



University Health Board Report

FINANCE UPDATE – MONTH 1 of 2019/20

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Purpose of the Health Board Report

The purpose of the attached report is to highlight the key messages in relation to the Month 1 financial position.

Governance

Link to Health Board Strategic Objective(s)

The Board’s overarching role is to ensure its strategic objectives, and the related organisational objectives outlined within the 3 Year Integrated Medium Term Plan 2019-2022, are being progressed. Aligned with the ‘Quadruple Aim’ described within ‘A Healthier Wales’ (Welsh Government, June 2018) these objectives are:

- To **improve** quality, safety and patient experience.
- To **protect** and **improve** population health.
- To **ensure** that the services provided are accessible and sustainable into the future.
- To **provide** strong governance and assurance.
- To **ensure** good value based care and treatment for our patients in line with the resources made available to the Health Board.

This report focuses mainly on ensuring good value based care and treatment for our patients in line with the resources made available to the Health Board.

Supporting evidence

N/A

Engagement – Who has been involved in this work?

The Month 1 position and forecast year end position for the Health Board has been shared with Welsh Government (WG) via our monthly Monitoring return submissions.

Health Board Resolution To;			
APPROVE		ENDORSE	DISCUSS ✓ NOTE
Recommendation	The Health Board is asked to DISCUSS the contents of the Month 1 Finance report for 2019/20.		
Summarise the Impact of the Health Board Report			
Equality and diversity	N/A		
Legal implications	No direct legal implications.		
Population Health	N/A.		
Quality, Safety & Patient Experience	N/A		
Resources	The paper is directly relevant to the allocation and utilisation of resources.		
Risks and Assurance	The key risks to the 2019/20 Financial Plan are explained in the forecast section of the report.		
Health & Care Standards	N/A		
Workforce	N/A		
Freedom of information status	Open		

Glossary of Terms

Acronym	Meaning	Acronym	Meaning
A&C	Administration & Clerical	I&E	Income & Expenditure
AWCP	All Wales Capital Programme	LTA	Long Term Agreement
AME	(WG) Annually Managed Expenditure	M1	Month 1 (M2 Month 2 etc)
CHC	Continuing Healthcare	PCMH	Primary Community & Mental Health
COO	Chief Operating Officer	PCH	Prince Charles Hospital
CRES	Cash Releasing Efficiency Savings	POW	Princess of Wales Hospital
CRL	Capital Resource Limit	RGH	Royal Glamorgan Hospital
FNC	Funded Nursing Care	PSPP	Public Sector Payment Policy
HCHS	Healthcare & Hospital Services	WG	Welsh Government
IHI	Institute of Healthcare Improvements	WHSSC	Welsh Health Specialised Services Committee
IMTP	Integrated Medium Term Plan	YTD	Year to Date

FINANCE REPORT – MONTH 1 of 2019/20

1. SITUATION / PURPOSE OF REPORT

The purpose of this report is to highlight the key messages in relation to the current month, year to date and forecast year-end financial position of Cwm Taf Morgannwg (CTM) University Health Board as at Month 1 (M1).

2. BACKGROUND / INTRODUCTION

This report should be read in the context of the CTM Integrated Medium Term Plan (IMTP) for 2019/20 to 2021/22 which is available on the website. The annual budget for the new organisation is £1,002m.

The IMTP was approved by the Board on 28 February and was approved by the Welsh Government (WG) on 26 March 2019. The following key issues are highlighted in relation to the financial plan for 2019/20:

a. Bridgend boundary change

One of the key assumptions within the IMTP is that the Bridgend boundary change should not destabilise the financial balance and performance record of the former Cwm Taf Health Board. The IMTP therefore assumes that the impact of any deficit attributed to Bridgend will be neutral to the new organisation. Our assessment of the financial impact on CTM is a recurring deficit (after economies of scale) of £6.7m. Further information has recently been shared with Welsh Government as part of the due diligence/arbitration process. In the meantime, detailed budgets have been set on this basis and the financial plan has been updated to include assumed funding for the £6.7m recurring deficit transferred.

Our recent work on the financial impact assessment of the Bridgend boundary change has also highlighted that Bridgend has been running waiting list initiatives (WLI's) throughout 2018/19 at an annualised cost of c £1.8m, which was supplemented with outsourcing towards the end of the financial year. The WLI's had the effect of broadly holding the Referral to Treatment Target (RTT) backlog constant overall and were essentially a non-recurrent measure for meeting a recurrent requirement. Therefore, in reality the recurrent requirement to spend, based on current demand, productivity and core capacity, is around £2m greater than what is reflected in the financial impact assessment noted above of £6.7m.

There is also an RTT backlog at the end of 2018/19, which CTM has estimated has a non-recurring cost in the region of £4m to clear. Without prejudice to what the appropriate values are, the Welsh Government has indicated that it would be appropriate for CTM to seek Welsh Government funding in 2019/20 for both of the above costs, alongside any other costs of addressing performance issues within the transferred services.

b. Savings targets

The financial plan for 2019/20 included a recurring savings target of £12.8m, comprising £9.6m existing Cwm Taf and £3.2m for Bridgend. We noted in our IMTP that the savings plan for Bridgend was reflected at a higher level than existing Cwm Taf and that the Bridgend savings plan needed to be developed alongside the work on the impact of the transfer. Due to the significant work over the past few months on the day 1 financial impact of the transfer and the ongoing work on detailed budget setting, the Bridgend savings plan at M1 is not well developed.

Following the identification of a number of other opportunities we are proposing to reduce the recurrent savings target by £1.0m and the in year target by £2.8m. A summary of the proposed changes is provided below:

	In Year Savings target	Recurrent Savings target
	£m	£m
IMTP savings targets	12.8	12.8
Funding source:		
Reduction in assumed cost pressures for Incremental drift and Medical agency inflation. Original plan = £1.4m	(1.0)	(1.0)
Increase in assumed opportunities for Other non-recurring expenditure reductions. Original plan = £2.7m	(1.8)	0
Revised savings targets	10.0	11.8

The M1 report has been prepared on the basis that this change is made.

Report Sections

The following sections are included in this report:

Section No.	Section	Page Number
Headline Messages		
3.1	Headline Messages @ Month 1	6
Summary Analysis		
3.2	Financial Performance and Key Targets	8
3.3	Revenue Performance by Expenditure Category	9
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3. ASSESSMENT / GOVERNANCE AND RISK ISSUES

3.1 Headline Messages - Month 1

The M1 Income and Expenditure position is very close to budget with a small overspend of only £51k. This includes a delegated overspend of £1.53m offset by an under spend on non delegated budgets of £1.48m. The delegated overspend includes a shortfall in savings delivery of £1.23m plus other overspends on pay, non pay and income of £0.3m. See sections 3.3 and 3.9 for details.

We have reported a forecast break even position to WG at M1 together with a forecast recurrent surplus going into 2021/22 of £0.6m. This is in line with the financial plan for 2019/20.

Within this overall positive position there are a number of areas of concern. The key issues are summarised below with further information in Sections 3.3 and 3.4 and a more detailed analysis in Sections 3.5 to 3.10.

a. Bridgend boundary change

As noted in Section 2 the financial plan has been updated to include assumed funding for the £6.7m recurring deficit transferred to CTM. Any shortfall against this assumed level of funding will therefore represent a risk to the financial plan.

Further discussions are also needed with Welsh Government regarding the additional funding required to address the Bridgend RTT performance issues.

b. Savings delivery (Section 3.8)

The Delegated savings target of £16.3m represents a M1 target of £1.36m. Only £0.13m of savings have been reported in M1 resulting in an adverse variance against plan of £1.23m. This variance reduces to £0.7m after allowing for the Savings contingency which is being released on a straight line basis.

The forecast savings as at 30 April is summarised below.

	19/20	19/20 Recurring
	£m	£m
Revised savings targets	10.0	11.8
Existing Cwm Taf – Green & Amber schemes	7.6	8.6
Bridgend	tbc	tbc
Total	7.6	8.6
% Green & Amber schemes	76%	73%

As noted in Section 2, the Bridgend savings plan at M1 is not well developed and urgent work is needed to finalise the detailed schemes for meeting the revised Bridgend targets (In Year £2.4m and Recurring £3.2m). This work needs to be included by the end of Quarter 1 for inclusion in the M3 Monitoring Return submission to Welsh Government.

The key actions being taken by the Health Board to address this concern are the CRES review meetings with Executive and Assistant Directors, and the continuing oversight of the Efficiency, Productivity and Value Board.

c. Other M1 overspends

There were also a number of significant Pay and non pay overspends reported in M1. These are summarised in Section 3.3. It is important to note that further work is still needed to finalise the directorate budgets for 19/20 which may have an impact on some of these overspends. This is particularly the case for those areas impacted by the Bridgend boundary change.

Detailed work is being undertaken to finalise budgets and understand the reasons for these variances in time for M2 reporting.

3.2 Financial Position and Key Targets – Month 1

The Health Board has a statutory duty to achieve a break even position over a period of three financial years. This applies to both revenue and capital expenditure. Over the last two financial years, the Health Board has achieved a small surplus of £39k and £18k for revenue and capital expenditure respectively. This means that the Health Board can overspend by £39k and £18k for revenue and capital expenditure respectively in 2019/20 and still meet its three year statutory duty. The Health Board’s plan for 2019/20 is to break-even on both measures. The Health Board also has an administrative duty to pay a minimum of 95% of all non-NHS invoices within 30 days.

The table below details the Health Board’s 2019/20 current and forecast performance against these key financial targets:

Target	Unit	Current Month	Year to Date	Trend	Forecast Year End
Revenue To ensure that the Health Board’s revenue expenditure does not exceed the aggregate of it’s funding in each financial year. Measured by variance against plan to break even.	£’000 +Adverse ()Favourable	51	51		0
Capital To ensure net capital spend does not exceed the Welsh Government Capital Resource Limit. Measured by variance against plan to manage to the Resource Limit	£’000 +Adverse ()Favourable	TBC	TBC		0
Public Sector Payment Policy To pay a minimum of 95% of all Non NHS invoices within 30 days. Measured by actual performance	%	TBC	TBC		>95

Performance against the Capital Resource Limit and the PSCP target was not required for the M1 Monitoring Return to Welsh Government and will be reported from M2 onwards.

3.3 Revenue Performance by Expenditure Category

	Annual Budget £'000	Over/(Under) Spend				Section
		Current Month £'000	Year to Date £'000	Forecast £'000	Recurrent Forecast £'000	
Delegated Budgets						
Pay	505,549	303	303			3.3
Non Pay	586,140	(55)	(55)			3.4
Income	(135,677)	53	53			3.5
Delegated Savings Plans	(15,880)	1,228	1,228			3.6
Total Delegated Budgets	940,132	1,530	1,530			
Non Delegated Budgets	62,492	(1,480)	(1,480)			3.7
WG Allocations	(1,002,624)	0	0			3.8
GRAND TOTAL M1	0	51	51	0	0	

Details of the current year forecasts and recurrent forecasts will be reported from M3 onwards.

Current Month & YTD

- The M1 Income and Expenditure position is very close to budget with a small overspend of only £51k. This includes a delegated overspend of £1.53m offset by an under spend on non delegated budgets of £1.48m. The delegated overspend includes a shortfall in savings delivery of £1.23m plus other overspends on pay, non pay and income of £0.3m.
- The most significant overspends within the total Pay overspend of £303k are as follows:
 - Obstetrics, Gynaecology and Sexual Health £158k (Medical £67k , Registered Nursing £64k and Additional clinical services £23k)
 - POW Delivery Unit £273k (Medical £242k, Additional clinical services £98k)
 - Primary care £91k (Medical £93k)
- The most significant overspends within the total Non Pay underspend of £55k are as follows:
 - Pathology £204k (Drugs £164k)
 - Localities £88k (Continuing healthcare £79k)
 - Mental health £132k (Continuing Healthcare £107k)
- The most significant overspends within the total Income overspend of £53k are as follows:
 - CAMHs £59k
- It is important to note that further work is still needed to finalise the directorate budgets for 19/20 which may have an impact on some of these overspends. This is particularly the case for those areas impacted by the Bridgend boundary change and also the Obstetrics & Gynaecology pay overspend. The latter includes costs associated with maternity improvement activities which have been authorised but funding has yet to be identified and released. Detailed work is being undertaken to understand the reasons for the significant M1 variances noted above in time for M2 reporting.
- The Non delegated underspend of £1.48m includes the following:
 - Release of Savings contingency against the recurring savings targets £576k
 - Slippage on budgets held for Prior year commitments £521k
 - Other £383k
 - Further information is provided in Section 3.9.

3.4 Revenue Performance by Division

	Over/(Under) Spend				
	Annual Budget £'000	Current Month £'000	Year to Date £'000	Forecast £'000	Recurrent Forecast £'000
Chief Operating Officer:					
Unscheduled Care	80,861	229	229		
Planned Care	102,813	467	467		
POW Delivery Unit	97,907	277	277		
Clinical Support	56,161	368	368		
Facilities	35,893	93	93		
Total COO	373,634	1,435	1,435		
PCMH:					
Primary & Community	207,546	198	198		
Mental Health	74,235	86	86		
Medicines Management	133,513	14	14		
Total PCMH	415,295	298	298		
Contracting & Commissioning	87,739	3	3		
Corporate Functions	63,464	(206)	(206)		
Total Delegated Budgets	940,132	1,530	1,530		
Non Delegated Budgets	62,492	(1,480)	(1,480)		
WG Allocations	(1,002,624)	0	0		
GRAND TOTAL M1	0	51	51	0	0

Current Month and YTD

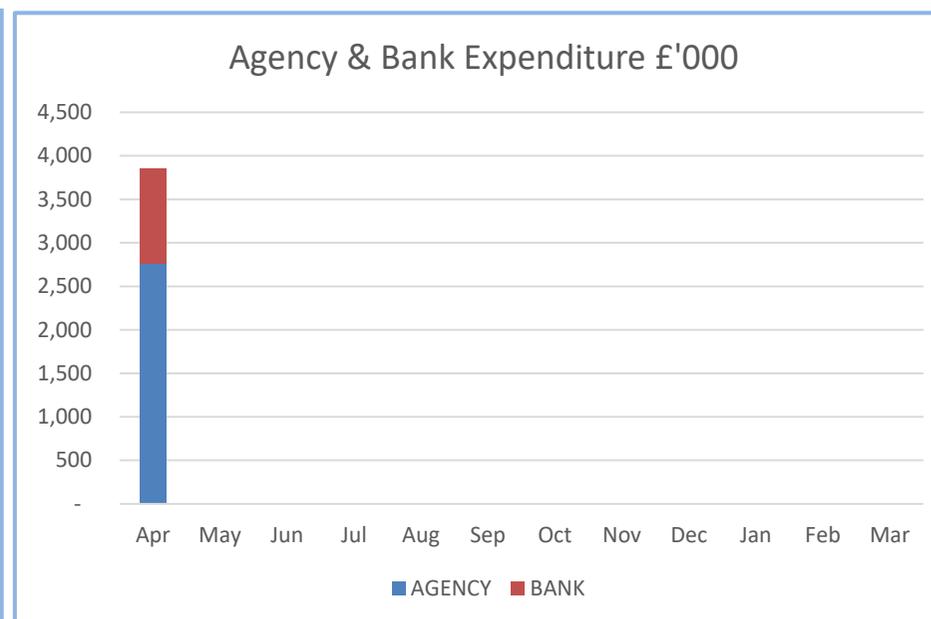
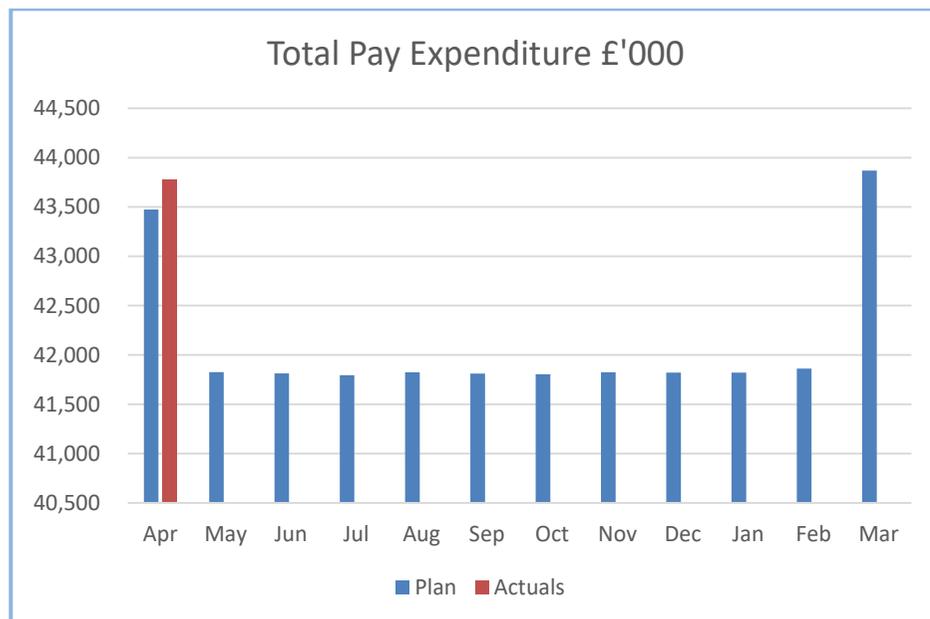
- The above table shows the current month, Year to Date (YTD) and forecast positions by Division rather than by Expenditure categories as in Section 3.3 above.
- The main areas of overspends , expressed as a % of budget are as follows:
 - Clinical Support 7.4%, Planned Care 5.3%, POW Delivery Unit 3.37% & Unscheduled care 3.1%
- The main areas of underspends, expressed as a % of budget are as follows:
 - Corporate Functions 4.3%.

Year End Forecasts

- To be included from M3.

3.5 Pay Expenditure

Monthly Trends (Please note scale of Y-axis)



Key Issues

- The M1 position is reporting Pay expenditure of £43.7m compared to a budget of £43.4 giving rise to an over spend of £0.3m.
- The Budget and Expenditure for April includes £1.6m for the A4C non-consolidated lump sum payment as per the framework agreement.
- Agency Expenditure in M1 was £2.76m which equates to 6.3% of total pay costs in April.
- Bank Expenditure in M1 was £1.1m which equates to 2.5% of total pay costs in April.
- The budget profile is showing an increased budget phased in M12 of circa £2m which includes £1.4m for Mental Health. Further work is needed to understand the reasons for this phasing.

Performance by Staff Category

	Annual Budget £'000	Current Month Variance £'000	Year to Date Variance £'000	YTD Variance as % of YTD budget %
Medical And Dental	126,278	502	502	4.79%
Wards and A&E Nursing:				
Registered Nursing	47,410	-41	-41	-1.01%
Additional Clinical Services	23,416	195	195	9.73%
Sub-Total Wards & A&E Nursing	70,826	154	154	2.52%
Other Nursing:				
Registered Nursing	118,807	-255	-255	-2.46%
Additional Clinical Services	23,678	111	111	5.35%
Sub-Total Other Nursing	142,485	-144	-144	5.35%
Additional Clinical Services	11,566	4	4	0.31%
Allied Health Professionals	29,319	-115	-115	-4.46%
Add Prof Scientific And Technical	18,039	19	19	1.22%
Administrative & Clerical	65,391	-194	-194	-3.40%
Estates And Ancillary	31,465	-19	-19	-0.68%
Healthcare Scientists	11,534	-18	-18	-1.75%
Other	-1,354	114	114	
Grand Total	505,549	303	303	0.70%

Key Issues

- The most significant overspends in M1, were seen in the following areas:
 - Medical pay £502k
 - Additional Clinical services , Wards and A&E £195k
 - Additional Clinical services, Other nursing £111k.

Performance by Division

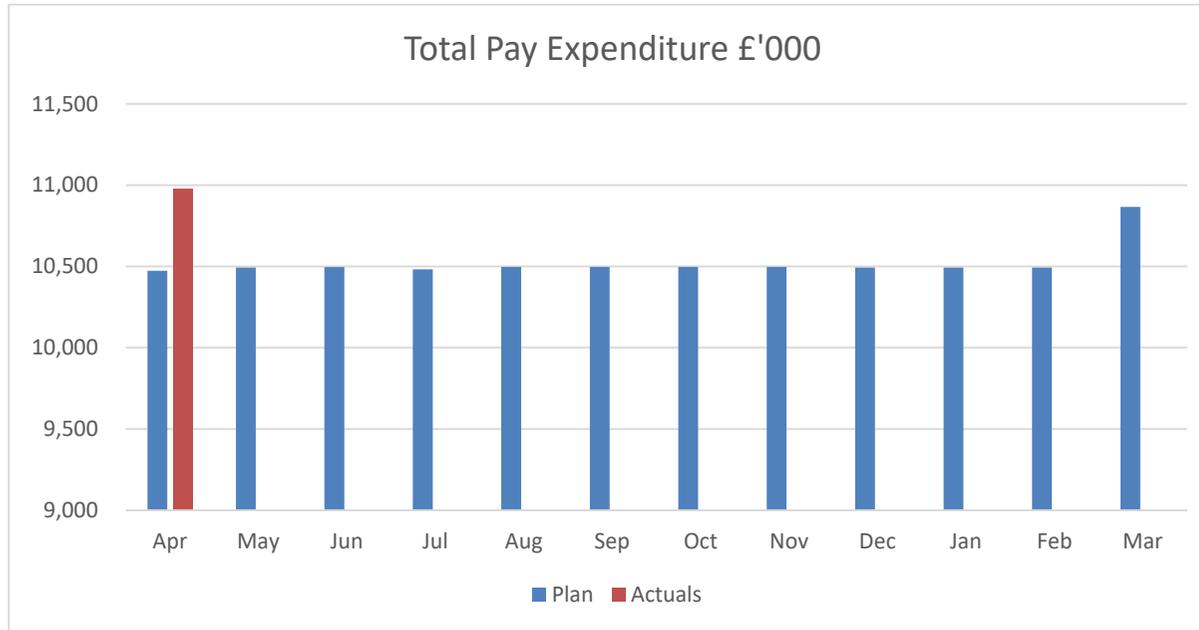
	Annual Budget £'000	In Month Variance			Year to Date Variance
		Over/(Under) Spend			Over/(Under) Spend
		Last Month £'000	Current Month £'000	Change £'000	Current Month £'000
Chief Operating Officer:					
Unscheduled Care	71,685		85		85
Planned Care	89,697		120		120
POW Delivery Unit	84,803		273		273
Clinical Support	42,256		85		85
Facilities	28,842		-35		-35
Total COO	317,283	0	528		528
PCMH:					
Primary & Community	96,304		-91		-91
Mental Health	45,030		-76		-76
Medicines Management	10,884		47		47
Total PCMH	152,218	0	-120		-120
Contracting & Commissioning	0		0		0
Corporate Functions	36,047		-105		-105
GRAND TOTAL	505,549	0	303		303

Key Issues

- The most significant overspends within the total Pay overspend of £303k are as follows:
 - Planned Care - Obstetrics, Gynaecology and Sexual Health £158k (Medical £67k, Registered Nursing £64k and Additional clinical services £23k)
 - POW Delivery Unit £273k (Medical £242k, Additional clinical services £98k)
 - Primary Care £91k (Medical £93k)

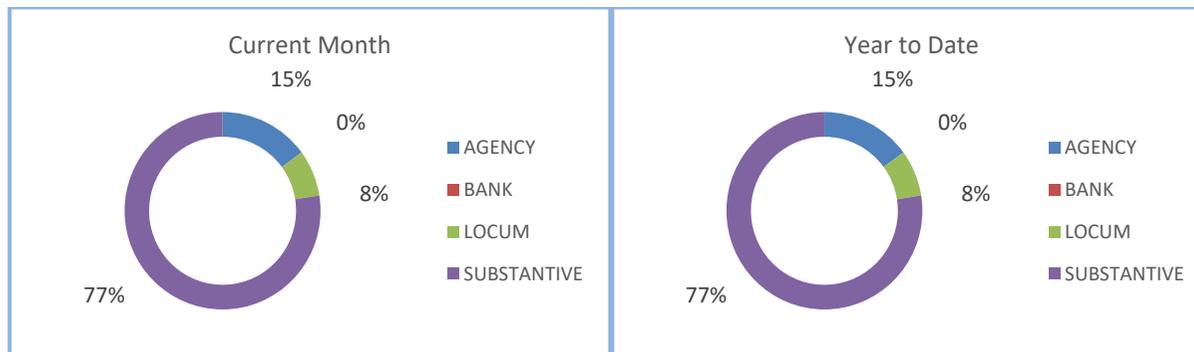
Medical and Dental Pay Expenditure

The chart below shows the trends of Medical & Dental pay expenditure and budget. **(Please note scale of Y-axis)**

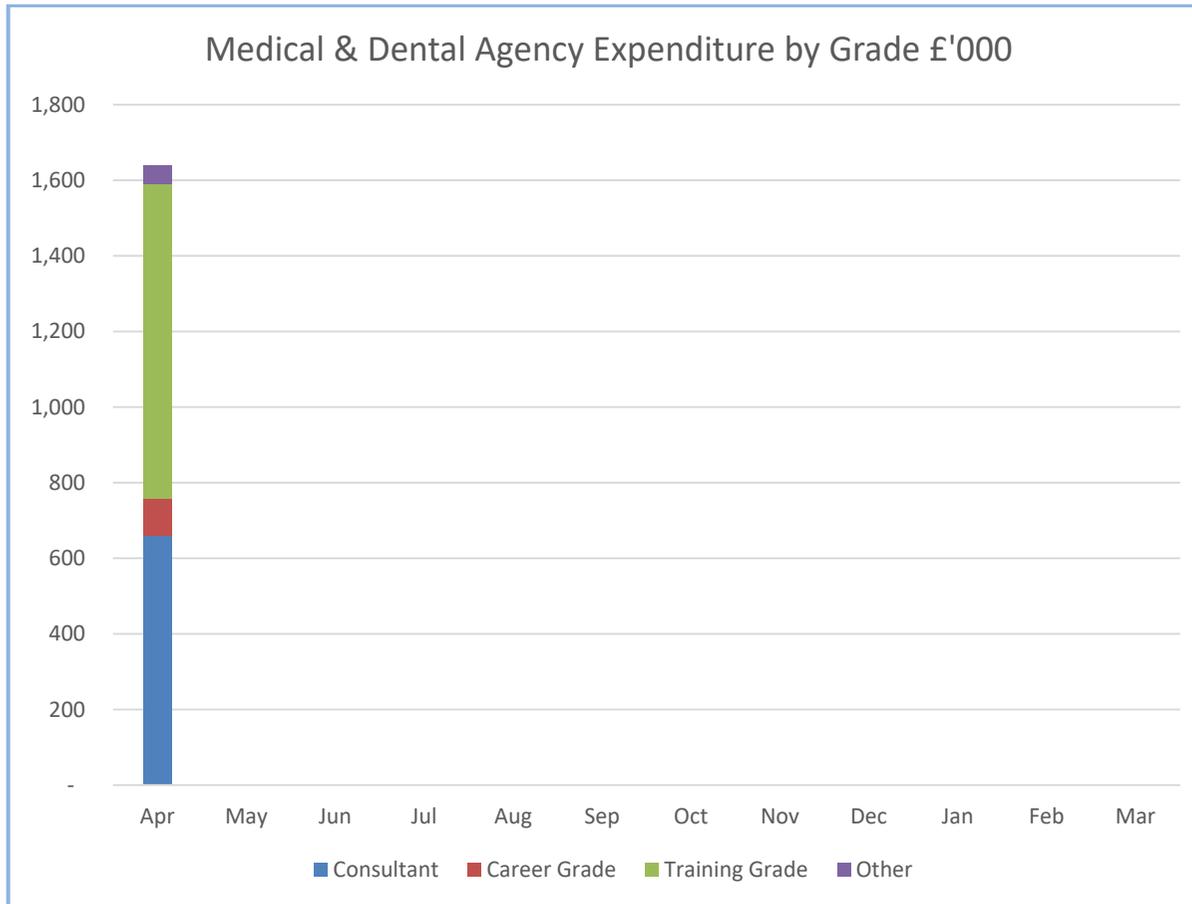


Key Issues

- Expenditure in M1 was £10.97m.
- The M1 variance is £502k adverse.
- The M1 medical agency cost was £1.64m.
- M1 agency expenditure accounted for 15% of total Medical & Dental pay.



The Chart below shows current monthly medical and dental agency expenditure.

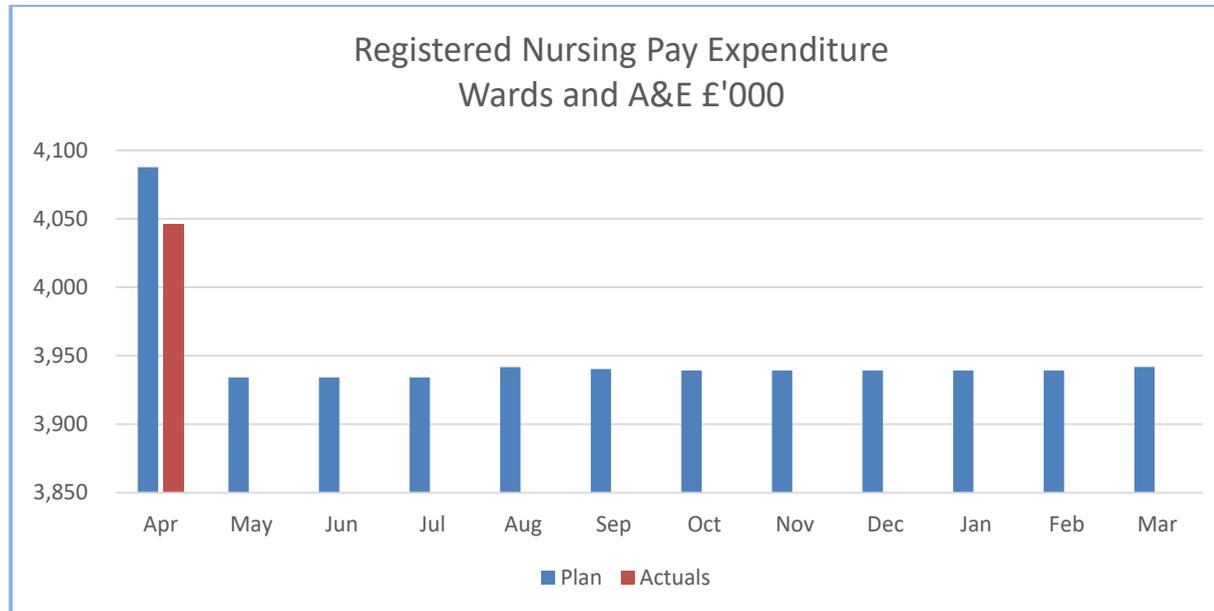


Key Issues

- The level of medical and dental agency expenditure remains a concern, with M1 reporting £1.64m of expenditure.
- Agency expenditure represents 15% of medical pay expenditure in M1.
- Training grades represent over 50% of the total agency expenditure with Consultants representing 40% of agency expenditure.

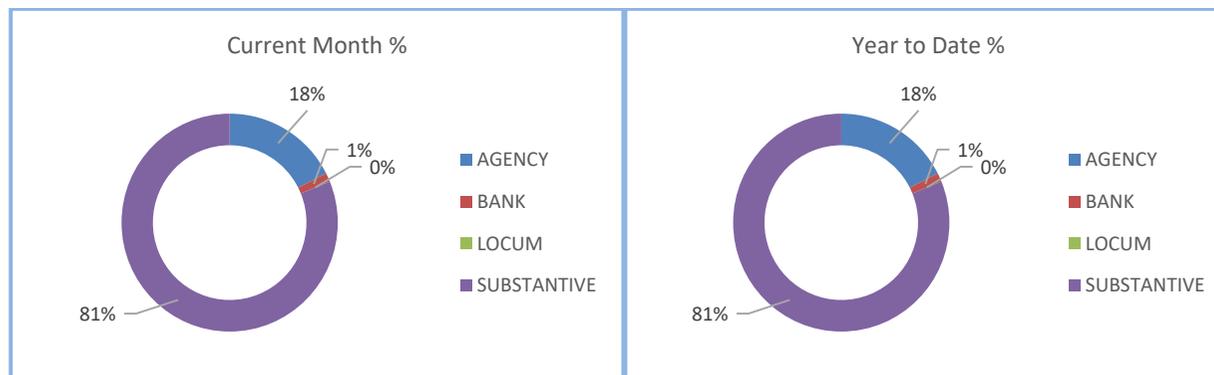
Registered Nursing - Wards and A&E Pay Expenditure

The charts below show the monthly trends for Registered Nursing Wards and A&E pay expenditure & budget.
(Please note scale of Y-axis)



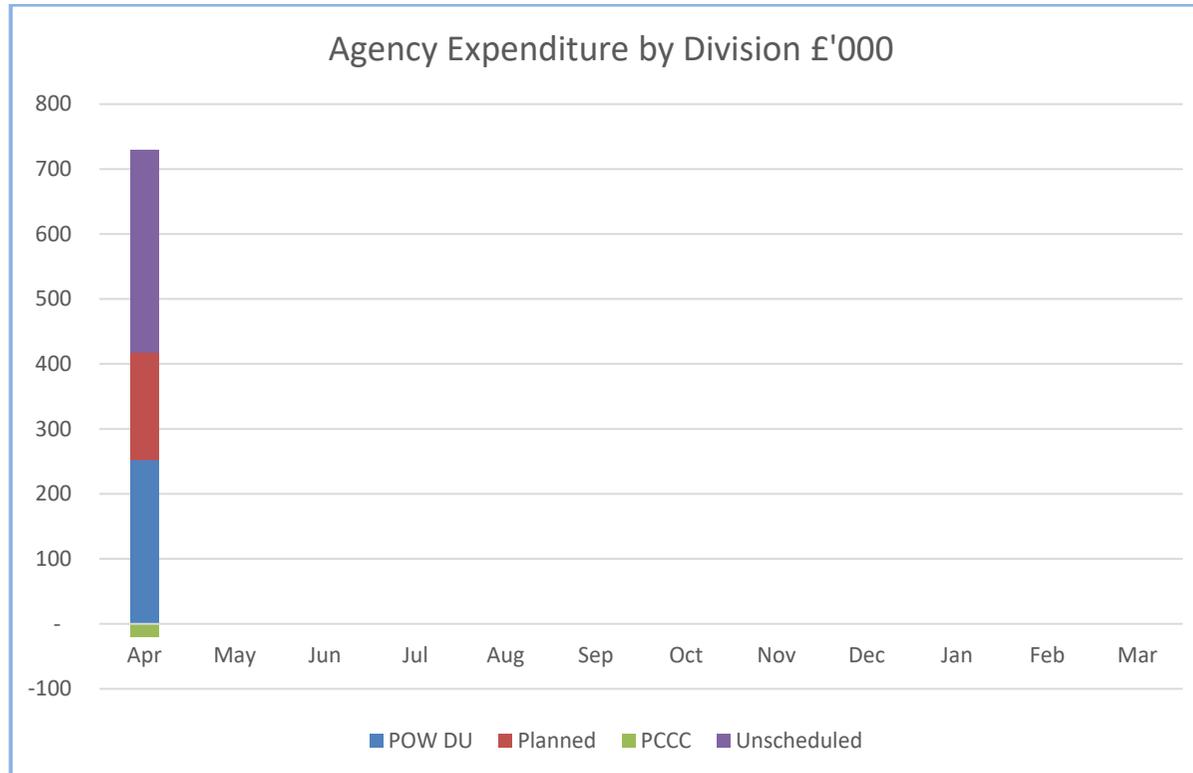
Key Issues

- Expenditure in M1 includes the non-consolidated lump sum payment.
- The M1 YTD Variance was £41k favourable.
- The M1 agency costs were £710k.
- M1 agency expenditure accounted for 18% of total Ward and A&E registered nursing pay with bank expenditure of 1%.



Registered Nursing - Wards and A&E Agency Expenditure

The chart below shows current monthly Registered Nursing Wards and A&E nursing agency expenditure.

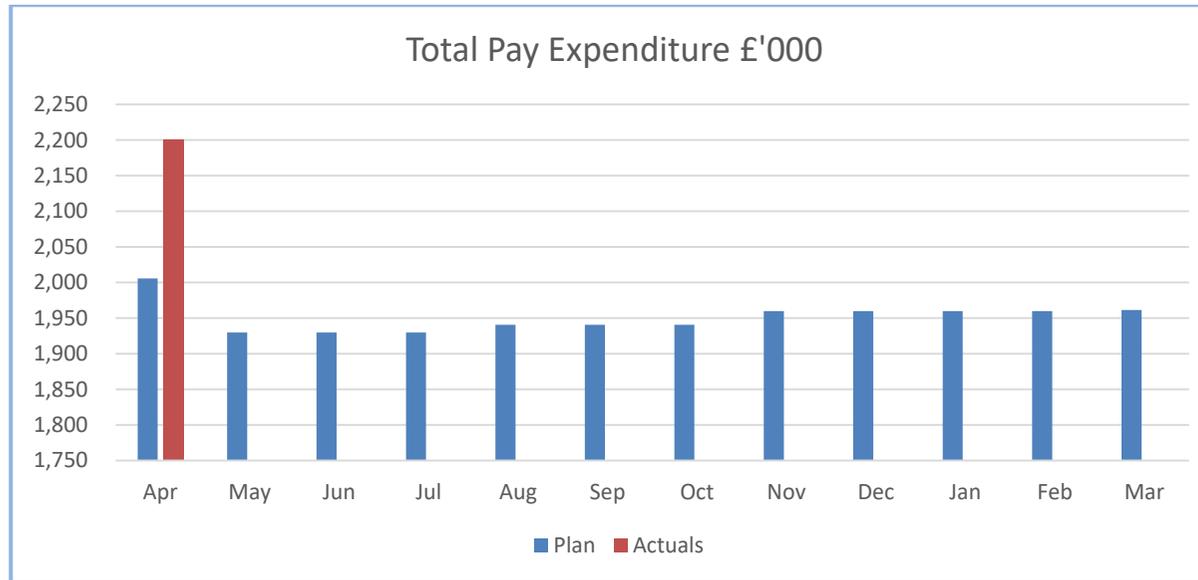


Key Issues

- The M1 agency expenditure was reported as £710k.
- Unscheduled care account for 43% of agency expenditure in M1, with the POW Delivery Unit accounting for 35%.
- M1 agency expenditure accounted for 18% of total Ward and A&E registered nursing pay.

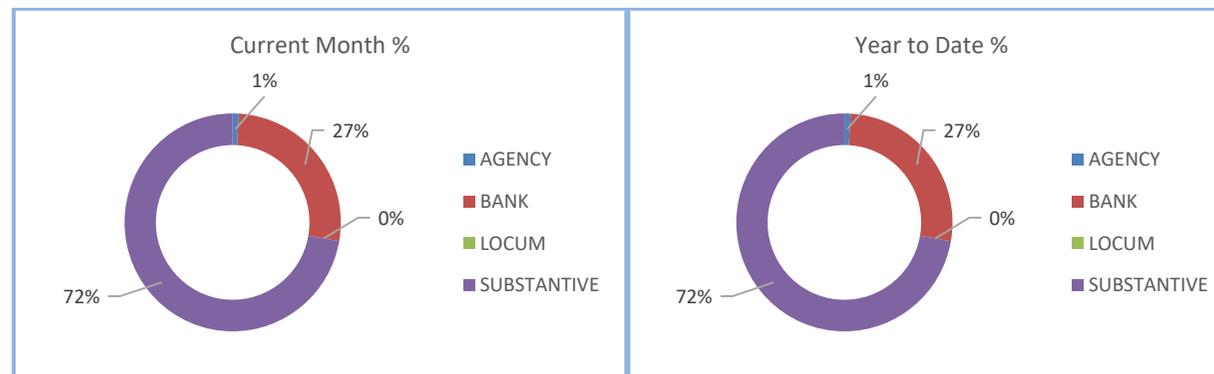
Additional Clinical Services – Wards and A&E Pay Expenditure

The chart below show the monthly trends for Additional Clinical Services Wards and A&E pay expenditure & budget. **(Please note scale of Y-axis)**



Key Issues

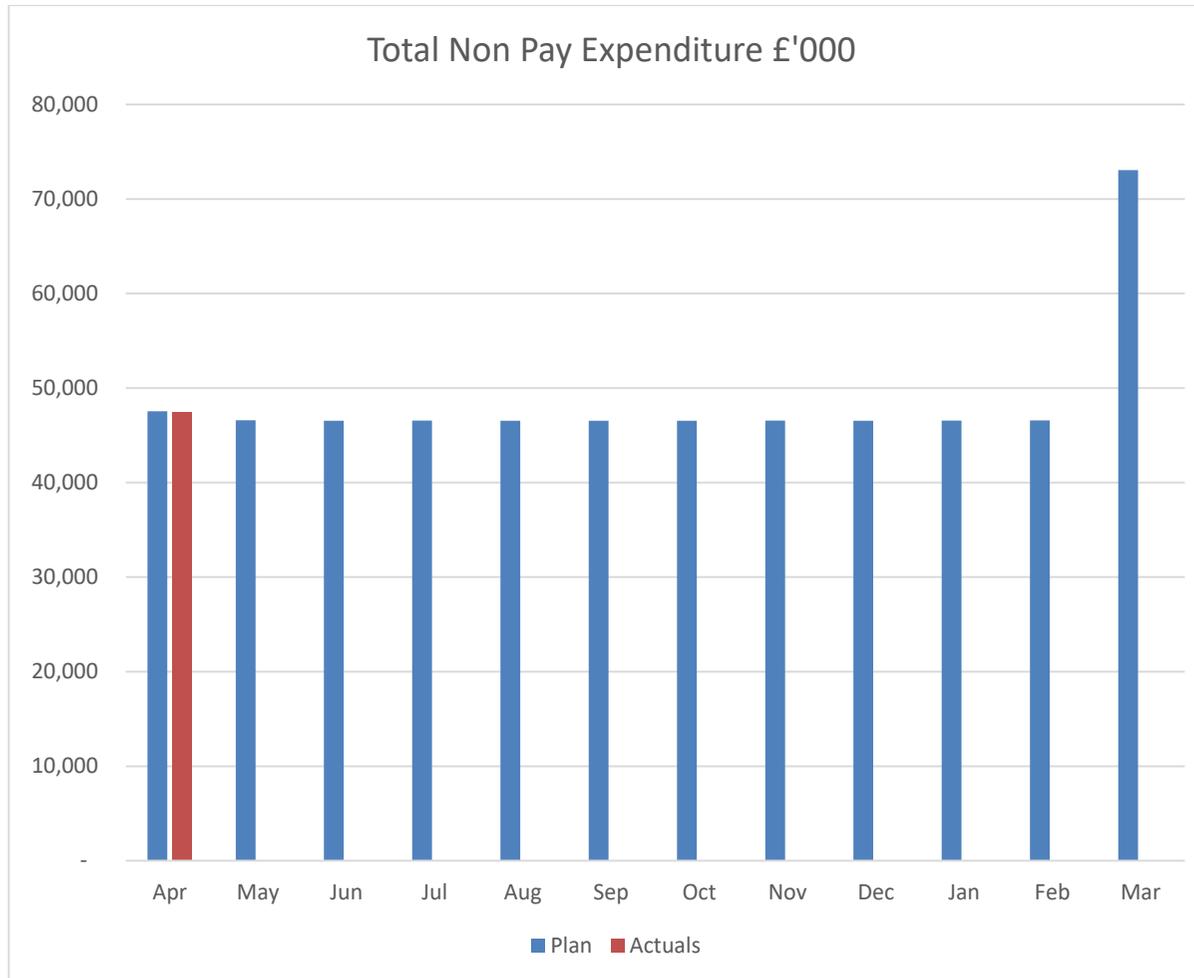
- Expenditure in M1 includes the non-consolidated lump sum payment.
- The M1 YTD Variance was £195k Adverse.
- The M1 agency cost was £20k.
- M1 bank expenditure accounted for 27% of total Ward and A&E registered nursing pay with agency less than 1%.



3.6 Non Pay Expenditure

Monthly Trends

The chart below shows the monthly trends of non pay expenditure and budgets: **(Please note scale of Y-axis)**



Key Issues

- Non Pay Expenditure in M1 was £47.5m.
- The M1 variance was £55k favourable.
- The increased budget for M12 mainly includes directorate based reserves for:
 - NICE/High cost drugs (£15.6m)
 - Contracting & Commissioning LTA Inflation Reserve £8.6m

Performance by Expenditure Category

The table below details in month and year to date variances in respect of non-pay expenditure.

	Annual Budget £'000	Current Month Variance £'000	Year to Date Variance £'000	YTD Variance as % of YTD budget %
Primary Care & Contracts				
Primary Care Contracts	119,357	-243	-243	-2.44%
Primary Care Prescribing	83,910	-87	-87	-1.24%
CHC & FNC	51,187	187	187	4.38%
Secondary Healthcare	5,895	-13	-13	-2.66%
Purchases of Healthcare Services	900	-4	-4	-5.67%
Services from Other NHS Bodies	189,241	123	123	0.78%
Total Primary Care & Contracts	450,490	-38	-38	-0.10%
Traditional Non Pay				
Secondary Care Drugs	26,366	263	263	11.97%
Clinical Supplies & Services	38,064	-232	-232	-7.32%
General Supplies & Services	6,352	1	1	0.16%
Establishment Expenses	10,062	11	11	1.27%
Contract Staffing & Consultancy	201	40	40	240.64%
Misc Services – Other	32,768	-53	-53	-1.95%
Premises & Fixed Plant	21,838	-46	-46	-2.55%
Total Traditional Non Pay	135,650	-17	-17	-0.15%
GRAND TOTAL	586,140	-55	-55	-0.11%

Key Issues:

- The most significant overspends in M1, were seen in the following areas:
 - Continuing Healthcare (CHC)/Funded Nursing Care (FNC) £187k
 - Secondary Care Drugs £263k

Performance by Division

	Annual Budget £'000	In Month			Year to Date
		Over/(Under) Spend			Over/(Under) Spend
		Last Month £'000	Current Month £'000	Change £'000	Current Month £'000
Chief Operating Officer:					
Unscheduled Care	10,625		52		52
Planned Care	18,547		36		36
POW Delivery Unit	22,915		-287		-287
Clinical Support	16,748		232		232
Facilities	12,468		1		1
Total COO	81,303	0	35	0	35
PCMH:					
Primary & Community	130,298		-71		-71
Mental Health	33,747		133		133
Medicines Management	125,820		-7		-7
Total PCMH	289,864	0	55	0	55
Contracting & Commissioning	182,971		-35		-35
Corporate Functions	32,003		-109		-109
GRAND TOTAL	586,140	0	-55	0	-55

Key Issues:

The most significant overspends within the total Non Pay underspend of £55k are as follows:

- Clinical support - Pathology £204k (Drugs £164k)
- Primary & Community - Localities £88k (Continuing Healthcare £79k)
- Mental health £132k (Continuing Healthcare £107k)

3.7 Income

Performance by Income Category

	Annual Budget £'000	Current Month Variance £'000	Year to Date Variance £'000	YTD Variance as % of YTD budget %
Income From Activities				
Dental Income	-6,043	-4	-4	-0.83%
Local Health Boards	-76,090	52	52	0.82%
Other	-28,811	-50	-50	-2.09%
Total Income from Activities	-110,944	-2	-2	0.02%
Other Operating Income				
Accommodation & Catering	-3,651	34	34	11.14%
Charitable & Other Contributions	-365	-2	-2	-6.90%
Education & Training	-14,658	-9	-9	-0.77%
Laundry, Pathology & Payroll	-350	-13	-13	-44.34%
Mortuary Fees	-299	1	1	4.89%
Non Patient Care – Income Generation	-871	27	27	37.77%
Other Income	-4,248	18	18	5.03%
Staff Payments for use of Cars	-291	-1	-1	-2.69%
Total Other Operating Income	-24,734	55	55	2.68%
GRAND TOTAL	-135,677	53	53	0.47%

Key Issues

- The most significant adverse variances relate to:
 - Local Health Boards £52k
 - Accommodation & Catering £34k
 - Non patient care – income generation £27k

Performance by Division

	Annual Budget £'000	In Month			Year to Date
		Over/(Under) Spend			Over/(Under) Spend
		Last Month £'000	Current Month £'000	Change £'000	Current Month £'000
Chief Operating Officer:					
Unscheduled Care	-206		-12		-12
Planned Care	-1,628		4		4
POW Delivery Unit	-6,761		36		36
Clinical Support	-2,071		-13		-13
Facilities	-4,124		19		19
Total COO	-14,790	0	35	0	35
PCMH:					
Primary Care, Children & Community	-16,198		130		130
Mental Health	-2,364		-75		-75
Medicines Management	-3,414		-7		-7
Total PCMH	-21,976	0	48	0	48
Contracting & Commissioning	-94,782		0		0
Corporate Functions	-4,130		-30		-30
GRAND TOTAL	-135,677	0	53	0	53

Key Issues

The most significant overspends within the total Income overspend of £53k are as follows:

- Primary Care, Children & Community- CAMHS £59k

3.8 Savings Plan Performance

	Annual Plan £'000	Variance Against Plan			
		Current Month £'000	Year to Date £'000	Forecast £'000	Recurrent Forecast £'000
Chief Operating Officer:					
Unscheduled Care	1,243	104	104	619	507
Planned Care	3,755	307	307	1,698	1,408
POW Delivery Unit	3,051	254	254	2,942	3,001
Clinical Support	773	64	64	404	494
Facilities	1,294	108	108	959	779
Total COO	10,116	837	837	6,622	6,189
PCMH:					
Primary & Community	2,218	230	230	1,928	1,895
Mental Health	2,477	104	104	929	909
Medicines Management	225	-19	-19	75	75
Total PCMH	4,920	316	316	2,932	2,878
Contracting & Commissioning	450	37	37	-388	-475
Corporate Functions	821	38	38	124	124
Total Delegated Budgets	16,307	1,228	1,228	9,290	8,716
CCT to be allocated to Directorates	600	50	50	0	-400
Contingency against recurring savings targets	-6,907	-576	-576	-6,907	-5,107
Total Delegated & Non Delegated Budgets	10,000	703	703	2,383	3,209
Anticipated Improvements in Savings Plans for Bridgend				-2,383	-3,209
GRAND TOTAL M1	10,000	703	703	0	0

Key Issues

- The Delegated savings target of £16.3m represents a M1 target of £1.36m. Only £0.13m of savings have been reported in M1 resulting in an adverse variance against plan of £1.23m. This variance reduces to £0.7m after allowing for the Savings contingency which is being released on a straight line basis.
- Forecast In year and recurrent savings as at 30 April is £7.6m and £8.6m respectively, leaving a shortfall of £2.4m and £3.2m respectively.
- The Bridgend savings plan at M1 is not well developed. Urgent work is needed to finalise the detailed schemes for meeting the revised Bridgend targets (In Year £2.4m and Recurring £3.2m). This work needs to be included by the end of Qtr1 for inclusion in the M3 Monitoring Return submission to Welsh Government.

3.9 Non Delegated Budgets

Non Delegated Budgets and Reserves M1	M1 Budget £'000	Year to Date Variance £'000	Forecast In Year Variance £'000	Forecast Recurrent Variance £'000	Note
Income and Allocations					
Non-recurring Income Target	-4,500	0			A
Non-recurring Income Achieved					
Savings					
Recurrent Savings Target	-600	50			Section 3.8
Savings Achievement					
Expenditure Budgets					
Capital Charges	23,921	0			
Other Budgets	-2,010	-129			
Reserves and Contingencies					
Savings Contingency against Recurrent Savings Targets	6,906	-576			B
Earmarked Budgets yet to be Allocated to Directorates					
Service Improvement - Local	700	-58			C
Service Improvement - WG Earmarked	859	0			
Service & Demand Pressures	8,000	-100			D
Service & Demand - Referral to Treatment	3,000	0			
Inflation	10,142	0			
Underlying Deficit	1,754	-146			E
Prior Year Commitments	6,258	-521			F
Allocations to be yet released	7,657	0			
TOTAL	62,492	-1,480			Notes follow on next page

- **Note A – Non Recurring Income Target**

As noted in Section 2b, the non-recurring income target for 2019/20 has been increased from £2.7m to £4.5m. The increase of £1.8m has been used to part fund the £2.8m increase in the Savings contingency from £4.1m to £6.9m.

- **Note B – Savings Contingency against Recurring Savings targets**

The savings contingency of £6.9m is being released on a straight line basis.

- **Note C - Service Improvement**

The financial plan for 2019/20 includes £0.7m for new discretionary investments. Pending finalisation of the key priority investments for 2019/20 this budget is being released on a straight line basis.

- **Note D – Service & Demand Pressures (excluding RTT)**

The financial plan for 2018/19 included a £3.9m recurring budget for local cost pressures plus £4.1m for Nurse Staffing Act compliance £3.0m for non-recurring local cost pressures. As at M1 £3.0m has been allocated to directorates leaving a balance of £8.0m.

- **Note E – Underlying Deficit from 2018/19**

The financial plan for 2019/20 included provision for Delegated recurrent overspends of £15.0m. As at M1 £13.3m has been released to directorates leaving a balance of £1.7m. Pending any further allocations to directorates this reserve balance is being released on a straight line basis.

- **Note F - Prior Year Commitments**

A £6.2m budget is held in Reserves for a range of commitments already made in 2018/19. This includes a £1.5m budget for achieving RTT target which was spent on a non-recurring basis in 2018/19. As at M1, £521k has been released as slippage.

3.10 Welsh Government Allocations

The table below shows the Health Board's current Welsh Government allocation position:

	Annual Budget £'000	Healthcare & Hospital Services £'000	Community Pharmacy £'000	Dental £'000	General Medical Services £'000
Confirmed Allocations	986,232	865,393	26,905	19,340	74,594
Unconfirmed Allocations	16,392	13,527	389	1,102	1,374
TOTAL	1,002,624	878,920	27,294	20,442	75,968

Key Issues

The most significant anticipated allocations include:

- Bridgend boundary change (recurring deficit) - £6.7m
- Substance misuse - £3.4m
- GMs IM&T refresh- £1.3m
- Treatment fund - £1.3m
- ICF Dementia funding - £1.2m
- Dental VTs - £1.1m

3.11 Performance against Capital Resource Limit

This information was not required for the M1 Monitoring return to Welsh Government and will be reported from M2 onwards.

3.12 Public Sector Payment Performance

This information was not required for the M1 Monitoring return to Welsh Government and will be reported from M2 onwards.

3.13 Balance Sheet

This information was not required for the M1 Monitoring return to Welsh Government and will be reported from M2 onwards.

3.14 Cash Flow

This information was not required for the M1 Monitoring return to Welsh Government and will be reported from M2 onwards.

4 **RECOMMENDATION**

The Health Board is asked to:

- **DISCUSS** the contents of the Month 1 Finance report for 2019/20.

Freedom of Information Status	Open
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