

CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD

MONITORING RETURNS – JANUARY 2022

FINANCIAL COMMENTARY

Introduction

These returns outline the financial position for Cwm Taf Morgannwg (CTM) UHB for the period ended 31 January 2022.

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)

	M10 Actual	M10 YTD	M10 Forecast	M9 Actual	M9 YTD	M9 Forecast
	£m	£m	£m	£m	£m	£m
Core plan	1.6	18.3	21.7	1.6	14.4	21.7
Covid 19	(1.7)	(18.0)	(20.5)	(1.7)	(14.6)	(21.7)
Planned care recovery	0	0	(1.2)	0	0	0
Total	(0.1)	(0.3)	0	0.1	(0.2)	0

The M10 YTD position is a £317k surplus.

We are continuing to forecast a break even position at M10. The key issues to highlight are as follows:

- a. Movement in the Annual leave provision- Following discussions at DDOFs in January 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. A provisional estimate of £3.5m was provided to WG on 8 Feb and we noted that the Health Board may be in a position to cover some or all of any potential increase locally. This will also be confirmed in our M11 MR submission
- b. The key risks/opportunities which could impact on the break even forecast are included in the Risks and Opportunities 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	M10 £'000	M9 £'000	Movement £'000
RRL	107,400	104,549	2,851	1,264,084	1,257,503	6,581
Donation/Grants	8	0	8	200	200	0
HBs & NHST	6,964	6,906	58	83,492	83,492	0
WHSSC	944	940	4	11,244	11,244	0
WG Income	(118)	25	(143)	719	862	(143)
Other Income	2,983	2,937	46	35,774	35,728	46
Income Total	118,180	115,357	2,823	1,395,512	1,389,028	6,484
PC Contractor	13,464	12,424	1,040	152,683	151,899	783
PC - Drugs	7,399	7,629	(230)	92,469	92,699	(230)
Pay	52,671	51,271	1,400	598,470	596,861	1,609
Non Pay	9,723	9,865	(142)	112,975	112,717	258
SC - Drugs	3,269	3,652	(383)	40,983	41,366	(383)
H/C Other NHS	20,138	20,606	(468)	251,936	249,479	2,457
Non H/C NHS	259	41	217	753	536	217
CHC & FNC	4,897	4,844	53	54,177	54,124	53
Private & Vol	899	1,278	(379)	12,292	12,671	(379)
Joint & Other	3,260	1,177	2,083	13,362	11,385	1,977
DEL	2,413	2,559	(146)	28,954	28,954	0
AME	49	10	39	36,408	36,408	0
Res & Cont	0	0	0	0	(0)	0
P&L on Dispoal	120	0	120	50	(70)	120
Cost - Total	118,562	115,356	3,205	1,395,512	1,389,028	6,484

The actual expenditure for M10 was £3.2m (2.8%) more than the £115.4m forecast. The most significant In month movements between the M10 forecast and M10 actuals are as follows:

- **Primary Care Contractors - £1,040k adverse** – The increase in M10 costs includes the inflation uplift and revised global sum payments, this is matched by an allocation.
- **Pay – £1,400k Adverse** – The increase in pay costs for M10 is mainly attributed to the 1% additional payment £2.1m which was not recognised at M9.
- **Joint & Other - £2,083k Adverse** – The increase in M10 relates to correction of coding for Local Authority Charges within Track & Trace.

The year end forecast expenditure at M10 has increased by £6.5m to £1,395m offset by a corresponding increase in the income forecast. The most significant changes between the M10 and M9 year end forecasts are as follows:

- **Primary Care Contractors – £783k adverse** – recognition of new allocations for primary care dental and communit pharmacy.
- **Pay - £1,609k adverse** – recognition of living wage & 1% additional payaward to be matched with an allocation of £2.3m (See in month movement above).
- **Other Healthcare - £2,457k favourable** – Recognition of new allocations for WHSSC & EASC offset by further WHSSC under performance and lower than anticipated NICE charges from other HBs.
- **Joint & Other - £1,977k adverse** – Correction of coding for Local Authority Track & Trace.

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 - £3.6m
 - Primary Care allocation - £1.0m

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

The M10 Pay expenditure was £54.4m and the monthly trend is summarised below.

	M10	M9	M8	M7	M6	M5	M4	M3	M2	M1
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
A&C	7.5	6.9	6.7	6.7	7.9	6.6	6.4	6.7	6.6	6.4
Medical	13.5	12.8	12.9	12.7	13.7	12.7	11.8	11.7	11.9	12.1
Nursing	17.5	16.9	17.9	16.1	17.7	16.1	15.2	15.1	15.8	15.6
ACS	7.1	6.7	6.7	6.8	7.1	6.2	6.0	5.9	6.9	6.4
Other	8.9	9.0	8.9	8.6	9.6	8.9	8.6	8.5	8.7	8.8
Total	54.4	52.3	53.1	50.9	56.0	50.5	48.0	47.9	49.9	49.3

The Key issues to highlight are as follows:

- The M1 position was broadly consistent with the previous 3 months, after taking account of the following comments .
 - The M12 position includes additional accruals for NHS Pensions, NHS Staff bonus, Annual Leave not taken & study leave, which total £52m.
 - Medical costs include £3.6m of accountancy gains in M10 and £0.4m in M11, which would increase the gross position to £12.3m and £11.9m respectively.
 - The increase in Nursing & ACS costs in M10 was due to the introduction of a new accruals methodology (Nursing £1.9m and ACS £1.2m).
- The M2 position remained consistent with M1, the only movement was within Additional Clinical Services, where bank costs caused an 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 overtime, 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 M10 position includes the additional 1% non consolidated lumpsum payaward of £2.1m, after allowing for this one off payment the M10 position was consistent with M9 pay costs.

The M10 agency expenditure was £5.0m and the monthly trend (excluding accountancy gains) is summarised below.

	M10	M9	M8	M7	M6	M5	M4	M3	M2	M1	Q4 Ave
	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£m
Medical	1.2	1.0	1.3	1.3	1.2	1.2	1.2	1.0	1.0	1.3	1.3
Nursing	2.6	1.6	2.2	1.4	1.6	1.5	1.7	1.5	1.5	1.4	2.0
Other	1.2	1.0	0.9	0.9	0.8	0.8	0.9	0.8	0.7	0.8	0.9
Total	5.0	3.6	4.4	3.6	3.6	3.5	3.8	3.3	3.2	3.5	4.2

Nurse agency costs significantly increased in M10 due to increased staffing of Ysbyty Seren to manage additional bed capacity plus higher rates due to greater use of higher cost providers as availability of agency staff remains difficult. Medical staff costs returned to previous levels

following a reduction in M9. The most significant movement within 'Other' related to additional clinical services which was mainly to support Ysbyty Seren.

1.5 Covid analysis (Table B3)

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

	Note	M10 Actual	M10 YTD	M10 Year end forecast	M9 Year end forecast	Movement between M10 and M9 forecasts
Programme costs		£m	£m	£m	£m	£m
TTP	1	1.9	9.7	11.9	11.2	0.7
Mass Vaccination	2	1.2	10.3	13.0	12.6	0.4
Extended Flu		0.2	0.8	0.8	0.8	0
Cleaning standards		0.1	0.9	1.2	1.2	0
CHC/FNC support		0.1	0.8	0.8	0.8	0
PPE		0.1	2.6	2.9	3.2	(0.3)
Long COVID		0.1	0.5	0.7	0.7	0
Sub total		3.7	25.6	31.3	30.5	0.8
Assumed funding – programme element		(3.7)	(25.6)	(29.8)	(29.8)	0
Total Programme costs		0	0	1.5	0.7	0.8
Other Covid costs:						
Field hospital	3	0.2	2.5	2.9	2.9	0
Dental income loss	3	0.3	2.6	3.0	2.8	0.2
Operational expenditure cost reduction	3	(0)	(1.8)	(1.8)	(1.8)	0
Other covid costs	3	2.3	27.4	25.1	25.7	0.6
Increased covid response to reflect revised assessment of bed demand		1.5	1.5	4.5	4.5	0
Planned Care Recovery Tranche 1	4	0.9	10.8	15.6	15.8	(0.2)
Planned Care Recovery Tranche 2 (inc NRS, PACU & Community Health)		1.9	1.9	5.8	5.8	0
Sub total		4.2	40.1	55.1	55.7	(0.6)
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 & Prison				(2.1)	(1.9)	(0.2)
Total Other Covid costs				(21.7)	(21.7)	0

The key points to note are as follows:

1. TTP

The TTP forecast has increased by £0.7m in M10. No additional funding is required.

2. Mass vaccination

The Mass vaccination forecast has increased by £0.4m in M10. No additional funding is required.

3. Other Covid costs

	M10 Year end forecast	M9 Year end forecast	Movement between M10 and M9 forecasts
	£m	£m	£m
Covid response ILGs	17.2	17.9	(0.7)
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
Prison Services	0.1	0	0.1
Sub total	25.1	25.7	0
Field hospital	2.9	2.9	0
Dental income loss	3.0	2.8	0.2
Operational spend reductions	(1.8)	(1.8)	0
Total	29.2	29.7	(0.5)

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.

	Original Plan	Actual/Forecast at M10	Actual/Forecast at M9
	£m	£m	£m
Q1	2.4	1.9	1.9
Q2	6.2	3.4	3.4
Q3	5.3	4.3	4.3
Q4	2.9	6.0	6.0
Total	16.8	15.6	15.8

The forecast has reduced in M10 due to the continued impact of Omicron on planned care capacity:

1.6 Month 10 - 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 underlying deficit at M10 is £44.5m, which is an improvement from the M9 MR submission of £51.3m. The £44.5m underlying deficit comprises:

- Actual underlying deficit b'fwd at 1 April 2020 £17.9m
- Recurrent CRES shortfalls in 20/21 £16.2m
- Other Recurrent benefits in 20/21 £(0.2m)
- Forecast recurrent CRES shortfalls in 21/22 of £10.7m

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.

2. Risk Management (Table A2)

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

	M10	M9	Financial Plan- 30 June	Comment
Key risks:	£m	£m	£m	
Continued uncertainty surrounding the impact of energy 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 ongoing market volatility.
Shortfall in assumed funding of £1.1m for Think 111 First	1.1	1.1	3.0	Funding not yet confirmed, but correspondence from WG indicates this is a low risk.
Total	1.1	1.1	8.0	

	M10	M9	Financial Plan- 30 June	Comment
Key opportunities:	£m	£m	£m	
Continued uncertainty surrounding the impact of energy 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 ongoing market volatility.
Total	0	0	(2.2)	

3. Ring Fenced Allocations (Tables N&O)

The Health Board can confirm that there are no concerns at M10 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 10			Month 9		
	M10 YTD	21/22	Rec	M9 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 M10	11.2	14.5	16.1	9.5	14.5	16.1
Actual and Forecast Savings	(10.5)	(12.7)	(5.4)	(9.4)	(12.7)	(5.4)
Total	0.7	1.8	10.7	0.1	1.8	10.7

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 M10 internal reporting within the Health Board is reporting a M10 YTD savings shortfall of £0.8m compared to the £0.7m 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 equally over M4-M9.

	Monitoring Return Table C	Internal HB reporting
	£m	£m
Annual Plan	14.5	14.5
Year to date Plan	11.2	11.3
Year to date actual	(10.5)	(10.5)
Year to date Variance	0.7	0.8

The financial plan for 2020/21 also includes planned accountancy gains of £6.2m. These gains were 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 M10 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 M9 and M10 are as follows:

- The value of provisions has reduced by £16m largely as a result of the change in the quantum for one Clinical Negligence case, with the corresponding reduction in WRP debtors.
- The value of payables has increased by £14m of which £3m relates to Capital creditors and £9.8m relates to the timing of the payment of the Pharmacy contractor feed at the end of January.
- Net Capital increase of £6.5m.

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

In relation to aged receivables, there were two NHS invoices greater than 17 weeks old and three greater than 11 weeks old at the 31st January 2022. Payment has since been received for one invoice. The remaining invoices were agreed as part of the M9 Agreement of Balances exercise 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 the proposed return of £10m revenue cash reported in the M9 Monitoring Return and a further return of £4m capital cash that has been agreed with Gary Young during M10.

An additional £4m cash was drawn down at the end of January to cover payments not included in the earlier cash draw down, including the

payment of the pay award for bands 1-5 and an additional payment relating to losses and special payments for Clinical negligence damages of £2.3m.

9. Public Sector Payment Compliance (Table H)

An update is not required for this return.

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

The M10 CRL value is now £77.9m in line with the CRL issued on the 20th January 2022. This represents a increase of £4.2m from the previous CRL due to additional funding for DPIF £1.1m, DR rooms £1.6m, RGH MRI upgrade £0.7m, Endoscopy scopes £0.3m. As at M10, £48.4m has been charged against the CRL.

The risk ratings of all schemes have been reviewed and there are 10 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 8 th July. A revised funding position for 21/22 was agreed at the Capital Review Meeting on 15 th 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 31 st 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.
Covid-19 Recovery Plans 2021-22	Medium		Various schemes included in this funding have challenging timescales to complete by year end.

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 M10 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 in February 2022.

14. Authorisation

A handwritten signature in blue ink, appearing to read 'P Mears', enclosed within a yellow rectangular border.

P Mears
Chief Executive

A handwritten signature in blue ink, appearing to read 'S May', with a long horizontal stroke extending to the right.

S May
Director of Finance

Date: 11 February 2021

Action Points arising from Month 9 Response

Action Point	WG Comment	CTM Response
7.3	<p>Movement of Opening Financial Plan to Forecast Outturn (Table A)</p> <p>As requested within Action Point 7.3, you have actioned the removal of the ‘non Covid related’ FYE pressures from the Covid-19 line of Table A and reported them instead on each lines (32 -36). The adjustment you have made, effectively reduces non recurrent costs and increases recurrent costs, which suggests they were included in your plan (new pressures) but the classification was incorrect (the total value of your original planned non recurring pressures was lower than the total adjustment you have made). Please confirm is this is a correct assumption. If these were not in your original plan, please provide a further explanation (i.e. what is the in year impact and how were these costs mitigated). The FYE of costs should not be included in your c/f underlying position, if an element was not incurred on a recurring basis within 21/22. The narrative used on lines 32-36 is also very broad, we had asked that you provide more specific detail, which should be provided in the Narrative report. I look forward to seeing a full response in the M10 submission.</p>	<p>Following the preparation of the IMTP, the recurrent deficit has been reviewed and the updated position shared with FDU.</p> <p>Table A has been updated to reflect this change.</p>
9.1	<p>The FYE of forecast savings delivery has reduced by £0.771m since Month 8, resulting in the c/f underlying deficit position increasing to £51.429m. I trust that you are urgently reviewing this position in preparation for your 22/23 IMTP, as we will expect actions to address this position, to be a key objective within your plan.</p>	<p>Noted and agreed.</p>
9.2	<p>Pay Expenditure Analysis (Table B2)</p> <p>Please provide a supporting explanation for forecast annual expenditure in ‘Administrative, Clerical & Board Members’ increasing by c. £1.100m and the ‘Nursing & Midwifery Registered’ expenditure reducing by c. £3.000m.</p>	<p>A&C – Anticiapted run rate of circa £6.7m forecast for Dec – Mar in M8, actual in M9 was £6.9 forecast revised to reflect more recent informtion. M10 actual was £7.5m which included £0.5m for the 1% payaward which is consistent witht the revised forecast</p> <p>Nursing – Anticiapted run rate of circa £17.8m for Dec – Mar in M8, actual in M9 was £16.9m forecast revised to</p>

		reflect difficulties in securing staff. M10 actual was £17.5m which included £0.7m for the 1% which is consistent with the revised forecast and continues to demonstrate current difficulties in securing staff.
8.6	<p>Savings (Table C, C1, C2 & C3)</p> <p>I note your response to Action Point 8.6 that you do not believe that 'Month 1' schemes should be changed from Amber to Green when the planned delivery is not until the final quarter. Schemes finalised at Month 1 have a three month timeframe to move to the Green status – this is considered sufficient time. To assess a scheme as Amber or Green it has to have a 100% deliverable value. The RAG criteria was established by the FDU, endorsed by the WG, and was introduced to increase assurance of forecast positions.</p>	<p>Following discussion with FDU at the efficiency group, the CRES table has been updated to reflect WG principles.</p> <p>There remains 1 error on scheme W&C008, the original plan was for recurrent savings whereas the external funding opportunity to make the savings recurrent has been withdrawn and is now only going to be a non recurrent benefit.</p>
9.3	<p>PSPP (Table H)</p> <p>Please provide details of the latest actions being taken to improve the payment performance of NHS (YTD 78.8%) as I note there was a deterioration during Quarter 3.</p>	<p>The Agreement of Balances process at M9 should increase the percentage for the final quarter. However, there are still a number of issues which cause delays in paying NHS invoices. These have been discussed in the All Wales NHS Invoices TAG sub group, and these issues are reflected in a number of Health Boards. We have agreed a number of actions in the NHS invoices sub group including but not limited to, reviewing small value invoices; reviewing whether regular recharges</p>

		can be put on SLA or call-off orders; and updated FAOs on invoices.
8.9	Monthly Positions (Table B) I note that the DEL charges (Section C) have been updated this month and the overall total now agrees to the November non cash submission. The individual DEL categories in Section C however, do not agree with the charge split reported in the November non cash submission. The funding adjustments in Table E do agree with the November non cash submission categorisation. Please again review the DEL non cash charges reported in Section C.	The split of the DEL has now been amended and is in line with the November non cash return. The accelerated depreciation and surplus figures have been updated in section C of tab B.
9.4	Covid-19 Analysis (Table B3) All organisations are reminded that the income line of the supplementary 'Other' Template (i.e. Welsh Recovery, English Recovery & Long Covid) should reflect the corresponding WG funding (issued – net of any returned funding, plus anticipated adjustments). This ensures that the individual templates highlight any variances between spend and funding.	The Long COVID tab of the template is showing funding of £768k which is consistent with long COVID allocation of £768k. Recovery funding tab of the templates at M10 includes: Tranche 1 - £16,833k Tranche 2 - £7,771k Return T2 – (£2,700) PACU - £528k Community Health Check- £154k MCA/DOLS - £68k Traumatic Stress - £96k Total of £22.75m
9.5	Please ensure that the 'Support for Community Health Checks' expenditure and corresponding funding (£0.146m), is reported within the 'Wales Recovery' tab of the supplementary 'Other' Covid-19 Template.	See comment above, the community health checks allocation was £154k.
9.6	Cash Flow (Table G)	Actioned

	<p>The narrative confirms that your Health Board will not require £10m of the latest cash drawing limit and this has been reflected as an 'Other' payment within the cash flow. Please remove this entry from the Cash Flow. The value on Line 1 of the cash flow should reflect your intended forecast draw down value. This will create a warning (only) validation i.e. the drawdown value in the Cash Flow is less than the Drawing Limit available as per Table E. Your narrative explains the reason for this. There is no further action required.</p>	
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