



AGENDA ITEM

6.1

PLANNING, PERFORMANCE & FINANCE COMMITTEE

FINANCE UPDATE – MONTH 4 of 2021/22

Date of meeting	24/8/2021
FOI Status	Open/Public
If closed please indicate reason	Not Applicable - Public Report
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Approving Executive Sponsor	Executive Director of Finance & Procurement
Report purpose	FOR DISCUSSION / REVIEW

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

Committee/Group/Individuals	Date	Outcome
Welsh Government	12/8/2021	NOTED

ACRONYMS

A&C	Administration & Clerical	I&E	Income & Expenditure
AWCP	All Wales Capital Programme	LTA	Long Term Agreement
AME	(WG) Annually Managed Expenditure	M1	Month 1 (M2 Month 2 etc)
CHC	Continuing Healthcare	PCMH	Primary Community & Mental Health
COO	Chief Operating Officer	PCH	Prince Charles Hospital
CRES	Cash Releasing Efficiency Savings	POW	Princess of Wales Hospital

CRL	Capital Resource Limit	RGH	Royal Glamorgan Hospital
FNC	Funded Nursing Care	PSPP	Public Sector Payment Policy
HCHS	Healthcare & Hospital Services	WG	Welsh Government
IHI	Institute of Healthcare Improvements	WHSSC	Welsh Health Specialised Services Committee
IMTP	Integrated Medium Term Plan	YTD	Year to Date

FINANCE REPORT – MONTH 4 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 4 (M4). 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
Total	0.0	0.0	0.0	0.0	0.0
Cumulative total	0.0	0.0	0.0	0.0	

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.



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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. 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:

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Note 1: We are reviewing the Board reporting formats for 21/22 and further information may be provided from M6.

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. 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 4

Actual expenditure to M4 on delegated budgets was showing a £5.2m overspend and this was offset by a £5.3m underspend on Non Delegated budgets to give a small underspend of £0.1m. A significant amount of Reserve budgets have been phased into the M4 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 M4, it is important to note the following points regarding the M4 position:

- The M4 position assumes that we get £20.5m of funding from WG for prior year Covid overspends, at least £2.8m of funding to meet the existing costs already being incurred for Think 111 first, urgent primary care and SDEC plus an additional £1.2m of funding that has been requested following the transfer of £1.2m of Operational expenditure cost reductions towards the forecast shortfall against £14.5m Savings target.
- The position also assumes that we get circa £2.0m of additional funding from Powys UHB for increased patient flow into PCH and also £0.8 from the LAs to meet their share of the £2.0m 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 9 months is therefore £13.0m and the monthly savings target from M4 to M9 is £1.4m per month. The forecast savings for M4 was £1.1m but the actual savings were only £0.67m giving an In month overspend of £0.73m. A straight extrapolation of the M4 shortfall for the rest of the year would be a gap of circa £6.6m so a big step up in savings delivery is needed from M5 onwards.

- £1.9m of the £5m Covid transition budget has been released to Delegated budgets. The balance of £3.1m is held in Reserves together with a £4.8m budget for Other Covid costs. Four months of these two budgets have been phased into the Month 4 position to meet existing overspends.

The Health Board is continuing to forecast a breakeven position for 2021/22, which is based on the funding assumptions included in the financial plan submission to WG on 30 June 2021.

As at Month 3 we were reporting a forecast recurrent deficit of £31.4m at the end of 21/22, which was consistent with the updated financial plan submitted to WG on 30 June. The forecast recurrent deficit has been increased to £39.3m in M4 to reflect the £7.9m forecast shortfall in savings delivery against the £16.1m recurrent savings target noted in Section 3.7 below.

2.3 Key actions

The key actions include:

- Feedback from WG on the draft financial plan submitted at the end of June and the funding assumptions contained therein.
- All budget holders to urgently sign off their budget schedules for 2021/22 and to manage expenditure within these agreed budgets.
- Identification of additional savings plans and opportunities to close the forecast In year gap of £1.6m and the recurring gap of £7.9m, as well as work to provide greater assurance on the forecast In year savings of £12.9m.
- Addressing the significant M4 YTD overspends on pay, non pay and income noted in Section 3.4, which are mainly in corporate directorates (£1.0m), Medicines Mgt (£0.6m), Facilities (£0.7m) and ILGs (£0.4m).
- 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 for 21/22.
- Finalising the Transformation budgets and spending plans for 2021/22 and then moving on to the recurrent sustainability plan for 2022/23.

- Noting the deterioration in the forecast recurrent position and the significant recurrent deficit to be addressed from 2022/23 onwards.



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

3.1 Financial Position and Key Targets – Month 4

The Health Board has a statutory duty to achieve a break even position over a period of three financial years. This applies to both revenue and capital expenditure. Over the last two financial years, the Health Board has achieved a surplus of £971k and £71k for revenue and capital expenditure respectively. This means that the Health Board can overspend by £971k and £71k for revenue and capital expenditure respectively in 2021/22 and still meet its three year statutory duty. The Health Board also has an administrative duty to pay a minimum of 95% of all non-NHS invoices within 30 days.

The table below details the Health Board's 2021/22 current and forecast performance against these key financial targets:

Target	Unit	Current Month	Year to Date	Trend	Forecast Year End
Revenue To ensure that the Health Board's revenue expenditure does not exceed the aggregate of it's funding in each financial year. Measured by variance against plan to break even.	£'000 +Adverse ()Favourable	(80)	(102)	↑	0
Capital To ensure net capital spend does not exceed the Welsh Government Capital Resource Limit. Measured by variance against plan to manage to the Resource Limit	£'000 +Adverse ()Favourable	(2,787)	(4,015)	↑	0
Public Sector Payment Policy To pay a minimum of 95% of all Non NHS invoices within 30 days. Measured by actual performance	%	96.1%	93.8%	↑	94%



3.2 Revenue Performance by Expenditure Category

	Annual Budget £'000	Over/(Under) Spend	
		Current Month £'000	Year to Date £'000
Delegated Budgets			
Pay	572,656	(196)	1,969
Non Pay	690,472	614	2,057
Income	(141,801)	68	427
Delegated Savings Plans	(9,301)	730	731
Total Delegated Budgets	1,112,026	1,216	5,184
Non Delegated Budgets	123,686	(1,296)	(5,286)
WG COVID Allocations	(101,310)	0	0
WG Allocations	(1,134,402)	0	0
GRAND TOTAL M4	0	(80)	(102)
GRAND TOTAL Previous month	0	(275)	(22)

The key issues to highlight in the M4 Current month position are as follows:

- The £0.6m Non pay overspend includes Corporate directorates (£617k), Contracting & Commissioning (£245k), ILGs (£215k) and Facilities (£122k). Further information on these over spends is provided in Section 3.4 below.
- The monthly savings target from M4 to M9 is £1.4m per month. The forecast savings for M4 was £1.1m but the actual savings were only £0.67m giving an In month overspend of £0.73m. A straight extrapolation of the M4 shortfall for the rest of the year would be a gap of circa £6.6m so a big step up in savings delivery is needed from M5 onwards.

The key issues to highlight in the M4 YTD position are as follows:

- The £2.0m pay overspend includes ILGs (£0.4m), Primary Care (0.8m) and Corporate directorates (£0.6m). Further information on these overspends is provided in Section 3.4.
- The non-pay overspend of £2.0m includes ILGs (£0.8m), Medicines Mgt (£0.6m) and Facilities (£0.6m) and Corporate directorates (£0.4m). Further information on these overspends is provided in Section 3.4.
- A significant amount of reserve budgets have been phased into the M4 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.

3.3 Pay Expenditure trends

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 in 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 3.9 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.

3.4 Revenue Performance by Area

		Over/(Under) Spend		
	Annual Budget £'000	Current Month £'000	Year to Date £'000	Year to Date %
Integrated locality groups:				
Bridgend	202,716	58	880	1.31%
Merthyr & Cynon	203,438	7	221	0.32%
Rhondda & Taff Ely	212,071	276	471	0.65%
Total ILGs	618,225	342	1,572	0.75%
Delivery Executive:				
Medicines Management	139,342	(72)	774	1.79%
Primary care	124,927	(39)	708	1.58%
Facilities	14,474	166	687	13.35%
COVID Planned projects	1,500	20	20	1.81%
Planned Care Recovery plans	7,248	58	58	3.67%
Other	1,716	(32)	64	13.65%
Total Delivery Executive	289,207	101	2,311	2.40%
Contracting & Commissioning	115,628	255	190	0.49%
Corporate Functions	88,965	518	1,110	3.63%
Total Delegated Budgets	1,112,026	1,216	5,184	1.38%
Non Delegated budgets	(1,112,026)	(1,296)	(5,286)	
GRAND TOTAL M4	0	(80)	(102)	
GRAND TOTAL Previous month	0	(275)	(22)	

The key issues to highlight in relation to the M4 Current month and the M4 YTD positions are as follows:



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	M4 Current month	
	£m	
ILGs	0.3	The M4 overspend of £0.3m includes shortfalls in savings delivery of £0.4m offset by a net underspend across pay, non pay and income budgets of £(0.1)m.
Medicines Mgt	(0.1)	The M4 underspend includes the correction of a budget error in M3, giving a non recurring benefit of circa £0.3m in M4
Facilities	0.2	Further information is needed to understand what is driving the significant overspends in Facilities (see YTD comment below).
Other Delivery Exec	0	
Corporate directorates	0.5	<ul style="list-style-type: none"> • PC&S – The £310k Non pay overspend is mainly attributed to medical negligence claims which can be volatile. • ICT – Further information is needed to understand the reasons for the £213k Non pay overspend • W&OD – The £123k Non pay overspend includes a number of small overspends and further work is needed to ensure that all of these costs relate to W&OD. • Estates- the £173k non pay overspend includes a £100k overspend due to the return of surplus Covid funding to Reserves in M4.
Contracting	0.3	Impact of Increased Issues of NICE / High Cost Drugs commissioned from Velindre (£90k) and Swansea Bay HB (£340k). Offset by improved performance against: <ul style="list-style-type: none"> • Cardiff & Vale HB (£80k) • WHSSC (£45k)
Total	1.2	



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	M4 YTD	
	£m	
ILGs	1.6	This includes savings shortfalls of £0.4m plus other overspends of £1.2m. Circa £0.8 of these overspends relate to SDEC (£0.4m) Powys flows (£0.4m). These overspends have been matched by a release from Reserves in Section 3.8 below, pending the release of funding to ILGs once the anticipated funding is confirmed.
Medicines Mgt	0.8	This is mainly attributed to the estimated overspend on Primary care prescribing of £0.6m plus a shortfall in savings delivery of £0.2m. It is important to note that the estimated overspend on Primary care prescribing is a high level estimate based on M2 data only (as the information is 2 months in arrears).
Primary Care	0.7	This includes overspends of circa £0.5m on Think 111 first and urgent primary care centres where funding is expected from WG. These overspends have been matched by a release from Reserves in Section 3.8 below, pending the release of funding to Primary Care once the anticipated funding is confirmed. The M4 YTD overspend also includes a £0.6m overspend in relation to the Transformation programme. A further overspend of £0.1m on Transformation is also shown in the Planning directorate.
Facilities	0.7	This overspend includes £0.6m of overspends on non pay issues spanning taxis, patient transport, beds and security. Further work is needed to understand the drivers for these significant overspends and the actions needed to bring the costs back to the budgeted levels.
Other Delivery Exec	0.1	



Corporate directorates	1.1	Further information is needed to understand the significant overspends in the following areas: <ul style="list-style-type: none">• PC&S – £355k• ICT and Performance & Information – £343k• Estates - £168k• W&OD – £370k pay overspend As at M4 only £0.1m of the £1.1m total overspend relates to savings shortfalls.
Contracting	0.2	Please see comment above.
Total overspend	5.2	

3.5 Forecast Positions

The Health Board is continuing to forecast a breakeven position for 2021/22. 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.

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 3.7 below.

3.6 Covid Position

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 towards the forecast shortfall against £14.5m Savings target at M4. See below.			(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 WG response to our M2 Monitoring Return submission 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 pay award announcement has not been reflected within the M4 returns. This will increase the above COVID forecast when it is applied.

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 4			Month 3		
	M4 YTD	21/22	Rec	M3 YTD	21/22	Rec
	£m	£m	£m	£m	£m	£m
Savings targets	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)
Total	0.6	1.6	7.9	0	0.9	7.9

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 9 months is therefore £13.0m and the monthly savings target from M4 to M9 is £1.4m per month. The forecast savings for M4 was £1.1m but the actual savings were only £0.67m giving an In month overspend of £0.73m. A straight extrapolation of the M4 shortfall for the rest of the year would be a gap of circa £6.6m so a big step up in savings delivery is needed from M5 onwards.

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



GIG
CYMRU
NHS
WALES

Bwrdd Iechyd Prifysgol
Cwm Taf Morgannwg
University Health Board

Area	In year Savings Target £000	M4 YTD Actual £000	Current In Year Forecast	Green	Amber	% of Current Year Forecast to Target
Bridgend ILG	4,031	993	3,344	1,536	1,809	83.0%
Merthyr & Cynon ILG	3,579	732	3,538	3,013	525	98.8%
Rhondda & Taf ILG	3,954	409	3,096	2,513	583	78.3%
Medicines Management	1,752	0	2,093		2,093	119.5%
Primary Care	138	0	80	50	30	58.0%
Corporates	835	0	761	540	221	91.1%
Other Delivery Executive Contracting & Commissioning	187	0	0			0.0%
	90	0	0			0.0%
Grand Total	14,566	2,134	12,913	7,652	5,261	88.65%

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	1,930	1,312	618	53.9%
Rhondda & Taf ILG	3,954	1,625	478	1,146	41.1%
Medicines Management	2,708	2,110		2,110	77.9%
Primary Care	213	80	50	30	37.5%
Corporates	1,253	920	540	381	73.5%
Other Delivery Executive Contracting & Commissioning	289	0			0.0%
	139	0			0.0%
Grand Total	16,166	8,235	3,432	4,803	50.94%

3.8 Non Delegated budgets

The Month 4 YTD position is summarised below:

	M4 YTD	M3 YTD
	£k	£k
Non Recurring slippage – Annual target £2.0m	667	500
Actual Slippage	(971)	(884)
Other Non delegated variances	(33)	(170)
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 SDEC, Think 111 first and urgent primary care (Assumed WG allocation of £2.8m to meet existing costs)	(972)	(700)
- Additional costs associated with Powys flows (Assumed additional funding from Powys of £2.0m)	(667)	(375)
- £0.8m assumed LA income for share of the forecast overspend on Transformation of £2.0m.	(267)	(250)
- £4.8m Other Covid budgets- deployed to meet existing cost pressures	(1600)	(900)
- £3.1m balance on the original £5m Covid Transition budget- deployed to meet existing cost pressures	(1033)	(1000)
- Requested additional WG funding following the transfer of £1.2m of operational expenditure cost reductions towards the M4 forecast savings gap of £1.6m.	(410)	(211)
Total	(5,286)	(3,990)

3.9 Key Risks and Opportunities

The key financial risks and opportunities for 21/22 are summarised below. These are consistent with the M4 Monitoring return submission to WG:

	M4	M3	Financial Plan- 30 June	Comment
Key risks:	£m	£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 the confirmed WG funding for 2020/21	2.0	2.0	2.0	The M4 position is showing an over spend of £0.7m against the confirmed WG funding for Transformation and D2RA.
Total	6.8	7.1	8.0	



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	M4	M3	Financial Plan- 30 June	Comment
Key opportunities:	£m	£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)	

4. IMPACT ASSESSMENT

Quality/Safety/Patient Experience implications	There are no specific quality and safety implications related to the activity outlined in this report.
Related Health and Care standard(s)	Governance, Leadership and Accountability
Equality impact assessment completed	Not required
Legal implications / impact	There are no specific legal implications related to the activity outlined in this report.
Resource (Capital/Revenue £/Workforce) implications / Impact	Yes (Include further detail below)
	The paper is directly relevant to the allocation and utilisation of resources.
Link to Main Strategic Objective	To provide strong governance and assurance
Link to Main WBFG Act Objective	Service delivery will be innovative, reflect the principles of prudent health care and promote better value for users

5. RECOMMENDATION

The Committee is asked to:

- **DISCUSS** the contents of the Month 4 Finance report for 2021/22.

APPENDIX A

WELSH GOVERNMENT ALLOCATIONS

	Annual Budget
	£k
Confirmed funding	1,109,793
Unconfirmed funding	125,919
TOTAL	1,235,712

Key Issues

The most significant anticipated allocations include:

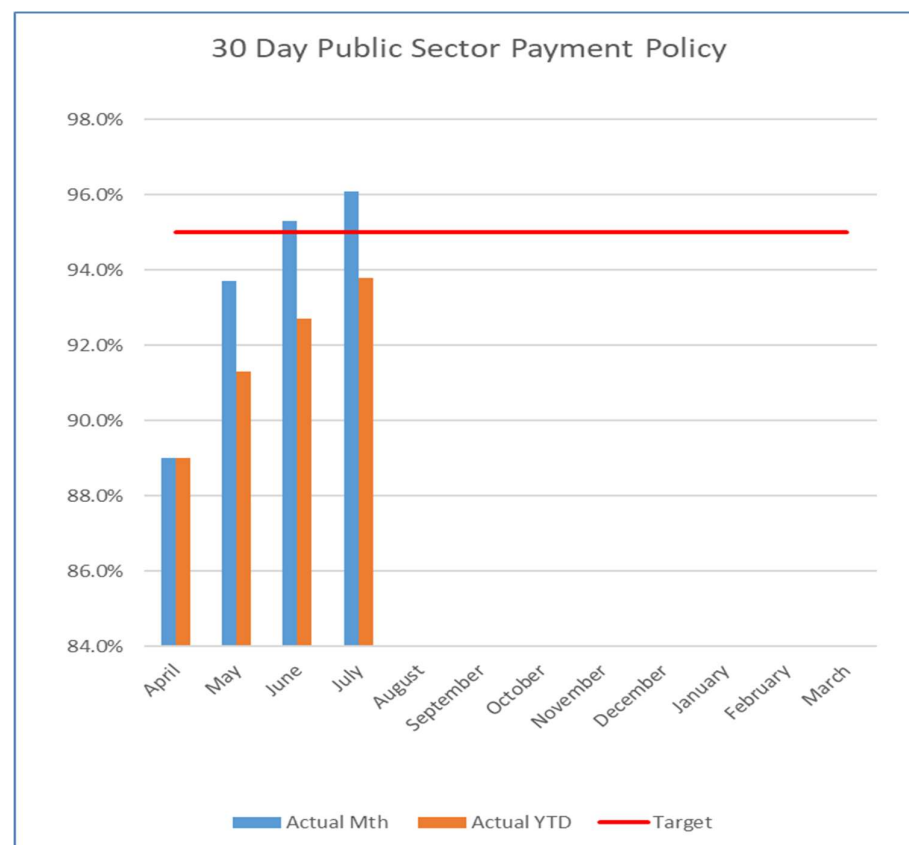
- Non Cash Depreciation - £52.4m
- COVID Pass through Programmes - £24.2m
- COVID Underlying Deficit Support - £20.5m
- COVID sustainability - £6.7m
- Transformation Fund - £7m
- Substance Misuse - £3.7m
- Invest to Save Funding - £2.1m
- Think 111 First Bid - £2.5m
- Primary Care Emergency Centre Bid (UPCC Update) - £2.2m
- Same Day Urgent Care Bid - £2.7m
- Mental Health Funding - £1.8m

- NWSSP Risk Pool Contribution Risk Share – (£2m)

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 July was 96.1%, with a cumulative percentage of 93.8%.
- 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 & May, there is a risk the Health board may not achieve the 95% target for 21/22. The forecast percentage for Month 12 is currently 94.5%.

APPENDIX C

Balance Sheet

The Month 4 Balance sheet is detailed below:

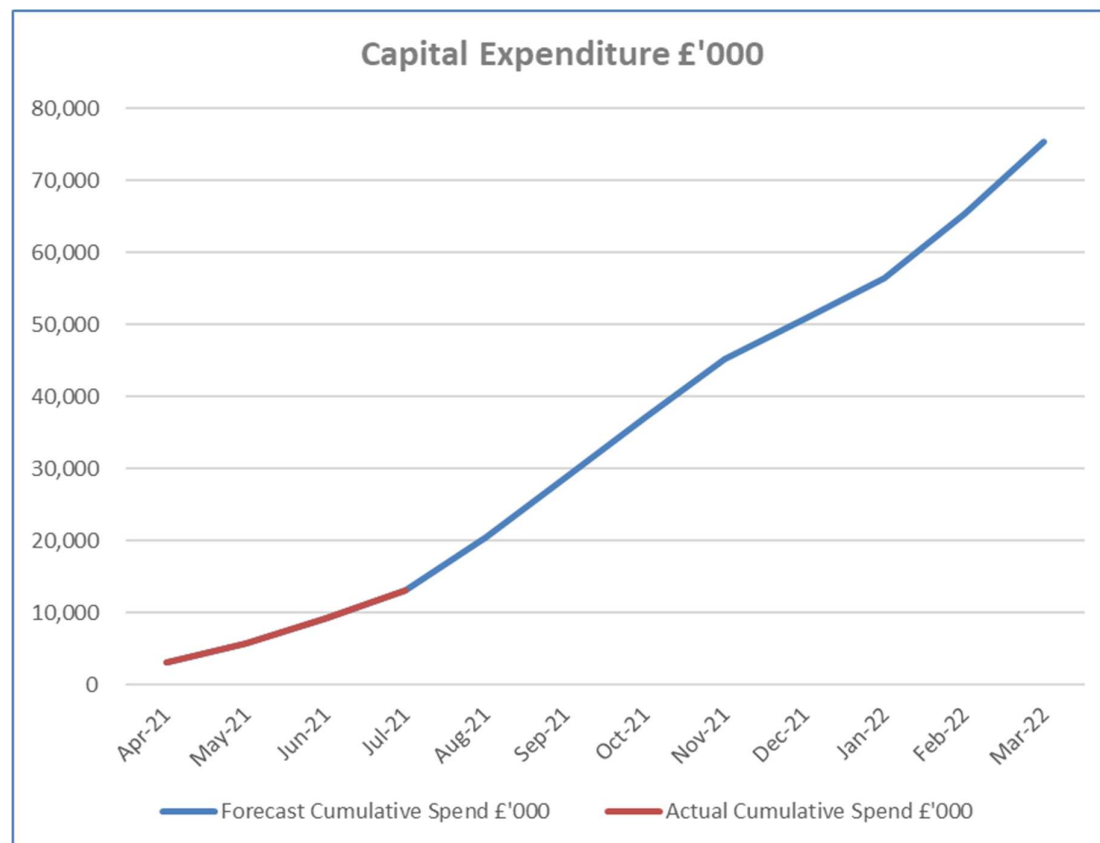
Balance Sheet	Opening Balance (01/04/2021) £'000	Closing Balance as at M3 £'000	Closing Balance as at M4 £'000	Forecast Closing Balance M12 £'000
Non Current Assets				
Property, Plant & Equipment	549,909	551,770	553,143	549,909
Intangible Assets	4,150	4,150	4,150	4,150
Trade and Other Receivables	39,298	39,298	39,298	39,298
Total Non-Current Assets	593,357	595,218	596,591	593,357
Current Assets				
Inventories	6,061	6,315	6,315	6,061
Trade and Other Receivables	124,984	117,122	122,767	124,984
Cash and Cash Equivalents	687	3,463	3,343	687
Total Current Assets	131,732	126,900	132,425	131,732
Current Liabilities				
Trade and Other Payables	175,210	148,740	140,467	175,210
Provisions	49,579	73,335	73,239	49,579
Total Current Liabilities	224,789	222,075	213,706	224,789
Non-Current Liabilities				
Trade and Other Payables	1,143	1,143	1,143	1,143
Provisions	45,680	45,680	45,680	45,680
Total Non-Current Liabilities	46,823	46,823	46,823	46,823
TOTAL ASSETS EMPLOYED	453,477	453,220	468,487	453,477
Financed By:				
General Fund	404,625	404,368	419,635	404,625
Revaluation Reserve	48,852	48,852	48,852	48,852
TOTAL	453,477	453,220	468,487	453,477

Key Issues:

- The closing cash balance at 31st July 2021 was £3.34m, this is in line with the planned levels kept during the year.
- There has been no significant movement in Receivables, Payables or Provisions between Month 3 and Month 4.

APPENDIX D

Performance against Capital Resource Limit



Key Issues:

- The current Capital Resource Limit of £75.2m was issued on the 4th August 2021, a number of additional allocations are expected during the year subject to WG approvals.
- This is supplemented by £0.2m of donated funds, giving an overall programme of £75.4m. Currently no assets are intended for disposal in this financial year.
- Expenditure to 31st July 2021 amounted to £13.2m.
- 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
Receipts													
WG Revenue Funding	90,592	84,776	99,547	107,200	90,800	107,200	99,450	99,700	106,300	87,870	96,700	100,979	1,171,114
WG Capital Funding	5,500	3,000	4,000	6,300	3,500	7,100	7,500	8,000	7,000	7,000	9,500	6,797	75,197
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	13,714	11,200	10,200	11,200	9,200	14,200	12,200	14,200	17,500	158,144
Other	5,251	14,562	2,363	2,143	1,500	2,100	2,100	2,100	2,100	2,100	2,100	17,400	55,819
Total Receipts	123,293	112,108	118,740	129,357	107,000	126,600	120,250	119,000	129,600	109,170	122,500	142,676	1,460,294
Payments													
Primary Care Services	27,093	7,811	20,087	26,774	7,373	17,701	16,195	15,846	28,058	7,213	17,778	19,286	211,215
Salaries and Wages	43,069	54,707	51,906	47,419	50,890	47,890	46,890	46,890	46,890	46,890	46,890	66,890	597,221
Non Pay Expenditure	47,435	43,850	43,359	50,953	46,300	50,800	50,300	47,800	47,800	48,300	48,300	50,670	575,867
Capital Payments	4,725	3,689	3,634	4,331	4,700	8,000	7,500	8,000	7,000	7,000	9,500	7,912	75,991
Other (Donated asset funding)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payments	122,322	110,057	118,986	129,477	109,263	124,391	120,885	118,536	129,748	109,403	122,468	144,758	1,460,294
Net Cash In/Out	971	2,051	(246)	(120)	(2,263)	2,209	(635)	464	(148)	(233)	32	(2,082)	
Balance B/F	687	1,658	3,709	3,463	3,343	1,080	3,289	2,654	3,118	2,970	2,737	2,769	
Balance C/F	1,658	3,709	3,463	3,343	1,080	3,289	2,654	3,118	2,970	2,737	2,769	687	

Key Issues

- The closing cash balance at 31st July 2021 was £3.343m. An additional draw down of £1.7m cash was required during the month to fund the bonus payment for contractor payments.
- 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.

