

# **CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD MONITORING RETURNS – January 2021 FINANCIAL COMMENTARY**

## **Introduction**

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

The financial position reported within this monitoring return is consistent with the information being provided to the Board. The M10 Financial Monitoring Return (consisting of the Narrative, Table A, Table A2 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 10 - Actual Position**

The Health Board is reporting a M10 surplus of £0.05m and a YTD surplus of £0.15m.

### **Month 10 - Forecast position (Table A)**

The Health Board is continuing to forecast a break-even position for 20/21 ( M9: break-even).

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

	M10	M9
<b>IMTP / Annual Operating Plan</b>	£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
<b>Forecast Outturn attributable to Covid-19 (-Deficit /+ Surplus)</b>	<b>29.9</b>	<b>30.0</b>
<b>Forecast Outturn Non Covid-19 (-Deficit /+ Surplus)</b>	<b>0.4</b>	<b>(0.5)</b>
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)
<b>Total</b>	<b>0</b>	<b>0</b>

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 £21.0m. The PYA risk is in excess of £9.4m as this is the materiality threshold for 19/20. We are meeting with Audit Wales tomorrow (12 February) 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 £21.0m. If not required, the full £21.0m will be returned to WG. A formal Accountable officer letter will follow 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<sup>th</sup> 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. There is a potential risk that we have cut this too fine and that we may need a further discussion with WG if there is a significant deterioration to the latest forecasts. Please see Section 3 below.
- The annual leave provision at 31 March 20 was circa £0.5m. The estimated provision at 31 March 21 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 at Section 2.
- Annual leave on overtime provision. Following a 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.

### **Month 10 - Forecast recurrent position (Table A)**

The planned recurrent deficit at the end of 20/21 was £13.4m. As at Month 10 we are reporting a forecast recurrent deficit of £27.9m, which in line with WG advice only covers the recurrent savings shortfall from 2020/21, and not other potential aspects, which we are currently assessing.

	<b>M10</b>	<b>M9</b>
	<b>£m</b>	<b>£m</b>
<b>Planned recurrent deficit</b>	<b>13.4</b>	<b>13.4</b>

Forecast shortfall in recurring savings delivery	14.5	14.0
<b>M10 Forecast</b>	<b>27.9</b>	<b>27.4</b>

At this stage it is very difficult to separate out the impact of Covid on the financial position going into 20/21 and further work is needed to fully understand the impact of Covid 19 on the underlying cost base. It is however, clear that it will be considerably in excess of the £27.9m shown.

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 10		Month 9	
	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, NR spend plans, primary care prescribing)	(1.0)		(1.5)	
Changes to the Balance sheet assumptions in the Q3/Q4 Plan	TBC		TBC	
Potential variation in the estimated 'pass through' costs for TTP, Mass vaccinations, Field hospitals , CHC .	(1.0)		(2.0)	2.0
Matched by corresponding adjustment to assumed WG funding	0	0	2.0	(2.0)
Potential movement in estimated Annual leave provision at 31 March 21	(2.0)	2.0	(2.0)	2.0
Other individual items:				
Securing the full allocation for Prevention funding that was received in 19/20.		0		0.2
<b>Total</b>	<b>(4.0)</b>	<b>2.0</b>	<b>(3.5)</b>	<b>2.2</b>

### 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.

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<b>Area of cost impact</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Pay	7.3	6.0	8.1	24.4	45.7
Non Pay and Income	10.7	12.0	12.9	10.2	45.8
Impact on savings delivery	4.1	2.2	2.2	1.8	10.2
Operational expenditure reductions	(6.0)	(2.6)	(4.9)	(3.4)	(16.9)
Slippage on planned investments/repurposing of development funding	(1.3)	(0.9)	(0.6)	(0.8)	(3.6)
<b>Sub total</b>	<b>14.8</b>	<b>16.6</b>	<b>17.7</b>	<b>32.2</b>	<b>81.3</b>
<b>WG funding</b>	<b>(10.3)</b>	<b>(21.1)</b>	<b>(17.7)</b>	<b>(62.1)</b>	<b>(111.2)</b>
<b>Total</b>	<b>4.5</b>	<b>(4.5)</b>	<b>(0)</b>	<b>(29.1)</b>	<b>(29.1)</b>

Notes:

1. The above forecasts assume that the additional Local Authority costs associated with Whole Community Testing in Merthyr and Lower Cynon Valley will 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 £5,028k ( M9 £5,144k).
3. Forecast pay costs in Q4 includes £13.4m for the estimated increase to the Annual Leave Provision in 20/21.

## Summary of forecast Covid costs

	<b>M10</b>	<b>M9</b>	<b>Change</b>
<b>Area of cost impact</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Pay	45.7	45.2	0.5
Non Pay and Income	45.8	48.6	(2.8)
Impact on savings delivery	10.2	10.1	0.1
Operational expenditure reductions	(16.9)	(18.0)	1.1
Slippage on planned investments/repurposing	(3.6)	(3.6)	0
<b>Sub total</b>	<b>81.3</b>	<b>82.3</b>	<b>(1.0)</b>
<b>WG funding</b>	<b>(111.2)</b>	<b>(112.3)</b>	<b>1.1</b>
<b>Total</b>	<b>(29.9)</b>	<b>(30.0)</b>	<b>0.1</b>

- Pay increase of £0.5m is attributed to increasing Medical Staff Costs of £0.7m.
- Non Pay decrease of £2.8m is attributed to:
  - TTP Reductions £0.9m
  - PPE reductions £0.8m
  - Flu reductions £0.5m
  - Private Sector Hospital Activity £0.4m
- Operational expenditure reductions have decreased by £1.1m, reflecting a correction of an error in M9 on contracting and commissioning benefits.

## Summary of COVID allocations

The table below reconciles the £111,197k allocation identified as relating to COVID as at M10.

	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	
PPE	6,063	
Voluntary sector	200	
C-19 RPB Recovery	24	
Pharmacy Allocation	848	
Dental ventilation	61	
TTP	4878	
Flu	238	
COVID support	56,200	
Anticipated UEC Funding		4,348
Anticipated pass through Covid costs- see below		17,210
<b>Total M10</b>	<b>89,639</b>	<b>21,558</b>
<b>Total M9</b>	<b>77,101</b>	<b>35,244</b>

	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
<b>Total</b>	<b>44,464</b>	<b>40,378</b>	<b>22,349</b>	<b>17,210</b>

The key points to highlight are as follows:

- The annual leave adjustment was notified to Steve Elliot shortly after the M9 submission, following a discussion a Deputy DOFs.
- The allocations for TTP and 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 to minimize the risk of a surplus position. There is a potential risk that we have cut this too fine and that we may need a further discussion with WG if there is a significant change to the latest forecasts.

### **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 M10 is summarised below:

<b>In Year savings</b>	Month 10			Month 9		
	Total	Covid	Non Covid	Total	Covid	Non Covid
	£m	£m	£m	£m	£m	£m
Projected savings Pre Covid	20.6	16.3	4.3	20.6	16.3	4.3
Latest forecast savings post Covid	(6.1)	(6.1)	0	(6.2)	(6.2)	0
Latest forecast savings gap	14.5	10.2	4.3	14.4	10.1	4.3

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:



<b>Recurrent savings</b>	Month 10			Month 9		
	Total	Covid	Non Covid	Total	Covid	Non Covid
	£m	£m	£m	£m	£m	£m
Projected savings Pre Covid	20.6	16.3	4.3	20.6	16.3	4.3
Latest forecast savings post Covid	(6.1)	(6.1)	0	(6.6)	(6.6)	0
Latest forecast savings gap	14.5	10.2	4.3	14.0	9.7	4.3

The forecast recurrent savings gap of £14.5m 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:

	M10	M9
	£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	1.5
<b>Sub total</b>	<b>5.1</b>	<b>5.1</b>
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)
<b>Total</b>	<b>3.6</b>	<b>3.6</b>

### **4. Net Expenditure Profile Analysis (Table B)**

The most significant movements within Table B relate to:

- Primary Care Contractors decreased by £0.9m – Mainly reflects impact of accountancy gains.
- Prescribing decreased by £1.3m – lower than anticipated PAR expenditure and the impact on the accrual for M10.
- CHC has decreased by £1.4m - This is mainly as a result of accountancy gains being released in M10 of £1.5m.

- Private & Voluntary Services reduced by £0.9m – This is mainly due to accountancy gains release in M10 of £1.2m.

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

- Primary Care Contractors decreased by £0.9m – Mainly reflects impact of accountancy gains.
- Primary Care Prescribing has reduced by £1.8m following a receipt of a further month of activity and the corresponding impact on future growth assumptions.
- Pay decreased by £1.1m recognising the reductions in COVID pay forecasts.
- Non Pay increased by £4.7m – revised forecasts reflecting current spend plans.
- Health care by other NHS increased by £2.1m to recognise new allocations for WHSSC and EASC.
- CHC has decreased by £1.0m - This is mainly as a result of accountancy gains being released.
- Other Private and voluntary sector decreased by £1.3m recognising accountancy gains released in M10.

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 M10 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 M10 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 £29m to M10. The most significant movement relates to the movement in WRP debtors of £25m.

There is no significant movement in Payables.

There were twelve invoices greater than 11 weeks old outstanding at the 31<sup>st</sup> January 2021. Payment for ten have now been received. The remaining invoices were agreed as part of the M8 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 £0.376m in M12 which includes £1m anticipated cash support to cover the movement in Capital Creditors.

The two key issues to highlight are as follows:

- The latest forecast assumes a planned return of funding to WG of £21.0m ( resource and cash) which is subject to the outcome of discussions with Audit Wales regarding a potential Prior Year adjustment. The PYA risk is in excess of £9.4m. If no PYA is required, the planned return of £21m ( resource and cash ) will be unaffected. If a PYA is required we are assuming that the planned resource adjustment of £21m will reduce by the value of the PYA but the planned cash adjustment will remain at £21m.
- There is still uncertainty around the expected timing of the receipts for the outstanding WRP debtors. The Revenue forecast includes an anticipated reimbursement of £10.5m in February and assumes that the remaining outstanding WRP debtors of approximately £22m 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)**

Not required for this return.

## **11. Agency Expenditure (Table B2)**

M10 agency expenditure was £3.36m and the monthly trend is summarised below.

	<b>M10</b>	<b>M09</b>	<b>M08</b>	<b>M07</b>	<b>M06</b>	<b>M05</b>	<b>M04</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
Medical	0.50	0.60	1.10	1.20	1.28	1.35	1.44
Nursing	2.30	1.70	2.00	1.75	2.04	1.23	1.28
Other	0.56	0.60	0.70	0.55	(0.04)	0.50	0.59
<b>Total</b>	<b>3.36</b>	<b>2.93</b>	<b>3.80</b>	<b>3.50</b>	<b>3.26</b>	<b>3.08</b>	<b>3.31</b>

The M10 position includes accountancy gains of £0.8, of which £0.55m relates to Medical Staff. Excluding the accountancy gains, the agency total in M10 would have been £4.16m and Medical agency would have been £1.05m.

The reduction in M9 was also 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 M10 CRL as issued on the 25<sup>th</sup> January is £46.9m and, as at M10, £32.8m has been charged against the CRL.

The total Covid related funding expected in 2020/21 is £10.6m (£3.8m 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 also Covid impacts on other AWCP schemes. However, as agreed with WG these will be discussed further when these schemes are nearer completion.

The M10 cumulative expenditure position for Covid remains slightly lower than forecast. A large proportion of the ICT order has been received together with patient monitoring this month. There have been delays to the completion of some schemes due to access issues over the December/January second peak time period however these are now largely resolved with works all set to complete by 31.03.21. Expenditure 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 5 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.

<b>Scheme</b>	<b>Risk Rating</b>	<b>Potential Risk Value £m</b>	<b>Description</b>
PCH G&FF Phase 2	Medium	slippage	Scheme started on site on site 30 <sup>th</sup> November with significant spend of £2.6m achieved in the first 2 months. There is a significant amount of spend remaining of £4.3m 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.
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. Any underspend will be managed through discretionary capital and repaid to the scheme in 21/22
Kier Hardie ICF	High	0.100m slippage	Extension of Time was requested by the contractor due to adverse weather conditions and supply chain issues due to Covid 19. This was agreed by the Health Board and results in £100k of slippage into 21/22. This will be managed through discretionary capital and repaid to the scheme in 21/22
Anti Ligature	Medium	0.100m slippage	Started on site 18 <sup>th</sup> 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	Medium	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 medium risk to the programme given a significant amount of this has already been spent and there has not been any formal funding approval however there are regular coversations with WG with no issues noted and it is now included in section 3 of the CRL as projects without approved funding , as a result risk has been reduced from high to medium. Note value of risk has reduced following tranche 6 of funding received in December
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The performance to date shows a £1.325m 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 anitcipated expenditure is funded by Welsh Government as per the anticipated allocations included in Table E.

Updated non-cash estimates and explanations were provided to WG on the 29<sup>th</sup> January, the change to these estimates are also provided below and these have been reflected in the relevant tables. Any further changes to these estimates will be reported as they are known and also through the monitoring returns as requested.

<b>AME Impairment Funding</b>	<b>Initial Estimate</b>	<b>Revised Estimate</b>
	£m	£m
CT Replacement POWH	0.986	0.986
PCH Ground and First Floor Refurbishment - Phase 1B	30.339	19.218
Keir Hardie Health Park ICF	0.545	0
Dewi Sant Phase 2	1.202	1.202
Assets transferred to NCAHS - Ystrad Clinic	0.242	0.208
<b>AME Impairments</b>	<b>33.314</b>	<b>21.614</b>
Offset by Reversal of Impairment	-3.491	-3.491
<b>Total AME Impairment Funding</b>	<b>29.823</b>	<b>18.123</b>

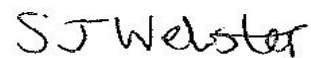
There have been a small amount (£60k) of equipment items disposed so far during 2020-21. Further disposals are anticipated in February.

### 13. Other Issues

### 14. Authorisation



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



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

**Date: 11<sup>th</sup> February**

## Action Points arising from Month 9 Response

Action Point	WG Comment	CTM Response
9.1	<p>I note that you are forecasting financial balance which is currently based on the proposed return of WG funding totalling £19.800m; however, you state that this current value is subject to the outcome of discussions with Audit Wales regarding a potential Prior Year adjustment. Given that we are now at the end of January, it is important that your Health Board is able to confirm a finalised position; the lack of confirmation is impacting on the assurance we are able to report to the Minister regarding your organisation's position. I again wish to reiterate the requirement to submit a formal Accountable Officer letter, as currently the WG has not agreed any funding value to return and neither has the retention of a Covid funding surplus to, fund new in year Operational spend.</p>	<p>Please see Section 1 above. Discussions are ongoing with Audit Wales regarding the potential PYA. A further meeting has been arranged for tomorrow ( 12 Feb) at which we are hoping to clarify their position. We are trying to bring this to a conclusion asap and once we have clarified their position we will be able to submit our formal Accountable Officer letter.</p>
9.2	<p><b>Movement of Opening Financial Plan to Forecast Outturn (Table A)</b></p> <ul style="list-style-type: none"> <li>I note that you are currently including the planned return of £19.800m within the in year free text section of Table A. As this surplus funding reflects the return of excess Covid-19 funding, please ensure you report this value within Line 22 of Table A in future returns.</li> </ul>	<p>Noted. We will update the presentation following resolution of PYA issue with Audit Wales and submission of accountability letter to WG.</p>
8.2a	<ul style="list-style-type: none"> <li>Please provide an updated breakdown of the pressure totalling £3.782m reported within Line 30 'Reduction in Cost pressures and slippage on investment plans', as your narrative continues to report the previous value of £4.285m, so it is unclear which elements consist of the movement in value.</li> </ul>	<p>Noted, the line has been split in Table A, with line 30 showing the mitigating actions of £4.3m and line 29 showing other minor in year variances.</p>
9.3	<ul style="list-style-type: none"> <li>I have shared the supplementary Annex B which provides a breakdown of planned non recurring spend initiatives totalling £7.839m with WG colleagues and the FDU. The Health Board is reminded however, that this proposal should form part of your AO letter.</li> </ul>	<p>Noted. The content of the Accountable Officer letter will depend on the outcome of the PYA issue.</p>
9.4	<ul style="list-style-type: none"> <li>I receipt of your proposed financial plans that support the projected £5.200m of Winter Plans investments currently phased into your forecast position within March, is awaited. Again however, you are reminded that this proposal should form part of your AO letter.</li> </ul>	<p>Noted. The content of the Accountable Officer letter will depend on the outcome of the PYA issue.</p>



1.1`	<ul style="list-style-type: none"> <li>In respect of the remaining amount of Accountancy Gains (£4.925m) planned to be released in March, please ensure that this balance is separately listed by type of release (i.e. Non NHS creditors relating to 'x', CHC, Payroll creditors etc.) on the Tracker (Table C3). The current classification of 'Other' does not provide sufficient detail for our internal reporting requirements on this area.</li> </ul>	Following reviews, a further £4.4m of accountancy gains has been released in M10, the remaining £0.9m will be reviewed in M11 and M12
9.5	<ul style="list-style-type: none"> <li>At Month 10, please ensure that the 'Covid-19 additional pharmacy allocation' (Ref:HFS4) is reported on Line 22 of Table A with corresponding spend included within Table B3.</li> </ul>	Actioned £848k now included
8.3	<p><b>Risks and Opportunities (Table A2)</b></p> <ul style="list-style-type: none"> <li>The presentation of risks and opportunities displayed in the narrative do not easily align to those being reported in Table A2 and also excludes the reported risk of non delivery of savings (£0.158m). Please provide a supporting explanation for each reported risk and opportunity listed within Table A2 rather than the current Table format. I acknowledge that you may wish to highlight that there are potential variations to the 'covid programme' items; however, it is not clear on Table A2 what programmes they relate to and whether the spend may be higher (a Risk, matched with an Opportunity of a higher income request) or lower (an Opportunity, offset with the Risk that a lower income may be requested).</li> </ul>	Noted. The table in the narrative report has been updated to make this clearer.
9.6	<ul style="list-style-type: none"> <li>As referenced above, within Table A2 you are reporting a savings risk of £0.158m. As we approach the final quarter and taking into account your current financial forecast, I trust that this risk will be fully eliminated by Month 10.</li> </ul>	Actioned
6.5	<p><b>Monthly Positions (Table B)</b></p> <ul style="list-style-type: none"> <li>After providing a response of 'Note your comments', it is disappointing that you continue with a reporting methodology that presents high level values as 'rounded' entries across the majority of income and expenditure categories in future months (except for March). I again request that you review and ensure these values are replaced with robust and precise monthly income and expenditure profiles at Month 10.</li> </ul>	Noted – will arrange for call to discuss this issue further.
9.7	<ul style="list-style-type: none"> <li>Your narrative confirms that the annual forecast on 'Other Private and Voluntary Sector' spend has decreased by c. £3.5m as a result of recognising lower than anticipated independent Hospital costs of £0.9m, re-categorisation</li> </ul>	To follow.

	of plans and review of forecasts. Please provide details of these re-categorising of plans and forecast reviews.	
<b>8.5</b>	<ul style="list-style-type: none"> <li>Your response to Action Point 8.5 confirms that £4.000m of the forecast step up in future month expenditure relates to 'Other profiles'; please provide further details on those corresponding expenditure areas.</li> </ul>	Other profiles includes hosted arrangements with WHSSC where transfer of allocations are not aligned to straight 12ths.
<b>8.7</b>	<p><b>Covid-19 Analysis (Table B3)</b></p> <ul style="list-style-type: none"> <li>I refer to your response that negative year to date and forecast values are being reported within the Agency Medical and Dental category (Line 14), due to reductions in recent period costs (consequence of service changes) netting off earlier additional costs which result in net negatives as the reductions are now greater than the initial costs. I wish to clarify that negative adjustments (of which there are numerous in Table B3) should only reverse previous month overstated costs and should not result in any year to date or forecast negative expenditures. Please review the presentation of such items going forward and if not removed, a robust explanation should be provided to explain your reasoning.</li> </ul>	Noted.
<b>9.8</b>	<p><b>Resource Limit (Table E)</b></p> <ul style="list-style-type: none"> <li>Please ensure that if you record the proposed return of Covid-19 funding (e.g. £19.800m) that it is shown in both the Resource and Drawing Limit columns within Table E.</li> </ul>	Actioned
<b>9.9</b>	<p><b>Monthly Cash Flow (Table G)</b></p> <ul style="list-style-type: none"> <li>I note that you have not called down sufficient (c £1.100m) capital cash to date to meet capital payments (i.e. utilised revenue cash for capital payments) and are not planning to re-align this position until March. Please review capital cash requirements to ensure that the capital cash drawn down aligns to spend, at the earliest opportunity.</li> </ul>	Noted
<b>9.10</b>	<p><b>PSPP (Table H)</b></p> <ul style="list-style-type: none"> <li>It is noted that you are currently achieving less than 95% payment performance for Non NHS invoices (93.0%) on a YTD basis; with quarter 3 performance (93.3%) being a deterioration compared to quarter 2 (96.4%). The payment performance for NHS invoices is also substantially below 95%, at 68.3% (YTD): however, I acknowledge an improvement in Q3 performance compared</li> </ul>	Noted

	to the previous quarter. I will look to the Q4 submission for confirmation that the ongoing work alongside the all Wales Task and Finish Group improves current payment performance.	
<b>4.4</b>	<b>Covid-19 Analysis (Table B3)</b> <ul style="list-style-type: none"> <li>Following your response to Action Point 4.4 regarding capturing WTE and Bed numbers, I trust that you are escalating this matter with the appropriate senior colleagues to enable this information to be provided at Month 10.</li> </ul>	Despite attempts to source this data, it has not been possible at present we will continue to try to correct this.
<b>9.11</b>	<b>Resource Limits (Table E)</b> <ul style="list-style-type: none"> <li>I would be grateful if you could split anticipated TTP funding between Testing and Tracing, within future Table E submissions as these are two separate budgets with separate Policy Leads.</li> </ul>	Not applicable – no further anticipated allocations.
<b>7.16</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	Noted.
<b>9.12</b>	<b>Other</b> <ul style="list-style-type: none"> <li>All organisations are being asked to confirm that a review has been undertaken of the forecast DEL and AME charges at Month 10 and, if applicable, explain any movements from your latest November non cash submission in the narrative.</li> </ul>	Review of AME undertaken and updated estimate provided above. DEL will be reviewed further once qtr 3 assets are processed and any change will be notified.
<b>9.13</b>	<ul style="list-style-type: none"> <li>Although I acknowledge your colleague informed me (after the deadline) that the submission would be late, you are reminded again that you must meet the submission deadline of 5pm on Day 9. I trust that you will comply, as do all other organisations, with this timeframe at Month 10.</li> </ul>	Noted