

# CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD

## MONITORING RETURNS – June 2021

### FINANCIAL COMMENTARY

## Introduction

These returns outline the financial position for Cwm Taf Morgannwg (CTM) UHB for the period ended 30 June 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
<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>	

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. 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)

	M3 Actual	M3 YTD	M3 Forecast
	£m	£m	£m
Core plan	1.5	5.9	21.4
Covid 19	(1.8)	(5.9)	(21.4)
Planned care recovery	0	0	0
<b>Total</b>	<b>(0.3)</b>	<b>0</b>	<b>0</b>

The M3 YTD position is a £22k 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).

	June			Year End Forecast		
	Act £'000	F/Cast £'000	Movement £'000	M3 £'000	M2 £'000	Movement £'000
RRL	98,843	97,880	963	1,183,289	1,170,070	13,219
Donation/Grants	0	5	(5)	44	46	(2)
Welsh HBs & NHST	6,918	6,862	56	82,046	82,344	(299)
WHSSC	819	896	(77)	10,441	10,753	(312)
WG Income	311	25	286	403	117	286
Other Income	2,983	2,705	278	32,676	32,991	(315)
<b>Income Total</b>	<b>109,874</b>	<b>108,373</b>	<b>1,501</b>	<b>1,308,899</b>	<b>1,296,321</b>	<b>12,578</b>
PC Contractor	12,820	12,085	736	146,045	142,828	3,217
PC - Drugs	7,873	7,907	(35)	92,048	94,310	(2,262)
Pay	46,433	48,857	(2,423)	582,060	589,632	(7,572)
Non Pay	9,671	8,606	1,065	108,975	98,782	10,193
SC - Drugs	3,150	2,838	312	39,051	35,681	3,370
H/C Other NHS	19,660	19,449	211	236,478	234,373	2,105
Non H/C Other NHS	13	13	(0)	468	648	(180)
CHC & FNC	4,551	4,966	(415)	58,648	55,315	3,333
Private & Vol	1,437	915	522	6,438	12,046	(5,609)
Joint & Other	684	717	(33)	9,308	8,485	822
DEL	3,299	2,008	1,291	29,262	24,100	5,162
AME	10	10	0	122	122	0
Res & Cont	0	0	0	0	0	0
P&L on Disposal	(2)	0	(2)	(3)	(1)	(2)
<b>Cost - Total</b>	<b>109,600</b>	<b>108,372</b>	<b>1,227</b>	<b>1,308,899</b>	<b>1,296,320</b>	<b>12,578</b>

The most significant in month movements from forecast are:

- PC Contractor - £0.7m increase in expenditure due to movements in non cash limited items.
- Provider Pay - £2.4m reduction in M3 expenditure due to lower than anticipated variable pay costs, mainly related to Overtime payments for ACS and Registered nursing.

- Provider Non Pay - £1.1m increase in M3 expenditure due to correction of a month 2 error £0.7m together with Primary Care service contracts £0.3m.
- CHC & FNC - £0.4m reduction in expenditure due to lower than expected occupancy for Q1 in FNC and General Nursing CHC provision.
- Private & Vol Sector - £0.5m increase in expenditure due to increased activity for Planned care recovery outsourcing.

The full year forecast has been updated to reflect the revised IMTP submission and subsequent new allocations including £5.2m Capital Charges.

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 Month 7 includes anticipated accountancy gains included in our original IMTP against Non Pay and CHC.

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

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 in 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 be sustainable and overtime payment are expected to return to previous levels.
  - 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.

### **1.5 Covid analysis (Table B3)**

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

	<b>M3 Actual</b>	<b>M3 YTD</b>	<b>M3 Year end forecast</b>	<b>30 June plan</b>	<b>Movement from 30 June Plan</b>
<b>Programme costs</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>		
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. Please see emails between Steve Webster and Steve Elliot dated 6 July 2021.

2. Further to the response to our M2 MR submission ( Ref 2.4 Annex A), 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:

	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
Total	16.8	16.8

### **1.6 Month 3 - Forecast recurrent position (Table A)**

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 updated financial plan submitted to WG on 30 June.

### **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:

	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>	



### 3. Ring Fenced Allocations (Tables N&O)

The Health Board can confirm that there are no concerns at M3 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 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>

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 M3 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

Receivables decreased by £7.8m from month 12 2020-21. This was largely due to the reduction in Local Authority balances offset by the increase in WRP debtors.

Payables also decreased by £26m. £12m relates to the NHS Bonus paid to date, accrued in 2020-21, and paid out in month 2 and 3 salaries. The remaining balance of £14m was as a result of the clearing of system creditors including Capital, Local Authority & NHS invoices.

Provisions increased by £23.7m from month 12 2020-21 as a result of the month 3 increase in the quantum for two Clinical Negligence cases.

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

There were two invoices greater than 11 weeks old outstanding at the 30<sup>th</sup> June 2021. Confirmation has been received that both invoices have been authorised for payment and we are awaiting the remittance to confirm expected receipt date.

## **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 £13.5m cash will be received during the year to fund the payment of the bonus payment accrued for in 2020-21.

## **9. Public Sector Payment Compliance (Table H)**

The cumulative percentage for the number of non-NHS invoices paid within the 30 day target for the first quarter of 2021-22 was 92.7%. The target was achieved for Month 3 (95.3%), but not for May (93.7%) and April (89%). The reason for the low percentages is mainly due to specific issues with the Nurse Bank team and delays in paying nursing agency invoices. These processes are being reviewed.

Work continues on the improvement of NHS compliance. The Q1 percentage was 74% (61.5% to quarter 1 2020-21).

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

The M3 funded CRL value is now £85.2m in line with the CRL issued on the 21<sup>st</sup> June 2021. As at M3 £9.2M 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. One scheme has increased significantly in risk terms. Bridgend Health and Wellbeing Centre, with the recent announcement that the contractor has gone into administration. The remainder of 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.

<b>Scheme</b>	<b>Risk Rating</b>	<b>Potential Risk Value £</b>	<b>Description</b>
Bridgend Health and Wellbeing Centre (Sunnyside)	High	£3,500-£5,000K slippage	The contractor announced they were going into administration on 8 <sup>th</sup> 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 will be discussed at the Capital Review Meeting on 15 <sup>th</sup> July
PCH G&FF Floor Phase 1B	Medium	£2,348K	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	-£4-6M	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. A full discussion will take place at the July Capital Review Meeting.
Anti Ligature	Medium	-£500K	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 <sup>st</sup> 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 will be discussed with the WG capital estates team at the July CRM when it is clearer which risks are likely to materialise. As in previous years, detailed profiles remain under development and hence the plan to date has been matched to spend.

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 in July.

## 14. Authorisation



**P Mears**  
**Chief Executive**



**S Webster**  
**Director of Finance**

**Date: 12 July 2021**

## **Action Points arising from Month 2 Response**

Action Point	WG Comment	CTM Response																									
2.1	I note the revised breakeven year end position; this includes anticipated income assumptions that remain subject to further challenge and final agreement. It is also acknowledged that this outturn is current being assisted by c. £3.200m of ‘anticipated improvements in savings plans’. Your narrative does state that these will be fixed by Month 3, as you recognise that in order for assumptions to be included in the final plans and within your Month 3 submission, they need to be finalised.	Noted																									
2.2	At Month 2, generally across Wales, monthly forecast Covid-19 spend appears to reflect a rudimentary approach i.e. straight line phasing, or replicating current month actual in all future month periods etc. All organisations are therefore requested to again review the future month expenditure totals and profiles to ensure they reflect a robust assessment of future month spend.	Noted																									
2.3	<p><b>Movement of Opening Financial Plan to Forecast Outturn (Table A)</b></p> <p>As we are still in the planning stage, I acknowledge the details behind changes and how this has impacted on the mitigating actions (funding/savings/assumptions still to be finalised) will form part of your final plan submission in June which will be reviewed by the FDU. Please however, provide an explanation for the below non Covid-19 related annual plan movements since Month 1 (note that any changes after the plan has been finalised and submitted will need explaining in the MMR narrative):</p> <table><tr><td></td><td></td><td>Month 1</td><td>Month 2</td><td></td></tr><tr><td></td><td></td><td>In Year Effect</td><td>In Year Effect</td><td>Movement</td></tr><tr><td>Table A line Line Ref:</td><td>Table A Description:</td><td>£'000</td><td>£'000</td><td>£'000</td></tr><tr><td>2</td><td>Planned New Expenditure (Non Covid-19) (Negative Value)</td><td>-37,384</td><td>-30,500</td><td>6,884</td></tr><tr><td>4</td><td>Planned Welsh Government Funding (Non Covid-19) (Positive Value)</td><td>30,417</td><td>29,400</td><td>-1,017</td></tr></table>			Month 1	Month 2				In Year Effect	In Year Effect	Movement	Table A line Line Ref:	Table A Description:	£'000	£'000	£'000	2	Planned New Expenditure (Non Covid-19) (Negative Value)	-37,384	-30,500	6,884	4	Planned Welsh Government Funding (Non Covid-19) (Positive Value)	30,417	29,400	-1,017	<p>The financial plan has been updated to reflect the 30 June IMTP submission.</p> <p>The reduction in Planned New Expenditure includes:</p> <ul style="list-style-type: none"><li>• Inhouse Transformation</li><li>• Increased timing slippage</li><li>• Overseas Nurse Recruitment</li><li>• Prescribing growth</li><li>• Reduced digital plans</li></ul> <p>The movement in Planned WG Funding relates to</p>
		Month 1	Month 2																								
		In Year Effect	In Year Effect	Movement																							
Table A line Line Ref:	Table A Description:	£'000	£'000	£'000																							
2	Planned New Expenditure (Non Covid-19) (Negative Value)	-37,384	-30,500	6,884																							
4	Planned Welsh Government Funding (Non Covid-19) (Positive Value)	30,417	29,400	-1,017																							

	6	Planned Provider Income (Positive Value)	1,958	0	-1,958	<p>'Topslices' being recognised as an Allocation reduction rather than cost pressures.</p> <p>The movement in Planned Provider income was due to netting off Inflation cost pressures in M2. This has been corrected in M3.</p>
<b>2.4</b>	In line with last year's principles, please consider if the £1.348m of in year cost releases due to Covid-19 (Line 27) are required in the first instance, to partly offset the £3.181m of planning assumptions still to be finalised. If there are releases in excess of the 'gap', then this balance would be available to reduce the Covid-19 Funding requirements from WG.					Noted and actioned. £0.9m of the forecast £1.3m cost release due to Covid has been used to mitigate the In year savings gap at M3.
<b>1.4</b>	The narrative again confirms that your 2021/22 Plan includes Accountancy Gains of £6.200m within the Non Pay and CHC categories; these however, are not included within all the applicable Tables - acknowledging the guidance prohibits Accountancy Gains from the Plans, this would have to be reported as in-year mitigating issue only, yet your current gap of planning assumptions still to be finalised is £3.181m. If Accountancy Gains form part of your forecast outturn position, please report them as such in Table C3 at Month 3, as an in-year item. In addition, the narrative states that these are phased into the position at Month 6; however, the SoCNE (Table B) indicates the Accountancy Gains are projected to be released into October. I trust that the timing of Accountancy Gains releases will comply with the timeframes directed in Monitoring Return Guidance (WHC 2021/011).					Noted and actioned.
<b>2.5</b>	For the second consecutive month, the year to date position (£0.252m deficit at Month 2) is described as being as a result of timing issues. I trust action will be taken before Month 3 to address these. In future narratives, please ensure that the applicable items contributing favourably or adversely to the year to date position are confirmed and their impact explained. In addition, please review the current assumption that the year to date deficit will not be recovered until March.					Noted. We are now reporting a £22k YTD surplus at M3.
<b>2.6</b>	<b>Table A2 Risk / Opportunities (Table A2)</b>					The ILG plans for 21/22 identified forecast recurring

	<p>You are reporting a financial risk (£3.000m) that the ‘underlying deficit cannot be brought back in line with plan assumptions’. The narrative states ‘ILG plans are showing underlying deficits above the plan assumption’. Please can you clarify if this Risk is referring to the 21/22 mitigating actions that are at risk of delivery (in which case, please describe the action that is considered to be at risk); or, if you are stating that the assessed value of the b/f underlying deficit is understated. The latter should be addressed by ensuring the correct value is included in your final plans and an explanation for the change since the M12 MMR provided in Plan and the next MMR submission. This would be a concern, as I note that you made a material change in the M12 MMR to reflect a higher FYE of recurring cost pressure of £4.363m.</p>	<p>overspends at the end of 20/21 which were greater than the funding they have received for 21/22. The financial plan assumes that these overspends will be mitigated and the risk relates to the associated delivery risk of fully mitigating the forecast overspends. The M3 risk assessment has been updated in Section 2.</p>
<b>2.7</b>	<p><b>Monthly Positions (Table B)</b>  In line with your previous helpful practice in 2020/21, please enhance the narrative supporting Table B for the following key areas:  1) Material movements between current month actual outturn, by category, compared to those forecast in the previous month.  2) Material movements, by category, in annual forecast income and expenditure.  3) Key assumptions supporting future month income and expenditure profile (e.g. reduction in Healthcare Services provided by other NHS bodies in future months).</p>	<p>Please see Section 1.3</p>
<b>2.8</b>	<p>Please provide supporting explanation for the non-recurring increase in Secondary Care Drug spend and non-recurring decrease in non pay expenditure reported within May.</p>	<p>Plans have been revised following IMTP submission.</p>
<b>1.8</b>	<p>Thank you for providing the requested update regarding the ‘Provider’ bonus payment to applicable staff. Please continue to provide this update going forward.</p>	<p>Noted and included in Section 1.4.</p>
<b>2.9</b>	<p><b>Covid-19 Analysis (Table B3)</b>  Within Section A7 ‘Other’, you are projecting annual pay costs of c. £21.000m (excluded recovery related spend) which is a c. £11.000m increase from the total reported at Month 1. Please ensure that your narrative comprehensively explains the service areas which are driving this Pay spend.</p>	<p>Plans have been revised following IMTP submission.</p>
<b>2.10</b>	<p>Please ensure that the WHSSC C-19 slippage value (Line 221) is updated to reflect the latest position reported by WHSSC (e.g. £0.107m @ M2).</p>	<p>Updated to M3 reported position.</p>

2.11	<p>Please provide supporting explanations for the following Covid-19 expenditure assumptions:</p> <p>1) Line 169 – No cleaning standard spend was incurred in May, even though £0.193m was expended in April and this amount is then forecast for each of the remaining months.</p> <p>2) Line 191 – Non pay spend will materially step up in second half of the financial year.</p> <p>3) Line 197 – CHC/FNC monthly expenditure will be exactly £0.300m (actual and forecast).</p>	<p>1 – Estimated costs were included in M1 which were higher than actual costs incurred in M1 and M2. The actual reported costs to M3 continue to be £193k. The expenditure in future periods is predicted to achieve forecast levels.</p> <p>2- The Non pay profile has been updated following the IMTP submission.</p> <p>3 – The CHC forecast is currently based on the average occupancy levels for 2020/21. This forecast will be reviewed and updated as the year progresses based on actual occupancy levels in 21/22.</p>
	<p><b>Savings Tables (Table C, C1, C2 &amp; C3)</b></p> <p>Unlike almost all other NHS Wales organisations, you are not reporting any savings delivery to date. In your previous submission, you projected a delay until Month 5; it is acknowledged that, at Month 2, this has been brought forward to Month 3. I therefore look forward to reading that the forecast c. £1.000m (as a minimum) was achieved at Month 3.</p>	<p>Savings profiles have been revised following submission of IMTP.</p>
2.12	<p><b>Income / Expenditure Assumptions (Table D)</b></p> <p>Please provide confirmation that all provider and commissioner LTAs have now been agreed and also signed.</p>	<p>Confirmed.</p>
2.13	<p><b>Underlying Position (Table A1)</b></p>	



	Please report the projected £2.500m improvement to the underlying position within the FYE of recurring savings column.	The £2.5m movement is the movement in the financial plan as detailed in table A.
<b>1.13</b>	<b>Covid-19 Analysis (Table B3)</b> I note that you are recording the 'Covid Recovery' spend against pay and non pay free text lines within Section A7 'Other' of Table B3. From Month 3, please report this spend against the appropriate designated Section A7 categories. Free text lines should only be used with our prior agreement.	Noted
<b>2.14</b>	I refer to the recently announced Long Covid-19 funding; the specific impact by Health Board may not be known until after the Plans have been finalised but we expect this to be recorded, when appropriate, within section A7 'other' and a specific section included within your narrative to provide supporting details. For ease, we have separately provided a spreadsheet (to all NHS organisations) which we would be grateful if you could complete and submit on Day 9. This allows us to prescribe the level of detail required so we can consistently obtain and consolidate the analysis of these 'high profile' specific spend areas, which otherwise would be lost within the Table B3 section A7.	Actioned
<b>2.15</b>	<b>Resource Limits (Table E)</b> As per the guidance, please provide the full WG contact name, in Table E, for all anticipated allocations in your next return.	Noted
<b>2.16</b>	In order to prevent reporting discrepancies, please ensure that the values added in the 'Allocated' column, within the C19 funding section, are populated to nearest £000 (e.g. Recovery funding of £16.833m).	Noted
<b>2.17</b>	I understand that a revision to the 2021/22 risk sharing split has been issued by NWSSP which is to be reflected in the final plan; your Health Board's updated share value is now £2.053m. Please therefore update all impacting Tables/sections, as applicable.	Noted
<b>2.18</b>	Please ensure that the value of the recovery of Donated / Govt Grant Resource (Line 10) is consistent with the corresponding amount reported in both Table B and Table I.	Noted
<b>1.17</b>	<b>Other</b> As requested in Action Point 1.17, please confirm who will sign off the Monitoring Return submission in the absence of either yourself or the Chief Executive.	Deputy Chief Executive to be confirmed in M4 returns.

		Deputy Director of Finance – Mark Thomas.
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