

CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD MONITORING RETURNS – FEBRUARY 2023 FINANCIAL COMMENTARY

Introduction

These returns outline the financial position for Cwm Taf Morgannwg (CTM) UHB for the period ended 28 February 2023.

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 Morgannwg element of transactions between the parties.

1. Financial Plan, Year to Date and Forecast position

1.1 Financial Plan for 2022/23

In accordance with Welsh Government (WG) guidance, our financial plan is set out into three parts:

- Core Plan
- Exceptional Cost Pressures
- Ongoing Covid response costs

Our draft Annual Plan, submitted to WG on 29 April 2022, is as follows:

	Core plan £m	Exceptional items £m	Covid response costs £m
Recurrent deficit as at 31 March 2020	17.6		
Recurrent savings shortfalls 2020/21	16.2		
Forecast recurrent savings shortfalls 2021/22	11.1		
Other recurrent underspends	(0.4)		
Forecast recurrent deficit as at 31 March 2022	44.5	0	0
Planned surplus on Core plan	-18.0		
National insurance changes		5.0	
Energy inflation		11.6	
Real Living Wage for Social Care Workers		2.4	
Ongoing Covid response costs (Programme costs and Other response costs)			32.3
Total	26.5	19.0	32.3

In accordance with Judith Paget’s letter dated 14 March, the Health Board is anticipating additional funding from WG for the three Exceptional Cost

Pressures and for its ongoing Covid response costs. The Health Board is seeking to mitigate these costs as far as possible during 2022/23.

1.2 Actual YTD and Forecast 22-23 (Table A)

	M11 Actual	M11 YTD	M11 Forecast	M10 Forecast	Financial Plan
	£m	£m	£m	£m	£m
Core plan deficit	0.4	22.5	24.5	24.5	26.5
Exceptional items:					
National insurance changes	0.0	3.1	3.1	3.1	5.0
Energy inflation	1.2	10.2	11.4	11.4	11.6
Real Living Wage for Social Care Workers	0.2	2.0	2.4	2.4	2.4
Anticipated funding	(1.4)	(15.3)	(16.9)	(16.9)	(19.0)
Total	0	0	0	0	0
Covid response costs:					
Programme	0.6	12.8	13.6	13.9	15.6
Other	1.2	14.8	16.1	16.1	16.7
Anticipated funding	(1.8)	(27.6)	(29.7)	(30.0)	(32.3)
Total	0	0	0	0	0
Grand total	0.4	22.5	24.5	24.5	26.5

The key issues to highlight are as follows:

- **Core Plan YTD position-** The M11 YTD position is a £22.45m deficit. This represents a break-even position compared to 11/12th of the forecast £24.5m Core plan deficit (£22.45m).
- **Core Plan Forecast –** At the recent mid-year review meeting we confirmed a forecast break-even position against plan with a potential best-case surplus of up to £4m. We maintained a forecast Core plan deficit in M8 and M9 of £26.5m, highlighting a potential net opportunity of £2.0m. Our forecast was reduced to £24.5m in M10 and this remains unchanged in M11. Further opportunities are described in the Section 3.
- **Pay award funding-** The M11 position does not recognise the recent announcement regarding an additional pay award for 2022/23. Our forecast assumes that the additional costs will be fully funded.

- **Covid costs and Exceptional Items** – We note that the M10 forecasts have been fully funded and that only material changes will be adjusted. As at M11 we are not anticipating any material changes.
- **Annual Leave Accrual** – The opening annual leave accrual of £17.2m was calculated based on the estimated gross salary costs of the estimated amount of leave outstanding at 31 March 2022 (i.e. the accrual was not based on the estimated backfill costs of covering the outstanding leave).

For some staff groups the cost of backfilling leave will exceed the gross salary costs and for some groups the backfill cost will be less/zero. It is important to note that our systems and processes are not able to track the true backfill costs from taking any additional leave c/fwd from 20/21.

As at M11, we have released £0.9m of the accrual to cover the cost of selling back annual leave, reducing the accrual to £16.3m. Our estimated closing accrual at the end of 22/23 is circa £7.2m. This is based on the key assumption that the carry forward of annual leave at the end of 22/23 will revert to the normal pre Covid level of 5 days, compared to a maximum of 30 days at the end of 21/22.

This represents a potential release of £10.0m comprising £0.9m for sell back and £9.1m for other reasons including covering backfill costs.

Our M11 forecast assumes a release of £10.0m. As at M11, we have released £5.5m of the accrual which is 11/12ths of £6.0m. We think this is a prudent approach given the uncertainty surrounding the actual annual leave position at year end.

- **Anticipated Allocations** – The M11 forecast assumes that the outstanding anticipated allocations included in Table E will be received in full. This includes:
 - 6 Goals Funding - £1.19m (£1.96m less £0.82 received)
 - Value in Health Hosted Service £2.2m

The following Ringfenced Surplus allocations are forecast to be returned to WG:

- Value Based Healthcare Core allocation - £0.7m
- Nosocomial Investigation - £0.2m

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

	February			Year End Forecast		
	Act £'000	F/Cast £'000	Movement £'000	M11 £'000	M10 £'000	Movement £'000
RRL	111,136	106,762	4,374	1,307,810	1,300,760	7,050
Donation/Grants	0	0	0	150	150	0
Welsh HBs & NHST	7,610	7,464	146	87,344	87,199	145
WHSSC	1,052	1,074	(22)	12,756	12,778	(22)
WG Income	(55)	57	(112)	253	366	(113)
Other Income	3,841	2,909	932	38,565	37,632	933
Income Total	123,584	118,266	5,318	1,446,878	1,438,884	7,994
PC Contractor	12,507	12,664	(157)	151,853	150,871	982
PC - Drugs	7,000	9,250	(2,250)	98,064	100,815	(2,751)
Pay	52,173	52,565	(392)	623,804	625,502	(2,498)
Non Pay	10,184	10,514	(330)	116,376	114,174	2,202
SC - Drugs	4,397	4,671	(274)	48,324	48,598	(274)
H/C Other NHS	28,190	21,094	7,096	258,034	250,631	7,403
Non H/C Other NHS	288	294	(6)	3,467	3,472	(5)
CHC & FNC	4,793	5,147	(354)	58,546	58,900	(354)
Private & Vol	1,448	1,336	112	16,783	15,266	1,517
Joint & Other	135	143	(8)	7,228	7,236	(8)
DEL	2,787	2,786	1	32,990	32,990	0
AME	44	10	34	55,021	54,988	33
Res & Cont	0	0	0	0	0	0
P&L on Disposal	(1)	0	(1)	(59)	(57)	(2)
Cost - Total	123,945	120,474	3,471	1,470,433	1,463,384	7,050

The actual expenditure for M11 was £3.5m (2.9%) more than the £120.5m forecast. The most significant movements between the M11 forecast and M11 actuals were as follows:

- **Other Income - £932k Favourable** - The increase in other income is mainly attributed to income from HEIW including retrospective adjustments from previous periods.
- **Primary Care Drugs - £2,250k Favourable** - The decrease in primary care prescribing reflects a better-than-expected December PAR together with improved NCSO.
- **Healthcare NHS - £7,096k Adverse** - The increased expenditure is attributed to new WG allocations for EASC & WHSSC.

The year-end forecast expenditure at M11 has increased by £7,050k from M10. The most significant changes between the M11 and M10 year-end forecasts are as follows:

- **Other Income - £0.9m Favourable**– Recognising in month variance for retrospective HEIW income.
- **Primary Care Contractors - £1.0m adverse** – Reflects new GP refresh programme allocation of £1.2m, offset by improved Dental forecast.
- **Primary Care Prescribing - £2.7m Favourable** – Reflecting latest growth levels from December PAR reports together with improved NCSO forecast.
- **Provider Pay - £2.5m Favourable** – The pay forecast has recognised a release of a further £1.1m of annual leave accrual following the latest assessment of annual leave that remains to be taken together with lower than anticipated pay costs in February.
- **Provider Non Pay - £2.2m Adverse** – Reflecting current month expenditure and known plans for M12.
- **Healthcare NHS - £7.4m Adverse** – As noted in current month variance, the increase is mainly attributed to new WG allocations for EASC & WHSSC.
- **Private & Voluntary - £1.5m Adverse** – The increase relates to additional planned care recovery with the independent sector including a new WG allocation of £0.8m and redistribution of initial plans of 0.6m from internal plans.

The forecast has been profiled using latest plans and information.

The M12 profile for:

- Provider pay includes £3.1m release of annual leave accrual.
- Provider non pay includes the IFRS16 reduction of £2.6m.
- Other Joint includes RPB allocations of £1.5m plus £2.4m of RIF plans.

The M10 profile for Joint funding includes a £1.8m credit (£1.5m M10 and £0.15m in M11 & M12) for the recent change in discount rate.

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

The M11 Pay expenditure was £54.2m and the monthly trend is summarised below.

	M11	M10	M9	M8	M7	M6	M5	M4	M3	M2
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
A&C	7.1	7.3	7.2	7.1	7.1	8.5	6.7	6.6	6.8	6.9
Medical	13.8	14.1	14.2	14.0	13.5	16.3	13.1	12.9	13.6	13.4
Nursing	17.1	16.3	17.1	16.9	17.1	19.9	15.1	16.5	16.7	16.0
ACS	7.3	8.1	6.9	7.2	7.1	8.9	6.5	6.8	6.6	6.6
Other	8.9	9.1	9.0	9.1	9.0	11.0	9.3	8.4	8.5	8.4
Total	54.2	54.9	54.4	54.3	53.8	64.6	50.7	51.2	52.2	51.3

The Key issues to highlight are as follows:

- The M12 position included additional pension charges of £24.9m plus an additional annual leave accrual of £3.9m. The M12 cost excluding these one-off items was £53.9m.
- The M1 position reported a slight improvement of £1.3m compared with the previous 3 months, after taking account of the M12 comment above.
- The M2 position was a £1.1m improvement over M1. This was mainly due to a reduction in Registered Nursing premium overtime payments. Conversely, Medical & Dental ADH payments increased but this is not anticipated to continue and will be kept under review.
- The M3 position increased by £0.9m compared to M2. This was mainly due to increased Agency costs.
- M4 Position has improved by £1m compared to M3, this is due to the £2m annual leave accrual release offset by £0.8m of payments for Holiday pay on overtime.
- The M5 expenditure reduced by £0.5m compared to M4, after allowing for the annual leave accrual release of £0.5m and holiday pay on overtime payment of £0.2m, the underlying position improved by £1.4m compared to M4.
- The M6 position increased by £13.9m which represents circa 50% of the estimated annual impact of the pay award of £28.3m.
- The M7 position included an estimated impact for the pay award of £2.4m. The figure excluding pay awards was circa £51.4m which was consistent with the average spend in M3-M5.
- The M8 position increased by £0.5m compared to M7, mainly related to increased agency expenditure.
- The M9 position was consistent with M8.
- The M10 Position was consistent with M9 and included a reclassification of agency costs between ACS and Reg Nursing of £1.2m.
- The M11 pay position remains consistent with previous periods and reflects the reclassification of agency staff in M10.

The M11 agency expenditure was £4.8m and the monthly trend (excluding accountancy gains) is summarised below.

	M11	M10	M9	M8	M7	M6	M5	M4	M3	M2
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Medical	1.8	1.8	1.8	1.8	1.5	1.7	1.1	1.4	1.7	1.3
Nursing	1.9	1.4	2.6	2.1	2.3	2.3	2.3	2.4	2.4	2.1
Other	1.1	2.2	1.2	1.4	0.8	0.9	1.2	1.0	1.0	1.0
Total	4.8	5.4	5.6	5.3	4.9	4.9	4.6	4.8	5.1	4.4

Agency costs have reduced by £0.6m in M11.

1.4 Covid analysis (Table B3)

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

	M11 Actual	M11 YTD	M11 Year-end forecast	M10 Year-end forecast	Financial Plan- 30 April	Movement between M11 and M10 Forecasts
	£m	£m	£m	£m	£m	£m
Programme costs						
TTP	0.3	5.3	5.7	5.8	6.5	(0.1)
Mass Vaccination	0.2	6.0	6.3	6.5	7.4	(0.2)
PPE	0.1	1.5	1.6	1.7	1.6	0
Sub total	0.6	12.8	13.6	13.9	15.6	(0.3)
Other Covid costs:						
Cleaning Standards	0.1	1.5	1.7	1.7	2.3	0
Capacity & Facilities costs	0.2	3.5	3.7	3.7	3.0	0
Prescribing costs	0	0.4	0.4	0.4	2.1	0
Dental income losses	0.1	1.8	2.0	2.0	2.5	0
Increased workforce costs	0.3	4.3	4.6	4.6	2.6	0
Services supporting Covid response:						
Long Covid	0.1	0.6	0.8	0.8	0.8	0
Flu extension	0.1	1.0	1.1	1.1	0.6	0
Discharge support	0.0	0.3	0.3	0.3	0.6	0
Other Covid Response	0.1	1.3	1.5	1.5	2.3	0
Sub total	1.2	14.8	16.1	16.1	16.7	0
Total Covid costs	1.8	27.6	29.7	30.0	32.3	(0.3)
Anticipated funding	(1.8)	(27.6)	(29.7)	(30.0)	(32.3)	0.3
Total	0	0	0	0	0	0

There are no significant movements in the in month expenditure.

There are no significant movements between the M11 forecast and the M10 forecast.

2. Month 11 - Forecast recurrent position (Table A)

The B'fwd recurrent deficit at the end of 21/22 was £44.5m.

As at M11 we are reporting a forecast Underlying deficit of £88.7m (M10: £88.7m). This was shared with WG at our Touchpoint meeting on 7 Feb and includes:

	M11	M10	Comment
	£m	£m	
Core Plan	60.9	60.9	See below
Ongoing local Covid response costs	10.0	10.0	
Ongoing Exceptional energy costs	17.8	17.8	Latest estimates provided by NWSSP/BG.
Total	88.7	88.7	

The forecast Core plan recurrent deficit of £60.9m (M10: £60.9m) represents a £16.4m deterioration from the B'fwd recurrent deficit at the start of the year and a £32.9m deterioration from the planned recurrent deficit of £28m. This deterioration from plan includes:

- Forecast recurrent shortfalls in savings delivery (£7.2m)- see Section 6.
- Forecast recurrent overspends (£11.0m)- Our Integrated Locality Groups (ILGs) and Directorates identified bought forward cost pressures of circa £11m at the start of 22/23. These cost pressures were excluded from the financial plan and the risk has been managed non recurrently in 22/23. The latest forecast recurrent cost pressures from the Care Groups and directorates now exceed the original £11m this has now been reflected forecast recurrent position for next year.
- A deterioration in Primary care prescribing during 22/23 leading to an estimated recurrent overspend of circa £9.4m.
- Recurrent shortfall in Pay award funding (£1.9m)- see above.

3. Risk Management (Table A2)

The key financial risks and opportunities for 22/23 are noted in Table A2 and are summarised below:

	Month 11	Month 10	Financial Plan – 30 April	Comment
	£m	£m	£m	
Total risks	0	0	16.1	
Opportunities:				
Annual leave accrual	0	-2.0	-2.0	A release of £10m has been included in the year end forecast position. Please see Section 1.2 above.
Primary care prescribing	-0.5	-0.5		As at M11 we have only had prescribing data for 9 months
Further unexpected Contracting improvements with other Health Boards, WHSSC and velindre	-0.5	-0.5		M10 included an unexpected improvement of £1.2m
Total Opportunities	-1.0	-3.0	-2.0	
Total	-1.0	-3.0	14.1	

4. Ring Fenced Allocations (Tables N&O)

We have completed the new template to provide further information on certain Ring-Fenced allocations. Our latest forecasts are summarised below:

	Total Allocation	Forecast	Comment
	£m	£m	
Planned Care Recovery Funding	26.1	26.1	
Additional Planned Care Recovery	0.8	0.8	New allocation received M11.
Outpatient Transformation	0.6	0.6	
Original Value Based Healthcare allocation	2.3	1.6	The latest forecast is indicating slippage of circa £0.7m which will be returned to WG. An anticipated allocation adjustment has been included in M11 returns of £0.7m.
Regional Integration Fund	22.0	22.0	This includes the original allocation of £20.145m plus an additional In year allocation of £1.864m. Any flexibility within this allocation will be used to meet the additional costs of Winter plans in 22/23. This allocation is therefore fully committed and there is no scope to produce a potential opportunity.
Urgent Emergency Care (Six Goals)	2.9	2.0	Following concerns raised by DU over SDEC spend and slippage being used for winter plans, these plans will now be funded internally rather than using Six Goals slippage. The forecast slippage of circa £0.94m is not required and has not been included as an anticipated allocation in this M11 return.
Mental Health (SIF)	1.2	1.2	
Total	55.9	54.3	

5. Agency/Locum (Premium) Expenditure (Table B2 – Sections B&C)

See section 1.4.

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

The financial plan for 2022/23 includes a £17.3m recurring savings target.

	Month 11			Month 10		
	M11 YTD	22/23	Rec	M10 YTD	22/23	Rec
	£m	£m	£m	£m	£m	£m
Planned savings		14.1			14.1	
Planned income generation		0.2			0.2	
Plans to be finalised		3.0			3.0	
Savings target as at M11	15.7	17.3	17.3	14.3	17.3	17.3
Actual and Forecast Savings	(16.1)	(17.1)	(10.1)	(14.8)	(17.0)	(10.1)
Total	(0.4)	0.2	7.2	(0.5)	0.3	7.2

It is important to note that M11 internal reporting within the Health Board is reporting a M11 YTD savings consistent with the £0.4m position reported in this Monitoring Return.

	Monitoring Return Table C	Internal HB reporting
	£m	£m
Annual Plan	17.3	17.3
Year to date Plan	15.7	15.9
Year to date actual	(16.1)	(16.1)
Year to date Variance	(0.4)	(0.2)

7. Income Assumptions 2022/23 (Tables D & E)

Table D has been completed and agreed with all other organisations.

The financial plan also includes provision for additional costs arising from the WRP risk sharing arrangement of £3.3m, which is consistent with the information provided by NWSSP.

Table E shows the anticipated allocations assumed within our M11 position.

8. Health Care agreements

All the LTA agreements with other Welsh NHS bodies have been agreed and signed.

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

9.1 Significant month on month balance sheet movements

Receivables have reduced by £7m in M11- A payment of £5.9m was received from WRP in M11 resulting in a reduction in WRP debtors.

Payables have reduced by £5m in M11 – this was due to a general movement in system creditors and accruals.

The largest forecast projected movement for year end is on cash. This has been updated to reflect the FIS form that has been submitted which includes requests for working balances cash and strategic cash. This will bring our cash balance to an appropriate level.

9.2 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 11 weeks old as at the 28th February 2023 and confirmation of payment dates have been requested.

The analysis of Welsh NHS receivables in Table F includes Welsh NHS and WG invoices.

10. Cash Flow Forecast (Table G)

The Core Plan cash flow forecast shows a small balance at the end of the financial year. This reflects the submission of the recent FIS form with request for strategic cash of £26.5m and £10.5m working capital (£6.5m revenue and £4.0m capital).

This is in line with that reported in previous months, and is projected to bring the cash balances to an appropriate level at year end.

During M11 an additional £6m Revenue cash was drawn down on 28th February as creditor BACS runs during the month had been higher than anticipated.

11. Public Sector Payment Compliance (Table H)

An update is not required for this return.

12. Capital Schemes and Other Developments (Tables I,J&K)

The M11 CRL is £72.3m, issued on the 7th March 2023. As at M11, £61.3m has been charged against the CRL.

The table below details some of the forecast over and underspends this year. These are identified as medium or high risks in Table J.

Scheme	Over/Underspend	Explanation
Bridgend Health and Wellbeing Centre (Sunnyside)	High £0.822m slippage	As previously reported the scheme remains on hold pending the appointment of a new contractor. Given that a new contractor will not start work until later in 2023/24 the CRL allocation for this financial year will not be spent. This slippage is being managed by the Health Board through discretionary capital
PCH G&FF Floor Phase 2 and 1b	High £0.423m overspend in year	The current forecast shows that Phase 2 will overspend against the in year allocation, given slippage being reported on other schemes this additional spend is affordable within the current capital programme.
National Programme Imaging Phase 2/POW Gamma Camera	Medium Potential -slippage/underspend £0.400m	Several the 7 imaging schemes including DR rooms, MRI, Gamma and the initial Fluoroscopy are still ongoing, but indications are that there will be an element of slippage and underspend. Both will be managed into next financial year via discretionary capital and discussed with WG at the capital review meeting

Fluoroscopy Equipment	High £0.188m slippage	Procurement savings secured on the equipment, remaining spend will be managed through to 2023/24 via discretionary capital to fund the start of installation works
National Programmes Infrastructure/ Decarbonisations/ Mental Health	Medium Potential - Underspend/slippage £0.170m	The remaining spend on these schemes is being managed across the 4 headings. However, due to a higher than anticipated VAT reclaim that has now been confirmed on fire schemes there is potentially up to a £170k underspend overall. Again, this will be managed via discretionary capital but discussed with WG at the capital review
Centralising decontamination at POW	High overspends £0.067m	Fees on this project are in excess of the CRL, this is currently being funded from discretionary capital with a plan to recover as part of the business case when submitted.
POW Fire Enforcement Notice	High £0.189m slippage	Option appraisal work is under way to determine the way forward. However, as this is also now linked to work streams starting on the former BA buildings there will be a delay and hence spend will be less than the CRL allocation. Slippage will be managed by the Health Board

Disposals

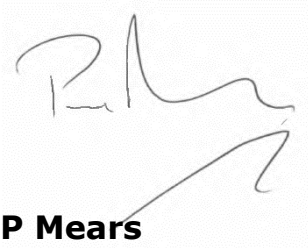
11 Cedar Wood Drive has been disposed in year for £0.215m. This value has been added to the available spend as per the usual process along with £0.005 relating to equipment disposals.

13. Other Issues

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

The M11 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.

14. Authorisation



P Mears
Chief Executive



S May
Director of Finance

Date: 13 March 2023

Action Points arising from Month 10 Response

Action Point	WG Comment	CTM Response
10.1	I note that the forecast year end deficit position has reduced by £2.000m to £24.500m, following a further release of the 'Annual Leave Accrual'. The submission describes further opportunities totalling £3.000m, which could further improve the outturn. You will be aware from the Month 9 reply letter, that I described Month 10 as the final opportunity to declare a material improvement to your outturn position given that WG HSS-Finance also needs to fix the year position and manage any material movements. I trust that a decision on any remaining opportunities will be confirmed imminently.	Please see Section 1.2 above.
10.2	Last month, I kindly requested that you finalise positions against ringfenced allocations for Month 10. Colleagues have now actioned the return of the VBHC slippage declared in your anticipated income adjustments at Month 10. The uncommitted Recovery spend totaling £0.593m is not referenced in your submission this month. Please ensure this is finalised by Month 11.	Please see Section 4 above.
10.3	The narrative no longer references the intended use of the slippage values on in-year UEC, Planned Care and VBHC funding or the uncommitted RIF spend. Please ensure this is reinstated in the Month 11 narrative.	Please see Section 4 above .
10.4	Movement of Opening Financial Plan to Forecast Outturn (Table A) • Please ensure your narrative provides sufficient details on the non-recurring in year spend pressures (Line 26) totaling c. £1.600m which are being mitigated by the retention of the Dental underspend.	The operational variances from plan are a number of low value variances with no common themes. There is no significant element the HB would wish to highlight at M11.
9.4	I note your response to Action Point 9.4 that there is an internal indication that savings may not have been recognised as such, due to time constraints with priorities shifting to the development of the 23/24 IMTP. I acknowledge that an exercise is being undertaken to ensure all savings are included within the Tracker for Month 11.	Noted.
10.5	Last month, the c/f underlying position increased to c£90m with the movement being described as £27m for Energy (recognising the end of Energy Benefit Relief Scheme) and £9m for Covid and £5.8m for Prescribing. At Month 10, the c/f underlying deficit position has reduced by £1.198m to £88.702m. This value is materially higher than the forecast presented at the 'Touch Point' meeting of £70.900m. The details provided in the 'Touch Point' documents excluded the FYE of recurring energy price pressures which I understand is based on the guidance provided by FDU. I acknowledge that work is ongoing with colleagues;	Noted. The difference between the £88.7m forecast at M11 and the £70.9m is the energy forecast of £17.8m.

	however, please ensure that the treatment of items and the resulting forecast value is consistently reported in your submissions.	
10.6	Monthly Positions (Table B) The annual forecast non pay expenditure has increased by c. £4.000m, with your supplementary narrative confirming that the adverse movement reflects the current month expenditure being worse than anticipated with the overall impact being adjusted in future periods. The narrative only refers to an increase in delayed facilities expenditure within Month 10; please clarify if there are other areas which have driven the material increase.	The non pay expenditure continues to be volatile with increased recovery activity driving recent increases together with and increasing communications on year end housekeeping procedures to ensure expenditure is accounted for in the correct period.
10.7	The T&O Middle grade rota compliance dispute value phased into Month 12 has increased by £0.400m to £0.800m, please provide an update on the dispute and an explanation for the movement in the value.	The dispute continues to be progressed and the HB had received increased claims in M9 & M10 hence the change in estimate. The position will not be resolved by Year end and a provision will be agreed based upon latest information.
7.5	Movement of Opening Financial Plan to Forecast Outturn (Table A) I refer to your response to Action Point 7.5 that it is felt that Accountancy Gains can be phased into future months when the risk is minimal. This reporting approach does not comply with WHC (2022) 013 which confirms that new Accountancy Gains must be released into the period in which they are reported as supporting the forecast outturn position. This direction was introduced into the guidance, as part of the WG response to an Audit Wales ISA260 recommendation. The only exception being if a 'one off' release item is dependent on a key future event, such as sign off by the next Audit Committee. As the GRNI (Goods Received Not Invoiced) release of £0.100m per month approach does not meet this exception, I trust that you will comply with the WHC next month. If the GRNI exercise is not finalised by mid-March (Month 11), but you continue to assume the benefit in your position then the value must be declared as an aspiration 'still to be finalised'.	This issue was discussed at our recent Touch point meeting and it remains our intention to anticipate accountancy gains in our 23/24 Plan where our policies would result in a probable release.

10.8	<p>Monthly Positions (Table B)</p> <p>The reported charge for owned asset 'baseline' depreciation is £0.027m higher than that previously reported via the November non-cash return (which informed the issue of funding), with the owned asset 'strategic' depreciation charge being £0.027m lower. Please ensure the values correlate to the provided information and to the funding issued.</p>	Actioned
10.9	<p>Covid-19 Analysis (Table B3)</p> <p>Please ensure the Mass Vaccination and Tracing expenditure profiles are consistently reported between the FDU Template and Table B3.</p>	Noted.
10.10	<p>Cash Flow (Table G)</p> <p>The January return of the non-cash limited item totaling £0.301m has been reported on the 'WG Revenue Funding - Cash Limit (excluding NCL)' line of Table G instead of the 'WG Revenue Funding - Non-Cash Limited (line 2)'.</p>	Amended