



**AGENDA ITEM**

6.1

**PLANNING, PERFORMANCE & FINANCE COMMITTEE**

**FINANCE UPDATE – MONTH 10 of 2021/22**

<b>Date of meeting</b>	22/2/2022
<b>FOI Status</b>	Open/Public
<b>If closed please indicate reason</b>	Not Applicable - Public Report
<b>Prepared by</b>	Mark Thomas, Deputy Director of Finance
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<b>Approving Executive Sponsor</b>	Executive Director of Finance & Procurement
<b>Report purpose</b>	FOR DISCUSSION / REVIEW

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

<b>Committee/Group/Individuals</b>	<b>Date</b>	<b>Outcome</b>
Welsh Government	11/2/2022	NOTED
Strategic Leadership Group	16/2/22	NOTED

**ACRONYMS**

A&C	Administration & Clerical	I&E	Income & Expenditure
AWCP	All Wales Capital Programme	LTA	Long Term Agreement
AME	(WG) Annually Managed Expenditure	M1	Month 1 (M2 Month 2 etc)
CHC	Continuing Healthcare	PCMH	Primary Community & Mental Health
COO	Chief Operating Officer	PCH	Prince Charles Hospital
CRES	Cash Releasing Efficiency Savings	POW	Princess of Wales Hospital



CRL	Capital Resource Limit	RGH	Royal Glamorgan Hospital
FNC	Funded Nursing Care	PSPP	Public Sector Payment Policy
HCHS	Healthcare & Hospital Services	WG	Welsh Government
IHI	Institute of Healthcare Improvements	WHSSC	Welsh Health Specialised Services Committee
IMTP	Integrated Medium Term Plan	YTD	Year to Date



GIG  
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Bwrdd Iechyd Prifysgol  
Cwm Taf Morgannwg  
University Health Board

## **FINANCE REPORT – MONTH 10 of 2021/22**

### **1. SITUATION**

The purpose of this report is to highlight the key messages in relation to the current month, year to date and forecast year-end financial position of Cwm Taf Morgannwg (CTM) University Health Board as at Month 10 (M10). The report sets out the position in respect of confirmed and anticipated income and actual and forecast expenditure.

### **2. BACKGROUND**

This report should be read in the context of the draft CTM Integrated Medium Term Plan for 2021/22 to 2023/24, which is available on the website, and the updated draft 2021/22 financial plan, as described in earlier finance reports.

The updated draft financial plan for 2021/22 consists of three elements; core, Covid response and planned care recovery. The 21/22 financial plan also assumed that around £9m of existing cost pressures projected by ILGs & Directorates is avoided or managed out. There is a £5m transitional budget to support this which will provide some temporary headroom if actual costs are lower. The plan reflected a breakeven position through Q1 to Q4, with the deficit in the core plan being offset by a corresponding surplus against Covid funding, giving an overall breakeven position for 2021/22. In the period since the updated plan submission, there have been a number of changes to forecast costs and assumed income, which are captured in Section 6.6.

### **3. ASSESSMENT**

As at M10, we are reporting a small YTD underspend of £(0.3)m.

We are continuing to forecast a break even position at M10. The key remaining issue for 21/22 is determining the forecast annual leave outstanding at 31 March 2022 for all employees (by 17 February), in order to be able to confirm the movement in the Annual leave provision in the M11 Monitoring Return submission to WG. The planning assumption is that any increase or decrease to the 20/21 provision will be resource neutral. A provisional estimate of a £3.5m increase 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.

Forecast savings performance remains lower than plan and there needs to be a clear focus to increase recurrent savings to reduce the impact into 2022-23.

The forecast underlying deficit at M10 is £44.5m (M9: £51.4m). This level of underlying deficit represents a significant concern, especially given the challenging resource outlook for 2022-23.

#### 4. RECOMMENDATION

The Committee is asked to **DISCUSS** the contents of the Month 10 Finance report for 2021/22.

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## 5. HEADLINE MESSAGES AND KEY ACTIONS

### 5.1 MONTH 10

- At M10, we are reporting a small YTD underspend of £(0.3)m. Actual expenditure to M10 on delegated budgets was showing a £10.3m overspend and this was offset by a £(10.6)m underspend on Non Delegated budgets to give a small underspend of £(0.3)m.

#### Revenue Performance

	Year to Date £'m	Annual Forecast £'m
(Under)/Over spend	(0.3)	0

### 5.2 SAVINGS PERFORMANCE

- The actual savings to M10 of £10.4m is £1.2m below the M10 YTD target of £11.6m.
- The forecast savings for 21/22 is £12.7m which is £1.8m below the In year savings target of £14.5m.
- The forecast savings for the next 2 months is therefore £2.3m which is circa £1.0m /month compared to the actual savings in M10 of £1.0m.
- Forecast recurrent savings at M10 is £5.4m (M9: £5.5m) compared to a recurrent savings target of £16.1m. The forecast recurrent shortfall in savings delivery is therefore £10.7m.

### 5.3 FORECAST OUT TURN

- We are continuing to forecast a break even position at M10.

- The key issue to highlight is the Annual leave provision- The planning assumption is that any increase or decrease to the 20/21 provision will be resource neutral. A detailed validation exercise is needed during February to determine the forecast annual leave outstanding at 31 March 2022 for all employees, in order to be able to confirm the movement in the Annual leave provision in the M11 Monitoring Return submission to WG in early March.

#### **5.4 UNDERLYING POSITION**

- The forecast recurring deficit has improved to £44.5m at M10 (M9: £51.4m).
- This level of underlying deficit remains a significant concern, especially given the challenging resource outlook for 2022-23. There needs to be a clear focus on recovery plans to reduce the impact going into next financial year.

#### **5.5 CAPITAL**

- The Capital Resource Limit for 21/22 currently stands at £78.2m.
- The Health Board is continuing to forecast a breakeven position against the CRL for 2021/22.
- Actual spend to M10 is £48.4m, leaving a balance of circa £30m to be spent in M11 and M12.

#### **5.6 KEY ACTIONS**

The key actions include:

- All budget holders are required to sign off their budget schedules for 2021/22.
- Addressing the significant M10 YTD overspends on pay, non pay and income noted in Section 6.4 which total £13.8m and the forecast recurring savings gap of £10.7m in Section 6.7.
- Determining the forecast annual leave outstanding at 31 March 2022 for all employees by 17 February, in order to be able to confirm the movement in the Annual leave provision in the M11 Monitoring Return submission to WG.
- Finalising the recurrent sustainability plan for Transformation and ICF schemes in 2022/23.
- Developing recovery plans to address the significant deterioration in the forecast recurrent position from 2022/23 onwards.
- Finalising the financial plan for 22/23.






## 6. SPECIFIC MATTERS FOR CONSIDERATION BY THIS MEETING (ASSESSMENT)

### 6.1 Financial Position and Key Targets – Month 10

The Health Board has a statutory duty to achieve a break even position over a period of three financial years. This applies to both revenue and capital expenditure. Over the last two financial years, the Health Board has achieved a surplus of £971k and £71k for revenue and capital expenditure respectively. This means that the Health Board can overspend by £971k and £71k for revenue and capital expenditure respectively in 2021/22 and still meet its three year statutory duty. The Health Board also has an administrative duty to pay a minimum of 95% of all non-NHS invoices within 30 days.

The table below details the Health Board's 2021/22 current and forecast performance against these key financial targets:

Target	Unit	Current Month	Year to Date	Trend	Forecast Year End
<b>Revenue</b> To ensure that the Health Board's revenue expenditure does not exceed the aggregate of it's funding in each financial year. Measured by variance against plan to break even.	£'000 +Adverse ( )Favourable	(118)	(317)		0
<b>Capital</b> To ensure net capital spend does not exceed the Welsh Government Capital Resource Limit. Measured by variance against plan to manage to the Resource Limit	£'000 +Adverse ( )Favourable	864	741		0
<b>Public Sector Payment Policy</b> To pay a minimum of 95% of all Non NHS invoices within 30 days. Measured by actual performance	%	94.8%	95.4%		95%



## 6.2 Revenue Performance by Expenditure Category

	Annual Budget £'000	Over/(Under) Spend	
		Current Month £'000	Year to Date £'000
<b>Delegated Budgets</b>			
Pay	609,028	715	655
Non Pay	719,682	240	6,385
Income	(143,402)	378	603
Delegated Savings Plans	(3,984)	380	2,690
<b>Total Delegated Budgets</b>	<b>1,181,323</b>	<b>1,713</b>	<b>10,333</b>
Non Delegated Budgets	82,761	(1,831)	(10,649)
WG COVID Allocations	(108,062)	0	0
WG Allocations	(1,156,022)	0	0
<b>GRAND TOTAL M10</b>	<b>0</b>	<b>(118)</b>	<b>(317)</b>
<b>GRAND TOTAL Previous month</b>	<b>0</b>	<b>(80)</b>	<b>(199)</b>

The M9 YTD Delegated overspend was £8.6m which represented an average monthly overspend of £0.95m. The M10 overspend of £1.7m was therefore a £0.75m deterioration from trend.

The key overspends to highlight in the M10 Current month position are as follows:

- The £715k pay overspend includes BG ILG (£904k) and PC&S (£102k).
- The non-pay overspend of £240k includes overspends for Facilities (£147k), Medicines Mgt (£732k), ICT (£180k) and Estates (£570k).
- The income overspend of £378k includes overspends for Bridgend ILG (£151k), Medicines Mgt (£136k) and Primary Care £113k.



Further information on these overspends is provided in Section 6.4 below.

The key overspends to highlight in the M10 YTD position are as follows:

- The £655k YTD pay overspend includes BG ILG (£2,582k), Medical Director (£214k), Estates (£247k) and W&OD (£182k).
- The non-pay overspend of £6,385k includes RTE ILG (£990k), Facilities (£1,541k), Medicines Mgt (£2,907k), Primary care (£515k), PC&S (£323k), Estates (£1,861k) and W&OD (£129k).
- The income overspend of £603k includes Bridgend ILG (£1,779k), MC ILG (£150k), Facilities (£206k) and PC&S (£164k).

Further information on these overspends is provided in Section 6.4.

Further information on the Savings position is provided in Section 6.7.

Further information on the Non Delegated budgets is provided in Section 6.8.

### 6.3 Pay Expenditure trends

The M9 Pay expenditure was £54.4m and the monthly trend is summarised below.

	<b>M10</b>	<b>M9</b>	<b>M8</b>	<b>M7</b>	<b>M6</b>	<b>M5</b>	<b>M4</b>	<b>M3</b>	<b>M2</b>	<b>M1</b>	<b>M12</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>
A&C	7.5	6.9	6.7	6.7	7.9	6.6	6.4	6.7	6.6	6.4	15.3
Medical	13.5	12.8	12.9	12.7	13.7	12.7	11.8	11.7	11.9	12.1	23.3
Nursing	17.5	16.9	17.9	16.1	17.7	16.1	15.2	15.1	15.8	15.6	30.4
ACS	7.1	6.7	6.7	6.8	7.1	6.2	6.0	5.9	6.9	6.4	14.6
Other	8.9	9.0	8.9	8.6	9.6	8.9	8.6	8.5	8.7	8.8	19.6
<b>Total</b>	<b>54.4</b>	<b>52.3</b>	<b>53.1</b>	<b>50.9</b>	<b>56.0</b>	<b>50.5</b>	<b>48.0</b>	<b>47.9</b>	<b>49.9</b>	<b>49.3</b>	<b>103.2</b>

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 remained 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 was primarily attributed to the national pay award of 3% being applied in M6, including arrears back to April 21.
- The total expenditure in M7 of £50.9m represented a £1.5m over the M4 spend of £48.0m after uplifting for 3% inflation. The main increases were Additional Clinical Services (ACS) £600k (9.7%), Medical & Dental (M&D) £500k (4.1%) and

Nursing £400k (2.5%). The most significant increase was seen in ACS and this was 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:
  - Write back 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 increased by £2.1m over M9. The main reason for the increase was the additional 1% non consolidated lump sum pay award of £2.1m which was paid in M10.

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

	<b>M10</b>	<b>M9</b>	<b>M8</b>	<b>M7</b>	<b>M6</b>	<b>M5</b>	<b>M4</b>	<b>M3</b>	<b>M2</b>	<b>M1</b>	<b>Q4 Ave</b>
	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£'m</b>	<b>£m</b>
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	1.3	0.9	0.9	0.8	0.8	0.9	0.8	0.7	0.8	0.9
<b>Total</b>	<b>5.0</b>	<b>3.6</b>	<b>4.4</b>	<b>3.6</b>	<b>3.6</b>	<b>3.5</b>	<b>3.8</b>	<b>3.3</b>	<b>3.2</b>	<b>3.5</b>	<b>4.2</b>



Nurse agency costs significantly increased in M10 due to increased staffing at Ysbyty Seren to manage additional bed capacity plus higher rates due to greater use of higher cost agency 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 also mainly due to additional staffing at Ysbyty Seren.

#### 6.4 Revenue Performance by Area

		Over/(Under) Spend		
	Annual Budget £'000	Current Month £'000	Year to Date £'000	Year to Date %
<b>Integrated locality groups:</b>				
Bridgend	210,500	850	4,348	2.50
Merthyr & Cynon	215,209	100	(492)	(0.27)
Rhondda & Taff Ely	224,414	121	1,482	0.79
<b>Total ILGs</b>	<b>650,123</b>	<b>1,072</b>	<b>5,338</b>	<b>0.99</b>
<b>Delivery Executive:</b>				
Medicines Management	133,195	836	3,208	2.92
Primary care	139,039	(225)	(928)	(0.80)
Facilities	15,096	164	1,883	14.94
COVID Planned projects	1,974	26	58	3.30
Planned Care Recovery plans	8,305	5	6	0.11
Other	2,536	0	(4)	(0.15)
<b>Total Delivery Executive</b>	<b>300,145</b>	<b>807</b>	<b>4,223</b>	<b>1.71</b>
Contracting & Commissioning	130,088	(824)	(1,428)	(1.29)
Corporate Functions	100,968	659	2,201	2.67
<b>Total Delegated Budgets</b>	<b>231,055</b>	<b>(166)</b>	<b>772</b>	<b>0.40</b>
Non Delegated budgets	(1,181,323)	(1,831)	(10,649)	
<b>GRAND TOTAL M10</b>	<b>0</b>	<b>(118)</b>	<b>(317)</b>	
<b>GRAND TOTAL Previous month</b>	<b>0</b>	<b>1,762</b>	<b>(119)</b>	



The key pay, non pay and income **overspends** to highlight in relation to the M10 Current month and the M10 YTD positions are as follows:

	<b>M10 Current month</b>	
	<b>£k</b>	<b>Comment</b>
BG ILG- Pay	904	Key drivers include: - Medicine and ED/AMU overspends for both nursing and medical staff. - Ongoing pressures in unfunded surge areas at POW and YS. Some reduction in nursing spend particularly in relation to ITU linked to reduced activity. - Transfer of the previously commissioned Rheumatology service from Swansea Bay, unfunded additional costs for TUPE'd staff.
BG ILG- Income	151	Three key issues: Colorectal LTA cessation, HSDU SLA cessation plus shortfalls against CAMHS income targets linked to new funding for Swansea Bay.
Primary Care – Income	113	A budget adjustment between income and non pay has resulted in a £169k overspend on income with a corresponding underspend on non pay. Therefore neutral overall.
Medicines Mgt – Non Pay	732	The M10 overspend includes a £656k overspend on primary care prescribing which was driven by a very significant increase in costs based on the most recent PAR data for November.
Medicines Mgt – Income	136	A budget adjustment between income and pay has resulted in a £60k overspend on income with a corresponding underspend on pay .Therefore neutral overall.
Facilities – Non pay	147	This includes £101k for the correction of an under accrual in M9 for laundry costs which has transferred to NWSSP.



ICT – Non pay	180	The overall M10 position is showing a surplus of £52k and the M10 YTD position is showing a surplus of £67k. The non pay overspend in M10 is year end spend to manage underspends in other areas.
PC&S - Pay	102	This includes £80k for the correction of an under accrual in M9 for secondments based within the Legal Concerns team.
Estates - non pay	570	Largely driven by the increased gas and electricity costs linked to recent market volatility plus a deteriorating position within B&E expenditure. The latter is across numerous headings and further work is ongoing to understand the drivers.
<b>Total</b>	<b>3,035</b>	

	<b>M10 YTD</b>	
	<b>£k</b>	<b>Comment</b>
BG ILG - Pay	2,582	The YTD overspend is predominantly driven by the pressures outlined above for the M9 In month overspend. Medical & Nursing pressures are in part being driven by the additional costs of the surge ward at POW, surge at YS and ED Covid stream staffing costs. Also transfer of the previously commissioned Rheumatology service from Swansea Bay UHB from October 1st has resulted in £136k additional costs for TUPE'd staff and drug estimates.
BG ILG-income	1,779	Key elements: Colorectal LTA cessation, HSDU SLA cessation, plus CAMHS income targets linked to new funding for Swansea Bay which is offset by a corresponding underspend against pay budgets. It is important to note that the CAMHS pay underspends mask other pay overspends which are predominantly driven by medical and nursing pressures in the acute CSGs, particularly in Medicine.
MC ILG-Income	150	This is primarily in Therapies (£168k) and relates to posts funded from external sources (LAs, UHBs and others) which are or have been vacant. The



		under-recovery of income is offset by an under spend against the corresponding pay budgets.
RTE ILG – non pay	990	This primarily relates to a £1,364k overspend on Mental Health CHC, £311k on Immunology outsourcing and £468k on M&SE. Partially offset by a drugs underspend of (£613k) across most CSGs, orthopaedic implants of (£342k) and (£214k) against the Pathology managed service contract. These underspends are largely due to planned care activity levels being lower than they were pre Covid.
Facilities – non pay	1,541	This overspend spans a number of issues including taxis, patient transport (including COVID vehicles), beds and security. Further urgent work is being undertaken by the Facilities directorate to understand the drivers for these significant overspends and the recovery plan actions needed to bring the costs back to the budgeted levels. Actions taken to cease costs associated with storage are now showing a monthly improvement in the ongoing cost.
Facilities – income	206	The main drivers are a loss of income for PCH and other residential income due to conversion into office spaces and social distancing measures (£110k) plus a loss of income from the CPU (£34k) due to Covid.
Medicines Mgt – non pay	2,907	The budget requested by Medicines Mgt for Primary Care prescribing in 21/22 was significantly less than the actual out-turn position for 20/21. Actual costs have not reduced to the levels anticipated in the IMTP as quickly as anticipated and this budget continues to overspend. However reductions in CATM prices from July and again in October have improved the position compared to Q1. Further reductions are anticipated from January.
Primary care – non pay	515	The non pay overspend has reduced by £265k in M10 and the M10 YTD non pay overspend is now £515k. However, the overall M10 YTD position is showing a total underspend of £928k. The £515k non- pay overspend is therefore more than offset by underspends on Pay and Income.



		The key driver of the £515k non pay overspend is a net overspend of £423k on the managed practice which is in part off set by underspends on PCSU.
PC&S – Non Pay	323	This includes a £462k overspend on Legal claims which is being offset by other non-pay underspends across a range of areas.
PC&S - Income	164	This includes £181k of unachieved income on income generation linked to RESUS. This is driven by the impact of COVID restrictions and is offset by overachievement across a number of other areas.
Medical Director - Pay	214	This includes a £60k overspend on the AMD structure plus a £92k overspend on Neonatal Improvement team. Also included is an overspend of £38k due to not managing to the planned vacancy factor levels.
Estates - Pay	247	Increased temporary staffing and overtime costs across the directorate to cover vacancies which are being covered at a premium cost.
Estates – Non pay	1,861	Largely driven by the increased gas and electricity costs linked to recent market volatility plus a deteriorating position within B&E expenditure. The latter is across numerous headings and further work is ongoing to understand the drivers.
W&OD- Pay	182	This represents a £13k increase from the M9 YTD overspend of £169k. The £182k overspend includes £113k for the Health & Safety team.
W&OD – Non pay	129	This represents a £71k reduction from the M9 YTD overspend of £200k. The £129k includes £43k for hoists which were purchased as part of the COVID response, £67k for advertising and recruitment, £72k relating to staff vaccines and £57k for Computer Software/ Licenses.
<b>Total</b>	<b>13,790</b>	



## 6.5 Forecast Positions

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

- Movement in the Annual leave provision- The planning assumption is that any increase or decrease to the 20/21 provision will be resource neutral. A detailed validation exercise is needed during February to determine the forecast annual leave outstanding at 31 March 2022 for all employees, in order to be able to confirm the movement in the Annual leave provision in the M11 Monitoring Return submission to WG in early March.
- The key risks/opportunities which could impact on the breakeven forecast are included in the Risks and Opportunities table at Section 6.9.

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 £13.1m deterioration in the forecast underlying deficit from the planned recurrent deficit of £31.4m 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.



## 6.6 Covid Position

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
<b>Sub total</b>		<b>3.7</b>	<b>25.6</b>	<b>31.3</b>	<b>30.5</b>	<b>0.8</b>
Assumed funding – programme element		(3.7)	(25.6)	(29.8)	(29.8)	0
<b>Total Programme costs</b>		<b>0</b>	<b>0</b>	<b>1.5</b>	<b>0.7</b>	<b>0.8</b>
<b>Other Covid costs:</b>						
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



<b>Sub total</b>		<b>4.2</b>	<b>40.1</b>	<b>55.1</b>	<b>55.7</b>	<b>(0.6)</b>
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)
<b>Total Other Covid costs</b>				<b>(21.7)</b>	<b>(21.7)</b>	<b>0</b>

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
<b>Sub total</b>	<b>25.1</b>	<b>25.7</b>	<b>0</b>
Field hospital	2.9	2.9	0
Dental income loss	3.0	2.8	0.2
Operational spend reductions	(1.8)	(1.8)	0
<b>Total</b>	<b>29.2</b>	<b>29.7</b>	<b>(0.5)</b>

### 4. Planned care recovery- Tranche 1

The latest forecast at M10 is showing a forecast underspend of £1.2m:

	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
<b>Total</b>	<b>16.8</b>	<b>15.6</b>	<b>15.8</b>

## 6.7 Savings Performance by Area

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
Savings targets	11.6	14.5	16.2	9.9	14.5	16.1
Actual and Forecast Savings	(10.4)	(12.7)	(5.5)	(9.4)	(12.7)	(5.4)
<b>Total</b>	<b>1.2</b>	<b>1.8</b>	<b>10.7</b>	<b>0.5</b>	<b>1.8</b>	<b>10.7</b>

The key points to highlight are as follows:



- The actual savings to M10 of £10.4m is £1.2m short of the M10 YTD savings target of £11.6m.
- The forecast savings for 21/22 of £12.7m is £1.8m below the annual target of £14.5m.
- The forecast savings for the next 2 months is £2.3m which is circa £1.1m /month compared to the actual savings in M10 of £1m.
- The forecast recurring savings has improved by £0.1m from £5.4m in M9 to £5.5m in M10. This has been reflected in the latest forecast recurrent position. Please see Section 5 above.

A summary analysis by ILG, service area and corporate directorates is provided below:

Area	In year Savings Target £000	M10 YTD Actual £000	Current In Year Forecast	Green	Amber	% of Current Year Forecast to Target
Bridgend ILG	4,031	2,730	3,369	3,343	26	83.6%
Merthyr & Cynon ILG	3,609	2,254	2,779	2,779		77.0%
Rhondda & Taf ILG	3,924	2,407	3,122	3,012	110	79.6%
Medicines Management	1,752	830	1,005	1,005		57.4%
Primary Care	138	115	138	112	26	100.0%
Corporates	835	628	754	754		90.3%
Other Delivery Executive	170	2	2	2		1.3%
Contracting & Commissioning	90	0	0			0.0%
Non Delegated	0	1,476	1,497	1,497		
<b>Grand Total</b>	<b>14,549</b>	<b>10,442</b>	<b>12,667</b>	<b>12,504</b>	<b>163</b>	<b>87.06%</b>



Area	Recurrent Savings Target £000	Forecast FYE	Green	Amber	% of Forecast recurrent savings to Target
Bridgend ILG	4,031	1,535	1,392	143	38.1%
Merthyr & Cynon ILG	3,609	759	759		21.0%
Rhondda & Taf ILG	3,924	1,306	906	400	33.3%
Medicines Management	2,708	1,005	1,005		37.1%
Primary Care	213	0			0.0%
Corporates	1,337	721	721		54.0%
Other Delivery Executive	263	0			0.0%
Contracting & Commissioning	139	0			0.0%
Non Delegated	0	130	130		
<b>Grand Total</b>	<b>16,223</b>	<b>5,457</b>	<b>4,914</b>	<b>543</b>	<b>33.64%</b>

## 6.8 Non Delegated budgets

The Month 10 YTD position is summarised below:

	M10 YTD	M9 YTD
	£k	£k
Non Recurring slippage – Annual target £2.0m	1,667	1,500
Actual Slippage	(4,194)	(3,774)
Other Non delegated variances	(206)	(469)
Non Delegated Savings Variance	(1,546)	(1,514)
Phasing in of Reserve budgets	(6,370)	(4,562)
<b>Total</b>	<b>(10,649)</b>	<b>(8,819)</b>



## 6.9 Key Risks and Opportunities

The key financial risks and opportunities for 21/22 are summarised below. These are consistent with the M10 Monitoring return submission to WG:

	M10	M9	Financial Plan- 30 June	Comment
Key risks:	£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.
<b>Total</b>	<b>1.1</b>	<b>1.1</b>	<b>8.0</b>	

	M10	M9	Financial Plan- 30 June	Comment
Key opportunities:	£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.
<b>Total</b>	<b>0</b>	<b>0</b>	<b>(2.2)</b>	





## 7. IMPACT ASSESSMENT

<b>Quality/Safety/Patient Experience implications</b>	There are no specific quality and safety implications related to the activity outlined in this report.
<b>Related Health and Care standard(s)</b>	Governance, Leadership and Accountability
<b>Equality impact assessment completed</b>	Not required
<b>Legal implications / impact</b>	There are no specific legal implications related to the activity outlined in this report.
<b>Resource (Capital/Revenue £/Workforce) implications / Impact</b>	Yes (Include further detail below)
	The paper is directly relevant to the allocation and utilisation of resources.
<b>Link to Main Strategic Objective</b>	To provide strong governance and assurance
<b>Link to Strategic Goal</b>	Sustaining our Future

## APPENDIX A

### WELSH GOVERNMENT ALLOCATIONS

	Annual Budget
	£k
Confirmed funding	1,208,566
Unconfirmed funding	55,518
<b>TOTAL</b>	<b>1,264,084</b>

### Key Issues

The most significant anticipated allocations include:

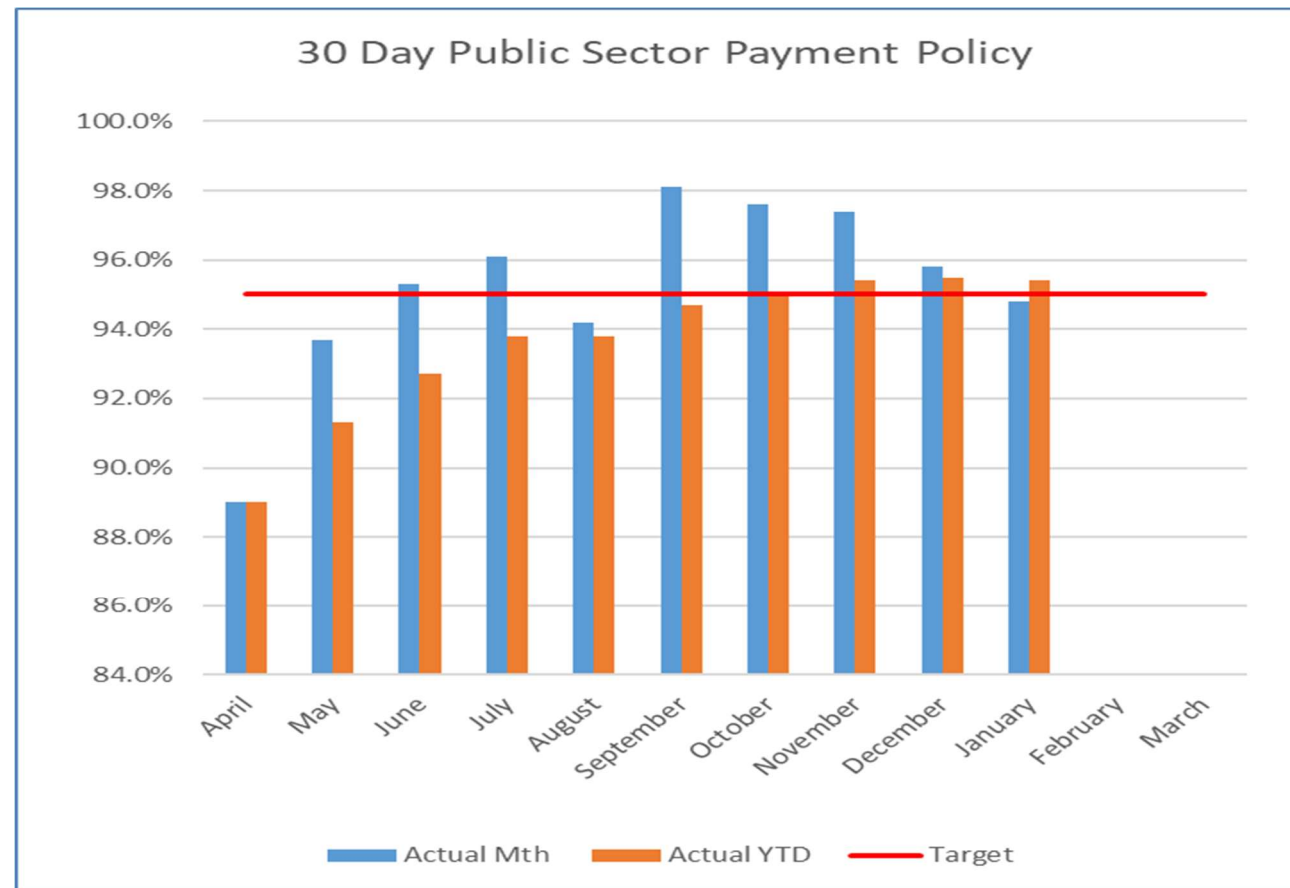
- Non Cash Depreciation - £41.1m
- Think 111 First Bid - £1.1m
- Transformation Fund - £3m
- Substance Misuse - £3.7m
- Value in Health - £2.2m
- RPB Transformation Scaling Fund - £1m
- Holiday Pay on Overtime – £1m
- 1% Non-Consolidated Band 1-6 pay award- £2.2m



## APPENDIX B

### Public Sector Prompt Payment (PSPP) Performance

The Health Board's monthly performance against the 95% public sector payment target is detailed in the graph below:



#### Key Issues:

- The percentage for the number of non-NHS invoices paid within the 30 day target in January was 94.8%.
- The M10 YTD percentage is 95.4%, which is above the target value of 95%.



## APPENDIX C

### Balance Sheet

The Month 10 Balance sheet is detailed below:

Balance Sheet	Opening Balance (01/04/2021) £'000	Closing Balance as at M9 £'000	Closing Balance as at M10 £'000	Forecast Closing Balance M12 £'000
<b>Non Current Assets</b>				
Property, Plant & Equipment	549,909	567,099	573,590	549,909
Intangible Assets	4,150	4,150	4,150	4,150
Trade and Other Receivables	39,298	39,298	39,298	39,298
<b>Total Non-Current Assets</b>	<b>593,357</b>	<b>610,547</b>	<b>617,038</b>	<b>593,357</b>
<b>Current Assets</b>				
Inventories	6,061	6,449	6,538	6,061
Trade and Other Receivables	124,984	116,224	103,370	112,484
Cash and Cash Equivalents	687	4,795	4,271	687
<b>Total Current Assets</b>	<b>131,732</b>	<b>127,468</b>	<b>114,179</b>	<b>119,232</b>
<b>Current Liabilities</b>				
Trade and Other Payables	175,210	157,145	171,576	162,710
Provisions	49,579	66,229	49,582	49,579
<b>Total Current Liabilities</b>	<b>224,789</b>	<b>223,374</b>	<b>221,158</b>	<b>212,289</b>
<b>Non-Current Liabilities</b>				
Trade and Other Payables	1,143	1,143	1,143	1,143
Provisions	45,680	45,680	45,680	45,680
<b>Total Non-Current Liabilities</b>	<b>46,823</b>	<b>46,823</b>	<b>46,823</b>	<b>46,823</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>453,477</b>	<b>467,818</b>	<b>463,236</b>	<b>453,477</b>
<b>Financed By:</b>				
General Fund	404,625	418,966	414,384	404,625
Revaluation Reserve	48,852	48,852	48,852	48,852
<b>TOTAL</b>	<b>453,477</b>	<b>467,818</b>	<b>463,236</b>	<b>453,477</b>

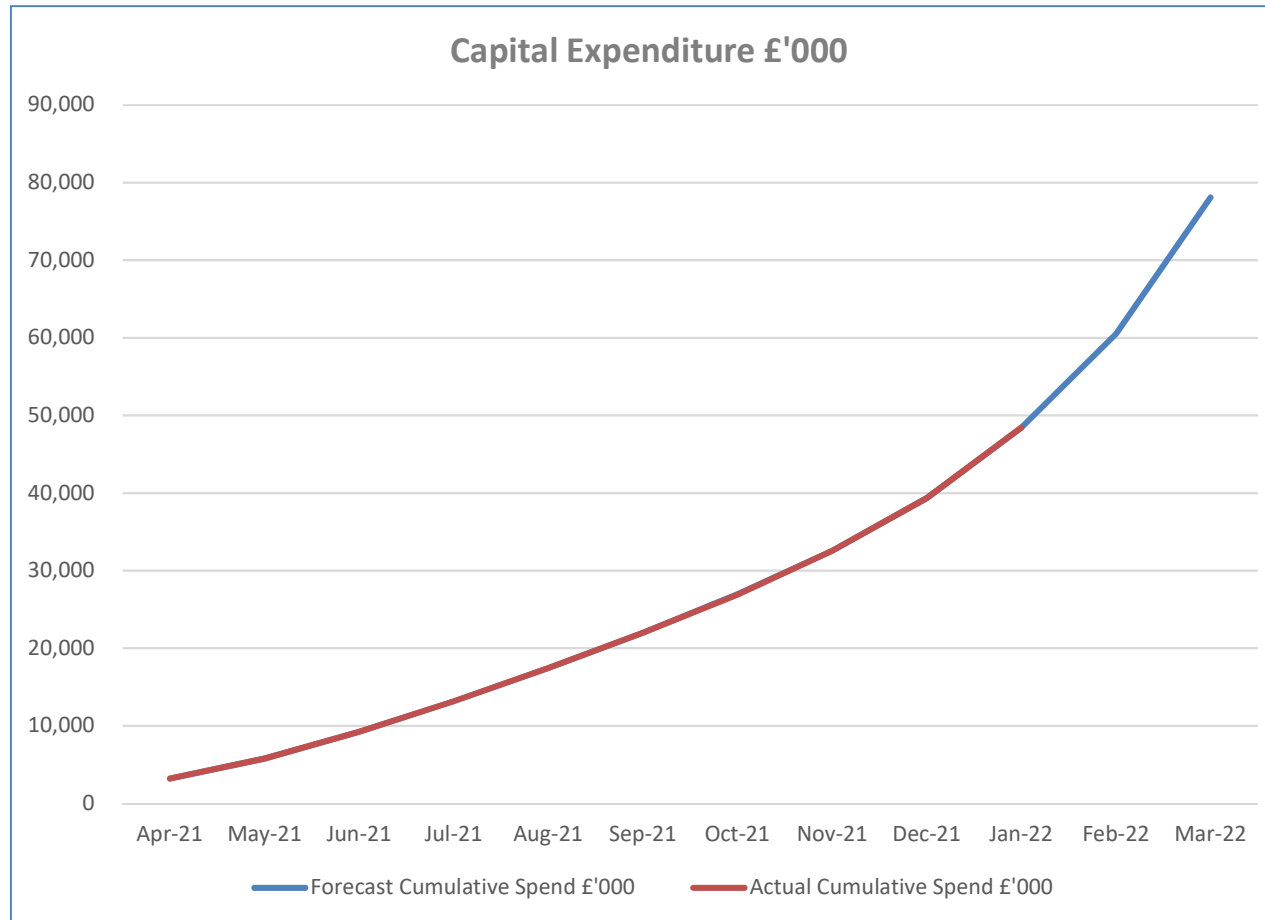
### Key Issues:

- The closing cash balance at M10 was £4.271m.
- The value of Provisions has reduced by £16m largely as a result of the change in the quantum for one Clinical Negligence case.
- The value of Payables has increased by £14m of which £3m relates to Capital creditors and £9.8m relates to the timing of the monthly payment to Pharmacy contractors.



## APPENDIX D

### Performance against Capital Resource Limit



#### Key Issues:

- The Capital Resource Limit of £77.891m was issued on the 20th January 2022.
- This is supplemented by £0.2m of donated funds, giving an overall programme of £78.1M. Assets with a NBV of £0.1M have been disposed of in this financial year, this figure will also be added to the programme.
- Expenditure to M10 was £48.4M, leaving a balance of circa £30m to be spent in M11 and M12.
- The forecast outturn capital position is breakeven against the CRL target.



## APPENDIX E

### Cash position

The monthly cash flow is detailed in the table below:

Cashflow	Actual/Forecast												
	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	Total £'000
<b>Receipts</b>													
WG Revenue Funding	90,592	84,776	99,547	107,200	89,625	100,204	186,320	116,125	2,058	95,801	101,950	126,796	1,200,994
WG Capital Funding	5,500	3,000	4,000	6,300	3,500	7,100	12,000	1,000	0	7,000	9,750	14,741	73,891
Sale of Assets	0	24	(4)	0	0	(15)	0	0	65	49	0	0	119
Welsh NHS Org'ns	21,950	9,746	12,834	13,714	9,265	11,772	8,693	8,945	10,729	9,687	10,200	11,500	139,035
Other	5,251	14,562	2,363	2,143	3,561	2,059	2,165	3,722	3,275	1,452	2,100	4,000	46,653
<b>Total Receipts</b>	<b>123,293</b>	<b>112,108</b>	<b>118,740</b>	<b>129,357</b>	<b>105,951</b>	<b>121,120</b>	<b>209,178</b>	<b>129,792</b>	<b>16,127</b>	<b>113,989</b>	<b>124,000</b>	<b>157,037</b>	<b>1,460,692</b>
<b>Payments</b>													
Primary Care Services	27,093	7,811	20,087	26,774	7,152	18,401	15,892	16,534	28,839	8,727	17,572	19,286	214,168
Salaries and Wages	43,069	54,707	51,906	47,419	56,951	51,799	44,045	49,276	49,790	50,757	50,460	66,000	616,179
Non Pay Expenditure	47,435	43,850	43,359	50,953	36,790	44,741	40,927	48,421	46,461	51,859	46,750	54,106	555,652
Capital Payments	4,725	3,689	3,634	4,331	4,070	5,313	4,188	5,104	6,022	3,170	13,250	17,197	74,693
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Payments</b>	<b>122,322</b>	<b>110,057</b>	<b>118,986</b>	<b>129,477</b>	<b>104,963</b>	<b>120,254</b>	<b>105,052</b>	<b>119,335</b>	<b>131,112</b>	<b>114,513</b>	<b>128,032</b>	<b>156,589</b>	<b>1,460,692</b>
Net Cash In/Out	971	2,051	(246)	(120)	988	866	104,126	10,457	(114,985)	(524)	(4,032)	448	
Balance B/F	687	1,658	3,709	3,463	3,343	4,331	5,197	109,323	119,780	4,795	4,271	239	
Balance C/F	1,658	3,709	3,463	3,343	4,331	5,197	109,323	119,780	4,795	4,271	239	687	

## Key Issues

- The closing cash balance at M10 was £4.271m.
- The latest forecast is showing a forecast cash surplus of £0.7m in M12. This is after the proposed return of £10m surplus Revenue cash and £4m surplus Capital cash to WG in 2021-22.
- Approximately £15.6m of WRP debtors remains outstanding at the end of M10. The profile of the remaining receipts are under regular review.