



AGENDA ITEM

2.2.3

PLANNING, PERFORMANCE & FINANCE COMMITTEE

MONTH 10 MONITORING RETURNS TO WELSH GOVERNMENT

Date of meeting	25/02/2021
FOI Status	Open/Public
If closed please indicate reason	Not Applicable - Public Report
Prepared by	Mark Thomas, Deputy Director of Finance
Presented by	Steve Webster, Director of Finance & Procurement
Approving Executive Sponsor	Executive Director of Finance & Procurement
Report purpose	FOR NOTING

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

Committee/Group/Individuals	Date	Outcome
Welsh Government	11/02/2021	NOTED

ACRONYMS

WG	Welsh Government
M1 etc	Month 1 etc
PPFC	Planning, Performance & Finance Committee
LHB	Local Health Board

MONTH 10 MONITORING RETURNS TO WELSH GOVERNMENT

1. SITUATION/BACKGROUND

In addition to our normal internal Finance reports there is a WG requirement for a Committee of the Board to receive the monthly Monitoring Return submissions to WG (narrative report plus certain tables) in order to provide the Committee with transparency on the submission made to WG.

The purpose of this report is to provide the PPFC with information from the M10 Financial Monitoring Return submission to Welsh Government.

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

The Local Health Board, Trust and Special Health Authority Financial Monitoring Guidance 2020-21 was issued on 20 May 2020. This guidance refers to the monitoring return spreadsheet and accompanying narrative that LHBs will need to complete to report their 2020/21 financial performance, together with the following requirements:

The Day 9 submission to WG must be agreed and the narrative signed by both the Director of Finance and Chief Executive before the submission is made to WG. The Board governance, regarding the arrangements for when the Director of Finance and/or Chief Executive is not available, should be set out at the start of the year and shared with the Head of NHS Financial Management.

An additional statement must be included in the narrative each month to clarify the date and main Committee of the Board which will receive that Month's Financial Monitoring return (consisting of the Narrative, Table A, Table A2 and Table B3) in order to provide the Committee with transparency on the submission made to WG.

The following information is provided at Annex A:



Annex A
M10 Narrative report
Table A - Movement
Table A2 - Risks
Table B3 – COVID-19 Analysis

3. KEY RISKS/MATTERS FOR ESCALATION TO BOARD/COMMITTEE

All information made available to WG should be consistent with that provided to the Board. The detailed commentary in the Monitoring Returns must include a statement confirming that the financial information reported in the Monitoring Return aligns to the financial details included with the internal Board papers.

The key information included in the M10 Financial Monitoring returns is summarised below. This information is consistent with the M10 Finance reports going to Management Board, PPFC and the Board.

	M10	M9
	£m	£m
In month deficit /(surplus)	(0.05)	2.8
YTD deficit /(surplus)	(0.15)	(0.1)
Year end forecast (see below)	0	0
Forecast recurrent deficit	27.9	27.4

A summary of the latest M10 forecast position is provided below:

	M10	M9
IMTP / Annual Operating Plan	£m	£m
Additional In Year Identified Savings - Forecast (Positive Value)	(10.2)	(10.1)
Additional In Year Welsh Government Funding Due To Covid-19 (Positive Value)	111.2	112.3
Operational Expenditure Cost Increase Due To Covid-19 (Negative Value)	(91.5)	(93.8)
Planned Operational Expenditure Cost Reduction Due To Covid-19 (Positive Value)	16.9	18.0
Slippage on Planned Investments/Repurposing of Developmental Initiatives Due To Covid-19 (Positive Value)	3.6	3.6



Forecast Outturn attributable to Covid-19 (- Deficit /+ Surplus)	29.9	30.0
Forecast Outturn Non Covid-19 (-Deficit /+ Surplus)	0.4	(0.5)
Net cost of Winter plans in excess of funding	(4.8)	(5.2)
Additional accountancy gains	11.7	11.3
Non recurring spend initiatives	(8.2)	(7.8)
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	(21.0)	(19.8)
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 (PYA), and subject to the assumptions made around WG programme funding (see Section below), is £21.0m. The PYA risk is in excess of £9.4m as this is the materiality threshold for 19/20. Discussions are ongoing with Audit Wales on this key issue. If a PYA is required, this will need to be covered from the planned return of funding of £21.0m. If not required, the full £21.0m will be returned to WG. A formal Accountable officer letter will be sent to WG once we have a decision from Audit Wales on the PYA.
- The planned return of funding to WG has increased by £1.2m in M10. This increase relates to unexpected additional Welsh Government funding, over the notified level we had built into our forecast, to support the delivery of the four urgent and emergency care priorities. Our assumed allocation was £3.1m but we were notified on the 5 February that our allocation is now £4.3m.
- We have also adjusted anticipated allocations downwards for Covid programme costs to minimise the risk of a surplus position. Please see the Section below on 'Summary of WG funding due to COVID-19'.
- The annual leave provision at 31 March 2020 was circa £0.5m. The estimated provision at 31 March 2021 is £13.9m, which represents an increase of £13.4m. This increase has been confirmed by WG for funding purposes. 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.

- Annual leave on overtime provision. Following a recent discussion at Deputy DoFs our understanding is that the work is being done centrally to confirm the increased costs for 20/21 and that these costs will be funded by WG.
- 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.

Summary of WG funding due to COVID-19

A breakdown of the total funding of £111.2m is provided below:

	Confirmed Allocations £'k	Anticipated Allocations £'k
Q1 Staff	7,875	
Field Hospital set up	2,987	
GMS Enhanced Service	178	
Mental Health (6 Months)	564	
Transformation	1,340	
CHC	3,390	
Track & Trace	4,793	
TTP	4878	
PPE	6,063	
Voluntary sector	200	
C-19 RPB Recovery	24	
Pharmacy Allocation	848	
Dental ventilation	61	
Flu	238	
COVID support	56,200	
Urgent Emergency Care		4,348
Pass through Programme costs- see below		17,210
Total M10	89,639	21,558
Total M9	77,101	35,244

	M9 Forecast	M10 Forecast	M10 Confirmed Allocations	M10 Anticipated Allocations
	£k	£k	£k	£k
Field Hospital set up	5,742	5,349	2,987	2,362
FH Decommissioning	720	720	0	720
TTP	9,670	8,926	9,671	0
CHC	3,400	3,400	3,390	0
PPE	6,063	5,230	6,063	0
Independent Hospitals	600	190	0	0
Extended Flu	700	235	238	0
Mass Vaccination	2,169	2,928	0	728
Annual Leave	15,400	13,400		13,400
Total	44,464	40,378	22,349	17,210

The key points to highlight are as follows:

- The anticipated allocation for annual leave was reduced after the M9 submission and is expected shortly.
- The allocations for Test Trace Protect (TTP) and Personal Protective Equipment (PPE) have now been received based on the M9 forecasts. These forecast have improved in M10 by £745k and £833k respectively.
- The forecast costs for Field hospital set up and Extended flu have also improved and we have reduced the anticipated allocations accordingly.
- The forecast costs for Independent Hospitals has reduced to only £190k and these costs can be managed within our overall position.
- The forecast for Mass vaccination costs has increased by circa £0.8m to £2.9m. However, we have reduced our anticipated allocation to £0.7m to take account of the £1.6m improvement on TTP and PPE noted above plus £0.6m of other improvements.

We have adjusted our anticipated allocations downwards for Covid programme costs in order to minimize the risk of a surplus position.



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 If more than one Healthcare Standard applies please list below:
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 Strategic Well-being Objectives	Ensure sustainability in all that we do, economically, environmentally and socially

5. RECOMMENDATION

5.1 The Committee is asked to:

- **NOTE** the contents of the Month 10 Monitoring Returns submitted to Welsh Government for 2020/21.