

CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD

MONITORING RETURNS – July 2021

FINANCIAL COMMENTARY

Introduction

These returns outline the financial position for Cwm Taf Morgannwg (CTM) UHB for the period ended 31 July 2021.

The tables attached to this commentary **do not** include the income, expenditure and balances of the Welsh Health Specialised Services Committee (WHSSC) or the Emergency Ambulance Services Committee (EASC) which is being financially managed via WHSSC. They do however include the Cwm Taf element of transactions between the parties.

1. Financial Plan, Year to Date and Forecast position

1.1 Financial Plan for 2021/22

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 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
Total	0.0	0.0	0.0	0.0	0.0
Cumulative total	0.0	0.0	0.0	0.0	

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

Covid costs and funding 2021/22	Q1	Q2	Q3	Q4	Total
	£m	£m	£m	£m	£m
Programme costs:					
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
Sub total	8.7	7.1	7.7	7.4	30.9
Assumed funding- programme element	-8.7	-7.1	-7.7	-7.4	-30.9
Total	0.0	0.0	0.0	0.0	0.0
Other Covid costs:					
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
Sub total	7.5	6.5	8.9	8.1	31.1
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
Total	0.0	0.0	0.0	0.0	0.0
Requested funding for Covid overspends from 2020/21	-5.1	-5.1	-5.1	-5.1	-20.5
Total	-5.1	-5.1	-5.1	-5.1	-20.5

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. Please see emails between Steve Webstrer and Steve Elliot dated 6 July 2021.

There have also been a number of other changes to the forecast costs and assumed income which are captured in Section 1.5.

1.2 Actual YTD and Forecast 21-22 (Table A)

	M4 Actual	M4 YTD	M4 Forecast
	£m	£m	£m
Core plan	1.8	7.7	21.7
Covid 19	(1.9)	(7.8)	(21.7)
Planned care recovery	0	0	0
Total	(0.1)	(0.1)	0

The M4 YTD position is a £102k surplus.

The forecast breakeven position for 21/22 is based on the funding assumptions included in the financial plan submission to WG on 30 June 2021.

1.3 Material income and expenditure category movements between the current period actual and the previous month forecast (Table B) .

	July			Year End Forecast		
	Act £'000	F/Cast £'000	Movement £'000	M4 £'000	M3 £'000	Movement £'000
RRL	97,532	97,993	(461)	1,235,712	1,183,289	52,423
Donation/Grants	29	0	29	200	44	156
Welsh HBs & NHST	7,276	6,906	370	83,492	82,046	1,446
WHSSC	867	870	(3)	10,476	10,441	35
WG Income	688	25	663	1,361	403	957
Other Income	3,395	2,737	658	32,634	32,676	(42)
Income Total	109,787	108,531	1,256	1,363,874	1,308,899	54,975
PC Contractor	12,516	11,885	631	148,191	146,045	2,147
PC - Drugs	8,009	7,629	380	92,429	92,048	380
Pay	46,374	48,257	(1,882)	576,844	582,060	(5,216)
Non Pay	10,044	8,970	1,074	115,942	108,975	6,967
SC - Drugs	3,047	3,242	(195)	38,856	39,051	(195)
H/C Other NHS	20,094	19,985	110	239,338	236,478	2,861
Non H/C Other NHS	13	41	(28)	440	468	(28)
CHC & FNC	5,615	4,877	738	59,386	58,648	738
Private & Vol	995	455	540	6,978	6,438	540
Joint & Other	409	741	(332)	8,976	9,308	(332)
DEL	2,429	2,439	(10)	29,232	29,262	(30)
AME	162	10	151	47,266	122	47,144
Res & Cont	0	0	0	0	0	0
P&L on Disposal	1	0	1	(2)	(3)	1
Cost - Total	109,708	108,530	1,177	1,363,875	1,308,899	54,976

The most significant in month movements between the M4 forecast and M4 actuals are as follows:

- Primary Care Contractor - £631k adverse – the impact of the NHS bonus being paid to GMS contractors in M4 (£946k)

- Pay - £1,882k Favourable – Impact of a correction of NI for NHS Bonus (£430k) together with continuation of lower than anticipated ADHs and Overtime payments.
- Non Pay - £1,074k adverse – Greater than expected increase in M&S supplies and implants (£600k) and Advertising and recruitment fees (£300k).
- CHC/FNC - £738k adverse – Increased growth of placements together with revised rates for framework providers adjusted back to M1.
- Private & Voluntary - £540k – reclassification of outsourcing / insourcing.

The most significant changes between the M3 and M4 year end forecasts are as follows:

- Welsh HB's & Trusts - £1,446k favourable – Mainly due to increased activity with Powys for the planned flows due to the Grange.
- WG Income - £957k favourable – revised assumptions for Non Cash Limited. The monthly value remains volatile and will be reviewed again in M5.
- Primary Care - £2,147k adverse – mainly reflects the NHS bonus payments across all contractors (£2.3m).
- Pay - £5,216k favourable – Reflecting lower than anticipated variable pay and delays in recruitment.
- Non Pay - £6,967k adverse – Mainly relates to increased PPE costs of £1.7m, continuation of recent trends on M&S and Implants £5m
- Healthcare NHS - £2,861k – Increased costs of NICE/HCD commissioned from Velindre, Swansea Bay and Cardiff & Vale.

The forecast has been profiled using latest plans and information. The following items are currently profiled in M12:

- A4C Payaward £4.0m- pending confirmation of the 21/22 payaward. The living wage element has been profiled from M1.
- M&D Payaward £1.4m- pending confirmation of the 21/22 Payaward.

The profile for M6 includes anticipated accountancy gains included in our original IMTP against Non Pay and CHC.

Note that the M4 forecasts do not include the impact of the recent payaward announcement.

1.4 Pay Expenditure (Table B2- Sections A,B&C)

The M4 Pay expenditure was £48.0m and the monthly trend is summarised below.

	M4	M3	M2	M1	M12	M11	M10
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
A&C	6.4	6.7	6.6	6.4	15.3	6.3	6.7
Medical	11.8	11.7	11.9	12.1	23.3	11.5	8.7
Nursing	15.2	15.1	15.8	15.6	30.4	15.6	17.9
ACS	6.0	5.9	6.9	6.4	14.6	6.2	7.4
Other	8.6	8.5	8.7	8.8	19.6	8.54	9.4
Total	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 has remained consistent with M3 with no significant movements.
- The accrual that was recognised in 2020/21 for the NHS COVID bonus was £13.4m. Total payments to M4 are £12.4m (M3: £11.9m) 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. This has been noted as a potential opportunity in Section 2 below.

The M4 agency expenditure was £3.8m and the monthly trend (excluding accountancy gains) is summarised below.

	M4	M3	M2	M1	Q4 Ave	Q3 Ave
	£'m	£'m	£'m	£'m	£m	£m
Medical	1.2	1.0	1.0	1.3	1.3	1.3
Nursing	1.7	1.5	1.5	1.4	2.0	1.8
Other	0.9	0.8	0.7	0.8	0.9	0.7
Total	3.8	3.3	3.2	3.5	4.2	3.8

The increase in M4 agency costs were higher than anticipated and further work is being progressed to understand the impact on future periods. Despite the increase in agency costs the total cost for Medical & Nursing pay were consistent with M3.

1.5 Covid analysis (Table B3)

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

	M4 Actual	M4 YTD	M4 Year end forecast	30 June plan	Movement from 30 June Plan
Programme costs	£m	£m	£m		
TTP	0.9	3.5	10.5	12.1	(1.6)
Mass Vaccination	0.7	4.4	10.6	10.5	0.1
Extended Flu	0	0	0.5	0.5	0
Cleaning standards	0.1	0.2	1.8	2.1	(0.3)
CHC/FNC support	0.3	0.9	3.6	3.6	0
PPE	0.3	1.0	3.4	1.7	1.7
Long COVID	0	0	0.8	0.5	0.3
Sub total	2.3	10.4	31.1	31.0	0.1
Assumed funding – programme element	(2.3)	(10.4)	(31.1)	(31.0)	0.1
Total Programme costs	0	0	0	0	0
Other Covid costs:					
Field hospital	0.2	1.4	2.7	3.0	(0.3)
Dental income loss	0.3	1.2	2.8	2.8	0
Operational expenditure cost reduction	(0.1)	(0.9)	(1.2)	(1.3)	0.1
Slippage on Planned investments and re-purposing of development initiatives	0	0	0	0	0
Other covid costs – see below	2.8	10.2	27.3	26.6	0.7
Planned Care Recovery	1.2	3.1	16.8	16.8	0
Sub total	4.4	15.0	48.4	47.9	0.5
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 £1.2m of Operational expenditure cost reductions to meeting M4 shortfall against £14.5m Savings target			(1.2)	0	(1.2)
Requested funding for Covid overspends from 2020/21			(20.5)	(20.5)	0
Total Other Covid costs			(21.7)	(20.5)	(1.2)

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. Please see emails between Steve Webster and Steve Elliot dated 6 July 2021.

2. A breakdown of the Other Covid costs is provided below:

	M4 Year end forecast	30 June plan	Movement from 30 June Plan
Other Covid costs:	£m		
Long covid	0.5	0	0.5
Dental contract savings – to reduce the income loss	(0.9)	(0.9)	0
Covid response ILGs	17.9	17.9	0
Covid response outside ILGs	4.3	4.1	0.2
Increased covid response to reflect revised assessment of bed demand	5.5	5.5	0
Total	27.3	26.6	0.7

3. Further to the response to our M2 MR submission (Ref 2.4 Annex A), we have now utilised £1.2m of the Operational expenditure reductions due to Covid to close the M4 savings target shortfall. This change has increased the Covid funding request by £1.2m (M3: £0.9m).
4. As at M3 we had only received the M3 YTD costs from the LAs for their Mass vaccination and TTP costs and were awaiting updated information on their full year forecast costs. This information has now been received and this has resulted in a £1.6m reduction in the M4 forecast for TTP.
5. The PPE forecast has been reviewed and increased by £1.7m in M4. This forecast assumes a continuation of the M3 and M4 levels of expenditure.
6. The draft profile for the Planned care recovery plan is as follows:

	Original Plan	Actual/Forecast
	£m	£m
Q1	2.4	1.9
Q2	6.2	4.5
Q3	5.3	5.9
Q4	2.9	4.5
Total	16.8	16.8

7. The CHC forecast remains a high level estimate pending actual data. This will be reviewed again at the end of Q2.
8. As agreed with WG, the recent payaward announcement has not been reflected within the M4 returns. This will increase the above COVID forecast when it is applied.

1.6 Month 4 - Forecast recurrent position (Table A)

As at Month 3 we were reporting a forecast recurrent deficit of £31.4m (M2-£31.4m) at the end of 21/22. This was consistent with the updated financial plan submitted to WG on 30 June.

As at M4 , the forecast recurrent deficit has been increased to £39.3m to reflect the £7.9m forecast shortfall in savings delivery against the £16.1m recurrent savings target noted in Section 4 below.

2. Risk Management (Table A2)

As noted above the forecast breakeven position for 21/22 is based on the funding assumptions included in the financial plan submission to WG on 30 June 2021.

The key financial risks and opportunities for 21/22 are noted in Table A2 and are summarised below:

	M4	M3	Financial Plan- 30 June	Comment
Key risks:	£m	£m		
Shortfall against savings plan	1.0	1.1	2.0	Risk of under delivery on Amber schemes per Savings tracker- Table B3 .
Underlying deficit cannot be brought back in line with plan assumption either by reducing costs or increasing funding/income.	2.8	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 £7.4m.
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	2.0	2.0	2.0	The M4 position is showing an overspend of £0.7m against the confirmed WG funding for Transformation and D2RA.

the confirmed WG funding for 2020/21				
Total	6.8	7.1	8.0	

	M4	M3	Financial Plan- 30 June	Comment
Key opportunities:	£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	(1.0)	(1.5)	0	See Section 4 above.
Total	(3.5)	(4.0)	(2.5)	

3. Ring Fenced Allocations (Tables N&O)

The Health Board can confirm that there are no concerns at M4 on any ring-fenced budgets.

4. Saving (inc Accountancy gains) Plans (Tables C, C1, C2, C3)

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

	Month 4			Month 3		
	M4 YTD	21/22	Rec	M3 YTD	21/22	Rec
	£m	£m	£m	£m	£m	£m
Planned savings		12.9				
Planned income generation		0.7				
Plans to be finalised		0.9				
Savings target as at M3	2.7	14.5	16.1	1.5	14.5	16.1
Actual and Forecast Savings	(2.1)	(12.9)	(8.2)	(1.5)	(13.6)	(8.2)
Utilisation of Operational expenditure reductions (see above)	0	(1.2)	0	0	(0.9)	0
Total	0.6	0.4	7.9	0	0	7.9

It is important to note that M4 internal reporting within the Health Board is reporting a M4 YTD savings shortfall of £0.8m compared to the £0.6m reported in this Monitoring Return. This is due to a different phasing of the savings target in the HB plan where the Q1 target = £1.5m (Actual savings in Q1) and the balance of £13m has been phased equally over M4-M9.

	Monitoring Return Table C	Internal HB reporting
	£m	£m
Annual Plan	14.5	14.5
Year to date Plan	2.7	2.9
Year to date actual	2.1	2.1
Year to date Variance	0.6	0.8

The financial plan for 2020/21 also includes planned accountancy gains of £6.2m. These will be released into the YTD position by Month 6 at the latest.

5. Income Assumptions 2021/22 (Tables D & E)

Table D has been completed and agreed with other organisations.

Table E shows the anticipated allocations assumed within our M4 position.

6. Health Care agreements

All contracts with other Welsh NHS bodies have been agreed and signed off.

7. Statement of Financial Position and Aged Welsh NHS Debtors (Tables F, M)

7.1 Significant month on month balance sheet movements

There have been no significant balance sheet movements between M3 and M4.

7.2 Details of any aged receivables/payables (over 11 weeks old) and disputed invoice information

There were twenty two invoices greater than 11 weeks old (21 with Wales NHS and 1 with WG), and one invoice (WG) greater than 17 weeks, old at the 31st July 2021. Fifteen invoices have been paid and remittances received for a further four. The WG invoices remain outstanding.

To be consistent with previous returns, WG invoices >11 weeks (included in Table M from M4) are not included in the figure reported in Table F.

8. Cash Flow Forecast (Table G)

The cash flow forecast is currently showing a forecast surplus of £0.7m in M12. Included within the figures, and shown in the 'Other' income line, is the assumption that £12.5m will be received during the year to fund the payments already made in 21/22 for the NHS bonus payment. See Section 1.4 above.

An additional draw down of £1.7m cash was required during the month to fund the bonus payment for contractor payments.

9. Public Sector Payment Compliance (Table H)

Not required for this return.

10. Capital Schemes and Other Developments (Tables I &K)

The M4 CRL value is now £75.2m in line with the CRL issued on the 4th August 2021 which is a reduction of £10m from the previous CRL. We have returned £5m for BHCW (Sunnyside) due to the delays caused by the contractor going into administration and £5m for the PCH GFF phase 2 project due to SCP cash flow adjustments. As at M4 £13.2M has been charged against the CRL.

The risk ratings of all schemes have been reviewed and there are 7 schemes which are considered to be medium or high risk as per the table below. The scheme risks described below cover the risk of slippage or cost overrun on these schemes with delays caused by Brexit and shortages in soft metal and steel supplies and in complying with revised Government guidelines having an impact in a number of areas.

Scheme	Risk Rating	Potential Risk Value	Description
Bridgend Health and Wellbeing Centre (Sunnyside)	High	£3.5m-£5.0m slippage	The contractor announced they were going into administration on 8 th July. This will cause significant delay and cost risk to the Scheme which remains under review. It is likely that any additional spend in 21/22 will be to retender. A revised funding position for 21/22 was discussed at the Capital Review Meeting on 15 th July and the CRL adjusted by £5m.
PCH G&FF Floor Phase 1B	Medium	£2.3m	Actual inflation of £1,214K and forecast £1,133K to the end of the scheme was not included in initial approval letter. Offset by gain share and additional VAT reclaim to leave a balanced or expected slight underspend outturn position. This is under detailed review for discussion at the next CRM.
PCH G&FF Floor Phase 2	High	£4m-6m slippage	Potential slippage on latest programme. Contractor delay on commencing pathology works causing slippage. Currently under review with a view to mitigate the position and bring expenditure forward. This was discussed at the July Capital Review Meeting and CRL was reduced by £5m for 21/22.

Anti Ligature	Medium	£0.5m slippage	Slippage being confirmed as programme under review. Issues around supply line for doors and windows affected by shortages in supplies.
Electrical Infrastructure Modernisation	Medium	£150k	Soft metal supplies caused cost increase from business case position. Current cost risk covered by contingency but levels low at early stage of project.
National Programme Fire	Medium	-£150K	Slight programme risk in delivery of the programme. Contractor in place and looking to mitigate any risk and keep programme in line with planned completion of 31 st March
National Programme Infrastructure	Medium	£200K slippage	Ongoing review – sample window under test but programme tight to deliver full replacement especially if any further covid peaks impacting on contractor access to ward areas. Reporting via infrastructure dashboard and via CRM mechanism

There are currently a number of risks around projects which are under detailed review and were discussed with the WG capital estates team at the July CRM.

The Health Board is reporting a forecast break – even position. There have been no material disposals so far during 2020-21.

11. Other Issues

The financial position reported within this monitoring return aligns to the financial details included within the internal Board papers.

The M1 Financial Monitoring Return (consisting of the Narrative, Table A, Table B3, Tables C,C1,C2,C3 and Table F) will be reported to the next meeting of the Planning, Performance and Finance Committee on 24 August.

14. Authorisation



G Padmore Dix
Deputy Chief Executive



S May
Director of Finance

Date: 12 August 2021

Action Points arising from Month 3 Response

Action Point	WG Comment	CTM Response
1.4a	<p>Movement of Opening Financial Plan to Forecast Outturn (Table A) Your narrative provides an inconsistent message of when the £6.150m of Accountancy Gains (non pay and CHC) will be released with page 4 referencing Month 7 and page 9 confirming a release date by Month 6. The Tables (Table A, Table B Section D and Table C3) indicate that these are being released in Month 7. Please review and respond to the following :</p> <ul style="list-style-type: none"> As per the timeframe set in WHC 2021/011, Accountancy Gains must be released by Month 6; unless there is a specific issue such as Audit Committee, which may influence the timing of the release. Please confirm is these will be released at Month 6 or provide the reason for the later month. (Action Point 1.4a) 	Noted and corrected.
3.1	As these Accountancy Gains were included in your Plan net of new non-recurring cost pressures; please can you confirm what n/r pressures these related to and in what spend category and quantify. This is required, as we are unable to see the impact of the release of the material Gains in the SoCNE. i.e. was the n/r pressure in the same category as the Accountancy Gain (Pay & CHC) and the same values? (Action Point 3.1)	See attached IMTP Financial Plan section 1.11.
3.2	As reported via Line 32 'Anticipated improvements in savings plans', the forecast c/f underlying deficit position of £31.400m is currently being assisted by a stand-alone projected FYE savings aspiration totalling £7.880m. I again wish to re-iterate that the FYE of saving schemes can only support the underlying c/f position if an element of the savings, linked to a scheme in the Tracker, will be delivered in the current financial year. Please consider the inclusion of this item at Month 4 and if genuinely linked to existing savings schemes, then replace this with the correct values in the Tracker (otherwise the aspiration has no sound basis for inclusion in the MMR). Also ensure, that the c/f underlying position is discussed in detail within your supporting commentary. (Action Point 3.2)	This has been amended in M4. Please see Section 1.6.
	Table A2 Risk / Opportunities (Table A2)	

3.3	As your position is no longer being supported by unidentified or pipeline savings, please consider the inclusion of the £2.000m 'shortfall against savings plan' risk. I note that you are also recording a risk of delivery against identified savings (line 4) of c£1.5m, which will need to be regularly reviewed. (Action Point 3.3)	Table A2 in the M3 submission was not consistent with the narrative. This has been corrected in M3. Please see Section 4 above.
3.4	Monthly Positions (Table B) Your narrative confirms that provider pay in June was c £2.400m below the forecast provided last month due to lower than anticipated variable pay costs (e.g. overtime payments in ACS and Registered Nurses). Please provide an explanation why you are not anticipating that this material reduced monthly spend will not continue into future months. (Action Point 3.4)	Provider pay forecasts have been updated to reflect the lower than anticipated levels of expenditure.
3.5	Please provide a supporting explanation for the assumption that monthly Healthcare Services provided by other NHS bodies (Line 14) expenditure will be at its highest level between August and November. (Action Point 3.5)	Noted and revised in M4.
2.7	Following Action Point 2.7, I note that you have provided a useful Table within Section 1.3 of your narrative which highlights material movements, by category, in annual forecast income and expenditure. Your narrative however, does not explain the reasons for these material forecast movements. Please ensure this key information is included within future narratives. Also, within your Month 4 narrative be provide the omitted explanations for the material forecast movements at Month 3 (i.e. Pay, Non Pay and Private & Voluntary). (Action Point 2.7)	Noted
3.6	Covid-19 Analysis (Table B3) On line 198 'Other Private & Voluntary' there are forecast annual costs of £8.041m which exceeds the total reported amount reported within Line 16 of the SoCNE. In addition, your June MDS highlights that these costs of £8.041m relate to 'Purchase of Healthcare Services from Other NHS Bodies' which indicates that they should be reported on Line 193 'Healthcare provided by other NHS bodies' of Section A7. Please review the categorisation of this item at Month 4 and ensure that all spend is consistently categorised between the SoCNE (Table B) and Table B3. (Action Point 3.6)	Noted and corrected for M4 onwards in table B3.

3.7	Acknowledging Recovery, Long Covid and items such as PPE, please ensure that your narrative provides sufficient detail of the remaining Covid-19 spend areas (totalling c. £33.000m) reported within Section A7 'other'. (Action Point 3.7)	Please see Section 1.5.
3.8	There continues to be a number of future month expenditure values (e.g. Testing Pay, Cleaning Standards, CHC and Mass Vaccination) where you report primarily the same spend value for each month going forward. Please can you confirm that these reflect a robust assessment, or confirm in the narrative if work is ongoing to further refine the values. (Action Point 3.8)	<p>Noted. See section 1.5 for CHC comment.</p> <p>Testing, Cleaning & Mass vaccination are continuing to recruit to their agreed establishments. Once fully recruited they are expected to remain at these agreed levels.</p>
3.9	<p>Public Sector Payment Policy (Table H)</p> <p>Please provide further details on the specific actions being undertaken to improve the current payment performance of both Non NHS (92.7%) and NHS invoices (74.0%). (Action Point 3.9)</p>	<p>There has been a substantial improvement in the past 2 months for non NHS invoices - which has seen an improvement for month 4 invoices to 96.1%.</p> <p>eEnablement P2P training has now been distributed to requisitioners. We will monitor the take up of this to ensure it is being utilised.</p> <p>The self-billing project for nurse agency invoices is progressing well and is</p>

		<p>planned to be in place late Autumn, which should further improve the performance.</p> <p>Actions already taken on NHS invoices has seen an improvement in the last two months, with month 4 increasing to 87.5% in month.</p>
	<p>Movement of Opening Financial Plan to Forecast Outturn (Table A) In comparison to your Plan submission, you are recording £2.400m of Provider Income, but showing this against 'Planned Welsh Government funding – non covid-19' (Line 4) within Table A. Please consider if this value should reported against Line 6 'Planned Provider Income' within future Table A submission.</p>	<p>The £2.4m included in line 4 of table A refers to the anticipated Mental Health funding. Due to restriction on the number of lines in the WG IMTP template it was shown as separate line.</p>
2.13	<p>Underlying Position (Table A1) As requested in Action Point 2.13, please report the projected £2.500m improvement to the underlying position within the FYE of recurring savings column in Table A1. (Action Point 2.13)</p>	<p>The £2.5m improvement in Table A1 is the net improvement in the financial plan.</p> <p>As noted above we have deteriorated the forecast recurring position by £7.9m to reflect the forecast shortfall in savings delivery.</p>
3.10	<p>Monthly Positions (Table B) Please ensure that Section C of Table B (& Table E) is updated with your latest non cash requirements (e.g. August Non Cash submission @ Month 4). (Action Point 3.10)</p>	<p>Actioned</p>

3.11	Covid-19 Analysis (Table B3) I note that you are recording the 'Long Covid' spend against a free text line within Section A7 (description - 'Pay'). From Month 4, please report this spend against the appropriate designated Section A7 categories. Free text lines should only be used with our prior agreement. (Action Point 3.11)	Noted, the plan is being finalised and this will be reflected in the correct lines before the actual expenditure is incurred in M6.
3.12	Resource Limits (Table E) Please note that the WRP risk sharing contribution will be actioned as a resource and cash revenue adjustment. (Action Point 3.12)	Amended
3.13	Aged Debtors (Table M) In respect of any outstanding invoices raised against Welsh Government which are > 11 weeks old, please list within Table M by using the 'Organisation' option (there is no Welsh Government option) from the 'Debtor' drop down list. For confirmation, please also include a statement in the comments column clarifying the invoice relates to Welsh Government. (Action Point 3.13)	Actioned