CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD
MONITORING RETURNS – DECEMBER 2021
FINANCIAL COMMENTARY

Introduction

These returns outline the financial position for Cwm Taf Morgannwg (CTM) UHB for the period ended 31 December 2021.

The tables attached to this commentary **do not** include the income, expenditure and balances of the Welsh Health Specialised Services Committee (WHSSC) or the Emergency Ambulance Services Committee (EASC) which is being financially managed via WHSSC. They do however include the Cwm Taf element of transactions between the parties.

1. Financial Plan, Year to Date and Forecast position

1.1 Financial Plan for 2021/22

The draft financial plan submitted at the end of March 2021 has been updated to reflect the guidance on ' Final Annual Plans – Financial Principles & Expectations' issued by the Finance delivery Unit on 20 May 2021. The updated draft financial plan was submitted to WG on 30 June 2021.

The draft financial plan for 2021/22 can be broken down into three separate elements:

- The core plan
- Covid response
- Planned care recovery

The three key elements of the financial plan are summarised below:

Summary of Core Plan, Covid, & Planned Care Recovery	Q1	Q2	Q3	Q4	Total
	£m	£m	£m	£m	£m
Core plan	5.1	5.1	5.1	5.1	20.5
Covid plan	-5.1	-5.1	-5.1	-5.1	-20.5
Planned care recovery plan	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Cumulative total	**0.0**	**0.0**	**0.0**	**0.0**	

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**

There have been a number of other changes to the forecast costs and assumed income noted above and these are captured in Section 1.5.

1.2 Actual YTD and Forecast 21-22 (Table A)

	M9 Actual	M9 YTD	M9 Forecast	M8 Actual	M8 YTD	M8 Forecast
	£m	£m	£m	£m	£m	£m
Core plan	1.6	14.4	21.7	(2.1)	14.8	21.7
Covid 19	(1.7)	(14.6)	(21.7)	(1.7)	(14.9)	(21.7)
Planned care recovery	0	0	0	0	0	0
Total	**0.1**	**(0.2)**	**0**	**0.4**	**(0.1)**	**0**

The M9 YTD position is a £199k surplus.

We are continuing to forecast a break even position at M9. The key issues to highlight are as follows:

a. Movement in the Annual leave provision- Following discussions at DDOfs the planning assumption is that any increase or decrease to the 20/21 provision will be resource neutral. The plan is to undertake a detailed validation exercise during February and to confirm the movement in the Annual leave provision in the M11 MR submission.

b. Pay circular- In addition to the movement in the Annual leave provision, the other changes within the recent Pay circular are also assumed to be resource neutral.

c. The key risks/opportunities which could impact on the break even forecast are included in the Risks and Opportunties table at Section 2.

1.3 Material income and expenditure category movements between the current period actual and the previous month forecast (Table B)

	November			Year End Forecast		
	Act £'000	F/Cast £'000	Movement £'000	M9 £'000	M8 £'000	Movement £'000
RRL	108,098	104,484	3,614	1,257,503	1,255,642	1,861
Donation/Grants	0	0	0	200	200	0
HBs & NHST	7,144	6,906	238	83,492	83,492	0
WHSSC	1,013	840	173	11,244	10,594	650
WG Income	472	25	447	862	415	447
Other Income	3,135	2,937	198	35,728	35,530	198
Income Total	119,861	115,192	4,670	1,389,028	1,385,872	3,156
PC Contractor	12,898	12,454	443	151,899	150,199	1,700
PC - Drugs	7,626	7,929	(302)	92,699	93,001	(302)
Pay	50,545	51,271	(726)	596,861	597,277	(416)
Non Pay	9,421	10,052	(631)	112,717	114,341	(1,624)
SC - Drugs	3,559	3,652	(93)	41,366	41,459	(93)
H/C Other NHS	25,868	20,106	5,762	249,479	245,561	3,919
Non H/C NHS	248	41	206	536	536	(1)
CHC & FNC	5,493	4,864	629	54,124	54,045	79
Private & Vol	810	1,163	(354)	12,671	13,025	(354)
Joint & Other	870	1,090	(220)	11,385	11,119	266
DEL	2,413	2,559	(146)	28,954	29,540	(586)
AME	49	10	39	36,408	35,822	586
Res & Cont	0	0	0	(0)	0	(0)
P&L on Dispoal	(17)	0	(17)	(70)	(53)	(17)
Cost - Total	119,781	115,192	4,589	1,389,028	1,385,872	3,156

The actual expenditure for M9 was £4.6m (3.98%) more than the £115.2m forecast. The most significant In month movements between the M9 forecast and M9 actuals are as follows:

- **Pay – £726k Favourable –** The decrease in pay costs for M9 is mainly attributed to reduced agency expenditure as a result of difficulties in filling required shifts due to Omicron.
- **Non Pay - £631k favourable –** The decrease in non pay costs is mainly attributed to a reduction in expenditure across a number of areas the most significant being M&S Equipment, Office Equipment and Transport.
- **Healthcare - £5,762k adverse –** The increase in M9 relates to allocation letters for WHSSC & EASC.
- **CHC - £629k favourable** – The increased costs in M9 relate to agreement for 20/21 inflation to be applied on FNC and CHC rates.

The year end forecast expenditure at M9 has increased by £3.2m to £1,389m offset by an increase in the income forcast. The most significant changes between the M9 and M8 year end forecasts are as follows:

- **Primary Care Contractors – £1700k adverse** – recognition of £1.3m Payaward together with revised forecasts.
- **Non Pay - £1,624k favourable** – improvement in forecast reflects the favourable in month movement noted above together with movements in classification to Local Authority of £0.96m.
- **Other Healthcare - £3,919k favourable –** Recognition of new allocations for WHSSC & EASC.
- **Joint & Other - £266k adverse –** Movements in Classification with Non Pay of £0.96m together with of revision of forecast with planned step up in costs now unlikely to be acheived.

The forecast has been profiled using latest plans and information. The following items are currently profiled in M12 and expanded in Section E of Table B:

- Recently confirmed new allocations for:
    - RPB Winter plans - £1.5m
    - WHSSC/EASC - £0.6m
    - Social model for Primary Care - £0.3m
    - GMS payaward £1.3m

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

The M9 Pay expenditure was £52.3m and the monthly trend is summarised below.

	M9	M8	M7	M6	M5	M4	M3	M2	M1	M12
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
A&C	6.9	6.7	6.7	7.9	6.6	6.4	6.7	6.6	6.4	15.3
Medical	12.8	12.9	12.7	13.7	12.7	11.8	11.7	11.9	12.1	23.3
Nursing	16.9	17.9	16.1	17.7	16.1	15.2	15.1	15.8	15.6	30.4
ACS	6.7	6.7	6.8	7.1	6.2	6.0	5.9	6.9	6.4	14.6
Other	9.0	8.9	8.6	9.6	8.9	8.6	8.5	8.7	8.8	19.6
Total	**52.3**	**53.1**	**50.9**	**56.0**	**50.5**	**48.0**	**47.9**	**49.9**	**49.3**	**103.2**

The Key issues to highlight are as follows:

- The M1 position was broadly consistant 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 was consistent with M3 with no significant movements.

- The M5 position increased by £2.5m over M4. The main reason for this increase was a new charge of £1.9m for the additional costs for annual leave on overtime to 31 March 21, which has been calculated on an All Wales basis. The M5 position also included a corresponding assumed allocation for this amount.

- The M6 position increased by £5.5m compared to M5, after allowing for the £1.9m additional one off costs for annual leave on over time, the net increase was £7.4m. This is primarily attributed to the national pay award of 3% being applied including arrears back to April 21.

- The total expenditure in M7 of £50.9m represents a £1.5m over the M4 spend of £48.0m after uplifting for 3% inflation. The main increases are ACS £600k (9.7%), M&D £500k(4.1%) and Nursing £400k(2.5%). The main most significant increase was seen in ACS and this is attributed to the impact of increased overtime rates in M7.

- The M8 spend of £53.1m was a £2.2m increase over M7 and £1.8m of this increase was seen in Nursing. The most significant impacts in M8 were:

    - Writeback of NHS Bonus £(1.0)m
    - Recognition of holiday pay on overtime £1.2m
    - Increase in overtime following new overtime arrangements £1.1m
    - Increased Nurse Agency costs to support capacity in Bridgend locality £0.8m

- The accrual that was recognised in 2020/21 for the NHS COVID bonus was £13.4m. Total payments to M6 was £12.4m (M5: £12.4m) for NHS employed staff. The £1m benefit has been returned to WG and the £1m write back was released in M8.

- The M9 position decreased by £0.8m compared to M8. The main reason for this decrease was a reduction in registered nursing agency costs as a result of difficulties in filling shifts.

The M9 agency expenditure was £3.6m and the monthly trend (excluding accountancy gains) is summarised below.

	M9	**M8**	**M7**	**M6**	**M5**	**M4**	**M3**	**M2**	**M1**	**Q4 Ave**
	£'m	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£m**
Medical	1.0	1.3	1.3	1.2	1.2	1.2	1.0	1.0	1.3	1.3
Nursing	1.6	2.2	1.4	1.6	1.5	1.7	1.5	1.5	1.4	2.0
Other	1.0	0.9	0.9	0.8	0.8	0.9	0.8	0.7	0.8	0.9
Total	**3.6**	**4.4**	**3.6**	**3.6**	**3.5**	**3.8**	**3.3**	**3.2**	**3.5**	**4.2**

Medical Agency reduced in M9 and Nursing agency reverted back to the levels seen before the spike in M8. Other agency costs have remained consistent with previosu months.

1.5 Covid analysis (Table B3)

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

	Note	M9 Actual	M9 YTD	M9 Year end forecast	M8 Year end forecast	Movement between M9 and M8 forecasts
Programme costs		**£m**	**£m**	**£m**	**£m**	**£m**
TTP	1	0.9	7.8	11.2	10.7	0.5
Mass Vaccination	2	1.2	9.2	12.6	12.1	0.5
Extended Flu		0.3	0.6	0.8	0.8	0
Cleaning standards		0.1	0.8	1.2	1.2	0
CHC/FNC support		0.1	0.7	0.8	0.8	0
PPE		0.2	2.5	3.2	3.6	(0.3)
Long COVID		0.1	0.4	0.7	0.7	0
Sub total		**2.9**	**22.0**	**30.5**	**29.8**	**0.7**
Assumed funding – programme element		(2.9)	(22.0)	(29.8)	(29.8)	0
Total Programme costs		**0**	**0**	**0**	**0**	**0**
Other Covid costs:						
Field hospital	3	0.1	2.3	2.9	2.6	0.3
Dental income loss	3	0.2	2.3	2.8	2.8	0
Operational expenditure cost reduction	3	(0)	(1.8)	(1.8)	(1.8)	0
Other covid costs	3	2.3	27.4	25.7	25.7	0
Increased covid response to reflect revised assessment of bed demand		0	0	4.5	4.5	0
Planned Care Recovery Tranche 1	4	1.9	9.9	15.8	16.8	(1.0)
Planned Care Recovery Tranche 2 (inc NRS, PACU & Community Health)				5.8	5.8	0
Sub total		**4.2**	**40.1**	**55.7**	**56.4**	**(0.7)**
Confirmed funding- formula element				(26.1)	(26.1)	0
Confirmed funding- PCR element				(16.8)	(16.8)	0
Planned Care Recovery Tranche 2 (inc NRS, PACU & Community Health)				(5.8)	(5.8)	0
Confirmed additional funding for bed modelling etc				(4.0)	(4.0)	0
Confirmed additional COVID funding.				(21.7)	(21.7)	0
Urgent Emergency Care (SDEC & 111)				(2.6)	(2.6)	0
Pay award impact on non programme costs				(0.2)	(0.2)	0
NHS Bonus Reduction				1.0	1.0	0

RPB Winter funding, Social Model Primary Care & MCA				(1.9)	(1.9)	0
Total Other Covid costs				**(21.7)**	**(21.7)**	**0**

The key points to note are as follows:

1. TTP

The TTP forecast hs increased by £0.5m in M9. No additional funding is required.

2. Mass vaccination

The Mass vaccination forecast has increased by £0.5m in M9. No additional funding is required.

3. Other Covid costs

	M9 Year end forecast	**M8 Year end forecast**	**Movement between M9 and M8 forecasts**
	£m	**£m**	**£m**
Covid response ILGs	17.9	17.9	0
Covid response outside ILGs	4.5	4.5	0
Urgent emergency care (inc SDEC & 111)	2.6	2.6	0
Reduction in NHS Bonus	(1.0)	(1.0)	0
RPB Winter Funding	1.5	1.5	0
Social model for Primary Care	0.3	0.3	0
MCA	0.1	0.1	0
Sub total	**25.7**	**25.7**	**0**
Field hospital	2.9	2.6	0.3
Dental income loss	2.8	2.8	0
Operational spend reductions	(1.8)	(1.8)	0
Total	**29.7**	**29.4**	**0.3**

Further details on the £17.9m and £4.5m was included within the M5 Monitoring Return submission.

4. Planned care recovery- Tranche 1

The draft profile for the Planned care recovery plan is as follows. The forecast has reduced in M9 due to the impact of Omicron on planned care capacity:

	Original Plan	Actual/Forecast
	£m	£m
Q1	2.4	1.9
Q2	6.2	3.4
Q3	5.3	4.3
Q4	2.9	6.0
Total	**16.8**	**15.8**

1.6 Month 9 - Forecast recurrent position (Table A)

As at M3 we were reporting a forecast recurrent deficit of £31.4m at the end of 21/22. This was consistent with the updated financial plan submitted to WG on 30 June. The forecast recurrent deficit was increased to £39.3m in M4 to reflect the £7.9m forecast shortfall in savings delivery against the £16.1m recurrent savings target.

We submitted our response to the WG underlying deficit and recurrent position review on 5 November and the forecast recurrent deficit was increased to £50.1m in M7 . This forecast has deteriorated to £51.4m at M9 due to shortfalls in forecast recurrent savings delivery of 1.3m.

The deterioration in the forecast underlying deficit is a key financial priority for the Health Board. Additional capacity has been taken on to help develop sustainable savings plans and monthly meetings are taking place with all ILGs/directorates on their forecast positions. Further work is being undertaken to finalise the forecast recurrent deficit position for the 22/23 financial plan and IMTP submission.

2. Risk Management (Table A2)

The key financial risks and opportunities for 21/22 are noted in Table A2 and are summarised below:

	M9	**M8**	**Financial Plan- 30 June**	**Comment**
Key risks:	**£m**	**£m**		
Continued uncertainty surrounding the impact of enery price increases for the rest of 21/22.	tbc	tbc	0	Forecast additional costs of £3.1m have been included in the year forecast but this could move up or down due to

				the ogoing market volatility.
Shortfall in assumed funding of £1.1m for Think 111 First	1.1	2.8	3.0	Funding not yet confirmed, but correspondence from WG indicates this is a low risk.
Total	**1.1**	**2.8**	**8.0**	

	M9	**M8**	**Financial Plan- 30 June**	**Comment**
Key opportunities:	**£m**	**£m**		
Continued uncertainty surrounding the impact of enery price increases for the rest of 21/22.	tbc	tbc	0	Forecast additional costs of £3.1m have been included in the year forecast but this could move up or down due to the ogoing market volatility.
Continued uncertainty regarding the impact of Omicron on: • Planned care recovery plans capacity • Unscheduled care plans and capacity • Mass vaccination and TTP programmes.	tbc	tbc	0	
Potential movement in annual leave provision- which could result in further accountancy gains being reported in 21/22.	0	tbc	(1.0)	As noted in Section 1.2 above, any movement in the Annual leave provision is assumed to be resource neutral.
Further balance sheet review	0	(1.2)	(1.2)	
Total	**0**	**(1.2)**	**(2.2)**	

3. Ring Fenced Allocations (Tables N&O)

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

4. Saving (inc Accountancy gains) Plans (Tables C, C1, C2, C3)

The financial plan for 2020/21 includes a £14.5m In Year savings target and a £16.1m recurring savings target.

	Month 9			Month 8		
	M9 YTD	**21/22**	**Rec**	**M8 YTD**	**21/22**	**Rec**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Planned savings		12.9			12.9	
Planned income generation		0.7			0.7	
Plans to be finalised		0.9			0.9	
Savings target as at M9	**9.5**	**14.5**	**16.1**	**7.9**	**14.5**	**16.1**
Actual and Forecast Savings	(9.4)	(12.7)	(5.4)	(8.4)	(12.9)	(6.2)
Total	**0.1**	**1.8**	**10.7**	**(0.5)**	**1.6**	**9.9**

The forecast shortfall in savings of £1.8m is being offset by COVID expenditure reductions of £1.23m (as per WG guidance) plus other operating variances/slippage on planned developments of £0.6m.

It is important to note that M9 internal reporting within the Health Board is reporting a M9 YTD savings shortfall of £0.45m compared to the £0.1m shortfall reported in this Monitoring Return. This is due to a different phasing of the savings target in the HB plan where the Q1 target = £1.5m (Actual savings in Q1)and the balance of £13m has been phased requally over M4-M9.

	Monitoring Return Table C	Internal HB reporting
	£m	£m
Annual Plan	14.5	14.5
Year to date Plan	9.5	9.9
Year to date actual	(9.4)	(9.4)
Year to date Variance	**0.1**	**0.45**

The financial plan for 2020/21 also includes planned accountancy gains of £6.2m. These gains have been released into the position during M6.

5. Income Assumptions 2021/22 (Tables D & E)

Table D has been completed and agreed with other organisations.

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

6. Health Care agreements

All contracts with other Welsh NHS bodies have been agreed and signed off.

7. Statement of Financial Position and Aged Welsh NHS Debtors (Tables F, M)

7.1 Significant month on month balance sheet movements

The main balance sheet movements between M8 and M9 are as follows:

- The cash balance has significantly reduced from £120m in M8 to £4.8m in M9. In M8 WG requested, for the second consecutive month, that WG funding be received early which resulted in the high cash balance.
- The value of receivables has increased by £8.4m which relates to balances due from RCTCBC for their contribution to the Nursing Home Pooled Fund.
- The value of payables has increased by £7m largely due to the increase in NHS accruals
- Net Capital increase of £4.3m.

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

In relation to aged receivables, there were seven NHS invoices greater than 11 weeks old at the 31st December 2021. During the M9 Agreement of balances exercise it was identified that credits were required for two of these invoices. The remaining five invoices have been agreed and payment dates have been requested.

8. Cash Flow Forecast (Table G)

The cash flow forecast is currently showing a forecast surplus of £0.7m in M12.

This is after a proposed return of £10m cash, which has been shown separately in the 'Other ' line 22 of table G.

9. Public Sector Payment Compliance (Table H)

The percentage for the number of non- NHS invoices paid within the 30 day target for Q3 is 96.9% with a cumulative percentage of 95.5%. This represents a further improvement on the previous quarters – Q1 92.7%, Q2 96.1%.

Work continues to improve NHS compliance. The Q3 percentage for NHS compliance was 79.6%, with a cummulative percentage of 78.8%. (Q1:74%, Q2:78.7%).

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

The M9 CRL value is now £73.7m in line with the CRL issued on the 20th December 2021. This represents a decrease of £0.2m from the previous CRL due to a reduction of £260k for the Dewi Sant scheme and an increase from NWSSP for covid stocks transferred of £31k. As at M9, £39.3m has been charged against the CRL.

The risk ratings of all schemes have been reviewed and there are 9 schemes which are considered to be Medium or High risk as per the table below. The scheme risks described below cover the risk of slippage or cost overrun on these schemes with delays caused by Brexit and shortages in soft metal and steel supplies and in complying with revised Government guidelines having an impact in a number of areas.

Scheme	Risk Rating	Potential Risk Value	Description
Bridgend Health and Wellbeing Centre (Sunnyside)	High	£0.3m slippage	The contractor announced they were going into administration on 8th July. A revised funding position for 21/22 was agreed at the Capital Review Meeting on 15th July and the CRL adjusted by £5m. The CRL was reduced down again to £0.6m in November. The scheme went back out to tender in November with a planned tender submission date of 14/1/22. Several contractors have requested an extension to the tender period which is likely to further delay approvals and spend in 21/22.
PCH G&FF Floor Phase 1B	Medium	Breakeven position	Previously reported overspends were driven by inflation of £1.2m and forecast £0.8m to the end of the scheme which was not included in initial approval letter. However this has now been offset by gain share to leave an expected underspend outturn position. Based on the assumption that we can keep gain share and VAT reclaim on this scheme £1m of this year's CRL was returned last month and a further £0.725 was returned in November.

PCH G&FF Floor Phase 2	High	Breakeven position	The CRL for this year was reduced by £5m at the July CRM, again by another 2.5m at Sept CRM and another 2.85m at CRL setting at the end of October (total CRL reduction in year £10.35m). Contractor delays on commencing pathology works continues to cause some slippage. Currently under review with a view to mitigate the position and bring expenditure forward, should any further slippage occur.
Anti Ligature	Medium	£0.25m slippage	Slippage remains under review due to issues around supply chain for doors and windows.
Electrical Infrastructure Modernisation	High	£0.2m overspend (22/23)	Soft metal supplies caused cost increase from business case position. Current cost risk covered by discretionary spend. £0.2m will need to be funded in 22/23.
National Programme Fire	Medium	£150k slippage	Slight programme risk in delivery of the programme. Contractor in place and looking to mitigate any risk and keep programme in line with planned completion of 31st March
National Programme Infrastructure	Medium	£200k slippage	Ongoing review – some issues with delivery of windows and access to in patient areas due to COVID.
National Programme Decarbonisation	Medium	£100k slippage	Suppliers are all promising delivery this year at this point.
National Programme Mental Health	Medium	£100k slippage	Delays in securing decant accommodation have impacted on the programme.

There are currently a number of risks around projects which are under detailed review and were discussed with the WG capital estates team at the November CRM.

The Health Board is reporting a forecast break – even position.
There have been no material disposals so far during 2020-21.

11. Other Issues

The financial position reported within this monitoring return aligns to the financial details included within the internal Board papers.

The M1 Financial Monitoring Return (consisting of the Narrative, Table A, Table B3, Tables C,C1,C2,C3 and Table F) will be reported to the next meeting of the Planning, Performance and Finance Committee.

14. Authorisation

P Mears
Chief Executive

S May
Director of Finance

Date: 14 December 2021

Action Points arising from Month 8 Response

Action Point	WG Comment	CTM Response
8.1	**Movement of Opening Financial Plan to Forecast Outturn (Table A)** As highlighted within both your Month 7 return and AO Letter, you originally indicated the return of c. £8.500m of Recovery funding. The AO Letter confirms that the reduced request of £2.700m follows the redeployment of resources internally within your organisation, or with partners, to maintain broader resilience. Movements in Table B3 (Section A7) indicate that the redeployed expenditure will primarily be within Provider Pay (c. £1.900m) and Provider Non Pay (c. £3.200m). The Wales Recovery tab of the Covid Other template shows £2.5m increase in Pay, £3.157m Energy Costs on a free text line and Loss of Private Patient Income £3.134m (which was shown last month on a non pay free text line with no description, but I assume an element should perhaps be shown on a free text line in pay as we show the costs as the pressure, not the loss of income). You also have £0.151m on the 'other' pay line and £0.286m on the 'other' non pay line, with no explanations. Please ensure your narrative clearly describes the alternative areas where the funding is being used, show the correct split between pay and non pay and also include a statement in the main narrative that this 're-purposing' and the assignment of loss of private patient income to Recovery, has been Board approved.	The repurposing of Bridend clinic (private patient facility) to NHS elective provision has been approved by the Board. As the costs of operating the unit remain unchanged and is included in our core baseline, the financial impact for CTM is the loss of private patient income which was also included in our core baseline which is no longer materialising. The other category within pay relates to staff contracted from GP practices supporting the Wellness hubs within primary care. The other category within Non Pay again relates to wellness hubs this has now been transferred to Provider Non Pay line 20.
7.3	I note your response that the reported FYE of Covid-19 costs (Line 27) of c. £9.300m includes c. £7.000m of 'non related' Covid-19 costs, included on this line to circumvent error messages. This raises a concern as to where the in-year impact of the 'non related' Covid-19 costs are being reported in Table A, as these must be a material recurring pressure area. I assume these are not related to the 're-purposing' of the Recovery funding; but if they are we can assist with how these are shown. At Month 9, please can you provide further clarity on where these are	Table A has been updated to reflect the planned underlying deficit and more detail on the £9.3m

	being recorded, and ensure the 'non related' FYE are not consolidated into one Covid-19 line, but shown separately, even if this creates a validation error. In addition, please ensure your narrative provides a quantified breakdown (in year, YTD and FYE) of the 'non-related' areas including how they have been mitigated in year and if applicable, why these did not form part of your original plan.	
8.2	**Monthly Positions (Table B)** Please provide a supporting explanation at Month 9, for the projected reduction in secondary care drug spend within future months.	We don't recognise a reduction in secondary care drug expenditure, the average cost to M8 was £3.3m or the last 3 months (M6-M8) was £3.5m with M9 to 12 averaging £3.7m.
8.3	**Pay Expenditure Analysis (Table B2)** We are unable to validate the c£9m increase in Pay on the SoCNE and B2, between Operational and Covid. Your narrative states the increase relates to Agency c£4m, Overtime c£2.3m, Overtime on Holiday Pay £1.9m and Mass Vacc c£1.1m. The total movement on Covid Pay in Month 8 was £2.9m. Please can you cross match the areas you have listed above, to the £2.9m movement that we can identify as Covid on B3. The balance should be Operational, and whilst Overtime on Holiday Pay is mitigated by additional funding, please clarify how the balance in Operational is being mitigated.	The movement of £9m was split as 2.9m covid and 6.1m non covid with new allocations of £3.5m leaving £2.6m. This was managed through recognition of Energy costs and other pressures previously reported as non covid costs now being managed through the £5m tranche 2 funding reported in COVID.
8.4	**Covid-19 Analysis (Table B3)** At Month 8, you are anticipating Tracing funding totalling £6.947m (issued £2.942m plus anticipated £4.005m), which is £0.140m higher than the projected Tracing spend reported in Table B3. It is assumed that this is an error and I have therefore approved a lower remaining funding amount of £3.865m to be issued**.**	Noted
7.9	After phasing the return of the surplus Bonus Payment accrual in Month 12, your narrative confirms that this return has now been phased into Month 8. This has not been reported however, on the designated free text line 183 of Table B3, which is now blank at Month 8. Please update Table B3 at Month 9 to ensure that the bonus accrual reduction is reported on this designated line (183) for transparency purposes.	Noted, the £935k writeback of NHS bonus has now been removed from individual staf groups and shown as a single entry.
7.10	I also note for the second consecutive month that Winter RPB spend and funding is phased fully into March. As requested in Action Point 7.10, please clarify if you	It is not anticipated that the phasing of this plan will change, we are still

	intend on re-phasing this in line with the accruals principle or, if your March methodology is consistent with your treatment of other spend via the Partnership arrangements.	awaiting information from the Local Authorities.
8.5	You are reporting a WHSSC Covid-19 pressure (Line 205) of £0.048m, however as reported by WHSSC the latest Health Board forecast position is a £0.052m benefit (Re: James Leaves email to Andrew Jones dated 3rd December 21). Please ensure that the latest WHSSC position is reported at Month 9, ensuring that any benefits are reported within Line 221 of Section C**.**	The M9 postion reflects the WHSSC email form James leaves dated 6/01/22 showing £36k pressure with a forecast of £132k.
8.6	**Savings (Table C, C1, C2 & C3)** Following ongoing classification issues which you have now been corrected at Month 8, I again wish to refer you to the below direction set out in WHC 2021 011 regarding the Amber/Green classification of savings: *A deadline has been introduced, which requires Amber status schemes (including net income generation) to be moved to Green within three months of them first appearing on the Tracker. For 2021/22, this will commence from Month 3, when the plans are fixed.* As reported in Table C3, there are still an number of 'Month 1' opening plan schemes that are forecasting to deliver savings this year, which still do meet the Green criteria. Please review each applicable Amber scheme ('Month 1' and also 'In Year') and ensure your narrative provides a full update setting out when these will meet the Green criteria. If this is not imminent, then delivery will need to be replaced with alternative mitigating actions. The deadline requirements in the WHC are to eliminate the risk associated with Amber scheme delivery, three months after first inclusion in your financial position.	Although we recognise the 'Rule' There were schems identified in our Month 1 plan that were known not to deliver savings until Q4 with start dates in Q4. We don't believe that these schemes should be converted to Green until they commence and achieve the savings planned, which clearly wont be able to evidenced until Q4. Hence they remain amber.
8.7	**Cash Flow (Table G)** You are reporting annual sales of assets receipts totalling £0.05m in the cash flow (Line 9); however, Table K reports a higher sales receipt value of £0.053m. Please ensure the asset sales receipt value reported in the cash flow is supported by Table K, with any potential timing differences explained in your narrative. Ideally this	The sales receipts in the cash flow now match the sales receipts in table K at £70k

	should have been included in Table A line 17, but due to materiality we will accept this.	
8.8	**Risks and Opportunities (Table A2)** Following the receipt of SDEC funding in December, I trust that the 'Shortfall in Assumed Funding for existing costs (SDEC/111/UPC)' risk value of £2.800m will be revised at Month 9. If there is still a remaining risk, please ensure that the outstanding anticipated funding amounts are quantified and listed in your narrative to enable a clear reconciliation to Table E.	Noted and adjusted.
8.9	**Monthly Positions (Table B)** I note that the DEL & AME non cash charges reported in Section C are not supported by the funding adjustments reported in Table E. As the funding adjustments in Table E reflect those reported in the November non cash, the discrepancies appear to be within the Table B charges. Please review non cash charges and corresponding funding adjustments at Month 9, noting any changes from the November non cash submission should be explained in the narrative.	We have reviewed and amended table B to tie to table E and the non cash return. We had an incorrect adjustment of £586k which had been added to DEL instead of AME this has now been corrected.
8.10	**Covid-19 Analysis (Table B3)** Due to reconciliation difficulties, all organisations are being requested to confirm in their narrative the funding items listed in Table E where the associated spend is being recorded within the supplementary 'Other' Template on the 'Wales Recovery' tab. If you require further clarity on the items we are expecting to be included, please contact Gary Young.	The following allocations totalling £22.5m have been included in Other Covid template: PCR £16.83m Tranche 2 £7.77m Return (£2.7m) PACU £0.57m MCA/DOLS £0.06m
7.11	After comparing Covid Programme funding to forecast spend, I note that you are again forecasting a minor surplus (£35k) against the Long Covid allocation which is being offset by an overspend in 'other' C19 areas. It is acknowledged that this is not a material movement; however, please ensure such variances are referenced and explained in your narrative, so that we can rule out if this a completion error.	Noted, this variance remains in M9.
6.16	**Resource Limit (Table E)** Please ensure that the WG contact is provided for all anticipated allocations (e.g. Value in Health again has no contact).	Noted.
