



**AGENDA ITEM**

8.1

**CTM BOARD**

**FINANCE UPDATE – MONTH 3 of 2021/22**

<b>Date of meeting</b>	29/7/2021
<b>FOI Status</b>	Open/Public
<b>If closed please indicate reason</b>	Not Applicable - Public Report
<b>Prepared by</b>	Mark Thomas, Deputy Director of Finance
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<b>Approving Executive Sponsor</b>	Executive Director of Finance & Procurement
<b>Report purpose</b>	FOR DISCUSSION / REVIEW

<b>Engagement (internal/external) undertaken to date (including receipt/consideration at Committee/group)</b>		
<b>Committee/Group/Individuals</b>	<b>Date</b>	<b>Outcome</b>
Welsh Government	13/7/2021	NOTED

<b>ACRONYMS</b>			
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 3 of 2021/22

### 1. SITUATION/BACKGROUND

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 3 (M3). 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.

The draft financial plan submitted at the end of March 2021 has been updated to reflect the guidance on 'Final Annual Plans – Financial Principles & Expectations' issued by the Finance delivery Unit on 20 May 2021. The updated draft financial plan was submitted to WG on 30 June 2021. The updated draft financial plan for 2021/22 can be broken down into three separate elements:

- The core plan
- Covid response
- Planned care recovery

The three key elements of the financial plan are summarised below:

Summary of Core Plan, Covid, & Planned Care Recovery	Q1	Q2	Q3	Q4	Total
	£m	£m	£m	£m	£m
Core plan	5.1	5.1	5.1	5.1	20.5
Covid plan	-5.1	-5.1	-5.1	-5.1	-20.5
Planned care recovery plan	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Cumulative total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	

This shows 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.



The table below shows our Covid response costs and income assumptions for 21/22 as per the 30 June financial plan submission:

<b>Covid costs and funding 2021/22</b>	Q1	Q2	Q3	Q4	Total
	£m	£m	£m	£m	£m
<b>Programme costs:</b>					
TTP	3.0	2.8	3.2	3.1	12.1
Mass Vaccination	3.7	2.3	2.3	2.2	10.5
Cleaning Standards	0.4	0.6	0.6	0.6	2.1
CHC/FNC Support	0.9	0.9	0.9	0.9	3.6
PPE	0.6	0.5	0.3	0.3	1.7
Extended Flu	0.0	0.0	0.3	0.2	0.5
Long COVID	0.1	0.1	0.1	0.1	0.5
<b>Sub total</b>	<b>8.7</b>	<b>7.1</b>	<b>7.7</b>	<b>7.4</b>	<b>30.9</b>
Assumed funding- programme element	-8.7	-7.1	-7.7	-7.4	-30.9
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Other Covid costs:</b>					
Field Hospital	1.2	0.9	0.6	0.3	3.0
Dental -income loss/reduced contract payments	0.4	0.3	0.6	0.5	1.9
Planned care exp're reductions	-0.8	-0.5	0.0	0.0	-1.3
Covid response in ILGs	5.3	4.7	4.1	3.8	17.9
Covid response outside ILGs	1.4	1.1	0.8	0.8	4.1
Increase in Covid response costs to reflect revised assessment of bed demand	0.0	0.0	2.8	2.8	5.5
<b>Sub total</b>	<b>7.5</b>	<b>6.5</b>	<b>8.9</b>	<b>8.1</b>	<b>31.1</b>
Confirmed funding- formula element	-7.5	-6.5	-6.1	-5.9	-26.1
Requested additional funding	0.0	0.0	-2.8	-2.3	-5.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Requested funding for Covid overspends from 2020/21	-5.1	-5.1	-5.1	-5.1	-20.5
<b>Total</b>	<b>-5.1</b>	<b>-5.1</b>	<b>-5.1</b>	<b>-5.1</b>	<b>-20.5</b>

Please note that the requested additional funding for Other Covid costs has subsequently been increased to £5.5m due to a change of assumptions regarding Long Covid funding. There have also been a number of other changes to the forecast costs and assumed income which are captured in Section 3.6.

The following sections are included in this report:

Section No.	Section	Page Number
2.1	Headline Messages and key actions	6
3.1	Financial Position and Key targets	9
3.2	Revenue performance by Expenditure category	10
3.3	Pay expenditure trends	11
3.4	Revenue performance by Area	13
3.5	Forecast position	15
3.6	Covid costs	15
3.7	Savings Performance by Area	18
3.8	Non Delegated budgets	20
3.9	Key Risks and Opportunities	21
<b>Appendix</b>		
A	Welsh government Allocations	24
B	Public Sector Prompt Payment (PSPP) Performance	25
C	Balance Sheet	26
D	Performance against Capital Resource Limit	27
E	Cash position	28

Note 1: We are reviewing the Board reporting formats for 21/22 and further information may be provided from M4.

## **2. HEADLINE MESSAGES AND KEY ACTIONS**

### **2.1 Key aspects of the 2021/22 financial plan and financial outlook**

The key aspects of the updated financial plan are as follows:

- Anticipated additional non-recurring Covid funding of £20.5m for the Covid overspends from 2020/21. This includes a £16.2m shortfall against the 2020/21 savings plan resulting from Covid and £4.3m of additional cost pressures. This reflects the recent funding principles issued by the Welsh Government, but will be subject to WG review, and may not be fully agreed.
- Requested additional non-recurring Covid funding of £5.5m over the confirmed Welsh Government allocation of £26.1m, to reflect a revised assessment of demand relating to Covid, Winter and paediatric respiratory virus.
- Anticipated non-recurring allocations from Welsh Government of £7.0m in 2021/22 for investment in Think 111 First, Urgent primary care and Same Day Emergency Care (SDEC).
- The plan assumes that around £9m of existing cost pressures projected by ILGs & Directorates are avoided or managed out. There is a £5m transitional budget to support this and Covid funding for Q1 may also provide some temporary headroom if actual costs are lower.
- The plan assumes recurrent savings delivered will be £16.1m and in year savings £14.5m. In comparison with this, bottom up savings plans at the end of Q1 are so far falling short of this by £0.9m, and we do not yet have adequate assurance on their delivery.
- The provision for new investment in the plan is relatively low (£1m enabling) and a small amount of non-recurring funding.
- The plan is bolstered on a one off basis in 21/22 by release from the balance sheet of over £6m and by £4.7m non-recurring release of budgets committed to out of hospital transformation from 2022/23. Therefore the underlying recurrent position is worse, and is a £31.4 deficit at the end of 2021/22 provided that the assumptions above are delivered.

There is significant risk in the plan, and provided it is delivered in 2021/22, there will still remain a large recurrent deficit to be addressed from 2022/23 onwards.

The overall funding position across Welsh Government is such that there is likely to be further funding potentially becoming available, particularly around planned care recovery. This may be at a level that exceeds what the NHS in Wales could

practically spend in 21/22, and so an element may be made available for other initiatives on a one-off basis. However, this is predicated on the CTM plan being delivered internally.

We will identify priorities for any non-recurring investment but the focus needs to be on delivering the plan above, which we need to do from a sustainability perspective anyway. This will put us in the best position to be able to utilise any non-recurring WG funding which does become available.

## **2.2 Month 3**

Actual expenditure to M3 on delegated budgets was showing a £4.0m overspend and this was offset by a £4.0m underspend on Non Delegated budgets to give a small underspend of £22k. A significant amount of Reserve budgets have been phased into the M3 position to cover estimated costs already included in the delegated position but where funding has not yet been released into delegated budgets. Further details are provided in Section 3.8.

Whilst the Health Board is reporting a small surplus at M3, it is important to note the following points regarding the M3 position:

- The position assumes that we get £20.5m of funding from WG for prior year Covid overspends plus at least £2.8m of funding to meet the existing costs already being incurred for Think 111 first, urgent primary care and SDEC.
- The position also assumes that we get £1.5m of additional funding from Powys UHB for increased patient flow into PCH and also £1m from the LAs to meet their share of the £2.6m forecast overspend on the Transformation programme.
- It currently excludes the extra £5.5m of funding that has been requested to reflect the revised assessment of bed demand, but also excludes the costs which it is estimated would result.
- The £14.5m in year savings target has been profiled such that the M3 YTD target equals the actual savings to M3 of £1.5m. The savings target for the next 9months is therefore £13.0m. A straight extrapolation of the £1.5m of savings in Q1 would only be £6m so a big step up in savings delivery is needed from M4 onwards.
- £1.1m of the £5m Covid transition budget has been released to Delegated budgets. The balance of £3.9m is held in Reserves together with a £3.6m budget for Other Covid costs. Three months of these two budgets have been phased into the Month 3 position to meet existing overspends.

The percentage for the number of non-NHS invoices paid within the 30 day target for June was 95.3% (M2- 93.7% and M1- 89%). The reduction in performance in M1 was due to over 1,144 nurse agency invoices not being processed within the target (6% impact). This also continued in M2 with over 545 nurse agency invoices not meeting the target (2% impact). The M2 YTD position is 91.3% and there is a high risk that the Health Board will not achieve the 95% target for 21/22. The M3 YTD position is £92.7% and forecast percentage for Month 12 is currently 94%.

### **2.3 Key actions**

The key actions include:

- Identification of additional savings plans and opportunities to close the current in year gap of £0.9m and the recurring gap of £7.8m, as well as work to provide greater assurance on the existing savings plans.
- Feedback from WG on the draft financial plan submitted at the end of June and the funding assumptions contained therein.
- Finalising the Transformation budgets and spending plans for 2021/22 and then moving on to the recurrent sustainability plan for 2022/23.
- Finalising internal accountability letters and budget sign off schedules for 2021/22.
- Finalising the trackers for monitoring the reductions in the annual leave carried forward at the end of 2020/21 and the associated impact on the annual leave provision.
- Addressing the issues causing the late payment of nurse agency invoices.
- Following up the further information needed to understand the significant M3 YTD overspends in some of the Corporate directorates and Facilities.

### 3. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

#### 3.1 Financial Position and Key Targets – Month 3

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
<b>Revenue</b> 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	(275)	(22)	↑	0
<b>Capital</b> 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	(1,228)	(1,228)	↑	0
<b>Public Sector Payment Policy</b> To pay a minimum of 95% of all Non NHS invoices within 30 days. Measured by actual performance	%	95.3%	92.7%	↑	94%

### 3.2 Revenue Performance by Expenditure Category

	Annual Budget £'000	Over/(Under) Spend	
		Current Month £'000	Year to Date £'000
<b>Delegated Budgets</b>			
Pay	568,221	(1,271)	2,165
Non Pay	691,583	2,467	1,443
Income	(140,322)	83	359
Delegated Savings Plans	(11,586)	18	1
<b>Total Delegated Budgets</b>	<b>1,107,896</b>	<b>1,297</b>	<b>3,968</b>
Non Delegated Budgets	75,393	(1,572)	(3,990)
WG COVID Allocations	(100,801)	0	0
WG Allocations	(1,082,488)	0	0
<b>GRAND TOTAL M3</b>	<b>0</b>	<b>(275)</b>	<b>(22)</b>
<b>GRAND TOTAL Previous month</b>	<b>0</b>	<b>243</b>	<b>252</b>

The key issues to highlight in the M3 YTD position are as follows:

- The £2.2m pay overspend includes ILGs (£0.7m), Primary Care (0.5m) and Corporate directorates (£0.9m). Further information on the overspends in Primary Care and Corporate directorates is provided in Section 3.4.
- The non-pay overspend of £1.4m includes ILGs (£0.6m), Medicines Mgt (£0.8m) and Facilities (£0.4m). Further information on the overspends in Medicines Mgt and Facilities is provided in Section 3.4.
- A significant amount of reserve budgets have been phased into the M2 position to cover estimated costs already included in the delegated position but where funding has not yet been released into delegated budgets. Further details are provided in Section 3.8 and the intention is to release as much of this funding as possible in M4.

### 3.3 Pay Expenditure trends

The M3 Pay expenditure was £47.9 and the monthly trend is summarised below.

	<b>M3</b>	<b>M2</b>	<b>M1</b>	<b>M12</b>	<b>M11</b>	<b>M10</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
A&C	6.7	6.6	6.4	15.3	6.3	6.7
Medical	11.7	11.9	12.1	23.3	11.5	8.7
Nursing	15.1	15.8	15.6	30.4	15.6	17.9
ACS	5.9	6.9	6.4	14.6	6.2	7.4
Other	8.5	8.7	8.8	19.6	8.54	9.4
<b>Total</b>	<b>47.9</b>	<b>49.9</b>	<b>49.3</b>	<b>103.2</b>	<b>48.1</b>	<b>50.1</b>

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 is 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 is £2m lower than M2 with the main reductions being seen in Nursing £0.7m and ACS £1.0m. This is due to reductions in the payments for overtime in M3. This is not anticipated to continue and overtime payments are expected to return to previous levels in M4.
- The accrual that was recognised in 2020/21 for the NHS COVID bonus was £13.4m. A payment of £11.9m has been made in Q1 for NHS employed staff. There may be further payments to follow and the position will be continually monitored. The financial plan and forecast does not include any potential benefit from a release from the accrual.

The M3 agency expenditure was £3.3m and the monthly trend (excluding accountancy gains) is summarised below.

	<b>M3</b>	<b>M2</b>	<b>M1</b>	<b>Q4 Ave</b>	<b>Q3 Ave</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£m</b>	<b>£m</b>
Medical	1.0	1.0	1.3	1.3	1.3
Nursing	1.5	1.5	1.4	2.0	1.8
Other	0.8	0.7	0.8	0.9	0.7
<b>Total</b>	<b>3.3</b>	<b>3.2</b>	<b>3.5</b>	<b>4.2</b>	<b>3.8</b>

Agency expenditure is anticipated to remain relatively static over the current quarter, with savings being achieved from M4 onwards offset slightly by investment from planned care recovery anticipated to require agency support.



### 3.4 Revenue Performance by Area

	Annual Budget £'000	Over/(Under) Spend		Year to Date %
		Current Month £'000	Year to Date £'000	
<b>Integrated locality groups:</b>				
Bridgend	201,242	465	822	1.65%
Merthyr & Cynon	202,321	(321)	214	0.42%
Rhondda & Taff Ely	211,609	(75)	195	0.36%
<b>Total ILGs</b>	<b>615,172</b>	<b>69</b>	<b>1,230</b>	<b>0.79%</b>
<b>Delivery Executive:</b>				
Medicines Management	139,402	740	847	2.57%
Primary care	119,688	207	747	2.27%
Facilities	14,380	360	521	13.29%
COVID Planned projects	7,077	(155)	0	0%
Other	3,098	89	96	6.47%
<b>Total Delivery Executive</b>	<b>283,645</b>	<b>1,242</b>	<b>2,211</b>	<b>3.06%</b>
Contracting & Commissioning	117,121	(175)	(65)	-0.22%
Corporate Functions	91,957	162	591	2.57%
<b>Total Delegated Budgets</b>	<b>1,107,896</b>	<b>1,297</b>	<b>3,968</b>	<b>1.41%</b>
Non Delegated budgets	(1,107,896)	(1,572)	(3,990)	
<b>GRAND TOTAL M3</b>	<b>0</b>	<b>(275)</b>	<b>(22)</b>	
<b>GRAND TOTAL Previous month</b>	<b>0</b>	<b>243</b>	<b>252</b>	

Given the significant budget changes in M3 to reflect the updated financial plan submitted to WG on 30 June, the summary below has focussed on the M3 YTD position rather than the M3 In month position. The key issues to highlight in relation to the M3 YTD position are as follows:



	M3 YTD	
	£m	
ILGs	1.2	This includes £0.4m for SDEC and £0.4m for Powys flows ( Matched by release from Reserves in Section 3.8 below)
Medicines Mgt	0.8	This is mainly attributed to the estimated overspend on Primary care prescribing. It is important to note that this is a high level estimate based on M1 data only ( as the information is 2 months in arrears).
Primary Care	0.8	This is mainly Transformation £570k plus Think 111 first/OPC centres £340k ( Matched by release from Reserves in Section below)
Facilities	0.5	Further information is needed to understand what is driving this level of overspend and also the £0.5m additional Covid costs incurred in Q1.
Other Delivery Exec	0.1	
Corporate directorates	0.6	<p>Further information is needed to understand the significant overspends in the following areas:</p> <ul style="list-style-type: none"> <li>• PC&amp;S – £189k Pay overspend and the £90k Income overspend plus the £186k non pay underspend</li> <li>• Corporate development – £92k Pay overspend</li> <li>• ICT – £224k Pay overspend</li> <li>• Medical director – £83k overspend (which is higher than the £145k requested for the full year for the new AMD structure).</li> <li>• W&amp;OD – £248k pay overspend</li> </ul> <p>Some of these overspends are for known commitments which are likely to be funded.</p>
Contracting	-	
Total overspend	3.9	

### 3.5 Forecast Positions

As at Month 3 we are reporting a forecast recurrent deficit of £31.4m (M2- £31.4m) at the end of 21/22. This is consistent with the latest draft financial plan submitted to Welsh Government on 30 June.

### 3.6 Covid Position

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

	M3 Actual	M3 YTD	M3 Year end forecast	30 June plan	Movement from 30 June Plan
Programme costs	£m	£m	£m		
TTP	0.8	2.5	11.9	12.1	(0.2)
Mass Vaccination	1.4	3.7	10.6	10.5	0.1
Extended Flu	0	0	0.5	0.5	0
Cleaning standards	0	0.2	1.9	2.1	(0.2)
CHC/FNC support	0.3	0.9	3.6	3.6	0
PPE	0.3	0.7	1.7	1.7	0
Long COVID	0	0	0.8	0.5	0.3
<b>Sub total</b>	<b>2.8</b>	<b>8.0</b>	<b>31.0</b>	<b>31.0</b>	<b>0</b>
Assumed funding – programme element	(2.8)	(8.0)	(31.0)	(31.0)	0
<b>Total Programme costs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Covid costs:</b>					
Field hospital	0.3	1.2	3.0	3.0	0
Dental income loss	0.3	0.9	2.8	2.8	0
Operational expenditure cost reduction	(0.1)	(0.8)	(1.3)	(1.3)	0
Slippage on Planned investments and re-purposing of development initiatives	0	0	0	0	0



Other covid costs	2.7	6.7	27.1	26.6	0.5
Planned Care Recovery	1.2	1.9	16.8	16.8	0
<b>Sub total</b>	<b>4.4</b>	<b>9.9</b>	<b>48.4</b>	<b>47.9</b>	<b>0.5</b>
Confirmed funding- formula element			(26.1)	(26.1)	0
Confirmed funding- PCR element			(16.8)	(16.8)	0
Requested additional funding for bed modelling etc			(5.5)	(5.0)	(0.5)
Requested additional funding following transfer of £0.9m of Operational expenditure cost reductions to meeting M3 shortfall against £14.5m Savings target			(0.9)	0	(0.9)
Requested funding for Covid overspends from 2020/21			(20.5)	(20.5)	0
<b>Total Other Covid costs</b>			<b>(21.4)</b>	<b>(20.5)</b>	<b>0</b>

The key points to note are as follows:

1. As noted above, the requested additional funding for Other Covid costs has increased from £5.0m to £5.5m due to a change of assumptions regarding Long Covid funding.
2. Further to WG guidance, we have now utilised £0.9m of the Operational expenditure reductions due to Covid to close the M3 savings target shortfall. This change has increased the Covid funding request by £0.9m.
3. The forecast for TTP includes £300k for Community testing across CTM and £169k has been invoiced to M3.
4. We have received YTD costs from the LAs for their Mass vaccination and TTP costs but we are still awaiting updated information on their full year forecast costs.
5. The PPE forecast is consistent with the financial plan. This will be reviewed again in M4 following the increased spend in M3.
6. The draft profile for the Planned care recovery plan is as follows:



GIG  
CYMRU  
NHS  
WALES

Bwrdd Iechyd Prifysgol  
Cwm Taf Morgannwg  
University Health Board

	Original Plan	Actual/Forecast
	£m	£m
Q1	2.4	1.9
Q2	6.2	5.7
Q3	5.3	5.9
Q4	2.9	3.3
<b>Total</b>	<b>16.8</b>	<b>16.8</b>



### 3.7 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 3			Month 2		
	M3 YTD	21/22	Rec	M2 YTD	21/22	Rec
	£m	£m	£m	£m	£m	£m
Savings targets	1.5	14.5	16.1	0	14.5	16.1
Actual and Forecast Savings	(1.5)	(13.6)	(8.2)	0	(11.3)	(7.4)
Utilisation of Operational expenditure reductions (see above)	0	(0.9)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>7.9</b>	<b>0</b>	<b>3.2</b>	<b>8.7</b>

Further urgent work is still needed to close the In year gap of £0.9m and the forecast recurrent gap of £7.9m.

A summary analysis by ILG, service area and corporate directorates is provided overleaf.



Area	In year Savings Target £000	M3 YTD Actual £000	Current In Year Forecast	Green	Amber	% of Current Year Forecast to Target
Bridgend ILG	4,031	922	3,896	1,558	2,339	96.7%
Merthyr & Cynon ILG	3,579	384	3,721	2,913	808	104.0%
Rhondda & Taf ILG	3,954	191	3,112	2,250	862	78.7%
Medicines Management	1,752	0	2,093		2,093	119.5%
Primary Care	138	0	80	50	30	58.0%
Corporates	766	0	761	540	221	99.3%
Other Delivery Executive	187	0	0			0.0%
Contracting & Commissioning	90	0	0			0.0%
<b>Grand Total</b>	<b>14,497</b>	<b>1,497</b>	<b>13,664</b>	<b>7,310</b>	<b>6,354</b>	<b>94.25%</b>

Area	Recurrent Savings Target £000	Current In Year Forecast	Green	Amber	% of Forecast recurrent savings to Target
Bridgend ILG	4,031	1,570	1,052	518	39.0%
Merthyr & Cynon ILG	3,579	1,929	1,301	628	53.9%
Rhondda & Taf ILG	3,954	1,625	140	1,484	41.1%
Medicines Management	2,708	2,110		2,110	77.9%
Primary Care	213	80	50	30	37.6%
Corporates	1,184	920	540	381	77.7%
Other Delivery Executive	289	0			0.0%
Contracting & Commissioning	139	0			0.0%
<b>Grand Total</b>	<b>16,097</b>	<b>8,235</b>	<b>3,083</b>	<b>5,151</b>	<b>51.16%</b>

### 3.8 Non Delegated budgets

The Month 3 YTD position is summarised below:

	M3	M2
	£k	£k
Non Recurring slippage – Annual target £2.0m	500	333
Actual Slippage	(1095)	(501)
Phasing in of Reserve budgets to cover estimated costs already included in the Delegated position but where funding has not yet been released from Reserves:		
- Investment in ED ( Budget released in M3)	0	(167)
- Investment in SDEC, Think 111 first and urgent primary care ( Assumed WG allocation of £2.8m to meet existing costs)	(700)	(450)
- Additional costs associated with Powys flows ( Assumed additional funding from Powys of £1.5m)	(375)	(250)
- £1m assumed LA income for share of the forecast overspend on Transformation of £2.6m.	(250)	0
- Covid response costs outside ILGs ( Budget released in M3)	0	(200)
- Covid digital costs ( Budget released in M3)	0	(133)
- £3.6m Other Covid budgets- deployed to meet existing cost pressures	(900)	(400)
- £3.9m balance on the original £5m Covid Transition budget- deployed to meet existing cost pressures	(1000)	(650)
Other variances	(170)	0
<b>Total</b>	<b>(3,990)</b>	<b>(2,417)</b>

### 3.9 Key Risks and Opportunities

The key financial risks and opportunities for 21/22 are summarised below. These are consistent with the M3 Monitoring return submission to WG:

	M3	Financial Plan- 30 June	M2	Comment
<b>Key risks:</b>	£m		£m	
Shortfall against savings plan	1.1	2.0	2.5	As noted above £0.9m of Operational expenditure reductions have now been used to cover the savings shortfall at 30 June. The latest risk assessment has therefore been reduced by this amount.
Underlying deficit cannot be brought back in line with plan assumption either by reducing costs or increasing funding/income.	3.0	3.0	3.0	This risk includes £2.8m of existing costs associated with SDEC, Think 111 first and urgent primary care centres, which are part of a total bid to WG of £7.0m.
Unavoidable recurring service/cost pressures exceeding plan	1.0	1.0	1.0	The main risk areas are CHC growth and prescribing growth exceeding the planned growth assumptions, together with a range of operational service pressures.
Unavoidable costs of the Transformation programmes exceeding the confirmed WG funding for 2020/21	2.0	2.0	2.0	The M3 position is showing an overspend of £0.5m against the confirmed WG funding for Transformation and D2RA.
<b>Total</b>	<b>7.1</b>	<b>8.0</b>	<b>8.5</b>	



	M3	Financial Plan- 30 June	M2	Comment
<b>Key opportunities:</b>	£m		£m	
Delay / Stop new investments	(0.3)	(0.3)	(0.3)	
Further balance sheet review	(1.2)	(1.2)	(1.2)	Initial assessment only. Continuous review as year progresses
Potential for annual leave reduction being greater than costs incurred.	(1.0)	(1.0)	(1.0)	Initial assessment only. Will be updated on a quarterly basis but will need M6 data to form a more robust assessment.
Potential retention of any write back in relation to the 20/21 accrual for the NHS COVID bonus	(1.5)	0	0	
<b>Total</b>	<b>(4.0)</b>	<b>(2.5)</b>	<b>(2.5)</b>	

#### 4. IMPACT ASSESSMENT

<b>Quality/Safety/Patient Experience implications</b>	There are no specific quality and safety implications related to the activity outlined in this report.
<b>Related Health and Care standard(s)</b>	Governance, Leadership and Accountability If more than one Healthcare Standard applies please list below:
<b>Equality Impact Assessment (EIA) completed - Please note EIAs are required for <u>all</u> new, changed or withdrawn policies and services.</b>	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.
<b>Legal implications / impact</b>	There are no specific legal implications related to the activity outlined in this report.
<b>Resource (Capital/Revenue £/Workforce) implications / Impact</b>	Yes (Include further detail below) The paper is directly relevant to the allocation and utilisation of resources.
<b>Link to Strategic Well-being Objectives</b>	Ensure sustainability in all that we do, economically, environmentally and socially

## 5. RECOMMENDATION

The Board is asked to:

- **DISCUSS** the contents of the Month 3 Finance report for 2021/22.

## APPENDIX A

### WELSH GOVERNMENT ALLOCATIONS

	Annual Budget
	£k
Confirmed funding	1,101,003
Unconfirmed funding	82,286
<b>TOTAL</b>	<b>1,183,289</b>

### Key Issues

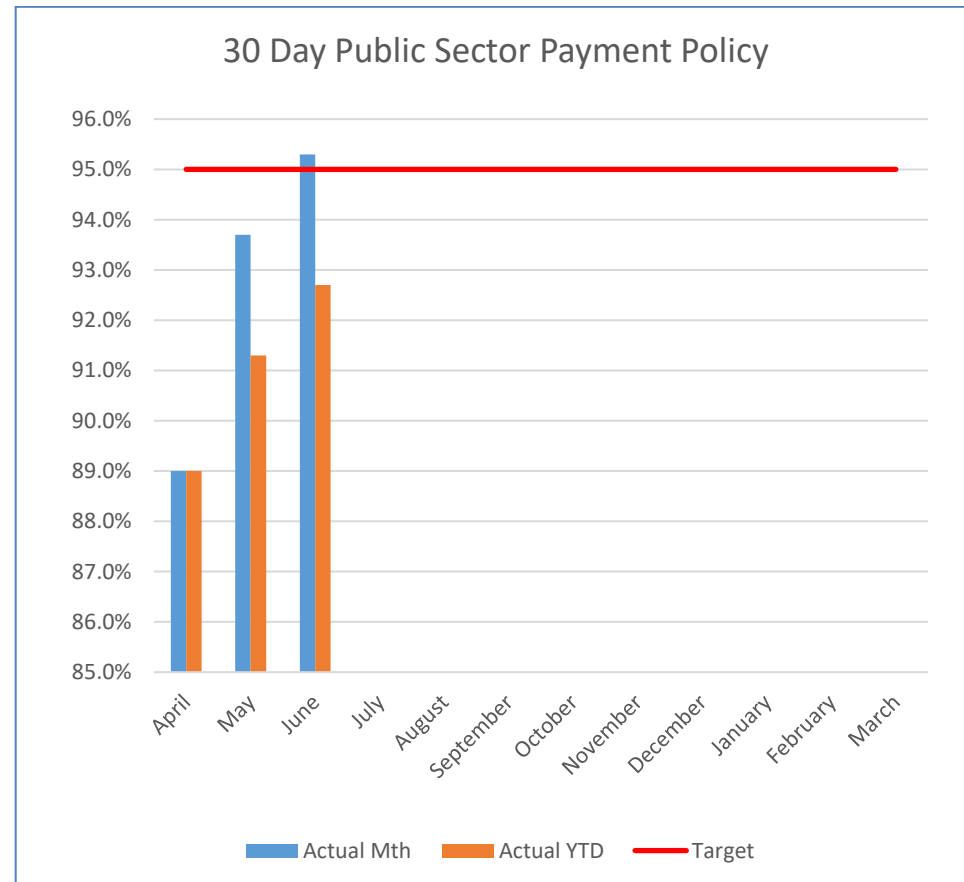
The most significant anticipated allocations include:

- COVID Pass through Programmes - £27.3m
- COVID Underlying Deficit Support - £20.5m
- COVID sustainability - £6.3m
- Transformation Fund - £7m
- Substance Misuse - £3.7m
- Targeted Intervention Support - £2.5m
- Invest to Save Funding - £2.1m
- ICF Dementia Funding - £1.2m
- Healthier Wales Prevention & Early Years Funding - £1m
- Think 111 First Bid - £2.5m
- Primary Care Emergency Centre Bid (UPCC Update) - £2.2m
- Same Day Urgent Care Bid - £2.3m

## 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 for June was 95.3%, with a cumulative percentage of 92.7%.
- For the month of April the percentage was only 89%, largely due to the failure of 1,144 nurse agency invoices which accounted for 6%. A further 545 nurse agency invoices failed in May accounting for 2%.
- As a consequence of the low percentage performance in April, there is a risk the Health board may not achieve the 95% target for 21/22. The forecast percentage for Month 12 is currently 94%.

## APPENDIX C

### Balance Sheet

The Month 3 Balance sheet is detailed below:

Balance Sheet	Opening Balance (01/04/2021) £'000	c/f Balance as at M2 £'000	Closing Balance as at M3 £'000	Forecast Closing Balance M12 £'000
<b>Non Current Assets</b>				
Property, Plant & Equipment	549,909	551,671	551,770	549,909
Intangible Assets	4,150	4,150	4,150	4,150
Trade and Other Receivables	39,298	39,285	39,298	39,298
<b>Total Non-Current Assets</b>	<b>593,357</b>	<b>595,106</b>	<b>595,218</b>	<b>593,357</b>
<b>Current Assets</b>				
Inventories	6,061	6,373	6,315	6,061
Trade and Other Receivables	124,984	93,675	117,122	124,984
Cash and Cash Equivalents	687	3,709	3,463	687
<b>Total Current Assets</b>	<b>131,732</b>	<b>103,757</b>	<b>126,900</b>	<b>131,732</b>
<b>Current Liabilities</b>				
Trade and Other Payables	175,210	162,299	148,740	175,210
Provisions	49,579	48,369	73,335	49,579
<b>Total Current Liabilities</b>	<b>224,789</b>	<b>210,668</b>	<b>222,075</b>	<b>224,789</b>
<b>Non-Current Liabilities</b>				
Trade and Other Payables	1,143	1,150	1,143	1,143
Provisions	45,680	45,679	45,680	45,680
<b>Total Non-Current Liabilities</b>	<b>46,823</b>	<b>46,829</b>	<b>46,823</b>	<b>46,823</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>453,477</b>	<b>441,366</b>	<b>453,220</b>	<b>453,477</b>
<b>Financed By:</b>				
General Fund	404,625	392,515	404,368	404,625
Revaluation Reserve	48,852	48,851	48,852	48,852
<b>TOTAL</b>	<b>453,477</b>	<b>441,366</b>	<b>453,220</b>	<b>453,477</b>

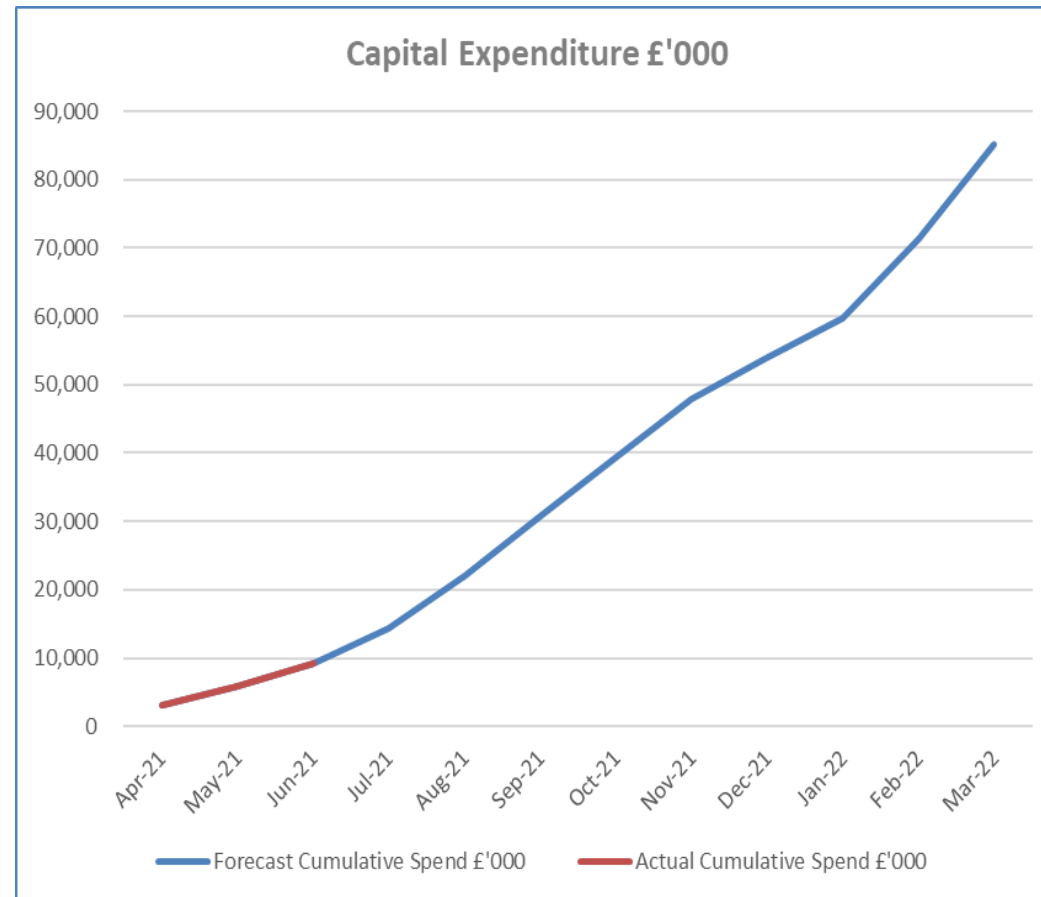
### Key Issues:

- The closing cash balance at 30<sup>th</sup> June 2021 was £3.46m, this is in line with the planned levels kept during the year.
- Receivables have increased by £23m in M3 since M2. The most significant movement relates to movement in WRP debtors.
- Payables have decreased by £13m. Further payments were made in M3 relating to the NHS Bonus payment including the HMRC liability, the remaining 20/21 Wales NHS invoices were paid in addition to the normal monthly movement in balances.
- Provisions increased by £25m relating to Clinical Negligence.



## APPENDIX D

### Performance against Capital Resource Limit



#### Key Issues:

- The current Capital Resource Limit of £85.2m was issued on the 21st June 2021, a number of additional allocations are expected during the year subject to WG approvals.
- This is supplemented by £0.04m of donated funds, giving an overall programme of £85.24m. Currently no assets are intended for disposal in this financial year.
- Expenditure to 30<sup>th</sup> June 2021 is £9.2m. As all in year cash flows are still being determined at M3 the profiles are matched to actual expenditure. Profiles will be confirmed by M4 reporting.
- The reported outturn capital position is breakeven against the CRL target.



## APPENDIX E

### Cash position

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
<b>Receipts</b>													
WG Revenue Funding	90,592	84,776	99,547	105,600	88,100	100,400	98,550	100,300	108,400	90,970	99,300	101,917	1,168,452
WG Capital Funding	5,500	3,000	4,000	6,300	3,500	8,000	7,500	8,000	7,000	7,000	9,500	15,897	85,197
Sale of Assets	0	24	(4)	0	0	0	0	0	0	0	0	0	20
Welsh NHS Org'ns	21,950	9,746	12,834	9,200	11,200	9,200	11,200	9,200	14,200	12,200	14,200	17,500	152,630
Other	5,251	14,562	2,363	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	17,400	51,576
<b>Total Receipts</b>	<b>123,293</b>	<b>112,108</b>	<b>118,740</b>	<b>122,600</b>	<b>104,300</b>	<b>119,100</b>	<b>118,750</b>	<b>119,000</b>	<b>131,100</b>	<b>111,670</b>	<b>124,500</b>	<b>152,714</b>	<b>1,457,875</b>
<b>Payments</b>													
Primary Care Services	27,093	7,811	20,087	24,096	6,698	17,701	16,195	15,846	28,058	7,213	17,778	19,286	207,862
Salaries and Wages	43,069	54,707	51,906	46,890	46,890	46,890	46,890	46,890	46,890	46,890	46,890	66,890	591,692
Non Pay Expenditure	47,435	43,850	43,359	46,300	46,300	46,300	48,300	48,300	49,300	50,300	50,300	52,286	572,330
Capital Payments	4,725	3,689	3,634	5,600	4,700	8,000	7,500	8,000	7,000	7,000	9,500	16,643	85,991
Other (Donated asset funding)	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Payments</b>	<b>122,322</b>	<b>110,057</b>	<b>118,986</b>	<b>122,886</b>	<b>104,588</b>	<b>118,891</b>	<b>118,885</b>	<b>119,036</b>	<b>131,248</b>	<b>111,403</b>	<b>124,468</b>	<b>155,105</b>	<b>1,457,875</b>
Net Cash In/Out	971	2,051	(246)	(286)	(288)	209	(135)	(36)	(148)	267	32	(2,391)	
Balance B/F	687	1,658	3,709	3,463	3,177	2,889	3,098	2,963	2,927	2,779	3,046	3,078	
Balance C/F	1,658	3,709	3,463	3,177	2,889	3,098	2,963	2,927	2,779	3,046	3,078	687	

### Key Issues

- The closing cash balance at 30<sup>th</sup> June 2021 was £3.463m.
- Included within the figure, and shown in 'Other' receipts, is the assumption that £13.5m cash will be received during the year to fund payment of the bonus payment accrued in 20/21.
- Approximately £16m of WRP debtors remains outstanding at the end of M3. The profile of the remaining receipts are under regular review.