



AGENDA ITEM

8.1

CTM BOARD

FINANCE UPDATE – MONTH 9 of 2021/22

Date of meeting	27/1/2022
FOI Status	Open/Public
If closed please indicate reason	Not Applicable - Public Report
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Approving Executive Sponsor	Executive Director of Finance & Procurement
Report purpose	FOR DISCUSSION / REVIEW

Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)

Committee/Group/Individuals	Date	Outcome
Welsh Government	14/1/2022	NOTED

ACRONYMS

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 9 of 2021/22

1. SITUATION

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 9 (M9). The report sets out the position in respect of confirmed and anticipated income and actual and forecast expenditure.

2. BACKGROUND

This report should be read in the context of the draft CTM Integrated Medium Term Plan for 2021/22 to 2023/24, which is available on the website, and the updated draft 2021/22 financial plan, as described in earlier finance reports.

The updated draft financial plan for 2021/22 consists of three elements; core, Covid response and planned care recovery. The 21/22 financial plan also assumed that around £9m of existing cost pressures projected by ILGs & Directorates is avoided or managed out. There is a £5m transitional budget to support this which will provide some temporary headroom if actual costs are lower. The plan reflected a breakeven position through Q1 to Q4, with the deficit in the core plan being offset by a corresponding surplus against Covid funding, giving an overall breakeven position for 2021/22. In the period since the updated plan submission, there have been a number of changes to forecast costs and assumed income, which are captured in Section 6.6.

3. ASSESSMENT

As at M9, we are reporting a small YTD underspend of £(0.2)m.

We are continuing to forecast a break even position at M9. The key remaining issue for 21/22 is determining the forecast annual leave outstanding at 31 March 2022 for all employees (by 17 February), in order to be able to confirm the movement in the Annual leave provision in the M11 Monitoring Return submission to WG. We are assuming that any change in the Annual leave provision between 21/22 and 20/21 will be matched with a corresponding Allocation adjustment from WG.

Forecast savings performance remains lower than plan and there needs to be a clear focus to increase recurrent savings to reduce the impact into 2022-23.

The forecast underlying deficit has deteriorated to £51.4m in M9 (M8: £50.6m) due to a further deterioration in forecast recurrent savings delivery. This level of underlying deficit represents a significant concern, especially given the challenging resource outlook for 2022-23.

4. RECOMMENDATION

The Board is asked to **DISCUSS** the contents of the Month 9 Finance report for 2021/22.

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5. HEADLINE MESSAGES AND KEY ACTIONS

5.1 MONTH 9

- At M9, we are reporting a small YTD underspend of £(0.2)m. Actual expenditure to M9 on delegated budgets was showing a £8.6m overspend and this was offset by a £(8.8)m underspend on Non Delegated budgets to give a small underspend of £(0.2)m.

Revenue Performance

	Year to Date £'m	Annual Forecast £'m
(Under)/Over spend	(0.2)	0

5.2 SAVINGS PERFORMANCE

- The actual savings to M9 of £9.4m is £0.5m below the M9 YTD target of £9.9m. .
- The forecast savings for 21/22 is £12.7m which is £1.8m below the In year savings target of £14.5m.
- The forecast savings for the next 3 months is therefore £3.3m which is circa £1.1m /month compared to the actual savings in M9 of £1m.
- Forecast recurrent savings at M9 is £5.5m (M8: £6.2m) compared to a recurrent savings target of £16.1m. The forecast recurrent shortfall in savings delivery is therefore £10.6m, a further deterioration of £0.7m from M8.

5.3 FORECAST OUT TURN

- We are continuing to forecast a break even position at M9. The key issues to highlight are as follows:
 - Movement in the Annual leave provision- The planning assumption is that any increase or decrease to the 20/21 provision will be resource neutral. A detailed validation exercise is needed during February to determine

the forecast annual leave outstanding at 31 March 2022 for all employees, in order to be able to confirm the movement in the Annual leave provision in the M11 Monitoring Return submission to WG in early March.

- b. Pay circular- In addition to the movement in the Annual leave provision, the other changes within the recent Pay circular are also assumed to be resource neutral in 21/22.
- c. The key risks/opportunities which could impact on the breakeven forecast are included in the Risks and Opportunities table at Section 6.9.

5.4 UNDERLYING POSITION

- The forecast recurring deficit has deteriorated to £51.4m at M9 (M8: £50.6m) due to a further deterioration in forecast recurrent savings delivery.
- This level of underlying deficit represents a significant concern, especially given the challenging resource outlook for 2022-23. There needs to be a clear focus on recovery plans to reduce the impact going into next financial year.

5.5 CAPITAL

- The Capital Resource Limit for 21/22 currently stands at £73.9m.
- Actual spend to M9 is £39.3m, giving a reported underspend compared to the revised plan of £0.1m.
- The Health Board is continuing to forecast a breakeven position against the CRL for 2021/22.

5.6 KEY ACTIONS

The key actions include:

- All budget holders to sign off their budget schedules for 2021/22.
- Addressing the significant M9 YTD overspends on pay, non pay and income noted in Section 6.4 which total £11.6m and the forecast recurring savings gap of £10.6m in Section 6.7.
- Determining the forecast annual leave outstanding at 31 March 2022 for all employees by 17 February, in order to be able to confirm the movement in the Annual leave provision in the M11 Monitoring Return submission to WG.
- Finalising the recurrent sustainability plan for Transformation and ICF schemes in 2022/23.
- Developing recovery plans to address the significant deterioration in the forecast recurrent position from 2022/23 onwards.
- Finalising the financial plan for 22/23.

6. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

6.1 Financial Position and Key Targets – Month 9

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 surplus of £971k and £71k for revenue and capital expenditure respectively. This means that the Health Board can overspend by £971k and £71k for revenue and capital expenditure respectively in 2021/22 and still meet its three year statutory duty. 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 2021/22 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	(80)	(199)	↑	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	2,577	(123)	↑	0
Public Sector Payment Policy To pay a minimum of 95% of all Non NHS invoices within 30 days. Measured by actual performance	%	95.8%	95.5%	↑	95%

6.2 Revenue Performance by Expenditure Category

	Annual Budget £'000	Over/(Under) Spend	
		Current Month £'000	Year to Date £'000
Delegated Budgets			
Pay	607,590	1,035	(60)
Non Pay	718,943	630	6,145
Income	(143,309)	(220)	226
Delegated Savings Plans	(4,536)	483	2,309
Total Delegated Budgets	1,178,688	1,928	8,620
Non Delegated Budgets	78,815	(2008)	(8,819)
WG COVID Allocations	(107,966)	0	0
WG Allocations	(1,149,537)	0	0
GRAND TOTAL M9	0	(80)	(199)
GRAND TOTAL Previous month	0	1,762	(119)

The M8 YTD Delegated overspend was £6.7m which represented an average monthly overspend of £0.84m. The M9 overspend of £1.9m was therefore a £1.06m deterioration from trend.

The key overspends to highlight in the M9 Current month position are as follows:

- The £1,035k pay overspend includes BG ILG (£350k), RTE ILG (£359k) and Primary Care (£558k).
- The non-pay overspend of £630k includes overspends for RTE ILG (£304k), Estates (£562k) and Contracting & Commissioning (£228k).
- The income underspend of £(220)k includes an overspend for Bridgend ILG (£133k).

Further information on these overspends is provided in Section 6.4 below.

The key overspends to highlight in the M9 YTD position are as follows:

- The £(60)k pay underspend includes BG ILG (£1,678k), Medical Director (£166k), Estates (£229k), W&OD (£169k) and ICT (£104k).
- The non-pay overspend of £6,145k includes RTE ILG (£1,054k), Facilities (£1,394k), Medicines Mgt (£2,175k), Primary care (£786k), PC&S (£362k), Estates (£1,291k) and W&OD (£200k).
- The income overspend of £226k includes Bridgend ILG (£1,628k), MC ILG (£138k), Facilities (£171k) and PC&S (£108k).

Further information on these overspends is provided in Section 6.4.

Further information on the Savings position is provided in Section 6.7.

Further information on the Non Delegated budgets is provided in Section 6.8.

6.3 Pay Expenditure trends

The M9 Pay expenditure was £52.3m and the monthly trend is summarised below.

	M9	M8	M7	M6	M5	M4	M3	M2	M1	M12	M11	M10
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
A&C	6.9	6.7	6.7	7.9	6.6	6.4	6.7	6.6	6.4	15.3	6.3	6.7
Medical	12.8	12.9	12.7	13.7	12.7	11.8	11.7	11.9	12.1	23.3	11.5	8.7
Nursing	16.9	17.9	16.1	17.7	16.1	15.2	15.1	15.8	15.6	30.4	15.6	17.9
ACS	6.7	6.7	6.8	7.1	6.2	6.0	5.9	6.9	6.4	14.6	6.2	7.4
Other	9.0	8.9	8.6	9.6	8.9	8.6	8.5	8.7	8.8	19.6	8.54	9.4
Total	52.3	53.1	50.9	56.0	50.5	48.0	47.9	49.9	49.3	103.2	48.1	50.1

The Key issues to highlight are as follows:

- The M1 position was broadly consistent with the previous 3 months, after taking account of the following comments:
 - The M12 position includes additional accruals for NHS Pensions, NHS Staff bonus, Annual Leave not taken & study leave, which total £52m.
 - Medical costs include £3.6m of accountancy gains in M10 and £0.4m in M11, which would increase the gross position to £12.3m and £11.9m respectively.
 - The increase in Nursing & ACS costs in M10 was due to the introduction of a new accruals methodology (Nursing £1.9m and ACS £1.2m).
- The M2 position remained consistent with M1, the only movement was within Additional Clinical Services, where bank costs caused an increase of £0.5m on M1.
- The M3 position was £2m lower than M2 with the main reductions being seen in Nursing £0.7m and ACS £1.0m. This was due to reductions in the payments for overtime in M3.
- The M4 position remained consistent with M3 with no significant movements.
- The M5 position increased by £2.5m over M4. The main reason for this increase was a new charge of £1.9m for the additional costs for annual leave on overtime to 31 March 21, which has been calculated on an All Wales basis. The M5 position also included a corresponding assumed allocation for this amount.
- The M6 position increased by £5.5m compared to M5. After allowing for the £1.9m additional one off costs for annual leave on over time, the net increase was £7.4m. This was primarily attributed to the national pay award of 3% being applied in M6, including arrears back to April 21.
- The total expenditure in M7 of £50.9m represented a £1.5m over the M4 spend of £48.0m after uplifting for 3% inflation. The main increases were Additional Clinical Services (ACS) £600k (9.7%), Medical & Dental (M&D) £500k (4.1%) and

Nursing £400k (2.5%). The most significant increase was seen in ACS and this was attributed to the impact of increased overtime rates in M7.

- The M8 spend of £53.1m was a £2.2m increase over M7 and £1.8m of this increase was seen in Nursing. The most significant impacts in M8 were:
 - Write back of NHS Bonus £(1.0)m
 - Recognition of holiday pay on overtime £1.2m
 - Increase in overtime following new overtime arrangements £1.1m
 - Increased Nurse Agency costs to support capacity in Bridgend locality £0.8m
- The accrual that was recognised in 2020/21 for the NHS COVID bonus was £13.4m. Total payments to M6 was £12.4m (M5: £12.4m) for NHS employed staff. The £1m benefit has been returned to WG and the £1m write back was released in M8.
- The M9 position decreased by £0.8m compared to M8. The main reason for this decrease was a reduction in registered nursing agency costs as a result of difficulties in filling shifts.

The M9 agency expenditure was £3.6m and the monthly trend (excluding accountancy gains) is summarised below.

	M9	M8	M7	M6	M5	M4	M3	M2	M1	Q4 Ave	Q3 Ave
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£m	£m
Medical	1.0	1.3	1.3	1.2	1.2	1.2	1.0	1.0	1.3	1.3	1.3
Nursing	1.6	2.2	1.4	1.6	1.5	1.7	1.5	1.5	1.4	2.0	1.8
Other	1.3	0.9	0.9	0.8	0.8	0.9	0.8	0.7	0.8	0.9	0.7
Total	3.6	4.4	3.6	3.6	3.5	3.8	3.3	3.2	3.5	4.2	3.8

Medical Agency reduced in M9 and Nursing agency reverted back to the levels seen before the spike in M8. Other agency costs have remained consistent with previous months.

6.4 Revenue Performance by Area

		Over/(Under) Spend		
	Annual Budget £'000	Current Month £'000	Year to Date £'000	Year to Date %
Integrated locality groups:				
Bridgend	210,509	381	3,497	2.24
Merthyr & Cynon	214,920	(7)	(592)	(0.37)
Rhondda & Taff Ely	223,722	610	1,361	0.81
Total ILGs	649,151	984	4,266	0.88
Delivery Executive:				
Medicines Management	133,875	(112)	2,371	2.39
Primary care	137,480	245	(703)	(0.68)
Facilities	15,096	182	1,719	15.08
COVID Planned projects	1,974	(25)	32	1.90
Planned Care Recovery plans	8,155	0	0	0
Other	2,618	1	(4)	(0.20)
Total Delivery Executive	299,198	291	3,415	1.54
Contracting & Commissioning	129,433	58	(604)	(0.61)
Corporate Functions	100,906	595	1,542	2.13
Total Delegated Budgets	1,178,688	1,928	8,620	0.98
Non Delegated budgets	(1,178,688)	(2,008)	(8,819)	
GRAND TOTAL M9	0	(80)	(199)	
GRAND TOTAL Previous month	0	1,762	(119)	

The key pay, non pay and income **overspends** to highlight in relation to the M9 Current month and the M9 YTD positions are as follows:

	M9 Current month	
	£k	Comment
BG ILG- Pay	350	Key drivers include: <ul style="list-style-type: none"> - Medicine overspends for both nursing and medical staff. - Ongoing pressures in surge areas. Some reduction in nursing spend particularly A&E and Medicine wards due to poor fill rate, plus reduced activity in ITU. So spend lower than forecast. - Transfer of the previously commissioned Rheumatology service from Swansea Bay, unfunded additional costs for TUPE'd staff and drug estimates.
BG ILG- Income	133	Three key issues: Colorectal LTA cessation, HSDU SLA cessation plus shortfalls against CAMHS income targets linked to new funding for Swansea Bay.
RTE – Pay	359	This overspend includes Nursing enhanced overtime of £476k and £113k of additional ADHs as a result of catch up on claim submissions since the implementation of the patchwork system. These costs are offset by a £230k net under spend due to vacancies across most CSGs.
RTE – Non Pay	304	Key overspends include: <ul style="list-style-type: none"> • CHC - £247k, • M&SE, Surgical consumables, Diabetic pumps and consumables £103k • Immunology outsourcing to SB & C&V following changes to the CTM service £32k Partially offset by underspends due to reduce activity in Orthopaedic implants (£80k).
Primary care - Pay	558	Reflects an in month budget adjustment between pay and Non pay to bring budget in line with expenditure. The position also includes cluster spend

		which is offset by income plus a transfer of costs re the dental contract which were incorrectly coded to COVID.
Contracting & Commissioning – non pay	228	The overspend of £228k relates to NICE & High Cost Drugs expenditure at Velindre NHS Trust and Swansea Bay HB being higher than what was anticipated in the annual plan.
Estates - non pay	562	Largely driven by the increased gas and electricity costs linked to recent market volatility plus a deteriorating position within B&E expenditure. The latter is across numerous headings and further work is ongoing to understand the drivers.
Total	2,494	

	M9 YTD	
	£k	Comment
BG ILG - Pay	1,678	The YTD overspend is predominantly driven by the pressures outlined above for the M9 In month overspend. Medical & Nursing pressures are in part being driven by the additional costs of the surge ward at POW and ED Covid stream staffing costs. Also transfer of the previously commissioned Rheumatology service from Swansea Bay UHB from October 1st has resulted in £136k additional costs for TUPE'd staff and drug estimates.
BG ILG- income	1,628	Key elements: Colorectal LTA cessation £295k, HSDU SLA cessation £288k plus £1,010k CAMHS income targets linked to new funding for Swansea Bay which is offset by a corresponding underspend against pay budgets. It is important to note that the CAMHS pay underspends mask other pay overspends which are predominantly driven by medical and nursing pressures in the acute CSGs, particularly in Medicine.
MC ILG- Income	138	This is primarily in Therapies (£154k) and relates to posts funded from external sources (LAS, UHBs and others) which are or have been vacant. The under-recovery of income is offset by an under spend against the corresponding pay budgets.



RTE ILG – non pay	1,058	This primarily relates to a £1,344k overspend on Mental Health CHC, £314k on Immunology outsourcing and £296k on M&SE. Partially offset by a drugs underspend of (£466k) across most CSGs, orthopaedic implants of (£284k) and (£159k) against the Pathology managed service contract. These underspends are largely due to planned care activity levels being lower than they were pre Covid.
Facilities – non pay	1,394	This overspend spans a number of issues including taxis, patient transport (including COVID vehicles), beds and security. Further urgent work is being undertaken by the Facilities directorate to understand the drivers for these significant overspends and the recovery plan actions needed to bring the costs back to the budgeted levels. Actions taken to cease costs associated with storage are now showing a monthly improvement in the ongoing cost
Facilities – income	171	Loss of income for PCH and other residential income due to conversion into office spaces and social distancing measures (£110k) plus a loss of income from the CPU (£34k) due to Covid.
Medicines Mgt – non pay	2,175	The budget requested by Medicines Mgt for Primary Care prescribing in 21/22 was significantly less than the actual out-turn position for 20/21. Actual costs have not reduced to the levels anticipated in the IMTP as quickly as anticipated and this budget continues to overspend. However reductions in CATM prices from July and again in October have improved the position compared to Q1. Further reductions are anticipated from January.
Primary care – non pay	780	The overall M9 YTD position is showing a total underspend of £703k. The non-pay overspend is therefore more than offset by underspends on Pay and Income. The key drivers of the £780k non pay overspend include: <ul style="list-style-type: none"> - cluster spend offset by income £169k; - agency and locum costs to cover sickness plus the GP retention scheme £141k; - GP Out of Hours SLA £88k - a net overspend of £178k on the managed practice which is in part off set by underspends on PCSU



PC&S – Non Pay	362	This includes a £425k overspend on Legal claims which is being offset by other non-pay underspends across a range of areas.
PC&S - Income	108	This includes £170k of unachieved income on income generation linked to RESUS. This is driven by the impact of COVID restrictions and is offset by overachievement across a number of other areas.
Medical Director - Pay	166	Includes a £66k overspend on the AMD structure plus a £75k overspend on Neonatal Improvement team.
Estates - Pay	229	Increased temporary staffing and overtime costs across the directorate to cover vacancies which are being covered at a premium cost.
Estates – Non pay	1,291	Largely driven by the increased gas and electricity costs linked to recent market volatility plus a deteriorating position within B&E expenditure. The latter is across numerous headings and further work is ongoing to understand the drivers.
W&OD- Pay	169	This represents a £31k reduction from the M8 YTD overspend of £200k. The overspend includes £43k of Covid response costs plus £126k due to not managing to the planned vacancy factor levels.
W&OD – Non pay	200	This includes £43k for hoists which were purchased as part of the COVID response. A further £62k advertisement and recruitment, £73k relating to staff vaccines and £36k for Furniture & Fittings, with the remainder largely driven by health and safety costs.
ICT - Pay	104	This includes £60k linked to agency invoices for the last week in March not accounted for in 20/21 plus contractor costs to support the ongoing COVID response in the early part of the year.
Total	11,651	

6.5 Forecast Positions

We highlighted in the M7 report that there was a risk of slippage against the recently confirmed allocations for Planned Care recovery Tranche 2 (£7.7m), PACU (0.6m) and Community checks (0.2m). The Health Board explored options to redeploy these resources during M8 and £2.7m of this funding has now been returned to WG via an Accountable Officer letter. Following this return of funding, we are continuing to forecast a break even position at M9 (M8: breakeven). The key issues to highlight are as follows:

- a. Movement in the Annual leave provision- The planning assumption is that any increase or decrease to the 20/21 provision will be resource neutral. A detailed validation exercise is needed during February to determine the forecast annual leave outstanding at 31 March 2022 for all employees, in order to be able to confirm the movement in the Annual leave provision in the M11 Monitoring Return submission to WG in early March.
- b. Pay circular- In addition to the movement in the Annual leave provision, the other changes within the recent Pay circular are also assumed to be resource neutral.
- c. The key risks/opportunities which could impact on the breakeven forecast are included in the Risks and Opportunities table at Section 6.9.

As at Month 3 we were reporting a forecast recurrent deficit of £31.4m at the end of 21/22. This was consistent with the updated financial plan submitted to WG on 30 June. The forecast recurrent deficit was increased to £39.3m in M4 to reflect a £7.9m forecast shortfall in savings delivery against the £16.1m recurrent savings target for 21/22.

WG requested information on the forecast recurrent deficits going into 22/23 as part of their review of the underlying deficit and recurrent positions across NHS Wales. The Health Board submitted its response on 5 November and this increased the M7 forecast recurrent deficit to £50.1m (M6: £39.3m). This position has now increased to £51.4m at M9 (M8: £50.6m) due to further deteriorations in forecast recurrent savings delivery.

The deterioration in the forecast underlying deficit is a key financial priority for the Health Board. Additional capacity has been taken on to help develop sustainable savings plans and monthly meetings are taking place with all ILGs/directorates on their forecast positions. Further work is being undertaken to finalise the forecast recurrent deficit position for the 22/23 financial plan and IMTP submission.

6.6 Covid Position

A summary of the additional revenue costs being classified as Covid is provided below.

	Note	M9 Actual	M9 YTD	M9 Year end forecast	M8 Year end forecast	Movement between M9 and M8 forecasts
Programme costs		£m	£m	£m	£m	£m
TTP	1	0.9	7.8	11.2	10.7	0.5
Mass Vaccination	2	1.2	9.2	12.6	12.1	0.5
Extended Flu		0.3	0.6	0.8	0.8	0
Cleaning standards		0.1	0.8	1.2	1.2	0
CHC/FNC support		0.1	0.7	0.8	0.8	0
PPE		0.2	2.5	3.2	3.6	(0.3)
Long COVID		0.1	0.4	0.7	0.7	0
Sub total		2.9	22.0	30.5	29.8	0.7
Assumed funding – programme element		(2.9)	(22.0)	(29.8)	(29.8)	0
Total Programme costs		0	0	0	0	0
Other Covid costs:						
Field hospital	3	0.1	2.3	2.9	2.6	0.3
Dental income loss	3	0.2	2.3	2.8	2.8	0
Operational expenditure cost reduction	3	(0)	(1.8)	(1.8)	(1.8)	0
Other covid costs	3	2.3	27.4	25.7	25.7	0
Increased covid response to reflect revised assessment of bed demand		0	0	4.5	4.5	0
Planned Care Recovery Tranche 1	4	1.9	9.9	15.8	16.8	(1.0)



Planned Care Recovery Tranche 2 (inc NRS, PACU & Community Health)				5.8	5.8	0
Sub total		4.2	40.1	55.7	56.4	(0.7)
Confirmed funding- formula element				(26.1)	(26.1)	0
Confirmed funding- PCR element				(16.8)	(16.8)	0
Planned Care Recovery Tranche 2 (inc NRS, PACU & Community Health)				(5.8)	(5.8)	0
Confirmed additional funding for bed modelling etc				(4.0)	(4.0)	0
Confirmed additional COVID funding.				(21.7)	(21.7)	0
Urgent Emergency Care (SDEC & 111)				(2.6)	(2.6)	0
Pay award impact on non programme costs				(0.2)	(0.2)	0
NHS Bonus Reduction				1.0	1.0	0
RPB Winter funding, Social Model Primary Care & MCA				(1.9)	(1.9)	0
Total Other Covid costs				(21.7)	(21.7)	0

The key points to note are as follows:

1. TTP

The TTP forecast has increased by £0.5m in M9. No additional funding is required from WG.

2. Mass vaccination

The Mass vaccination forecast has increased by £0.5m in M9. No additional funding is required from WG.

3. Other Covid costs

	M9 Year end forecast	M8 Year end forecast	Movement between M9 and M8 forecasts
	£m	£m	£m
Covid response ILGs	17.9	17.9	0
Covid response outside ILGs	4.5	4.5	0
Urgent emergency care (inc SDEC & 111)	2.6	2.6	0
Reduction in NHS Bonus	(1.0)	(1.0)	0
RPB Winter Funding	1.5	1.5	0
Social model for Primary Care	0.3	0.3	0
MCA	0.1	0.1	0
Sub total	25.7	25.7	0
Field hospital	2.9	2.6	0.3
Dental income loss	2.8	2.8	0
Operational spend reductions	(1.8)	(1.8)	0
Total	29.7	29.4	0.3

4. Planned care recovery- Tranche 1

The draft profile for the planned care recovery plan is as follows. The forecast has reduced in M9 due to the impact of Omicron on planned care capacity:



	Original Plan	Actual/Forecast
	£m	£m
Q1	2.4	1.9
Q2	6.2	3.4
Q3	5.3	4.3
Q4	2.9	6.0
Total	16.8	15.8

6.7 Savings Performance by Area

The financial plan for 2020/21 includes a £14.5m In Year savings target and a £16.1m recurring savings target.

	Month 9			Month 8		
	M9 YTD	21/22	Rec	M8 YTD	21/22	Rec
	£m	£m	£m	£m	£m	£m
Savings targets	9.9	14.5	16.1	8.4	14.5	16.1
Actual and Forecast Savings	(9.4)	(12.7)	(5.4)	(8.4)	(12.9)	(6.2)
Total	0.5	1.8	10.7	-	1.6	9.9

The key points to highlight are as follows:

- The actual savings to M9 of £9.4m is £0.5m short of the M9 YTD savings target of £9.9m.
- The forecast savings for 21/22 of £12.7m is £1.8m below the annual target of £14.5m.



- The forecast savings for the next 3 months is £3.3m which is circa £1.1m /month compared to the actual savings in M9 of £1m.
- The forecast recurring savings has deteriorated by £0.8m from £6.2m in M8 to £5.4m in M9. This has been reflected in the latest forecast recurrent position. Please see Section 5 above.

A summary analysis by ILG, service area and corporate directorates is provided below:

Area	In year Savings Target £000	M9 YTD Actual £000	Current In Year Forecast	Green	Amber	% of Current Year Forecast to Target
Bridgend ILG	4,031	2,400	3,368	3,328	39	83.5%
Merthyr & Cynon ILG	3,605	2,007	2,795	2,795		77.5%
Rhondda & Taf ILG	3,929	2,083	3,151	3,016	136	80.2%
Medicines Management	1,752	742	1,005	1,005		57.4%
Primary Care	138	104	138	138		100.2%
Corporates	835	565	733	733		87.8%
Other Delivery Executive	170	2	2	2		1.3%
Contracting & Commissioning	90	0	0			0.0%
Non Delegated	0	1,465	1,497	1,497		
Grand Total	14,549	9,368	12,690	12,515	175	87.22%

Area	Recurrent Savings Target £000	Forecast FYE	Green	Amber	% of Forecast recurrent savings to Target
Bridgend ILG	4,031	1,535	1,392	143	38.1%
Merthyr & Cynon ILG	3,605	759	759		21.1%
Rhondda & Taf ILG	3,929	1,306	906	400	33.2%
Medicines Management	2,708	1,005	1,005		37.1%
Primary Care	213	0			0.0%
Corporates	1,253	666	666		53.1%
Other Delivery Executive	263	0			0.0%
Contracting & Commissioning	139	0			0.0%
Non Delegated	0	130	130		
Grand Total	16,140	5,402	4,858	543	33.47%

6.8 Non Delegated budgets

The Month 9 YTD position is summarised below:

	M9 YTD	M8 YTD
	£k	£k
Non Recurring slippage – Annual target £2.0m	1,500	1,334
Actual Slippage	(3,774)	(3,531)
Other Non delegated variances	(469)	(420)
Non Delegated Savings Variance	(1,514)	(1,497)
Phasing in of Reserve budgets	(4,562)	(2,697)
Total	(8,819)	(6,811)

6.9 Key Risks and Opportunities

The key financial risks and opportunities for 21/22 are summarised below. These are consistent with the M9 Monitoring return submission to WG:

	M9	M8	Financial Plan- 30 June	Comment
Key risks:	£m	£m		
Continued uncertainty surrounding the impact of energy price increases for the rest of 21/22.	tbc	tbc	0	Forecast additional costs of £3.1m have been included in the year forecast but this could move up or down due to the ongoing market volatility.
Shortfall in assumed funding of £1.1m for Think 111 First	1.1	2.8	3.0	Funding not yet confirmed, but correspondence from WG indicates this is a low risk.
Total	1.1	2.8	8.0	

	M9	M8	Financial Plan- 30 June	Comment
Key opportunities:	£m	£m		
Continued uncertainty surrounding the impact of energy price increases for the rest of 21/22.	tbc	tbc	0	Forecast additional costs of £3.1m have been included in the year forecast but this could move up or down due to the ongoing market volatility.
Continued uncertainty regarding the impact of Omicron on:	tbc	tbc	0	



<ul style="list-style-type: none"> Planned care recovery plans capacity Unscheduled care plans and capacity Mass vaccination and TTP programmes. 				
Potential movement in annual leave provision- which could result in further accountancy gains being reported in 21/22.	0	tbc	(1.0)	As noted in Section 1.2 above, any movement in the Annual leave provision is assumed to be resource neutral.
Further balance sheet review	0	(1.2)	(1.2)	
Total	0	(1.2)	(2.2)	

7. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Governance, Leadership and Accountability
	If more than one Healthcare Standard applies please list below:
Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.	No (Include further detail below)
	If yes, please provide a hyperlink to the location of the completed EIA or who it would be available from in the box below.
	If no, please provide reasons why an EIA was not considered to be required in the box below.
Legal implications / impact	
	There are no specific legal implications related to the activity outlined in this report.
Resource (Capital/Revenue £/Workforce) implications / Impact	Yes (Include further detail below)
	The paper is directly relevant to the allocation and utilisation of resources.
Link to Strategic Goals	Sustaining Our Future

APPENDIX A

WELSH GOVERNMENT ALLOCATIONS

	Annual Budget
	£k
Confirmed funding	1,206,26
Unconfirmed funding	51,243
TOTAL	1,257,503

Key Issues

The most significant anticipated allocations include:

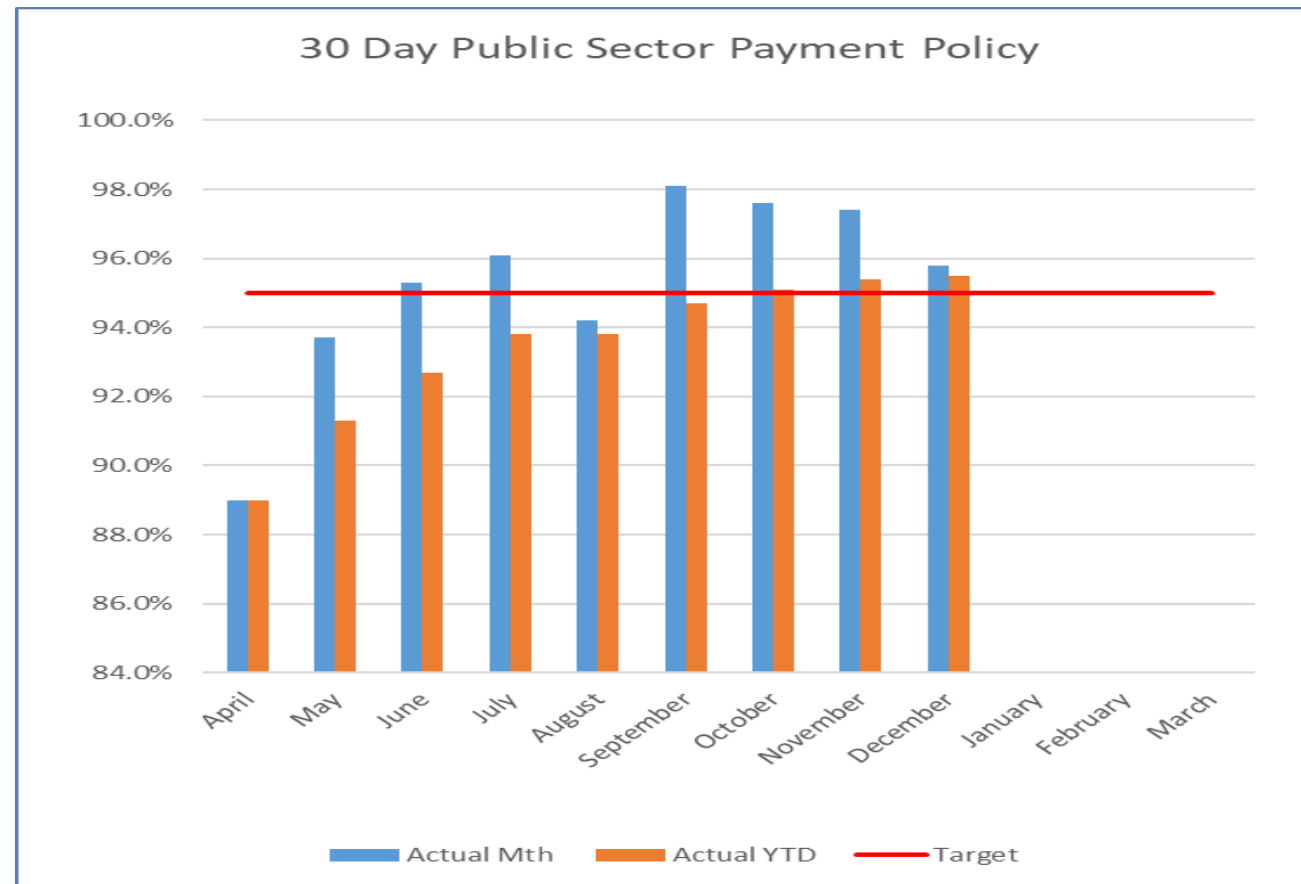
- Non Cash Depreciation - £41.2m
- Think 111 First Bid - £1.1m
- C19 Support for Non Recurrent Revenue Recovery – (£2.7m)
- Transformation Fund - £3m
- Substance Misuse - £3.7m
- Value in Health - £2.2m
- RPB Transformation Scaling Fund - £1m
- Holiday Pay on Overtime – £1.9m



APPENDIX B

Public Sector Prompt Payment (PSPP) Performance

The Health Board's monthly performance against the 95% public sector payment target is detailed in the graph below:



Key Issues:

- The percentage for the number of non-NHS invoices paid within the 30 day target in December continued to be positive at 95.8%.
- The Q3 position shows 96.9% which is a continued improvement on the position reported at Q1 (92.7%) and Q2 (96.1%).
- The cumulative percentage to date is 95.5%, which is above the targeted value of 95%.

APPENDIX C

Balance Sheet

The Month 9 Balance sheet is detailed below:

Balance Sheet	Opening Balance (01/04/2021) £'000	Closing Balance as at M8 £'000	Closing Balance as at M9 £'000	Forecast Closing Balance M12 £'000
Non Current Assets				
Property, Plant & Equipment	549,909	562,759	567,099	549,909
Intangible Assets	4,150	4,150	4,150	4,150
Trade and Other Receivables	39,298	39,298	39,298	39,298
Total Non-Current Assets	593,357	606,207	610,547	593,357
Current Assets				
Inventories	6,061	6,315	6,449	6,061
Trade and Other Receivables	124,984	107,862	116,224	112,484
Cash and Cash Equivalents	687	119,780	4,795	687
Total Current Assets	131,732	233,957	127,468	119,232
Current Liabilities				
Trade and Other Payables	175,210	150,050	157,145	162,710
Provisions	49,579	67,228	66,229	49,579
Total Current Liabilities	224,789	217,278	223,374	212,289
Non-Current Liabilities				
Trade and Other Payables	1,143	1,143	1,143	1,143
Provisions	45,680	45,680	45,680	45,680
Total Non-Current Liabilities	46,823	46,823	46,823	46,823
TOTAL ASSETS EMPLOYED	453,477	576,063	467,818	453,477
Financed By:				
General Fund	404,625	527,211	418,966	404,625
Revaluation Reserve	48,852	48,852	48,852	48,852
TOTAL	453,477	576,063	467,818	453,477

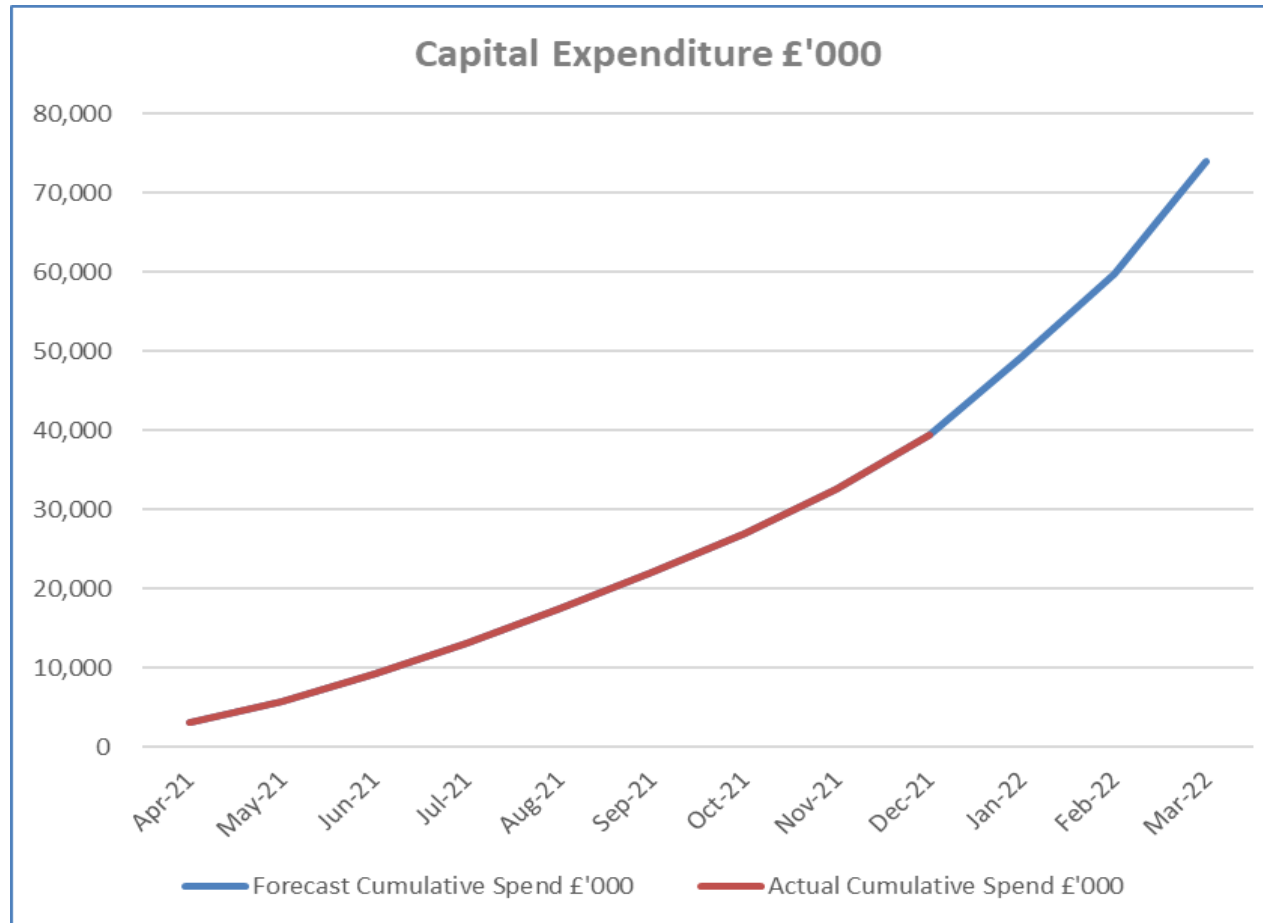
Key Issues:

- The closing cash balance at M9 was £4.8m. This was a significant reduction from the £120m in M8. This high balance was as a result of a request from WG, for the second consecutive month, to receive funding early. This was adjusted back for Month 9.
- The value of receivables increased by £8.4m in M9. This relates to balances due from RCTCBC for their contribution to the Nursing Home Pooled Fund.
- The value of payables has increased by £7m largely due to the increase in NHS accruals in M9.



APPENDIX D

Performance against Capital Resource Limit



Key Issues:

- The Capital Resource Limit of £73.675m was issued on the 20th December 2021.
- This is supplemented by £0.2m of donated funds, giving an overall programme of £73.9M. Currently no assets are intended for disposal in this financial year.
- Expenditure to M9 amounted to £39.3M.
- The forecast outturn capital position is breakeven against the CRL target.



APPENDIX E

Cash position

As at the 31st December 2021 the cash balance was £4.795m. The cash flow is detailed in the table below:

Cashflow	Actual/Forecast												
	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	Total £'000
Receipts													
WG Revenue Funding	90,592	84,776	99,547	107,200	89,625	100,204	186,320	116,125	2,058	91,800	101,950	134,389	1,204,586
WG Capital Funding	5,500	3,000	4,000	6,300	3,500	7,100	12,000	1,000	0	7,000	9,750	14,525	73,675
Sale of Assets	0	24	(4)	0	0	(15)	0	0	65	0	0	0	70
Welsh NHS Org'ns	21,950	9,746	12,834	13,714	9,265	11,772	8,693	8,945	10,729	10,200	10,200	11,500	139,548
Other	5,251	14,562	2,363	2,143	3,561	2,059	2,165	3,722	3,275	2,100	2,100	4,000	47,301
Total Receipts	123,293	112,108	118,740	129,357	105,951	121,120	209,178	129,792	16,127	111,100	124,000	164,414	1,465,180
Payments													
Primary Care Services	27,093	7,811	20,087	26,774	7,152	18,401	15,892	16,534	28,839	7,389	17,778	19,286	213,036
Salaries and Wages	43,069	54,707	51,906	47,419	56,951	51,799	44,045	49,276	49,790	49,800	49,460	67,800	616,022
Non Pay Expenditure	47,435	43,850	43,359	50,953	36,790	44,741	40,927	48,421	46,461	48,500	48,350	51,867	551,654
Capital Payments	4,725	3,689	3,634	4,331	4,070	5,313	4,188	5,104	6,022	7,000	9,750	16,642	74,468
Other	0	0	0	0	0	0	0	0	0	0	0	10,000	10,000
Total Payments	122,322	110,057	118,986	129,477	104,963	120,254	105,052	119,335	131,112	112,689	125,338	165,595	1,465,180
Net Cash In/Out	971	2,051	(246)	(120)	988	866	104,126	10,457	(114,985)	(1,589)	(1,338)	(1,181)	
Balance B/F	687	1,658	3,709	3,463	3,343	4,331	5,197	109,323	119,780	4,795	3,206	1,868	
Balance C/F	1,658	3,709	3,463	3,343	4,331	5,197	109,323	119,780	4,795	3,206	1,868	687	

Key Issues

- The closing cash balance at M9 was £4.8m.
- The cash flow forecast is currently showing a forecast surplus of £0.7m in M12. This is after a proposed return of £10m cash, which has been shown in the 'Other' line in March.
- Approximately £11.9m of WRP debtors remains outstanding at the end of M9. The profile of the remaining receipts are under regular review.