S117 anticipated income has been assumed written off /counter-balanced within the forecast. Potential for some recovery.	150	0	0	Ongoing negotiations with LAs are challenging but continuing. It is unlikely that significant income will be recovered	David Roberts, Service Director, MH&LD
2	Operational expenditure reductions & Enhanced Control Measures do not deliver in full	Planned operational expenditure reductions and impacts of enhanced control measures are not fully delivered	0	-500	0	Financial Control measures enhanced, SDUs developing plan to deliver control totals. Enhanced monitoring through Financial Recovery Meetings.	Chris White, Interim Chief Operating Officer
4	CHC and FNC inflation exceeds plan	The HB is currently agreeing the CHC inflationary increases through Care Forum Wales. This is based on current 1% pay award expectation. If pay award exceeds 1% there is a potential further impact on ChC and FNC rates	0	-293	-193	Agree current settlements and consider and negotiate linkages to pay rates	Lynne Hamilton, Director of Finance
6	Slippage against New Funding not delivered	Forecast assumes £1.5m slippage against new funding streams.	0	-500	0	Ensure all funding is appropriately accessed and costs managed robustly	Lynne Hamilton, Director of Finance
7	Welsh Language Standards	Welsh Language Standards effective from 29th June 2018 increase requirement for bilingual services within the Health Board, which in the first instance is likely to increase translation costs	0	-50	0	Plan to be formulated to address the requirements of the Welsh Language Standards.	Pam Wenger, Director of Corporate Governance
8	Potential Claw back of GMS underspend	Currently forecasting an underspend against GMS contract, which given its ring-fenced nature could be clawed back by WG		-663	0	Underspend is primarily related to the take up of enhanced services, which means the transfer of costs from secondary care has not been facilitated. Discussions with WG to give assurance that enhanced services are being offered/developed	Hilary Dover, Service Director Primary and Community Care
9	Technical Accounting Changes	There are a number of technical accounting changes that may impact on the financial position eg IFRS 9 impact on bad debts, PI discount rate		-500	0	Continue to work closely with WG via TAG	Lynne Hamilton, Director of Finance
10	GPOOH HMRC	Potential for HMRC to only pursue the NI element from Health Boards	700		250	Work with Deloitte to resolve this issue	Lynne Hamilton, Director of Finance
11	RTT	Potential requirement for expenditure in excess of available funding		-3500	-2000	Review plans and actions required to deliver the RTT trajectories	Darren Griffiths, Associate Director of Performance
12	Primary Care Prescribing	Potential benefits from Cat M and other Prescribing benefits	2000		1500	Continue to monitor impact of Cat M and Other prescribing benefits	Judith Vincent, Chief Pharmacist

-	19,150	-	26,006	-	20,443
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Executive Summary

Targets

Savings

Workforce

Cash

Risks & Issues

Action Plan

Actions in December & January

'Run rate' actions:

- Service Delivery Unit and Directorate enhanced control measures and actions reviewed and required support agreed.
- Non-pay deep dives continuing; blood products, dressings, pacemakers, heart valves, other clinical consumables, transport and maintenance contracts complete and actions being taken forward.
- Further planned non-pay deep dives include equipment hire, cleaning materials and linen.

Savings Delivery

- Confidence assessment of the planned savings revised to £13.5m.
- Confidence assessment of identified mitigating actions undertaken.
- Review of non-recurrent savings and actions to consider the impact of making these savings recurrent.
- Assessment of current workstreams and development of clear delivery plan to provide pipeline of savings for 2019/20 as Category A1 in 2019/20 savings plan.

Continued Scrutiny

- **Monthly** scrutiny by Performance & Finance Committee. Escalation process in place for key risks identified through performance framework:
 - Financial and/or performance at Unit level
 - System wide focus on targeted intervention areas
 - Recovery actions and non delivery of savings programmes
- **Monthly** Performance, Quality and Finance Meetings with Delivery Units; monthly review of all corporate directorates
 - **Weekly** escalation where finance and/or performance is off track
 - 'deep dives' into key areas (eg. medical pay bill review, Unit performance or delivery issues)
 - Individual support to Finance Business Partners by Assistant Directors to help provide 'critical challenge' into delivery units
 - CEO led escalation as required
- **Monthly** Recovery & Sustainability Programme Board - timely decision making, tracking progress, managing risks & issues
- **Monthly** Investment & Benefits Group:
 - Effective decision making in line with organisational priorities
 - Control of investment/re-investment decisions including capital
 - Benefits tracking (financial & non financial)
- **Deep Dive** reviews into POW, Singleton and Morriston.



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ABMU FINANCE DEPT. HEALTH BOARD REPORT – FINANCE ANNEXES

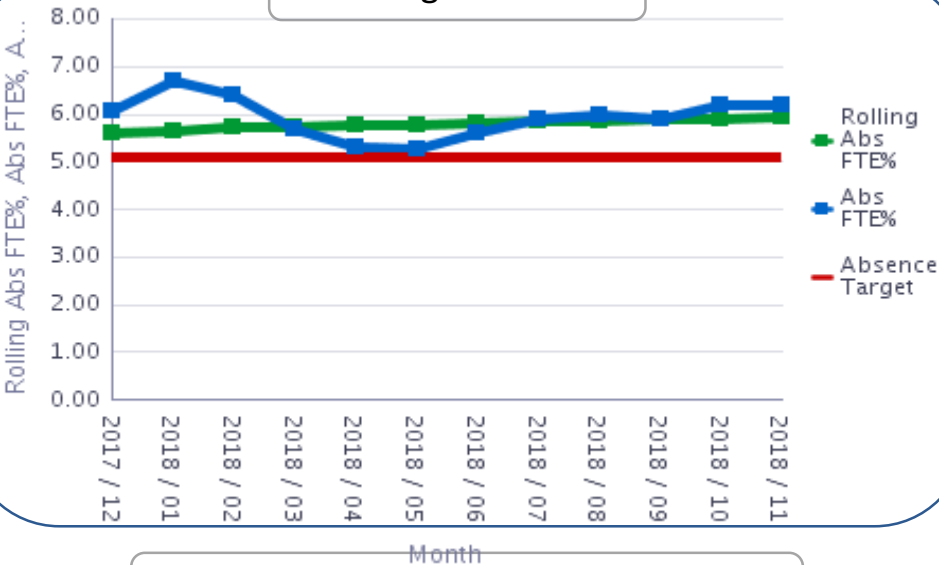
Management Accounts
Period 09 Data (December 2018)

Lynne Hamilton

Summary (Nov'18 Data)

	Apr	May	June	July	Aug	Sept	Oct	Nov	Rolling 12 Mths
Cost Absence £000	2,441	2,470	2,470	2,594	2,629	2,543	2,844	2,758	31,766
% Absence	5.47%	5.44%	5.68%	5.90%	5.98%	5.91%	6.21%	6.20%	5.93%
Average No. Staff Absent Per Day	902	889	930	971	982	968	1,020	1,027	976

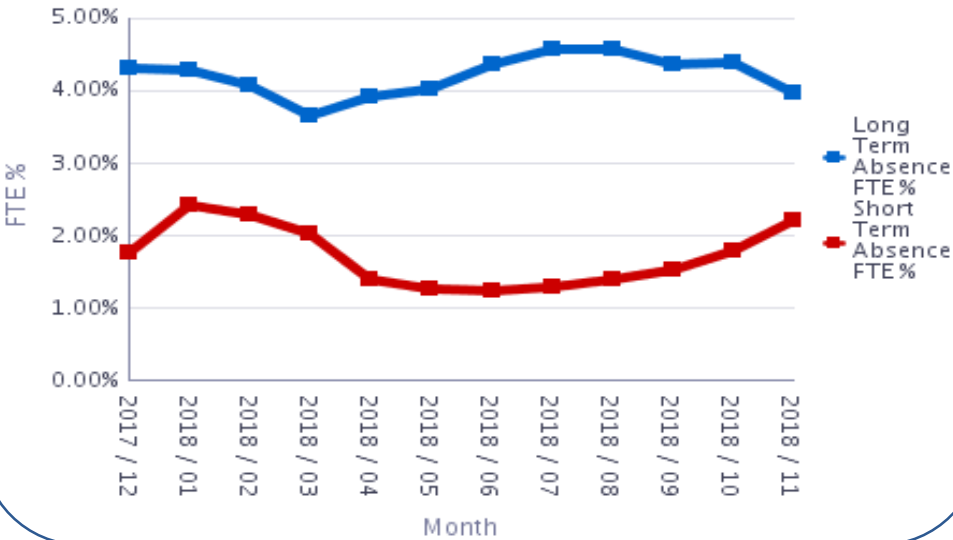
Rolling Absence



Cumulative % & £ Per Staff Group

	Absence % (FTE)	Absence Estimated Cost (£)
Add Prof Scientific and Technic	3.74%	837,056
Additional Clinical Services	8.37%	6,142,342
Administrative and Clerical	5.37%	4,387,830
Allied Health Professionals	3.77%	1,820,759
Estates and Ancillary	8.12%	2,913,196
Healthcare Scientists	3.47%	613,866
Medical and Dental	1.80%	2,453,839
Nursing and Midwifery Registered	6.12%	12,597,054
Students	0.00%	-
Grand Total	5.93%	31,765,943

Long Term and Short Term Trends



Category	Balance at 1 st April 2018 (£000)	Balance at 31st December 2018 (£000)	Movement (£000)	Analysis
Tangible & Intangible Assets	606,232	592,626	(13,606)	Movement due to asset additions less forecast depreciation.
Trade & Other Receivables	209,999	182,477	(27,552)	Reduction of £30.8361m in Welsh Risk Pool Debtor based on latest quantum reports from Welsh Health Legal Services and taking into account reimbursements from Welsh Risk Pool. Reduction is offset by an increase in the income accrual for anticipated allocations from WG.
Inventories	9,725	10,639	914	Main increases are drugs stocks (£740k), Morriston Theatre Stock (£91k) and cardiac consumables in the Omnicell cabinets (£48k) .
Cash	376	1,677	1,301	Cash balance in line with local target of holding between £1m and £2m in cash at month end.
Total Assets	826,332	787,419	(38,913)	
Trade & Other Payables	193,796	179,138	(14,658)	Reduction in capital creditors of £7.387m. Reduction in trade creditors of £7.087m accounts for the majority of the remaining reduction.
Provisions	184,528	158,383	(26,145)	Reduction of £25.327m in clinical negligence provision following receipt of latest quantum reports from Welsh Health Legal Services. Contra in Welsh Risk Pool debtors. Reduction of £0.884m in retrospective CHC provision as claims are settled.
Total Liabilities	378,324	337,521	(40,803)	
Total Assets Employed	448,008	449,898	1,890	
Financed By				
General Fund	399,366	401,256	1,890	Movement is capital cash drawn down offset by I&E overspend.
Revaluation Reserve	48,642	48,642	0	
Total Taxpayers Equity	448,008	449,898	1,890	

Month 9 Position

The approved CRL value at Month 9 is £25.164m which includes Discretionary Capital and the schemes under the All Wales Capital Programme. Further details on the planned spend can be seen in **Annex 2**. Additional schemes have been added to reflect where approval letters have been received for Additional Discretionary and the Primary Care Pipeline schemes Murton and Penclawdd, these have therefore been included as anticipated allocations. In addition the forecast for Replacement of Linac B is reflecting the fact that spend for the actual equipment purchase has been brought forward from 2019/20, this is therefore also included in anticipated allocations.

The reported financial performance at Month 9 is a £1.267m under spend to plan. Underspend in part due to schemes detailed in the below risk assessment. In addition a delay in starting works on the Isolation Room in ED Morriston. All allocations are reviewed and risk assessed monthly by the Health Boards Capital Management Group and changes to scheme budgets recommended where appropriate. As a result of this process a number of scheme allocations have been reduced and funds re-allocated to other high priority schemes in month.

Forecast Outturn - The forecast outturn against the current CRL shows a break-even position once anticipated allocations are taken into account.

Risk Assessment -As required to be reported in the monthly monitoring returns to Welsh Government the risk assessment on All Wales Capital schemes which are not considered to be low risk are:

Scheme	Risk Profile	Risk Value £'000	Comments
Morriston - HVS Phase 1B (S1) and Renal Refurbishment Morriston	High	160	There is an identified combined underspend across both schemes of £160k. A proposal for reinvestment to retain this funding has been submitted to Welsh Government for consideration
Additional Discretionary – Ty Llidiard	Medium	578	Additional allocation of £878k notified to the Health Board on the 23 rd November. As discussed at the November and December CRM £300k of this allocation is confirmed as achievable through existing contracts. Further spend has not yet been confirmed by the contractor, this is expected on the 18 th January. Discussions ongoing with WG as to how this would be managed
Fees for Bridgend Primary Care Scheme	Medium	10	Latest forecast provided by Linc Cymru is 10k over the initial allocation. This will be reviewed and monitored over the next few months and was discussed with WG at the monthly CRM. Given the value this would normally be managed internally by the Health Board between years however this now needs to be assessed in conjunction with the Bridgend transfer.
National Clinical Systems	Medium	25	Current forecast shows 25k of underspend to date which will not be recovered by the end of the financial year. This slippage has been factored into the Health Boards discretionary capital position in M9 and will be reprovided in 2019/20. The Health Board will discuss with WG at the Jan CRM in relation to CRL adjustments
Neonatal and Post-Natal Capacity at Singleton Hospital	Medium	500	Actual spend in M9 was 500k less than the cashflow provided by the main contractor. There are no significant delays reported however this underspend is a cause for concern given the large numbers already in the Jan – March 2019 forecast. A meeting has been arranged for January 17 th with the main contractor and QS to specifically discuss this issue. An update will be provided to WG at the January CRM.
Anti - ligature	Medium	100	An element of this work relates to NPT hospital which is required to be co-ordinated through the PFI provider. Work at NPT has not yet started due to ongoing discussions about the design and detail required and there is therefore a risk of not achieving the forecast spend in year. Discussions are ongoing to establish a realistic forecast.
Replacement of Linac B - Singleton	Medium	250	The start of this scheme has been delayed by 3 weeks due to the additional approvals required following financial vetting on the main contractor. Contracts have now been signed but a revised forecast is required before a slippage value can be confirmed

All Wales Capital Programme:	Year To Date			Full Year Forecast		
	Plan	Actual	Variance	Plan	F'cast	Variance
Schemes:	£'000	£'000	£'000	£'000	£'000	£'000
Morrison - HVS Phase 1B (S1) Fees & Build Main Scheme	180	50	(130)	180	180	0
Morrison - Renal unit refurbishment	699	655	(44)	614	699	85
National Clinical Systems	250	220	(30)	790	790	0
Wireless Network Singleton Hosp & Community hospital sites	(27)	(27)	0	620	620	0
Neonatal and Post-Natal Capacity at Singleton Hospital	1,439	1,175	(264)	5,000	4,619	(381)
I2S - Health Records Modernisation	681	688	7	769	940	171
Anti-ligature	79	70	(9)	750	750	0
Acceleration & Implementation of National Clinical Systems	79	74	(5)	273	273	0
Replacement of LinAc B at Singleton	8	29	21	1,200	3,362	2,162
MRI Scanner at Singleton	5	8	3	2,681	2,681	0
Fees for Bridgend Primary Care Scheme	0	25	25	170	180	10
Digital Cellular Pathology	0	0	0	124	124	0
Additional Discretionary	0	0	0	0	2,000	2,000
Additional IM&T Discretionary	0	0	0	0	1,756	1,756
Additional Discretionary - Ty Llidiard	0	0	0	0	300	300
Penclawdd Health Centre Design	18	47	29	0	150	150
Murton Health Centre Design	10	33	23	0	90	90
Sub Total	3,421	3,047	(374)	13,171	19,515	6,344
Discretionary:						
I.T.	1,079	785	(294)	1,786	1,533	(253)
Equipment	1,701	1,834	133	3,566	4,013	447
Estates	4,362	3,630	(732)	8,041	8,040	(1)
Sub Total	7,142	6,249	(893)	13,393	13,586	193
Total Expenditure	10,563	9,297	(1,267)	26,564	33,101	6,537
Donations:						
Donated Assets	233	233	0	1,050	1,050	0
Asset Disposals:						
Fairwood	350	350	0	350	350	0
CHARGE AGAINST CRL	9,980	8,714	(1,267)	25,164	31,701	6,537
PERFORMANCE AGAINST CRL (Under)/Over		(16,450)			6,537	