

CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD MONITORING RETURNS – December 2020 FINANCIAL COMMENTARY

Introduction

These returns outline the financial position for Cwm Taf Morgannwg (CTM) UHB for the period ended 31 December 2020.

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.

The financial position reported within this monitoring return is consistent with the information being provided to the Board. The M9 Financial Monitoring Return (consisting of the Narrative, Table A, TableA2 and Table B3) will be reported to the next meeting of the Planning, Performance and Finance Committee in April.

1. Financial Plan, Year to Date and Forecast position

Financial Plan for 2020/21

The CTM IMTP for 2020/21 – 2022/23 was approved by the Board on 26 March 2020.

Month 9 - Actual Position

The Health Board is reporting a M9 deficit of £2.8m and a YTD surplus of £0.1m.

Month 9 - Forecast position (Table A)

The Health Board is continuing to forecast a break-even position for 20/21 (M8: break-even).

A summary of the latest M9 forecast position is provided below:

	M9	M8
IMTP / Annual Operating Plan	£m	£m
Additional In Year Identified Savings - Forecast (Positive Value)	(10.1)	(10.4)
Additional In Year Welsh Government Funding Due To Covid-19 (Positive Value)	112.3	97.9
Operational Expenditure Cost Increase Due To Covid-19 (Negative Value)	(93.8)	(80.0)
Planned Operational Expenditure Cost Reduction Due To Covid-19 (Positive Value)	18.0	12.2
Slippage on Planned Investments/Repurposing of Developmental Initiatives Due To Covid-19 (Positive Value)	3.6	3.4
Forecast Outturn attributable to Covid-19 (-Deficit /+ Surplus)	30.0	23.2
Forecast Outturn Non Covid-19 (-Deficit /+ Surplus)	(0.5)	(1.4)
Net cost of Winter plans in excess of funding	(5.2)	(7.0)
Additional accountancy gains	11.3	11.3
Non recurring spend initiatives	(7.8)	(6.2)
Remove request for Bridging funding	(5.0)	(5.0)
Confirmed early repayment and deferral of I2S funding	(3.0)	(3.0)
Planned return of funding to WG , subject to outcome of discussions with Audit Wales regarding a potential Prior Year adjustment	(19.8)	(12.0)
Total	0	0

The key points to note are as follows:

- The planned return of funding to WG , subject to outcome of discussions with Audit Wales regarding a potential Prior Year adjustment, and subject to the assumptions made around WG programme funding (as detailed in the reporting template), is £19.8m. The PYA risk is circa £12m and we are meeting with Audit Wales on 17 January to discuss their latest position on this key issue. If a PYA is required, this will need to be covered from the planned return of funding of £19.8m. If not required, the full £19.8m will be returned to WG. A formal Accountable officer letter will follow once we have a decision from Audit Wales on the PYA.

- The annual leave provision at 31 March 20 was circa £0.5m. The estimated provision at 31 March 21 is £15.9m, which represents an increase of £15.4m. The above forecast assumes that this increase will be covered by WG funding. Our estimate assumes that the pattern of annual leave in Q4 will be similar to the patterns in Q1-Q3. It is important to highlight the potential risk that the actual provision at 31 March could change if the actual annual leave taken in Q4 is significantly different to the Q4 estimate. This is therefore a key area of uncertainty in the financial forecast and the risk has been included in the Risk table at Section 2.
- The Covid: Non Covid distinction is becoming increasingly difficult as the response becomes broader and the Covid, Winter, Essential services response covers most services and cost changes.

Month 9 - Forecast recurrent position (Table A)

The planned recurrent deficit at the end of 20/21 was £13.4m. As at Month 9 we are reporting a forecast recurrent deficit of £27.4m, which in line with WG advice only covers the recurrent savings shortfall from 2020/21, and not other potential aspects.

	M9	M8
	£m	£m
Planned recurrent deficit	13.4	13.4
Forecast shortfall in recurring savings delivery	14.0	13.1
M9 Forecast	27.4	26.9

At this stage it is very difficult to estimate the full impact of Covid on the recurrent financial position going into 20/21 and further work is needed to fully understand the impact of Covid 19 and resetting on the underlying cost base. It is however, clear that it will be considerably in excess of £27.4m shown, due to a range of likely ongoing requirements and impacts, including TTP, Covid vaccination, ongoing direct impacts of Covid, and continuation of new interventions to maintain services during Covid and Winter.

The above forecast will continue be updated as part of our detailed planning for 21/22.

2. Risk Management (Table A2)

The key financial risks and opportunities for 20/21 are noted in Table A2 and are summarised below (excluding the PYA risk which is covered above):

	Month 9		Month 8	
	Opps	Risk	Opps	Risk
	£m	£m	£m	£m
Prior year adjustment - see comment above	0	0	0	0
Slippage in delivery of Q3/Q4 plan (e.g Winter plans £6.7m, NR spend plans £7.8m)	(1.5)		(3.0)	
Changes to the Balance sheet assumptions in the Q3/Q4 Plan	TBC		TBC	
Potential variation in the estimated 'pass through' costs for PPE, TTP, Mass vaccinations, Flu, Field hospitals, CHC .	(2.0)	2.0	(3.0)	3.0
Matched by corresponding adjustment to assumed WG funding	2.0	(2.0)	3.0	(3.0)
Whole Community testing in Merthyr		0		TBC
Potential movement in estimated Annual leave provision at 31 March 21	(2.0)	2.0	0	0
Other individual items:				
Securing the full allocation for Prevention funding that was received in 19/20.		0.2		1.0
Total	(3.5)	2.2	(3.0)	1.0

3. Additional costs due to Covid -19 (Table B3)

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

As noted above, the Covid: Non Covid distinction is becoming increasingly difficult as the response becomes broader and the Covid, Winter, Essential services response covers most services and cost changes.

	Q1	Q2	Q3	Q4	Total
Area of cost impact	£m	£m	£m	£m	£m
Pay	7.3	6.0	8.1	23.8	45.2
Non Pay and Income	10.7	12.0	12.9	13.1	48.6
Impact on savings delivery	4.1	2.2	2.2	1.7	10.1
Operational expenditure reductions	(6.0)	(2.6)	(4.9)	(4.5)	(18.0)
Slippage on planned investments/repurposing of development funding	(1.3)	(0.9)	(0.6)	(0.8)	(3.6)
Sub total	14.8	16.6	17.7	33.3	82.3
WG funding	(10.3)	(21.1)	(17.7)	(63.3)	(112.3)
Total	4.5	(4.5)	(0)	(30.0)	(30.0)

Notes:

1. The additional Local Authority costs associated with Whole Community Testing in Merthyr and Lower Cynon Valley are anticipated to be reported directly by the LAs via the Hardship fund.
2. The full year forecast loss of dental patient charge income in Table B3 is £5,144k (M9 YTD: £3,929k).
3. The CHC allocation of £3.4m received to date is assumed to be sufficient for the full year impact of supporting providers in 2020/21. This position will continue to be monitored to assess the impact of Voids in Q3 & Q4.
4. Forecast pay costs in Q4 includes £15.4m for the estimated increase to the Annual Leave Provision in 20/21.
5. A full review of PPE expenditure for the first 3 quarters of 2020/21 compared to the same period in 19/20 has been undertaken. This has resulted in an additional £2.4m of forecast PPE expenditure being reported for 20/21.

The table below summarises the increase in expenditure in 20/21 compared to 19/20:

Product	Q1 £'k	Q2 £'k	Q3 £'k	Q4 Est £'k	Forecast £'k
Gloves	128	645	1,051	1,051	2,874
Visors/Protectors	206	86	628	628	1,548
Masks	186	221	130	130	667
Aprons/Gowns	107	62	267	267	703
Other	111	75	49	49	285
Total	739	1,089	2,124	2,124	6,077

Summary of forecast Covid costs

	M9	M8	Change
Area of cost impact	£m	£m	£m
Pay	45.2	36.1	9.1
Non Pay and Income	48.6	43.9	4.7
Impact on savings delivery	10.1	10.4	(0.3)
Operational expenditure reductions	(18.0)	(12.2)	(5.8)
Slippage on planned investments/repurposing	(3.6)	(3.4)	(0.2)
Sub total	82.3	74.8	7.5
WG funding	(112.3)	(98.0)	(14.3)
Total	(30.0)	(23.2)	(6.8)

- Forecast Pay Costs have increased by £9.1m- This is mainly attributed to the estimated increase in the Annual Leave provision of £9.9m.

- Non Pay and Income have increased by £4.7m - This is mainly attributed to:
 - £2.4m revision of the PPE expenditure incurred compared to the same period last year (see above).
 - £0.3m Field Hospital setup costs and £0.3m LA Track & Trace costs
 - £1.4m correction to Dental Patient Charge income loss reported in M8.
- Operational Expenditure Reductions has increased by £5.8m - This is partly due to the PPE correction previously incorrectly offsetting non pay reductions and partly due to revised forecasts as a result of the significant impact of COVID upon services being extended to Q4.
- WG Funding has increased by £14.3m, this is due to:
 - Increase in the anticipated allocation for Annual Leave Provision of £9.9m.
 - Recognition of the UEC funding of £1.5m
 - Increase in the anticipated allocation for PPE by £3.2m
 - Reduction in the anticipated independent Hospital allocation by £0.9m.
 - Increase in Anticipated Allocation Field Hospital Setup £0.6m

Summary of COVID allocations

The table below reconciles the £112.345m allocation identified as relating to COVID as at M9.

	Confirmed Allocations £'k	Anticipated Allocations £'k
Q1 Staff	7,875	
Field Hospital	2,987	
GMS Enhanced Service	178	
MH (6 Months)	564	
Transformation	1,340	
CHC	3,390	
Track & Trace	1,833	
PPE	1,010	
Vol Sector	200	
UEC Funding	1,500	
C-19 RPB Recovery	24	
COVID Support	56,200	
Anticipated Pass Through		35,244
	77,101	35,244

Summary of Pass Through Covid costs and anticipated allocations

	Forecast Expenditure £'k	Confirmed Allocations £'k	Anticipated Allocations £'k
FH Setup	5,742	2,987	2,755
FH Decommissioning	720	0	720
TTP	9,670	1,833	7,837
CHC	3,400	3,390	10
PPE	6,063	1,010	5,053
Independent Hosp	600		600
Extended Flu	700		700
Mass Vacs	2,169		2,169
Annual Leave	15,400		15,400
Total	44,464	9,220	35,244

Impact on delivery of efficiency savings

The original pre Covid shortfall in projected Savings against the annual target of £20.6m was £4.3m. This was previously incorrectly attributed as relating to Covid but is now being treated as a non- Covid variance. The forecast savings position at M9 is summarised below:

In Year savings	Total	Covid	Non Covid
	£m	£m	£m
Projected savings Pre Covid	20.6	16.3	4.3
Latest forecast savings post Covid	(6.2)	(6.2)	0
Latest forecast savings gap	14.4	10.1	4.3

The latest risk assessment on the amber schemes (£1.1m) within the forecast total savings of £6.2m is £0.2m.

The forecast position assumes that the £4.3m Non Covid savings gap is managed on a non-recurrent basis in 20/21, pending further work on the underlying recurrent position for 21/22:

	20/21 Budget	Forecast spend	Forecast slippage
	£m	£m	£m
Slippage on investment budgets for discretionary investments and Major trauma	1.5	0.8	0.7
Forecast underspends against NR budgets:	4.2	3.1	1.1
Budgets for commitments made in prior years	5.5	3.0	2.5
Total	11.2	6.9	4.3

Recurrent savings	Total	Covid	Non Covid
	£m	£m	£m
Projected savings Pre Covid	20.6	16.3	4.3
Latest forecast savings post Covid	(6.6)	(6.6)	0
Latest forecast savings gap	14.0	9.7	4.3

The forecast recurrent savings gap of £14.0m has been reflected in the forecast recurrent position (See Section 1 above).

Slippage on planned investments/repurposing of development funding

An assessment of what existing development funding can be slipped or repurposed to help meet costs resulting from Covid-19 is provided below:

	M9	M8
	£m	£m
Transformation allocation for Covid -19	1.3	1.3
Cluster funding for 20-21 (the inclusion of this funding has also seen a corresponding increase in Covid related costs)	1.5	1.5
Mental Health funding for 20/21	1.0	1.0
Other	0.1	0.1
WHSSC Investment Slippage	1.5	1.3
Sub total	5.1	4.9
Reclassified as WG income in M5:		
Transformation allocation for Covid -19	(1.3)	(1.3)
Mental Health funding for 20/21	(0.5)	(0.5)
Total	3.6	3.4

4. Net Expenditure Profile Analysis (Table B)

The most significant movements within Table B relate to:

- Primary Care Contractors decreased by £0.6m – The M8 forecast assumed extended flu enhanced service would be operational, this has been slipped to future periods.
- Pay has decreased by £3.7m – this includes recognition of accountancy gains of £1.4m and slippage on Q3/Q4 spend plans.
- Non Pay has decreased by £1.9m. This is mainly as a result of accountancy gains being released in M9 of £2.6m.
- Private & Voluntary Services reduced by £0.7m following a change category with Non Pay.

The most significant movements on the forecast full year expenditure relate to:

- Primary Care Prescribing has reduced by £1.1m following a receipt of a further month of activity and confirmation that extended flu vaccines would be issued directly from WG at no cost.
- Pay increased by £7.3m following inclusion of £9.9m impact upon the annual leave carry forward provision less revised payroll forecast.
- Health care by other NHS decreased by £0.7m to recognise new forecasts from WHSSC and Velindre.
- Other Private and voluntary sector decreased by £3.5m recognising lower than anticipated independent Hospital costs of £0.9m recategorisation of plans and review of forecasts.

Future periods have been updated and profiled in line with our best estimates. There continues to be a high level of uncertainty regarding some of the estimated Covid-19 costs for future periods and these risks/opportunities have been captured in Table A2.

5. Ring Fenced Allocations (Tables N&O)

The Health Board can confirm that there are no concerns at M9 on any ring-fenced budgets.

6. Saving Plans (Tables C, C1, C2, C3)

Please see Section 3 above.

7. Welsh NHS I&E Assumptions 2020/21 (Tables D & E)

Table D has been completed and agreed with other organisations. The financial plan also includes provision for additional costs arising from the WRP risk sharing arrangement of £1.6m which is consistent with the information provided by NWSSP. This provision has been included in Table D.

Table E shows the anticipated allocations assumed within our M9 position.

The Health Board can confirm that all LTA documents have been signed by both parties.

8. Balance Sheet & Aged Welsh NHS Debtors (Tables F, M)

Receivables have increased by £39m to M9. The most significant movements relate to the movement in WRP debtors of £20m together with a M9 debtor of £11.5m with RCT LA representing the contribution to the Regional Pooled Fund for residential and nursing care.

Payables increased by £33m to month 9. This includes a M9 creditor of £11.5m with RCT LA relating to the Regional pooled Fund and an increase in the Pension/HMRC M9 creditor of £15m. The M12 2019-20 Pension/HMRC creditor had been part paid before 31st March 2020.

There were three invoices greater than 11 weeks old outstanding at the 31st December 2020. Payment for two have now been received. The remaining invoice was agreed as part of the month 8 Agreement of balances exercise and the organisation has been contacted to confirm when payment will be received.

9. Cash Flow Forecast (Table G)

The cash flow forecast is currently showing a forecast surplus of £13.3m in M12 (£14.3m Revenue and £(1.0)m Capital). It is anticipated that £1.0m cash support will be required to cover the movement in Capital creditors.

The two key issues to highlight are as follows:

- The latest forecast excludes any cash implications associated with the planned return of funding to WG of £19.8m which is subject to the outcome of discussions with Audit Wales regarding a potential Prior Year adjustment. The PYA risk is circa £12m and we are meeting with Audit Wales on 17 January to discuss their latest position on this key issue. If a PYA is required, this will need to be covered from the planned return of funding of £19.8m. If not required, the full £19.8m

will be returned to WG. A formal Accountable officer letter will follow once we have a decision from Audit Wales on the PYA.

- There is still uncertainty around the expected timing of the receipts for the outstanding WRP debtors. The Revenue forecast includes an anticipated reimbursement of £5m in February and assumes that the remaining outstanding WRP debtors of approximately £27m will be received early in 2021-22. We are continuing to work closely with the WRP to establish the profile of the receipts for the remaining balance, and will continue to update the cashflow when further details are available.

10. Public Sector Payment Compliance (Table H)

The percentage for the number of non-NHS invoices paid within the 30 day target within the third quarter of 2020-21 is 93.3%, with a cumulative percentage of 93.0%.

The PSPP target was achieved each month from May to September. For the month of April the percentage was only 76.6%, partially due to the release of invoices in accordance with the COVID supplier relief arrangement.

The monthly percentages for the third quarter was 94.9% (September), 94.1% (October) and 90.9% (November). As a consequence of the quarter three performance and the very low percentage performance in April, there is a high risk that the Health Board will not achieve the 95% performance target for 20/21.

Work continues on the improvement of NHS compliance, both locally and as part of the TAG task and finish group. The quarter 3 percentage was 77.6%, an increase of 12.4% on the previous quarter.

11. Agency Expenditure (Table B2)

M9 agency expenditure was £2.9m and the monthly trend is summarised below.

	M09	M08	M07	M06	M05	M04	M03
	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Medical	0.60	1.10	1.20	1.28	1.35	1.44	1.41
Nursing	1.70	2.00	1.75	2.04	1.23	1.28	1.59
Other	0.60	0.70	0.55	(0.04)	0.50	0.59	0.40
Total	2.93	3.80	3.50	3.26	3.08	3.31	3.40

The reduction in M9 is due to accountancy gains being released of £1.1m of which £0.9m related to medical staff. Excluding the accountancy gains, the agency total in M9 would have been £4.03m and Medical agency would have been £1.5m.

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

The M9 CRL as issued on the 8th January is £44.4 and, as at M9, £28.2m has been charged against the CRL.

The total Covid related funding expected in 2020/21 is £10.6m (£4m has not yet been received and is shown as an anticipated allocation in Table E). Further details on the full expenditure is provided within the separate return. There are Covid impacts on other AWCP schemes however as agreed with WG these will be discussed further when these schemes are nearer completion.

The M9 cumulative expenditure position for Covid is again lower than forecast, this is largely due to some delays in a large ICT order that has been placed to support the further mobilisation of home and agile working. All steps are being taken to ensure increased expenditure during M10 and the aim is to complete the majority of schemes and receive most equipment and ICT by end January, there could however be a few delays in areas due to shortages in supply chains. This is being kept under close review and there remains a high level of confidence that despite these delays the profiled and reported outturn position will be delivered within this financial year.

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 risks described below cover the risk of current year slippage but also additional costs which have not yet been funded.

Scheme	Risk Rating	Potential Risk Value £m	Description
PCH G&FF Phase 2	Medium	slippage	Scheme started on site on site 30 th November with significant spend of £1.4m achieved in the first month. There is a significant amount of spend remaining of £5.5m to be spent in a relatively short period of time and hence with the unpredictability of the COVID impact this is recognised as a medium risk.

EDRMS & Digitisation (I2S)	Medium	0.2m	The scheme does not yet have a confirmed go live date and hence the profile of spend is at risk until this is agreed. It is however anticipated that the WG element of the allocation would be spent by year end and so the risk sits within discretionary capital.
CT Scanner	High	0.232m awaiting funding	The scheme completed in September with £0.232m of additional costs related to COVID 19. The COVID 19 costs have been included as an anticipated allocation but the Health Board are awaiting confirmation of approved funding, this is expected to be received in January following a detailed submission to SES. The other element of overspend on the scheme has been funded from the Health Boards discretionary capital.
Sunnyside Health and Wellbeing Centre	High	0.300m slippage	Scheme is due to start on site in March 21 however some issues have been identified within the design of the building which may require revised planning permission to be requested in order to resolve. If this is the case then there will be a delay to the start on site date and hence an underspend against the 20/21 allocation. This situation will be monitored closely over the next 2 weeks to assess if funding needs to be allocated to discretionary capital and repaid to the scheme in 21/22
Anti Ligature	Medium	slippage	Due to start on site 18 th January with a plan to achieve full spend in year. Given the nature of this work in a live environment the progress can be heavily impacted by COVID and hence has been identified as a medium risk

COVID 19 – Tranche 7	High	3.764m	Through a number of returns and discussions WG have been regularly updated on the COVID 19 spend to date and forecast for the year. No concerns have been raised and it is assumed these costs will be funded in full and no allowance has been made to cover any of this amount from discretionary capital. This has been classed as a high risk to the programme given a significant amount of this has already been spent but there has not been any formal funding approval. Note value of risk has reduced following tranche 6 of funding received in December
RGH Vaccine Research Centre	High	0.155m awaiting funding	Included as an anticipated allocation and discussed with WG however no formal funding letter has been received. Spend has commenced on the scheme and hence identified as a high risk until formal approval received.

The performance to date shows a £1.1m underspend to plan which in the main relates to the COVID spend as described above.

The Health Board is reporting a forecast break even position overall assuming all anticipated expenditure is funded by Welsh Government as per the anticipated allocations included in Table E.

Updated non-cash estimates were provided to WG on the 2nd November and these have been reflected in the relevant tables. Any changes to these estimates will be reported as they are known and also through the monitoring returns as requested.

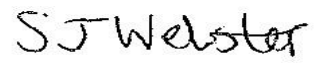
There have been a small amount (£48k) of equipment items disposed so far during 2020-21. Further disposals are anticipated in January.

13. Other Issues

14. Authorisation

A handwritten signature in black ink, appearing to read 'P Mears', with a long, sweeping underline stroke.

P Mears
Chief Executive

A handwritten signature in black ink, appearing to read 'S Webster', written in a cursive style.

S Webster
Director of Finance

Date: 14th January

Action Points arising from Month 8 Response

Action Point	WG Comment	CTM Response										
8.1	Your forecast breakeven position is displayed as a c. £23.200m Covid-19 funding surplus which is being offset by various Operational pressure items. A further request for additional information on a number of these areas is included within Action Point 8.2. I again wish to reiterate the requirement to submit a formal Accountable Officer letter on your position.	Please see email from Steve Webster to Alan Brace and Hywel Jones on 23 Dec. This explained that we cannot send a a formal Accountable Officer letter on our position until we get feedback from Audit Wales (AW) on the potential Prior Year Adjustment (PYA). In the meantime, the e mail confirmed that the Board is content to return £17.1m to WG less the value of any PYA . We will formally confirm a net figure once we have had feedback from AW.										
8.2	<p>Movement of Opening Financial Plan to Forecast Outturn (Table A) Please provide responses to the following queries on the items listed below, reported in Table A at Month 8:</p> <table border="1" data-bbox="322 954 1496 1388"> <thead> <tr> <th data-bbox="322 959 555 1007">Table A Line ref.</th> <th data-bbox="555 959 788 1007">Table A Description</th> <th data-bbox="788 959 1021 1007">YTD (£000)</th> <th data-bbox="1021 959 1254 1007">Forecast (£000)</th> <th data-bbox="1254 959 1496 1007">Action Point</th> </tr> </thead> <tbody> <tr> <td data-bbox="322 1034 555 1066">8.2a 31</td> <td data-bbox="555 1034 788 1129">Reduction in Cost pressures and slippage on investment plans</td> <td data-bbox="788 1034 1021 1066">3,398</td> <td data-bbox="1021 1034 1254 1066">2,986</td> <td data-bbox="1254 1034 1496 1230">The forecast value has decreased by £1.273m from Month 7. Please provide an updated breakdown and also advise why the YTD value is higher than forecast.</td> </tr> </tbody> </table>	Table A Line ref.	Table A Description	YTD (£000)	Forecast (£000)	Action Point	8.2a 31	Reduction in Cost pressures and slippage on investment plans	3,398	2,986	The forecast value has decreased by £1.273m from Month 7. Please provide an updated breakdown and also advise why the YTD value is higher than forecast.	The M8 Narrative included a table showing how the £4.3m non COVID CRES Shortfall would be managed under section - Impact on delivery of efficiency savings
Table A Line ref.	Table A Description	YTD (£000)	Forecast (£000)	Action Point								
8.2a 31	Reduction in Cost pressures and slippage on investment plans	3,398	2,986	The forecast value has decreased by £1.273m from Month 7. Please provide an updated breakdown and also advise why the YTD value is higher than forecast.								

8.2b	32	Winter Plans	0	-7,000	The narrative only references that you have detailed plans and monitoring processes in place with Locality Groups. Please provide a quantified breakdown by key expenditure area and confirm if these relate to the response to Covid-19 or are Operational (as currently reported).	<p>The planned spend on Winter plans was is £6.7m and the latest forecast is £5.2m See Section 1.</p> <p>A detailed breakdown of the Winter plans will follow in a separate email.</p> <p>Please note that the Covid: Non Covid distinction is becoming increasingly difficult as the response becomes broader and the Covid, Winter, Essential services response covers most services and cost changes. end as Non Covid.</p>
8.2c	35	Non Recurring Spend initiatives	0	-6,200	No supporting details have been provided on these initiatives at M8. Again, please provide a quantified breakdown by initiative and confirm is these relate to the response to Covid19 or are Operational (as currently reported).	<p>The planned spend on NR spend initiatives has now increased from £6.2m in M8 to £7.8m in M9.</p> <p>A detailed breakdown of the Winter plans will follow in a separate email.</p> <p>Please note that the Covid: Non Covid distinction is becoming increasingly difficult as the response becomes broader and the Covid, Winter, Essential services response covers most services and cost changes. end as Non Covid.</p>

8.2d	<p>37 I2S 0 -3,000</p> <p>Repayment/Deferral</p> <p>Please provide a sufficiently detailed analysis of the repayments by I2S scheme including the previous and new profile.</p>	Please see separate Annex A .
1.1	<p>Since the start of the year I have repeatedly requested that you ensure all Accountancy Gains are separately listed by type of release (i.e. Non NHS creditors relating to 'x', CHC, Payroll creditors etc.) on the Savings Tracker (Table C3). A single line with a value of £15.4m described as Accountancy Gains (CHC, Payroll creditors & Oracle GRNI) does not provide sufficient detail for our internal reporting requirements on this area. I trust this will finally be actioned for Month 9, as this delay is clearly unacceptable.</p>	<p>Noted and updated in M9.</p> <p>Please note that further discussion are ongoing with Audit Wales and the position may change. Meeting scheduled for Monday 18th January.</p>
6.2b	<p>As stated within your own response to Action Point 6.2b and for the second consecutive month; please action the correction to ensure the Urgent Emergency Care Fund (£1.500m), which is for Covid-19 related items, is reported on Line 22 of Table A with the corresponding spend reported in Table B3 at Month 9.</p>	Noted and updated in M9.
8.3	<p>Risks and Opportunities (Table A2)</p> <p>It appears that Table A2 has not been updated since Month 7, with items listed not corresponding to those reported within Section 2 of your narrative. It is important that you ensure all risks and opportunities are consistently reported throughout your return.</p>	Noted and updated in M9.
6.5	<p>Monthly Positions (Table B)</p> <p>It is disappointing that you continue with a reporting methodology that presents high level values as 'rounded' entries across a number of income and expenditure categories across future months (except oddly, for March). As I acknowledged last month, this approach is potentially understandable when first reporting a new area of expenditure as data is being refined; the expectation is however that a more robust and granular approach is taken thereafter. Given that we are now approaching the latter stages of the financial year, please review and ensure these</p>	Note your comments.

	values are replaced with robust and precise monthly income and expenditure profiles.																																							
8.4	Please explain the relationship between the £10.000m 'Contingency against Prior Year Adjustment' phased into March within the SoCNE and the corresponding £12.000m value reported on Line 33 of Table A.	<p>Table A & B has been updated to reflect the current forecast.</p> <p>The PYA of £12m has been removed, and an anticipated allocation return to WG of £19.8m has now been recognised.</p> <p>Please see Narrative in Section 1.</p>																																						
8.5	<p>As per the below calculation, the Revenue Resource Limit is under phased by c. £23.000m based on straight lined method:</p> <p>I acknowledge that c. £7.600m reflects the Annual Leave Accrual phased into March (£5.5m) and the Mass Covid-19 Vaccinations (£2.2m), please ensure that your narrative clearly states the details of the other corresponding spend items due to materialise or increase in future months.</p> <table> <tr> <td colspan="2">£m</td> </tr> <tr> <td>Annual Resource Limit (as per Table E)</td> <td>1,216</td> </tr> <tr> <td>Less AME Impairment</td> <td>-30</td> </tr> <tr> <td>March charge</td> <td></td> </tr> <tr> <td>Less future reserves step up March (exl Contingency)</td> <td>-2</td> </tr> <tr> <td>Adjusted Resource Limit</td> <td>1,188</td> </tr> <tr> <td>8/12th</td> <td>792</td> </tr> <tr> <td>Actual Phased YTD Resource Limit</td> <td>769</td> </tr> </table>	£m		Annual Resource Limit (as per Table E)	1,216	Less AME Impairment	-30	March charge		Less future reserves step up March (exl Contingency)	-2	Adjusted Resource Limit	1,188	8/12th	792	Actual Phased YTD Resource Limit	769	<p>The M8 return indicated that a revised forecast would be provided in an accountability letter to WG following the returns. This indicated a return of allocation to reflect the latest forecast.</p> <p>The current profile can be summarised as:</p> <table> <tr> <td>Allocation</td> <td>1,207m</td> </tr> <tr> <td>Less AME</td> <td>30m</td> </tr> <tr> <td>Less A/L</td> <td>15m</td> </tr> <tr> <td>Less WRP</td> <td>2m</td> </tr> <tr> <td>Equals</td> <td>1,160m</td> </tr> <tr> <td>9/12ths</td> <td>870m</td> </tr> <tr> <td>Actual Phased</td> <td>860m</td> </tr> <tr> <td>Difference</td> <td>10m</td> </tr> </table> <p>Rationale:</p> <table> <tr> <td>TTP</td> <td>2m</td> </tr> <tr> <td>Mass Vacs</td> <td>2m</td> </tr> <tr> <td>Flu</td> <td>1m</td> </tr> </table>	Allocation	1,207m	Less AME	30m	Less A/L	15m	Less WRP	2m	Equals	1,160m	9/12ths	870m	Actual Phased	860m	Difference	10m	TTP	2m	Mass Vacs	2m	Flu	1m
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	<p>COVID-PPE 1,828</p> <p>COVID-Mass Vaccinations 2,169</p>	<p>Income was also split between Set Up Costs and Decommissioning (currently it is combined)</p> <p>Total costs in B3 = £3.710m, less funded to date of £1.010m = £2.700m (Difference £0.872m in anticipated income value)</p> <p>Table B3 reports rounded lower value of £2.100m, leaving a £0.069m difference to funding.</p>	
8.7	<p>Please review and provide a supporting explanation for the negative year to date and annual forecast expenditure amounts reported against the following categories:</p> <p>1) Agency Medical and Dental - YTD (£0.361m) and Forecast (£0.253m)</p> <p>2) M&SE Consumables – YTD (£0.175m) and Forecast (£0.147m)</p>		<p>Agency costs have reduced in recent periods due to changes in service provision. This has been netted off earlier additional costs resulting in net negatives as the reductions are now greater than the initial costs.</p> <p>M&SE has been adjusted as part of the PPE review.</p>
8.8	<p>Please provide a supporting explanation for why the loss of income annual forecast has reduced by c.£1.300m since Month 7.</p>		<p>Corrected in M9 – Dental PCR.</p>
5.8	<p>As requested since Month 5, please ensure that the expenditure profile reported on Line 66 agrees to the total Testing Non Pay only (Antigen line 25 plus Antibody line 22) expenditure profiles, reported within the TTP Template submission.</p>		<p>Noted.</p> <p>It is important to note that the non pay elements of sampling have now been retrospective adjusted to reflect this change.</p>
8.9	<p>Savings Tables (Table C - C3)</p> <p>The value of 'Month 1 identified savings schemes not forecast to be delivered due to Covid-19' has increased by c. £0.460m since Month 7. Please provide details of the corresponding schemes, with individual reasons for the change in expected (non) delivery.</p>		<p>Given the current COVID situation it is not possible to engage with service leads to understand and monitor individual savings schemes to understand the reason for non delivery from original forecasts.</p>

8.10	The 'rebates' scheme in the Tracker, has a negative value (-£0.058m) within the 'Risk of Under Delivery (Amber Schemes only)' column; please ensure only positive values are reported within this column in future submissions. If your intension was to report that this scheme could over-achieve and you are not in a position to change the forecast delivery, show this as a potential opportunity in Table A2.	Noted and Actioned
7.4	Resource Limit (Table E) In response to Action Point 7.4, you confirm that the total anticipated Transformational Fund allocation is £12.100m. Within Table E a lower value of £10.981m is anticipated; as the difference of £1.119m cannot be identified from in year issued allocations, please explain this movement.	An error has been identified in the M8 anticipated allocation figure. This has been corrected in month 9. (£12.100m - £2.463m - £2.914m = £6.723m)
6.14	Monthly Cash Flow (Table G) Your narrative and cash flow is continuing to project a material year end cash surplus (c. £14.000m at Month 8). I again would like to reiterate the expectation that the Health Board should not hold such a high cash balance at year end, instead you should lower the WG revenue cash request in March to prevent the Health Board drawing down in advance of need. Also after raising the matter, for two consecutive months, relating to the Accountancy Gains released in 20/21 (i.e. those not currently forming part of the PYA issue) being Resource only benefits that do not generate cash to fund your expenditure, I will note your response that they will 'have no impact upon the reported cashflow'.	Agreed.
8.11	Movement of Opening Financial Plan to Forecast Outturn (Table A) I note that you have adjusted the planned profile (linked to savings) resulting in a reported deficit of £0.037m (Line 12) in November. I assume this is a reporting error and will be rectified with the £0.037m surplus currently shown in the March column being moved to December. This will enable both the planned YTD and forecast positions to be reported as balanced at Month 9.	Noted
8.12	The planned c/f underlying deficit has also increased from £13.400m to £13.413m (Line 12), this is linked to adjustments made to savings and income generation items within the Savings Tacker (Table C3). Please review and reinstate the fixed planned c/f deficit position of £13.400m at Month 9.	Noted

8.13	Please ensure your monthly narrative provides a breakdown of the funding items included in Line 22 (Additional In Year Welsh Government Funding Due To Covid-19) of Table A. The breakdown total should agree to the exact value reported in Table A Line 22 (i.e. not a high level rounded amount).	Noted and Actioned
4.4	Covid-19 Analysis (Table B3) Following Action Point 4.4, it is disappointing that the WTE and Bed number sections have not been populated at Month 8. As agreed within previous responses to Action Point 4.4, please ensure the WTE and Bed numbers sections of the Table are fully populated with feasible profiles each month.	Despite attempts to source this data, it has not been possible at present we will continue to try to correct this.
8.14	Please ensure that the Mass Covid Vaccination Programme expenditure profile reported in the separate template matches precisely to Line 107 of Table B3.	Noted – Template will follow.
7.16	Resource Limits (Table E) Within Table E, please ensure a WG contact is reported against each individual anticipated income item, to ensure we can follow up the issues with the correct policy lead.	Noted