

# 2022-23 Finance Report

## Month 9

# Summary



Situation	Background
<p>Our revised draft financial plan was submitted to Welsh Government (WG) on 29 April 2022 and was analysed into three elements; core, exceptional cost pressures and ongoing COVID response costs. Our core plan submission was a deficit of £26.5m. The failure to submit a financially balanced plan is a breach of our statutory duty under the Finance (Wales) Act 2014.</p> <p>Our deficit core plan includes savings of £17.3m to be delivered in year. In addition, recovery actions are required to address bought forward cost pressures of circa £11m. Meeting these requirements will represent a step change in savings delivery.</p> <p>In accordance with WG plan guidance, additional allocations have been assumed in respect of our assessed exceptional cost pressures (£19.0m) and ongoing COVID response costs (£32.3m).</p> <p>There remain a number of residual risks and uncertainties spanning all elements of our plan and our cost estimates and risk assessments will continue to be refined and updated during 2022/23.</p> <p>This report outlines our financial performance against our draft plan for the period to 30<sup>th</sup> November 2022</p>	<p>Our financial performance for 2021-22 was a small surplus of £0.037m and thus we achieved our break even financial duty against its Revenue Resource Limit over the 3 year period 2019-20 to 2021-22.</p> <p>However, our underlying position deteriorated during 2021-22 to a recurrent deficit of £44.5m, compared with a planned recurrent deficit of £31.4m. This deterioration was primarily due to a recurrent shortfall in savings delivery.</p> <p>We planned to achieve savings of £14.5m by the end of March 2022 and £16.1m was planned to be delivered recurrently. We achieved in year savings of £14.5m, of which £5.0m was delivered recurrently. Our recurrent savings shortfall in 2021-22 was therefore £11.1m.</p> <p>During 2021-22, we received COVID funding of £93.6m plus Planned Care Recovery funding of £20.8m.</p>





# Summary



## Assessment

As at Month 9, we are:

- Maintaining a forecast **Core plan** deficit of £26.5m, noting that performance YTD is £1.4m worse than plan.
- Forecasting that **Exceptional** costs will reduce to £17.0m (M8: £17.8m).
- Forecasting that **COVID** costs will remain at £30.1m (M8: £30.1m).

Key financial issues to note include:

- WG have now confirmed that the Health Board's forecasts for **Exceptional** costs and **Covid** costs will be funded to a maximum level of the M6 forecasts for **Exceptional** costs (£17.8m) and the M8 forecasts for **Covid** costs (£30.1m). Any underspends below the M6 and M8 forecasts will be returned to WG but any overspending will need to be managed by the Health Board.
- The forecast **Core plan** recurrent deficit at 31 March 2023 has increased to £53.9m (M8: £47.6m), which represents a £25.9m deterioration from the planned deficit of £28.0m ( see page 5). This forecast excludes any ongoing **Covid** response costs and **Exceptional** costs being incurred in 22/23 which are likely to continue into 23/24. Our latest estimates of the ongoing costs for 23/24 are circa £9.0m for **Covid** response and £27m for Energy. The Energy forecast has been provided by NWSSP/BG and currently excludes any ongoing benefit from the Energy Benefit Relief Scheme (EBRS). The latest total estimated financial challenge going into 23/24 is therefore £89.9m. This estimate will continue be reviewed and updated as part of the IMTP planning process for 23/24.
- The forecast cash shortfall of £38.7m will require careful management and ongoing dialogue with WG during the latter months of the financial year (See page 5).

## Recommendation

The Board is asked to **DISCUSS** and **NOTE** financial performance for the period to 31 December 2022.



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# Executive Summary



<p><b>Year to Date Revenue</b></p>	<ul style="list-style-type: none"> <li>The M9 in month <b>Core plan</b> position reported a £3.3m deficit (M8: £0.8m deficit). The M9 YTD <b>Core position</b> is a £21.3m deficit which is £1.4m worse than plan (M8 £0.3m).</li> <li>M9 YTD <b>COVID</b> Programme expenditure of £11.5m ( M8: £10.7m) and YTD Response expenditure of £12.4m (M8: £11.1m).</li> <li>M9 YTD <b>Exceptional</b> cost pressure expenditure of £12.4m (M8: £11.1m).</li> </ul>
<p><b>Key Financial Issues - Forecast</b></p>	<ul style="list-style-type: none"> <li>Forecast <b>Core plan</b> deficit maintained as per plan at £26.5m ( M8:£26.5m) which assumes a £6.0m release from the 2021/22 annual leave accrual.</li> <li>Forecast <b>Exceptional</b> costs have decreased to £17.0m (M8: £17.8m).</li> <li>Forecast <b>COVID</b> costs have been maintained at £30.1m ( M8: £30.1m).</li> <li>WG have confirmed that funding for <b>Exceptional</b> and <b>COVID</b> costs in 22/23 will be capped to the M6 forecast for <b>Exceptional costs</b> (£17.8m) and the M8 forecast for <b>Covid costs</b> (£30.1m).</li> </ul>
<p><b>Recurrent Position</b></p>	<ul style="list-style-type: none"> <li>The forecast <b>Core plan</b> recurrent deficit at 31 March 2023 has increased to £53.9m (M8: £47.6m) this represents a £25.9m deterioration from the planned deficit of £28.0m. This is fundamentally due to:             <ul style="list-style-type: none"> <li>Shortfall in recurrent savings £7.2m &amp; Recurrent pay award funding of £1.9m</li> <li>Forecast recurrent overspends from Primary Care Prescribing of circa £5.8m</li> <li>Forecast recurrent overspends from Care groups and directorates of £11.0m.</li> </ul> </li> </ul>
<p><b>Cash</b></p>	<ul style="list-style-type: none"> <li>The M9 cash flow forecast is showing a cash shortfall of £38.7m which includes a forecast Core plan deficit of £26.5m plus a forecast movement in Working Balances of £12.2m , This forecast assumes that all Covid and Exceptional cost pressures will be fully cash funded in 2022/23.</li> <li>In reply to our Accountable Officer letter, WG have confirmed that cash support will be provided for the planned Core plan deficit of £26.5m.</li> <li>In previous years WG have funded any movements in working balances and we are assuming that this position will continue for 22/23.</li> </ul>
<p><b>Capital</b></p>	<ul style="list-style-type: none"> <li>The Capital Resource Limit (CRL) is currently £72.3m. As at M9, £50.1m has been incurred against the CRL.</li> <li>The forecast capital position remains breakeven to the CRL. There are a number risks to the programme that are subject to ongoing review and management.</li> </ul>



# Year to Date Performance and Forecast



	Current Month Variance	YTD to Date Variance	M9 Forecast Variance	M8 Forecast Variance	Financial Plan
	£m	£m	£m		£m
<b>Core plan deficit</b>	<b>3.3</b>	<b>21.3</b>	<b>26.5</b>	<b>26.5</b>	<b>26.5</b>
<b>Exceptional items:</b>					
National insurance changes	0.0	3.1	3.1	3.1	5.0
Energy inflation	1.1	7.5	11.5	12.3	11.6
Real Living Wage for Social Care Workers	0.2	1.8	2.4	2.4	2.4
Anticipated funding	(1.3)	(12.4)	(17.0)	(17.8)	(19.0)
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Covid response costs:</b>					
Programme	0.9	11.5	13.9	13.9	15.6
Other	1.2	12.4	16.1	16.2	16.7
Anticipated funding	(2.1)	(23.9)	(30.1)	(30.1)	(32.3)
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Grand total</b>	<b>3.3</b>	<b>21.3</b>	<b>26.5</b>	<b>26.5</b>	<b>26.5</b>

### Key Points for In month & Year to Date Performance:

- The M9 in month position reported a £3.3m deficit (M8: £0.8m deficit). The deterioration from M8 includes £1.4m relating to the planned return of the £1.9m forecast underspend on the ringfenced dental contract.
- The M9 YTD position is reporting a £21.3m deficit against the Revenue Resource Limit. This is £1.4m worse than plan (i.e. 9/12ths £26.5m). This variance includes a shortfall in assumed funding for the cost of pay awards in 22/23 of £1.4m (9/12ths of £1.9m).

### Key Points for Current Year Forecast:

- The Core plan forecast remains on track to deliver a planned deficit of £26.5m. This forecast assumes a £6m full year release from the 21/22 annual leave accrual. We believe that this is a prudent estimate and a further £4m has been included as a potential opportunity in our risk table at Page 19. The potential full year release of £10m is based on the key assumption that the carry forward of annual leave at the end of 22/23 will revert to the normal pre Covid level of 5 days, compared to a maximum of 30 days at the end of 21/22
- The M9 forecast cost for Exceptional items has improved by £0.8m from M8. WG have confirmed that the Health Board's M6 forecasts for RLW and NIC will be funded in full but the M6 forecast for Energy is a maximum. Any underspend below the M6 forecast will be returned to WG but any overspending will need to be managed by the Health Board
- There is no change to the M9 Covid forecast from M8. WG have now confirmed that the Health Board's M8 forecasts for Covid costs will be the new funding ceiling (previously this was the M6 forecast of £30.9m). Any underspend below the M8 forecast will be returned to WG but any overspending will need to be managed by the Health Board
- As at M8 we are continuing to forecast a Core plan deficit of £26.5m, with a potential net opportunity of £2.0m. The key risks and opportunities are noted on Page 19.



# Year to Date Performance



	Annual Budget (£m)	Cur Month Variance (£m)	YTD Variance (£m)	Page reference
Pay	644.4	0.3	(0.9)	8
Non Pay	844.3	0.1	(0.6)	12
CRES	(1.2)	0.4	(0.7)	15
Income	(154.4)	0.3	3.6	16
Allocations	(1,306.6)	0.0	0.0	
Planned Deficit (£26.5m)	(26.5)	2.2	19.9	
<b>Grand Total</b>	<b>0.0</b>	<b>3.3</b>	<b>21.3</b>	



# Pay Expenditure



Staff Group	Plan	YTD Actual	YTD Variance
	£'m	£'m	£'m
Administrative & Clerical	67.1	64.1	(3.1)
Medical And Dental	117.6	123.8	6.2
Nursing And Midwifery Registered	160.0	153.3	(6.7)
Add Prof Scientific And Technical	14.6	13.2	(1.5)
Additional Clinical Services	59.9	63.4	3.5
Allied Health Professionals	29.9	29.3	(0.6)
Healthcare Scientists	9.7	9.7	0.0
Estates And Ancillary	28.1	27.7	(0.3)
Students	0.0	1.1	1.0
Pay Budget Adjustments	(0.6)	0.0	0.6
<b>Grand Total</b>	<b>486.4</b>	<b>485.6</b>	<b>(0.9)</b>

### Key Points:

- The M9 YTD pay expenditure is £485.6m . This represents a £0.9m favourable variance compared to the M9 plan of £486.4m.
- The M9 YTD pay expenditure includes a £4.5m benefit from the release of annual leave accruals from 21/22 (9/12ths of £6.0m).
- The £6.2m adverse variance in Medical & Dental is mainly due to increased ADH payments and agency costs.
- The £3.5m adverse variance in Additional Clinical Services includes additional cover provided to manage registered nursing vacancies.
- The pay award funding confirmed for 22/23 is £1.9m less than our assumed funding. Our planning assumption is that this recurrent shortfall will be managed non recurrently in 22/23



# Pay Expenditure Trends



Staff Group	Jul-22 £'m	Aug-22 £'m	Sep-22 £'m	Oct-22 £'m	Nov-22 £'m	Dec-22 £'m
Administrative & Clerical	6.9	6.4	8.5	7.2	7.0	7.2
Medical And Dental	13.4	12.6	16.7	13.5	14.0	14.2
Nursing And Midwifery Registered	17.1	15.2	19.9	17.1	16.9	17.1
Add Prof Scientific And Technical	1.4	1.3	1.7	1.5	1.5	1.5
Additional Clinical Services	7.0	6.2	9.0	7.1	7.2	6.9
Allied Health Professionals	3.2	3.0	4.0	3.1	3.4	3.3
Healthcare Scientists	1.1	1.0	1.3	1.1	1.1	1.1
Estates And Ancillary	3.0	2.8	4.0	3.1	3.0	3.0
Students	0.1	0.1	0.2	0.2	0.2	0.2
Pay Budget Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Grand Total</b>	<b>53.2</b>	<b>48.7</b>	<b>65.2</b>	<b>53.8</b>	<b>54.3</b>	<b>54.4</b>

**Key Points for Pay Expenditure Trends:**

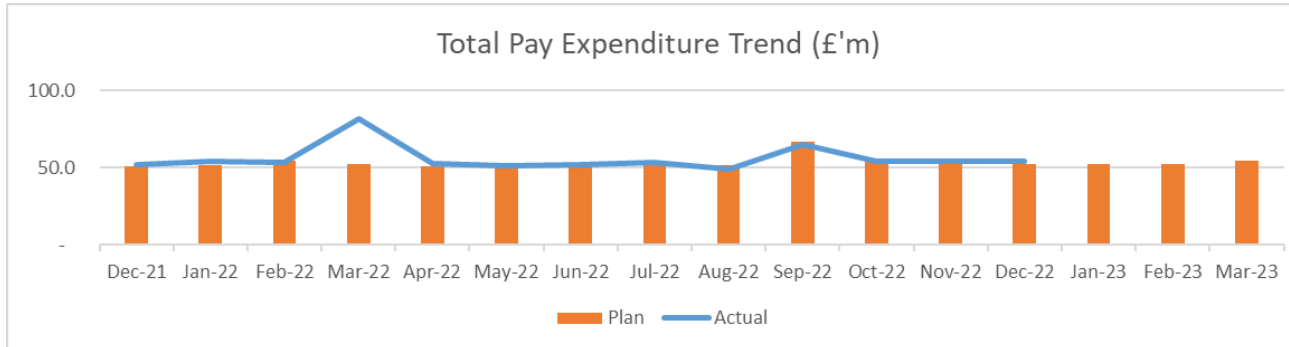
- M9 expenditure was £54.4m which is an increase of £0.1m compared to M8 (£54.3m).
- M9 core staffing costs increased by £0.1m over M8.
- M9 agency costs increased by £0.3m compared to M8.
- M9 overtime costs decreased by £0.3m.
- Bank costs decreased by £0.2m in M9.

Staff Group	Jul-22 £'m	Aug-22 £'m	Sep-22 £'m	Oct-22 £'m	Nov-22 £'m	Dec-22 £'m
Core	43.8	40.6	54.9	45.4	45.1	45.2
Agency	4.9	4.6	5.5	4.2	5.3	5.6
Overtime	2.1	1.2	1.9	1.6	1.5	1.2
ADH	1.4	1.2	1.1	1.1	1.3	1.3
Bank	0.9	1.0	1.6	1.2	1.0	0.8
WLI	0.2	0.1	0.2	0.2	0.2	0.3
<b>Grand Total</b>	<b>53.2</b>	<b>48.7</b>	<b>65.2</b>	<b>53.8</b>	<b>54.3</b>	<b>54.4</b>



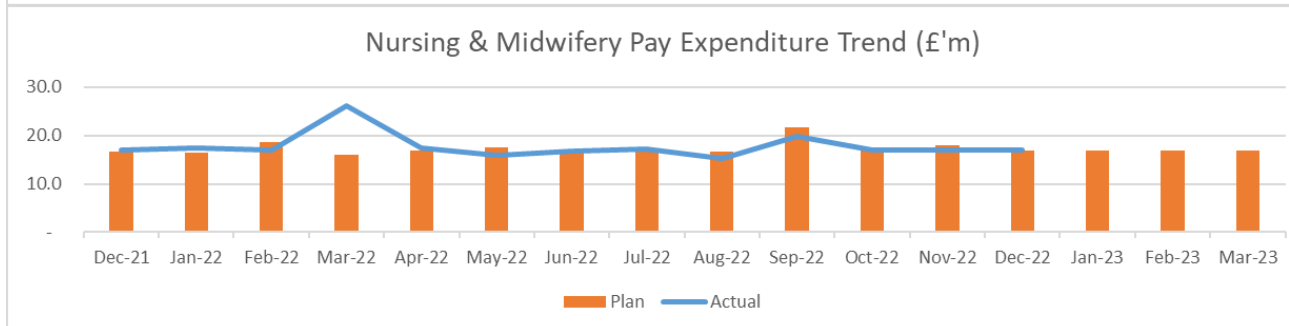
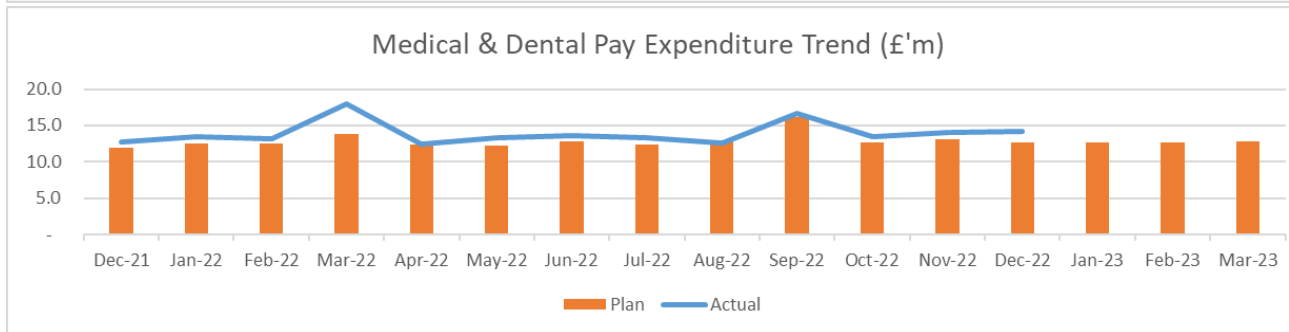


# Pay Expenditure Trends



### Key Points for Pay Expenditure Trends:

- Total Pay expenditure increased by £0.1m compared to M8.
- Medical pay was £14.2m in M9 The £0.2m increase over M8 was mainly due to increased agency expenditure and ADHs.
- Nursing pay expenditure also increased by £0.2m compared to M8.

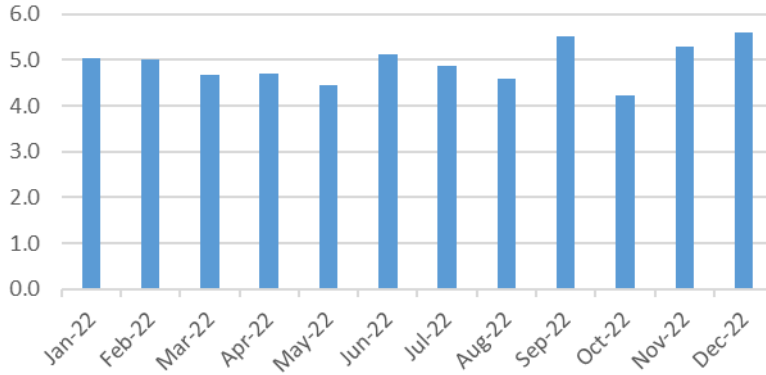




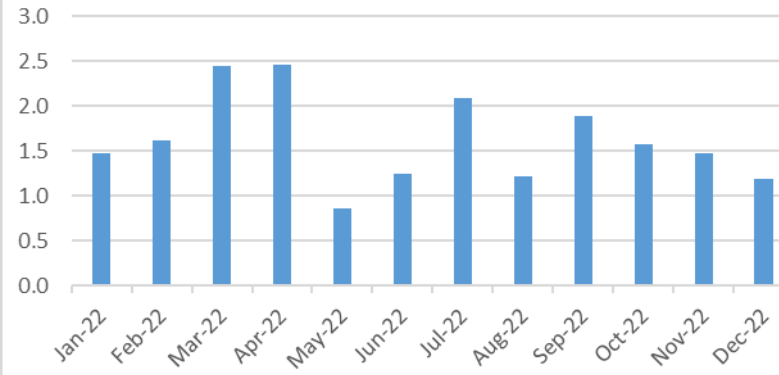
# Variable Pay Expenditure Trends



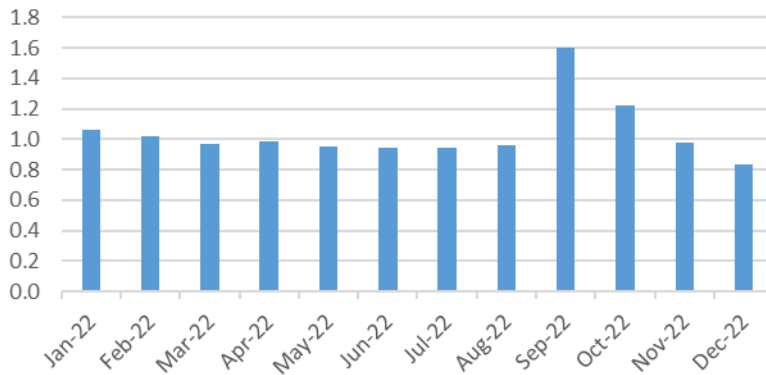
Total Agency Expenditure (£'m)



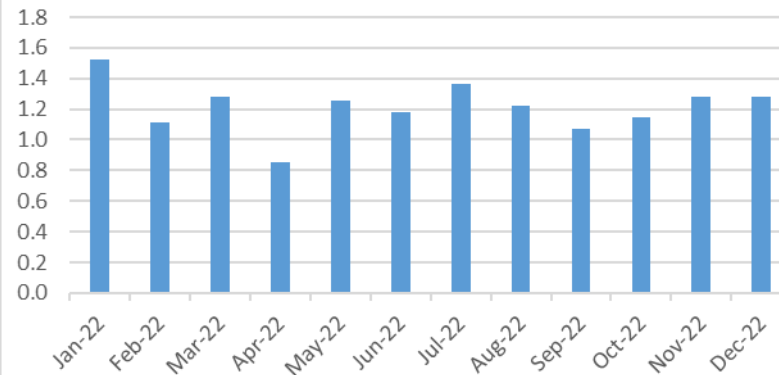
Total Overtime (£'m)



Total Bank Expenditure (£'m)



Total ADH (£'m)



## Key Points for Variable Pay Expenditure:

- Total agency expenditure increased by £0.3m in M9 to £5.6m.
- Overtime costs decreased by £0.3m in M9, which continues the downward trend from M6
- Bank Expenditure decreased by £0.2m, also continuing a downward trend from M6.
- ADH expenditure remains unchanged, when compared to M8



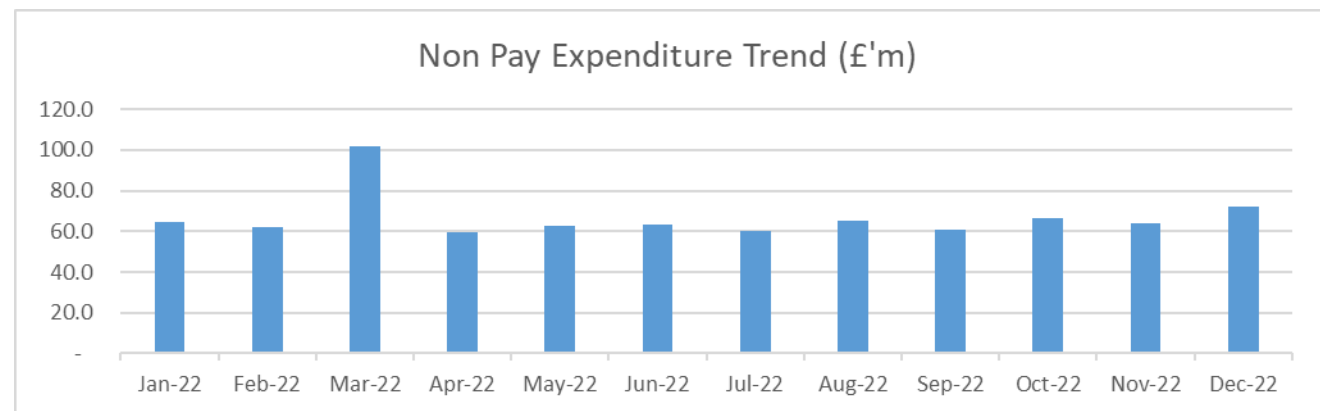
# Non Pay Expenditure



Staff Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Primary Care Contractors	99.5	99.9	0.4
Primary Care Drugs	70.4	76.6	6.2
Provider Non Pay	128.5	132.4	3.9
Commissioned Activity	250.1	248.6	(1.5)
Capital Charges	25.3	25.3	(0.0)
Other Non Pay	0.6	(9.1)	(9.7)
<b>Total Expenditure</b>	<b>574.4</b>	<b>573.7</b>	<b>(0.6)</b>

### Key Points for Non Pay Expenditure:

- The M9 YTD non pay position is reporting a £0.6m surplus.
- The main overspending area relates to Primary Care Drugs which is reporting £6.9m adverse variance. The most recent M7 prescribing data is showing that YTD growth is higher than planned plus NCSO & Cat M pricing movements is creating the YTD variance of £6.9m. (NCSO - This is where contractors are unable to source products at the agreed tariffs, a temporary concession is offered to increase the price to match current market conditions).
- The favourable Commissioned Activity position of £1.5m includes an underperformance on LTA and commissioning budgets of £3.9m (See income) offset by a £2.5m overspend on CHC.
- The underspend of £9.7m in Other Non pay includes a release of non delegated reserves of £9.7m.





# COVID Expenditure



	M9 Actual	M9 YTD	M9 Forecast	M8 Forecast	Financial Plan	Change
	£m	£m	£m		£m	£m
<b>Programme costs</b>						
TTP	0.3	4.7	5.8	5.7	6.5	0.0
Mass Vaccination	0.5	5.4	6.5	6.4	7.4	0.0
PPE	0.1	1.4	1.7	1.7	1.6	0.0
<b>Sub total</b>	<b>0.9</b>	<b>11.5</b>	<b>13.9</b>	<b>13.9</b>	<b>15.6</b>	<b>0.0</b>
<b>COVID Response Costs:</b>						
Cleaning Standards	0.2	1.3	1.7	1.7	2.3	0.0
Capacity & Facilities costs	0.3	3.0	3.7	3.6	3.0	0.1
Prescribing costs	0.0	0.3	0.4	0.4	2.1	0.0
Dental income losses	0.1	1.6	2.0	2.0	2.5	0.0
Increased workforce costs	0.3	3.7	4.7	4.7	2.6	0.0
Long Covid	0.1	0.4	0.8	0.8	0.8	0.0
Flu extension	0.1	0.7	1.1	1.1	0.6	0.0
Discharge support	0.0	0.3	0.3	0.3	0.6	0.0
Other Covid Response	0.1	1.0	1.5	1.6	2.3	(0.1)
<b>Sub total</b>	<b>1.2</b>	<b>12.4</b>	<b>16.1</b>	<b>16.2</b>	<b>16.7</b>	<b>(0.1)</b>
<b>Total Covid costs</b>	<b>2.1</b>	<b>23.8</b>	<b>30.1</b>	<b>30.1</b>	<b>32.3</b>	<b>0.0</b>
<b>Anticipated funding</b>	<b>(2.1)</b>	<b>(23.8)</b>	<b>(30.1)</b>	<b>(30.1)</b>	<b>(32.3)</b>	<b>0.0</b>
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Key Points for the M9 COVID Expenditure:

- Programme Costs – the M9 spend of £0.9m was marginally lower than the M8 costs of £1.0m.
- Other COVID Costs – the M9 spend of £1.2m was marginally higher than the M8 costs of £1.1m.
- There is no change to the M9 Covid forecast from M8.
- WG have now confirmed that the Health Board's M8 forecasts for Covid costs will be the new funding ceiling ( previously this was the M6 forecast of £30.9m). Any underspend below the M8 forecast will be returned to WG but any overspending will need to be managed by the Health Board





# Exceptional Cost Pressures Expenditure



	M9 Actual	M9 YTD	M9 Forecast	M8 Forecast	Financial Plan	Change
	£m	£m	£m	£m	£m	£m
National insurance changes	0.0	3.1	3.1	3.1	5.0	0.0
Energy inflation	1.1	7.5	11.5	12.3	11.6	(0.8)
Real Living Wage for Social Care Workers	0.2	1.8	2.4	2.4	2.4	0.0
<b>Total Exceptional Costs</b>	<b>1.3</b>	<b>12.4</b>	<b>17.0</b>	<b>17.8</b>	<b>19.0</b>	<b>(0.8)</b>
<b>Anticipated funding</b>	<b>(1.3)</b>	<b>(12.4)</b>	<b>(17.0)</b>	<b>(17.8)</b>	<b>(19.0)</b>	<b>0.8</b>
<b>Grand total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### Key Points:

- The M9 spend of £1.3m was £0.2m lower than the M8 spend of £1.5m, due to a reduction in energy costs.
- The M9 forecast has reduced by £0.8m compared to M8.
- WG have confirmed that the Health Board's M6 forecasts for RLW and NIC will be funded in full but the M6 forecast for Energy is a maximum. Any underspend below the M6 forecast of £17.8m will be returned to WG but any overspending will need to be managed by the Health Board.





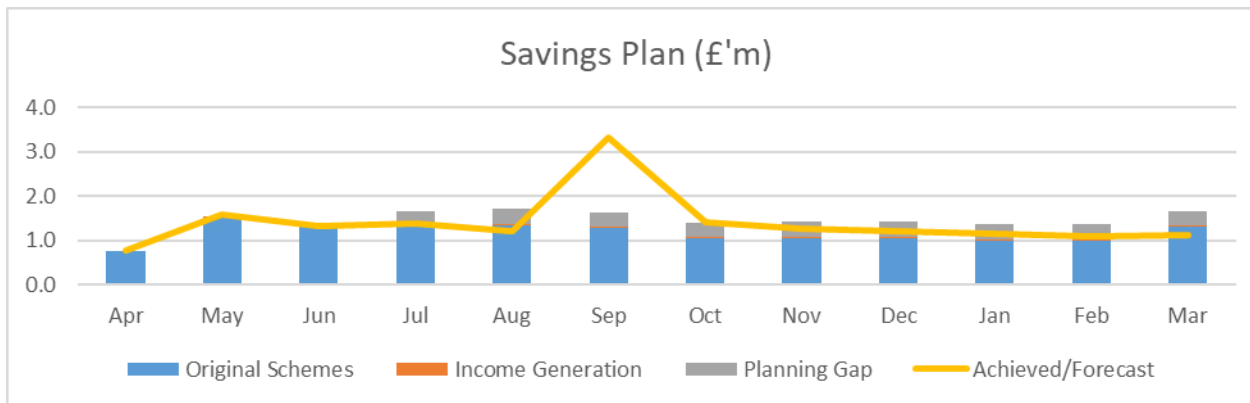
# Savings (including Accountancy Gains)



	Month 9		
	M9 YTD	22/23	Rec
	£m	£m	£m
Planned savings		14.1	
Planned income generation		0.2	
Plans to be finalised		3.0	
<b>Savings target as at M9</b>	<b>12.9</b>	<b>17.3</b>	<b>17.3</b>
<b>Actual and Forecast Savings</b>	<b>(13.6)</b>	<b>(17.0)</b>	<b>(10.1)</b>
<b>Total</b>	<b>(0.7)</b>	<b>0.3</b>	<b>7.2</b>

### Key Points for Savings achievement:

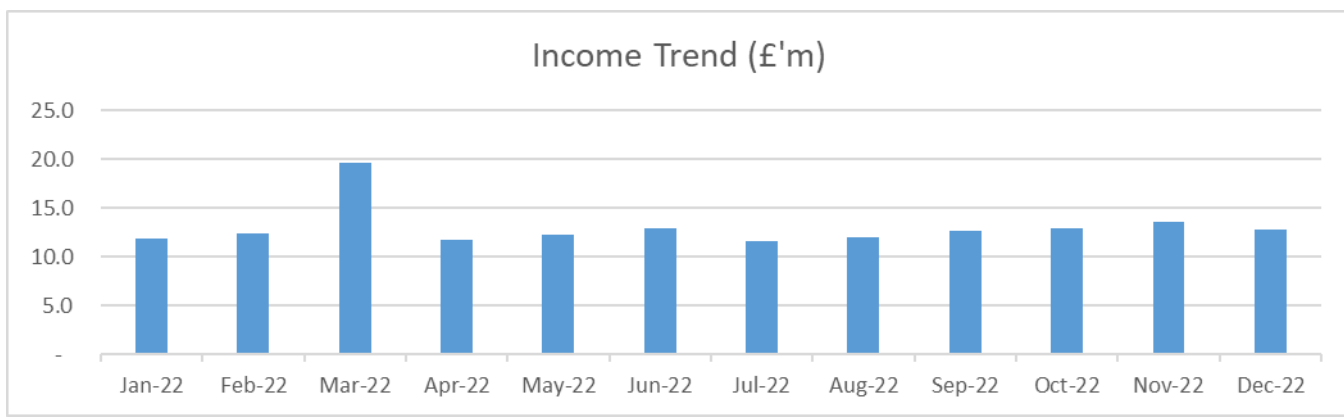
- The actual savings in M9 was £1.2m compared to £1.3m in M8.
- M9 forecast In year savings has decreased by £0.5m to £17.0m.
- M9 forecast Recurrent savings have also decreased by £0.5m to £10.1m.
- Urgent work is still needed to develop a robust savings plan to deliver £17.3m of savings on a recurrent basis. The M9 gap has increased to £7.2m.
- In addition to the £17.3m savings target the financial plan includes a target of £4.5m for accountancy gains. Delivery of this target is classified as Green and is considered to be low risk.



Income Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Health Organisations Income	78.2	75.8	2.3
Local Authorities Income	8.7	8.8	(0.1)
Catering Income	2.2	1.7	0.5
Private Patients	0.2	0.3	(0.1)
Other Income	26.8	25.8	1.0
<b>Total Expenditure</b>	<b>116.0</b>	<b>112.4</b>	<b>3.6</b>

### Key Points for Non Pay Expenditure:

- The M9 year to date income position is reporting a £3.6m overspend .
- Healthcare organisations are reporting a £2.3m overspend, which is mainly due to underperformance on LTA Inpatient & Day case activity. This variance needs to be seen alongside a Non Pay favourable variance of £3.9m for contracting & commissioning LTAs.
- Catering Income is reporting an adverse variance of £0.5m, following reduced footfall at sites.
- The other income adverse variance of £1.0m includes:
  - £0.5m of reduced injury cost recovery scheme income
  - £0.2m of reduced dental patient charges income





# Income Assumptions WG



	REVENUE RESOURCE LIMIT				Resource Limit £'m
	HCHS £'m	Pharmacy £'m	Dental £'m	GMS £'m	
Confirmed Welsh Government Allocations	1,082.3	28.5	25.5	83.7	1,220.0
<b>Anticipated Allocations:</b>					
AME/DEL Capital Adjustments	57.2				57.2
COVID Programmes	2.7				2.7
Other COVID Response	6.9				6.9
Exceptional energy costs	7.8				7.8
Unscheduled Care 6 Goals	3.0				3.0
Value in Health Care Hosting	2.2				2.2
Medical Trainees	0.9				0.9
Public Health Wales Transfer	0.8				0.8
VBHC New In Year Funding	0.3				0.3
Specialist Registrars	0.2				0.2
IFRS DEL Adjustment	(2.2)				(2.2)
Return Ringfenced Dental Underspend			(1.6)		(1.6)
Other	1.0				1.0
<b>Total Allocations</b>	<b>1,163.1</b>	<b>28.5</b>	<b>23.9</b>	<b>83.7</b>	<b>1,299.3</b>

### Key Points for Allocations:

- As at M9 the confirmed revenue resource allocation was £1,220.0m.
- The forecast position assumes a further £79.3m of Anticipated allocations to give a Total allocation of £1,299.3m.
- Recent correspondence from WG has confirmed the assumed allocations for Covid costs and Exceptional energy costs.
- The £57.2m AME/DEL Capital adjustment relates to the accounting treatment for the major capital schemes at PCH and has been agreed with Welsh Government.



# Income Assumptions- NHS



	Contracted Income	Non Contracted Income	Total Income
	£'m	£'m	£'m
Swansea Bay University	30.5	1.7	32.2
Aneurin Bevan University	20.7	1.3	22.0
Betsi Cadwaladr University	0.0	0.2	0.2
Cardiff & Vale University	17.1	1.6	18.6
Cwm Taf Morgannwg University	0.0	0.0	0.0
Hywel Dda University	0.5	0.3	0.8
Powys	2.6	0.8	3.4
Public Health Wales	3.0	0.8	3.7
Velindre	0.0	8.7	8.7
NWSSP	0.0	0.0	0.0
DHCW	1.2	0.0	1.2
Wales Ambulance Services	0.0	0.1	0.1
WHSSC	11.1	0.8	11.9
EASC	0.0	0.0	0.0
HEIW	0.0	13.5	13.5
NHS Wales Executive	0.0	0.0	0.0
<b>Total</b>	<b>86.6</b>	<b>29.6</b>	<b>116.2</b>

- Key Points :**
- The M9 plan assumes £116.2m of income from Welsh NHS organisations.
  - A further £38.2m of non NHS income is also included in the financial plan of which £11.5m relates to Local Authority income and £4.4m for patient dental charges.
  - Over the last 2 years there has been an All Wales agreement to support 'stability of LTA income' by retaining a block arrangement based on 19/20 income levels uplifted for inflation. The All Wales agreement has changed for 2022/23 and will transition towards a hybrid Cost & Volume agreement where performance is measured against 19/20 activity levels and variances will impact LTA income & expenditure.
  - With current LTA activity levels below 19/20 activity this represents a risk to our income assumptions.
  - All LTAs for 22/23 have been fully signed off.



# Risk Management Risks and Opportunities



	Month 9	Month 8	Financial Plan – 30 April
	£m	£m	£m
<b>Risks:</b>			
Energy funding has been confirmed for the rest of 22/23 based on M6 forecast as a maximum. Potential risk that costs exceed this level due to volume and/or price changes.	tbc	tbc	0.0
Covid funding has been confirmed for the rest of 22/23 based on M8 forecast as a maximum (Previously M6). Potential risk that costs exceed this level.	tbc	tbc	0.0
Risk of further increases in the cost of primary care drugs	0.8	1.0	0.0
Risk of the forecast underspend on the Dental allocation being returned to WG.	0.0	1.7	0.0
Assumed funding for additional Bank Holiday costs for Queen's Funeral not received in full	1.2	1.2	0.0
<b>Total risks</b>	<b>2.0</b>	<b>3.9</b>	<b>16.1</b>
<b>Opportunities:</b>			
Potential reduction in Energy costs and Covid costs below the M6 forecast	tbc	tbc	0.0
Potential reduction in Planned care recovery costs below the £26.1m allocation.	tbc	tbc	0.0
Annual leave accrual	(4.0)	(4.0)	(2.0)
Microsoft contract – potential vat recovery	tbc	tbc	0.0
Potential reduction in costs due to RCN industrial action	tbc	tbc	0.0
Benefit from recently announced changes to discount rates	0.0	(1.9)	0.0
<b>Total Opportunities</b>	<b>(4.0)</b>	<b>(5.9)</b>	<b>(2.0)</b>
<b>Total</b>	<b>(2.0)</b>	<b>(2.0)</b>	<b>14.1</b>

- Key Points :**
- WG have confirmed that Covid costs and Energy costs will be funded up to a ceiling of the Health Board's M8 and M6 forecasts respectively. Any underspend below the M8 and M6 forecasts will be returned to WG but any overspending will need to be managed by the Health Board.
  - The £1.7m risk on the Dental allocation M9 has been recognised in the M9 forecast position and therefore removed from the Risk table in M9.
  - The other key risk is the assumed £1.2m additional funding to cover the additional cost of the bank holiday for the Queen's funeral. This remains a risk until WG confirm the allocation.
  - The forecast position has released £6.0m of the annual leave accrual. There is a further opportunity of £4.0m
  - The £1.9m opportunity from changes to discount rates has now been included in the M9 forecast position and therefore removed from the Risk table in M9.
  - There are further potential opportunities relating to VAT recovery on the Microsoft contract and reduced pay costs due to RCN industrial action.



# Statement of Financial Position



Balance Sheet	Opening Balance (01/04/2022)	Closing Balance as at M08	Closing Balance as at M09	Forecast Closing Balance M12
	£'000	£'000	£'000	£'000
<b>Non Current Assets</b>				
Property, Plant & Equipment	603,871	618,063	628,442	603,871
Intangible Assets	3,596	3,586	3,586	3,596
Trade and Other Receivables	43,216	43,216	43,216	43,216
<b>Total Non-Current Assets</b>	<b>650,683</b>	<b>664,865</b>	<b>675,244</b>	<b>650,683</b>
<b>Current Assets</b>				
Inventories	6,856	7,265	7,083	6,856
Trade and Other Receivables	91,571	66,145	64,073	87,571
Cash and Cash Equivalents	438	4,364	1,935	(38,727)
<b>Total Current Assets</b>	<b>98,865</b>	<b>77,774</b>	<b>73,091</b>	<b>55,700</b>
<b>Current Liabilities</b>				
Trade and Other Payables	182,269	154,357	144,021	166,503
Provisions	27,052	18,786	19,949	26,152
<b>Total Current Liabilities</b>	<b>209,321</b>	<b>173,143</b>	<b>163,970</b>	<b>192,655</b>
<b>Non-Current Liabilities</b>				
Trade and Other Payables	976	976	976	976
Provisions	49,555	49,555	49,555	49,555
<b>Total Non-Current Liabilities</b>	<b>50,531</b>	<b>50,531</b>	<b>50,531</b>	<b>50,531</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>489,696</b>	<b>518,965</b>	<b>533,834</b>	<b>463,197</b>
<b>Financed By:</b>				
General Fund	427,163	456,432	471,301	400,664
Revaluation Reserve	62,533	62,533	62,533	62,533
<b>TOTAL</b>	<b>489,696</b>	<b>518,965</b>	<b>533,834</b>	<b>463,197</b>

### Key Points on the Statement of Financial Position:

- The closing cash balance at 31st December 2022 was £1.935m.
- Provisions increased by £1.1m in M9 due to a general increase in quantum, with the corresponding increase in WRP Debtors. This increase was offset by a payment received from WRP, resulting in an overall reduction in Receivables of £2.1m.
- Payables decreased by £10m largely due to the reduction in system generated creditors.
- Fixed assets increased by £10m in M9, mainly due to the purchase of the BA site in December.
- There have been no significant movements in the M9 forecast closing balance position from M8.



# Cash Flow Forecast



Cashflow	Actual/Forecast												Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Receipts</b>													
WG Revenue Funding	108,788	99,263	95,000	98,090	102,644	114,275	89,811	107,280	121,903	97,500	108,500	79,626	1,222,680
WG Capital Funding	9,000	4,000	5,000	5,000	6,500	5,000	4,500	3,000	13,100	4,500	4,800	7,917	72,317
Sale of Assets	5	(7)	233	0	0	35	8	6	(5)	0	0	0	275
Welsh NHS Org'ns	12,037	12,061	16,108	9,633	16,269	9,933	14,186	9,470	13,906	10,300	10,300	10,300	144,503
Other	4,256	6,004	3,238	4,476	3,121	2,669	2,948	7,357	1,559	2,500	2,500	2,500	43,128
<b>Total Receipts</b>	<b>134,086</b>	<b>121,321</b>	<b>119,579</b>	<b>117,199</b>	<b>128,534</b>	<b>131,912</b>	<b>111,453</b>	<b>127,113</b>	<b>150,463</b>	<b>114,800</b>	<b>126,100</b>	<b>100,343</b>	<b>1,482,903</b>
<b>Payments</b>													
Primary Care Services	26,653	7,211	19,962	16,489	16,595	28,126	7,118	18,784	32,939	8,314	17,245	17,770	217,206
Salaries and Wages	47,067	50,967	50,466	49,819	49,246	54,113	57,327	52,382	52,208	50,000	50,000	51,940	615,535
Non Pay Expenditure	52,316	51,147	47,978	45,541	55,418	48,347	42,279	50,274	55,166	52,750	52,000	57,396	610,612
Capital Payments	6,433	7,201	4,973	4,275	5,154	3,536	4,709	5,261	12,683	5,000	4,300	15,190	78,715
Other	0	0	0	0	0	0	0	104	(104)	0	0	0	0
<b>Total Payments</b>	<b>132,469</b>	<b>116,526</b>	<b>123,379</b>	<b>116,124</b>	<b>126,413</b>	<b>134,122</b>	<b>111,433</b>	<b>126,805</b>	<b>152,892</b>	<b>116,064</b>	<b>123,545</b>	<b>142,296</b>	<b>1,522,068</b>
Net Cash In/Out	1,617	4,795	(3,800)	1,075	2,121	(2,210)	20	308	(2,429)	(1,264)	2,555	(41,953)	
Balance B/F	438	2,055	6,850	3,050	4,125	6,246	4,036	4,056	4,364	1,935	671	3,226	
Balance C/F	2,055	6,850	3,050	4,125	6,246	4,036	4,056	4,364	1,935	671	3,226	(38,727)	

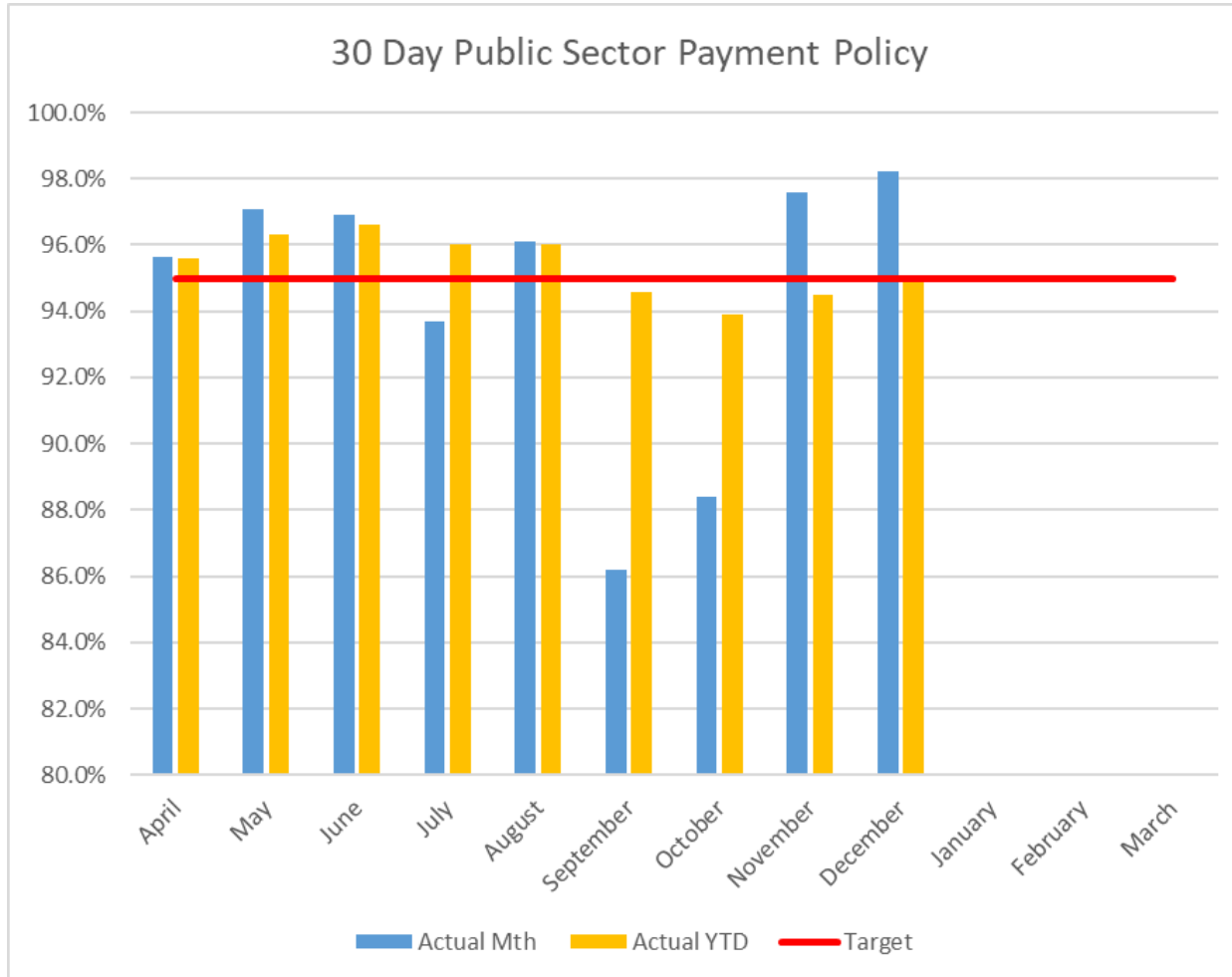
**Key Points within the Cash Flow Forecast :**

- The closing cash balance at M9 was £1.935m.
- The Core Plan cash flow forecast shows a shortfall of £38.7m at the end of the financial year. This reflects the Core Plan Deficit of £26.5m and a movement in working balances of £12.2m.
- We have submitted an Accountable Officer letter to WG requesting cash support for the Core plan deficit of £26.5m. Confirmation of this support has now been received from WG.
- In previous years WG have funded any movements in working balances and we are assuming that this position will continue for 22/23.





# Public Sector Payment Policy



#### Key Points in the Public Sector Payment Policy :

- Welsh Government have set a target of 95% for non NHS invoices to be paid within 30 days (by number of invoices).
- The percentage for the number of non-NHS invoices paid within the 30 day target in December was 98.2%. This is an improvement on November.
- The cumulative percentage year to date is 95%, which is equal to the targeted value of 95%
- The Agency self-billing process commenced in October and this has had a significant improvement in compliance rates from November.
- The Health board is forecasting that the 95% target will be achieved for 22/23.

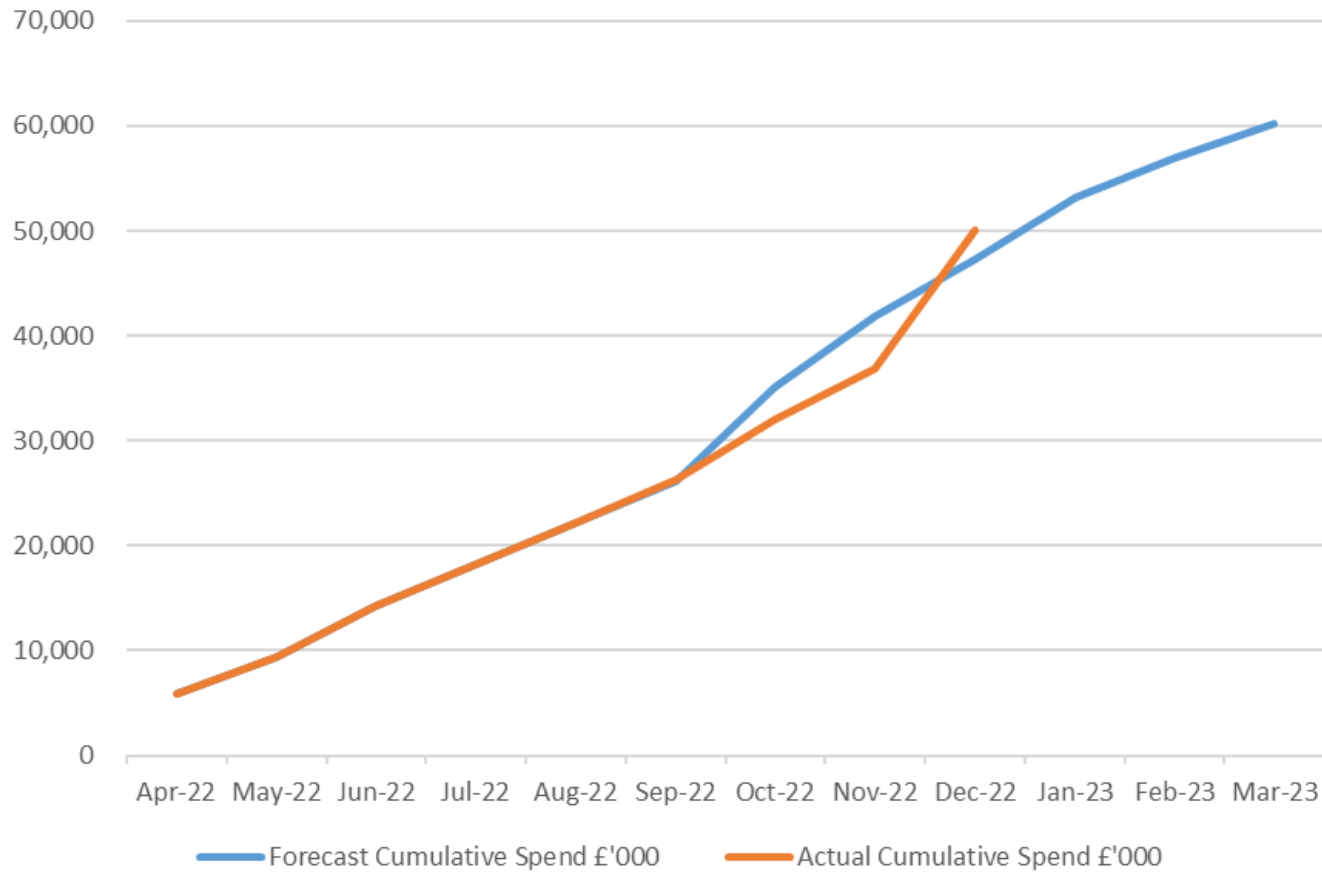




# Capital Expenditure



Capital Expenditure (£'000)



**Key Points in Capital Expenditure:**

- The Capital Resource Limit of £72.3m was issued on the 19th December 2022.
- This is supplemented by £0.15m of donated funds giving an overall programme of £72.45m. Assets with a NBV of £0.2m have been disposed of in this financial year and this figure will also be added to the programme.
- Actual expenditure to M9 was £50.1m and the forecast position is breakeven against the CRL.

