

CWM TAF MORGANNWG UNIVERSITY HEALTH BOARD

MONITORING RETURNS – DECEMBER 2022

FINANCIAL COMMENTARY

Introduction

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

	M9 Actual	M9 YTD	M9 Forecast	M8 Forecast	Financial Plan
	£m	£m	£m	£m	£m
Core plan deficit	3.3	21.3	26.5	26.5	26.5
Exceptional items:					
National insurance changes	0.0	3.1	3.1	3.1	5.0
Energy inflation	1.1	7.5	11.5	12.3	11.6
Real Living Wage for Social Care Workers	0.2	1.8	2.4	2.4	2.4
Anticipated funding	(1.3)	(12.4)	(17.0)	(17.8)	(19.0)
Total	0	0	0	0	0
Covid response costs:					
Programme	0.9	11.5	13.9	13.9	15.6
Other	1.2	12.4	16.1	16.2	16.7
Anticipated funding	(2.1)	(23.9)	(30.1)	(30.1)	(32.3)
Total	0	0	0	0	0
Grand total	3.3	21.3	26.5	26.5	26.5

The key issues to highlight are as follows:

- Core Plan YTD position-** The M9 YTD position is a £21.3m deficit. This represents a £1.4m adverse variance compared to 9/12th of the £26.5m Core plan deficit (£19.9m). This variance includes:
 - A shortfall in assumed funding for pay awards of £1.4m (9/12ths of £1.9m).
- 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. As at M8 and M9 we are continuing to forecast a Core plan deficit of £26.5m, with a potential net opportunity of £2.0m. The key risks and opportunities are noted in section 3.
- Dental allocation -** Following further discussions with the WG Policy Team, we are now assuming that the Health Board is unable to retain the forecast underspend on the dental allocation in 22/23.

An anticipated allocation adjustment of £1.6m has therefore been included in our M9 position.

- **Pay award funding**- We have raised several queries regarding the pay award funding which has resulted in a £1.9m recurrent cost pressure for the Health Board. We are awaiting a response to our e mail dated 15 November.
- **Exceptional Items** - We note that the M6 forecasts for RLW and NIC will be issued in full and that the M6 forecast for Energy is a maximum. Our M9 forecast energy overspend of £11.5m includes actual costs for £8.8m (April – October) and estimated costs of £9.4m for remaining 5 months:

Month	All Wales	Veolia	Total
	£k	£k	£k
April	883	347	1,230
May	730	318	1,048
June	785	315	1,099
July	794	332	1,126
August	859	320	1,179
September	1,068	424	1,492
October	1,207	385	1,592
November	1,432	376	1,808
December	1,548	403	1,951
January	1,610	426	2,036
February	1,381	382	1,763
March	1,439	393	1,832
Total cost	13,738	4,420	18,158
Budget	3,949	2,692	6,641
Net cost	9,789	1,728	11,517

- **COVID Costs** - We note that the M8 forecast of £30.1m for Covid (Programme and response) is the new funding ceiling (previously this was the M6 forecast of £30.9m). The latest M9 forecast of £30.1m remains in line with the M8 forecast of £30.1m.
- **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 M9, we have released £0.9m of the accrual to cover the cost of selling back annual leave, reducing the accrual to £16.3m

As at M9, our high level estimate of the 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 M9 forecast assumes a release of £6.0m with a further £4.0m shown as an opportunity. As at M9, we have released £4.5m of the accrual which is 9/12ths of £6.0m. We think this is a prudent approach given the uncertainty surrounding the actual annual leave that will be taken in the next 3 months.

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

	December			Year End Forecast		
	Act £'000	F/Cast £'000	Movement £'000	M09 £'000	M08 £'000	Movement £'000
RRL	111,503	111,205	298	1,299,206	1,300,669	(1,463)
Donation/Grants	0	0	0	150	150	0
Welsh HBs & NHST	7,515	7,064	451	87,230	85,578	1,652
WHSSC	1,078	974	104	12,261	12,156	105
WG Income	(14)	57	(71)	484	555	(71)
Other Income	3,047	3,209	(162)	38,501	38,663	(162)
Income Total	123,129	122,509	620	1,437,832	1,437,770	62
PC Contractor	14,921	15,124	(203)	150,324	150,526	(202)
PC - Drugs	11,448	9,297	2,151	102,597	99,543	3,054
Pay	52,409	53,265	(856)	627,009	629,358	(2,349)
Non Pay	10,063	9,746	317	110,209	112,699	(2,490)
SC - Drugs	4,813	4,271	542	49,309	47,567	1,742
H/C Other NHS	23,169	22,894	275	252,345	252,070	275
Non H/C Other NHS	288	294	(6)	3,478	3,483	(5)
CHC & FNC	5,191	5,147	44	58,960	59,716	(756)
Private & Vol	1,161	1,486	(325)	15,132	15,963	(831)
Joint & Other	144	293	(149)	7,083	5,146	1,937
DEL	2,784	2,786	(2)	32,989	33,308	(319)
AME	44	10	34	54,954	54,954	0
Res & Cont	0	0	0	0	0	0
P&L on Disposal	6	0	6	(57)	(63)	6
Cost - Total	126,441	124,613	1,828	1,464,332	1,464,271	61

The actual expenditure for M9 was £1.8m (1.5%) more than the £126.4m forecast. The most significant movements between the M9 forecast and M9 actuals were as follows:

- **Primary Care Drugs - £2,151k Adverse** - The increase in primary care prescribing reflects further NCSO impacts upon the tariff together with further Cat M price increases and increased core prescribing costs.
- **Provider Pay - £856k Favourable** - The anticipated increases in Bank and overtime payments did not materialise in M9.
- **Secondary Care Drugs - £542k Adverse** - The increase in expenditure is mainly related to a continued increases in NICE drugs.

The year-end forecast expenditure at M9 remains consistent with that in M8 at £1,464m. The most significant changes between the M9 and M8 year-end forecasts are as follows:

- **Welsh HB & NHST Income - £1.7m Favourable** – Recognising consistent increases in income with HBs.
- **Primary Care Prescribing - £3.1m Adverse** – Continuation of adverse impact of NSCO now assumed to remain for Q4 and New Cat M prices announced for Q4 together with underlying growth remaining higher than anticipated following October PAR.
- **Provider Pay - £2.4m Favourable** – Reflecting revised forecasts following continued difficulty in sourcing additional staff to planned levels and consistent pay costs for last 2 months.
- **Provider Non Pay - £2.5m Favourable** – Reflecting revised forecasts and correction of RIF plans transferred to Joint Funding.
- **Secondary Care Drugs - £1.7m Adverse** – Revision of forecast to reflect current NICE/HCD expenditure including HIV prescribing and the transfer of patients for home delivery NICE drugs from Swansea Bay UHB.
- **CHC/FNC - £0.8m Favourable** – Reflecting revised forecasts and correction of earlier transactions following review which resulted in reclassification to balance sheet.
- **Private & Vol Sector - £0.8m Favourable** – Revised forecast following lower than anticipated outsourcing during December.
- **Joint Funding & Other - £1.9m Adverse** – Additional allocations for RPB received in M9 of £1.5m offset by change in Discount Rate of £1.8m and revised RIF plans of £2.4m transferred from Provider Non Pay.

The forecast has been profiled using latest plans and information and will continue to be refined throughout the year.

The M12 profile for provider non pay includes the IFRS16 reduction of £2.2m.

The M10 profile for Joint funding includes a £1.8m credit for the recent change in discount rate. The M12 profile includes new RPB allocations of £1.5m together with RIF spend plans of £2.4m.

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

The M9 Pay expenditure was £54.1m and the monthly trend is summarised below.

	M9	M8	M7	M6	M5	M4	M3	M2	M1
	£m	£m	£m	£m	£m	£m	£m	£m	£m
A&C	7.2	7.1	7.1	8.5	6.7	6.6	6.8	6.9	7.1
Medical	14.2	14.0	13.5	16.3	13.1	12.9	13.6	13.4	12.5
Nursing	17.1	16.9	17.1	19.9	15.1	16.5	16.7	16.0	17.5
ACS	6.9	7.2	7.1	8.9	6.5	6.8	6.6	6.6	6.8
Other	9.0	9.1	9.0	11.0	9.3	8.4	8.5	8.4	8.5
Total	54.4	54.3	53.8	64.6	50.7	51.2	52.2	51.3	52.4

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 is consistent with M8.

The M9 agency expenditure was £4.8m and the monthly trend (excluding accountancy gains) is summarised below.

	M9	M8	M7	M6	M5	M4	M3	M2	M1
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Medical	1.8	1.8	1.5	1.7	1.1	1.4	1.7	1.3	1.2
Nursing	2.6	2.1	2.3	2.3	2.3	2.4	2.4	2.1	2.6
Other	1.2	1.4	0.8	0.9	1.2	1.0	1.0	1.0	0.9
Total	5.6	5.3	4.9	4.9	4.6	4.8	5.1	4.4	4.7

Agency costs have increased in M9 due to additional surge capacity and ITU pressures.

1.4 Covid analysis (Table B3)

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

	M9 Actual	M9 YTD	M9 Year-end forecast	M8 Year-end forecast	Financial Plan- 30 April	Movement between M9 and M8 Forecasts
Programme costs	£m	£m	£m	£m	£m	£m
TTP	0.3	4.7	5.8	5.7	6.5	0
Mass Vaccination	0.5	5.4	6.5	6.4	7.4	0
PPE	0.1	1.4	1.7	1.7	1.6	0
Sub total	0.9	11.5	13.9	13.9	15.6	0.0
Other Covid costs:						
Cleaning Standards	0.2	1.3	1.7	1.7	2.3	0
Capacity & Facilities costs	0.3	3.0	3.7	3.6	3.0	0.1
Prescribing costs	0	0.3	0.4	0.4	2.1	0
Dental income losses	0.1	1.6	2.0	2.0	2.5	0
Increased workforce costs	0.3	3.7	4.7	4.7	2.6	0
Services supporting Covid response:						
Long Covid	0.06	0.4	0.8	0.8	0.8	0
Flu extension	0.1	0.7	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	1.0	1.5	1.6	2.3	(0.1)
Sub total	1.2	12.4	16.1	16.2	16.7	(0.1)
Total Covid costs	2.1	23.8	30.1	30.1	32.3	0
Anticipated funding	(2.1)	(23.8)	(30.1)	(30.1)	(32.3)	0
Total	0	0	0	0	0	0

There are no significant movements in the in month expenditure.

There are no significant movements between the M9 forecast and the M8 forecast.

2. Month 8 - Forecast recurrent position (Table A)

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

As at M9 we are reporting a forecast Core plan recurrent deficit at the end of 22/23 of £53.9m (M8: £47.6m). This forecast represents a £9.4m deterioration from the B'fwd recurrent deficit at the start of the year and a £25.9m deterioration from the planned recurrent deficit of £28m. This deterioration from plan includes:

- Forecast recurrent shortfalls in savings delivery (£7.2m)- see Section 6.
- Recurrent shortfall in Pay award funding (£1.9m)- see above.
- 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. However, the latest forecast recurrent cost pressures from the Care Groups and directorates now exceed the original £11m and we consider it prudent to recognise the £11m in the forecast recurrent position for next year.
- A deterioration in Primary care prescribing during 22/23 leading to an estimated recurrent overspend of circa £5.8m.

	Medical & Dental	Registered Nursing	Non Registered Nursing	Total
	£m	£m	£m	£m
Unscheduled care	1.7	1.7	2.8	6.2
Scheduled care	2.8	0.8	1.2	4.8
Total	4.5	2.5	4.0	11.0

A full assessment of the underlying position is being undertaken as part of the IMTP planning process for 2023/24 which will include a detailed 'bridge' showing the key movements between the current year forecast and the recurrent forecast.

It is also important to note that the above forecast is only the Core plan recurrent deficit and excludes any ongoing Covid response costs and Exceptional costs being incurred in 22/23 which are likely to continue into

23/24. Our latest estimates of the ongoing costs for 23/24 are circa £9.0m for Covid response and £27m for Energy. The Energy forecast has been provided by NWSSP/BG and currently excludes any ongoing benefit from the Energy Benefit Relief Scheme (EBRS).

The latest total estimated financial challenge going into 23/24 is therefore £89.9m

3. Risk Management (Table A2)

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

	Month 9	Month 8	Financial Plan – 30 April	Comment
	£m	£m	£m	
Risks:				
Energy funding has been confirmed for the rest of 22/23 based on M6 forecast as a maximum. Potential risk that costs exceed this level due to volume and/or price changes.	tbc	tbc	0	Noted that the default expectation is for organisations to manage this risk. Considered Low risk.
Covid funding has been confirmed for the rest of 22/23 based on M8 forecast as a maximum (Previously M6). Potential risk that costs exceed this level.	tbc	tbc	0	Noted that the default expectation is for organisations to manage this risk.
Risk of further increases in the cost of primary care drugs	0.8	1.0	0	Data is 2m in arrears and we only have M7 data at M9.
Risk of the forecast underspend on the Dental allocation being returned to WG.	0	1.7	0	Please see Section 1.2 above. Anticipated allocation adjustment recognised in M9.
Assumed funding for additional Bank Holiday costs for Queen's Funeral not received in full	1.2	1.2	0	
Total risks	2.0	3.9	16.1	
Opportunities:				
Potential reduction in Energy costs and Covid costs below the M6 forecast	tbc	tbc	0	Any reduction below the M6 forecasts will be returned to WG.
Potential reduction in Planned care recovery costs below the £26.1m allocation.	tbc	tbc	0	Any underspend to be returned to WG will be confirmed in M10.
Annual leave accrual	-4.0	-4.0	-2.0	A release of £6m has been included in the year end forecast position with a further potential opportunity of £4.0m. Please see Section 1.2 above.

	Month 9	Month 8	Financial Plan – 30 April	Comment
Microsoft contract – potential vat recovery	tbc	tbc	0	Likely to be 23/24.
Potential reduction in costs due to RCN industrial action	tbc	tbc	0	
Benefit from recently announced changes to discount rates	0	-1.9	0	Benefit Included in the M9 forecast position.
Total Opportunities	-4.0	-5.9	-2.0	
Total	-2.0	-2.0	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	25.6	The latest draft forecast is indicating potential slippage of circa £0.5m. Confirmation of any underspend to be returned to WG will be confirmed in M10.
Outpatient Transformation	0.6	0.6	
Value Based Healthcare	2.6	2.3	The latest forecast is indicating potential slippage of circa £0.35m which will be returned to WG. An anticipated allocation adjustment has been included in M9 and a final review will be undertaken in M10.
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	2.9	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.
Mental Health (SIF)	1.2	1.2	
Total	55.4	54.6	

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 9			Month 8		
	M9 YTD	22/23	Rec	M8 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 M9	12.9	17.3	17.3	11.5	17.3	17.3
Actual and Forecast Savings	(13.6)	(17.0)	(10.1)	(12.4)	(17.5)	(10.6)
Total	(0.7)	0.3	7.2	(0.9)	(0.2)	6.7

It is important to note that M9 internal reporting within the Health Board is reporting a M9 YTD savings consistent with the £0.7m 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	12.9	12.9
Year to date actual	(13.6)	(13.6)
Year to date Variance	(0.7)	(0.7)

The financial plan for 2022/23 also includes planned accountancy gains of £4.5m and unplanned accountancy gains of £0.9m for the HSE provision release.

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 M9 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

Provisions have increased by £1.1m in M9 due to a general increase in quantum, with the corresponding increase in WRP Debtors. This increase was offset by a payment received from WRP, resulting in an overall reduction in Receivables of £2.1m.

Payables decreased by £10m largely due to the reduction of systems creditors.

Fixed Assets have increased by £10m in M9, mainly due to the purchase of the BA site in December.

There have been no significant movements in the projected closing balance position from M8.

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 17 weeks old and six greater than 11 weeks as at the 31st of December 2022. Payment has since been received for three of the invoices and the remaining are being reviewed as part of the M9 Agreement of Balances exercise and confirmation of payment dates are being 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 shortfall of £38.7m at the end of the financial year. This reflects the Core Plan deficit of £26.5m and Movement in Working Balances of £12.2m (see below). This is supported by the strategic cash support of £26.5m.

<u>Area</u>	<u>Value £m</u>	<u>SoFP line</u>	<u>Reason</u>
--------------------	------------------------	-------------------------	----------------------

Decrease in Revenue Creditors	6.6	Trade and other payables (revenue)	Estimated reduction in revenue creditors including write back towards accountancy gains
Decrease in current provision	0.9	Current provisions	Reduction due to HSE fine at lower value than provided for.
Reduction in capital creditors	4.7	Trade and other payables (capital)	Estimated reduction in year end capital creditors – increased from M06.
Release of annual leave accrual	10.0	Trade and other payables (revenue)	Estimated release of annual leave accrual
WRP Reduction in Debtors	(4.0)	Trade and other receivables	Potential opportunity for further reduction.
IFRS 16 capital cash	2.2	Trade and other payables (capital)	As per reply letter the capital cash for the transition of IFRS has been included in movement working capital balances. This will be a lease liability movement when the transition is implemented.
Estimated increase in trade payables	(7.7)	Trade and other payables (revenue)	Due to increase of core deficit, current cash profile and exceptional pressure spend it is likely there will be an increase in trade payables at year end.
Total Movement in working balances	12.7		
Cash balance b/f	(0.5)	Cash	
Total*	12.2		

* The forecast movement in Working Balances of £12.2m assumes that all other working balances remain unchanged from the previous year, however an estimate has been included for an increase in trade payables at the year end. As the estimate is earlier in the financial year than normal, there is potential of significant changes i.e. significant cash changes relating to WRP claim payments and reimbursements

This cash forecast assumes that all Covid and Exceptional cost pressures will be fully cash funded in 2022/23.

Actions will be taken to try and reduce the requirement for support for working balances cash where reasonable.

During M9 an additional £7.6m Capital cash was drawn down on 19th December to fund the purchase of a site following WG approval. Also on 30th December an additional £11m Revenue cash was required to enable payment of energy bills (£4m), higher than anticipated GMS and Pharmacy payments (£3.5m) and additional creditors invoices (£3.5m), which had not been part of the original cash forecast.

11. Public Sector Payment Compliance (Table H)

The percentage for the number of non-NHS invoices paid within the 30-day target for the third quarter of 22/23 was 94.7% with a cumulative year-to-date figure of 95% (21/22:95.2%). The 95% target was achieved for November and December, but not for October. We forecast that the target of 95% will be met for year end.

In Quarter 3 NHS compliance was 81.3% with a cumulative year-to-date figure of 85%. (21/22:79.2%). We are working alongside accounts payable and procurement to work on ways this figure can be improved.

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

The M9 CRL is £72.3m in line with the CRL issued on the 19th of December 2022. As at M9, £50.1m 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)	£0.8m slippage	The scheme remains on hold pending an outcome to the tender process to appoint a new contractor. This has been significantly delayed, a new contractor will not be starting work until at least March 2023 as the PQQ has only just been issued. It is now very unlikely that the CRL of £0.8m will be spent in year.

PCH G&FF Floor Phase 2	Possible £0.65m overspend	CRL is now £48.7m, however latest SCP cash flows are indicating that the spend this year will be c. £650k over this. This is reflected in tables I/J this month. SCP have not given an update this month on this position so this is still subject to review. This risk is being shared with Welsh Government and being explicitly discussed with them. We will continue to monitor closely and update again next month.
National Programme - Imaging Phase 2	Possible underspend £0.188m	As tenders have been received it is looking as though we have possible underspends on the 4 DR rooms of £50k and the MRI upgrade at RGH of £138k. This is reflected in tables I/J.
Anti Ligature Works	Possible overspend £0.1m	Remaining funding on this project being used to fund works at Ty Llidiard. These are potentially going to exceed the allocation by £100k but these works will be funded through our discretionary program.
POW Gamma Camera	Possible underspend £0.08m	As works section is completing it appears that c. £80k will not be required. This is reflected in tables I/J.
Centralising decontamination at POW	Possible overspend £0.06m	Work continuing on this project is in excess of the CRL.
POW Fire Enforcement Notice	£0.1m slippage	The forecast outturn is currently unknown and urgent option appraisal work is under way to determine the way forward. Until the best option is approved we have some

		possible slippage into next year
--	--	----------------------------------

In 22/23 we have disposed of 11 Cedar Wood Drive for £215,000. This value will be added to our available spend as per usual WG process.

£7.8m has been transferred to solicitors for the BA Buildings in M9 and hence this is showing in our return as spent, however the purchase is still ongoing and has not yet completed.

Regarding IFRS16 transitioning leases, the £2.16m adjustment to revenue cash has been added to our working cash balances request. When approved by WG the £317k for new leases will be added to the MMR.

13. Other Issues

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

The M8 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 January.

14. Authorisation



P Mears
Chief Executive



S May
Director of Finance

Date: 13 January 2023

Action Points arising from Month 8 Response

Action Point	WG Comment	CTM Response
8.1	I note that you are continuing to forecast a year end deficit of £26.500m. The outturn assumes the delivery of mitigating actions to be finalised of c. £1.5m (c. £1.800m at Month 7) in future months. I trust you will be a position to confirm that all savings/mitigating actions have been finalised within your Month 9 return.	Work ongoing but considered low risk.
7.3	The narrative references that the outturn could improve by £2.000m (previously £4.000m) to £24.500m; I assume this partially relates to the uncommitted ring-fenced spend of c.£0.900m (£0.540m Recovery he recovery category), with your narrative requesting clarification if any underspends will be returned to WG. Please can you confirm if this assumption is correct and describe what the balance of £1.1m relates to.	Please see Section 3 for a breakdown of the £2m net opportunity at M8. This has now been updated in M9.
8.2	I note you have further revised down your Covid expenditure forecast at Month 8. Please continue to review and refine your forecast going forward.	Noted . See Section 1.2 above.
6.4	Movement of Opening Financial Plan to Forecast Outturn (Table A) I acknowledge that Policy colleagues have confirmed the Health Board may retain the forecast Dental Funding underspend this year. Both Table A and Table A2 report the value as £1.700m and the narrative states the underspend has been revised at Month 8. Please ensure your submission at Month 9, which includes the Q3 submission of the Dental Table, reflects the latest value.	Noted . See Section 1.2 above.
7.3	I have made my colleagues aware that your submission states you are still awaiting a response to your Pay related queries. I would again advise that you contact Gwen Kohler.	Noted. Will chase again as still no response.
7.5	Your response to Action Point 7.5 confirms the Accountancy Gains that have been equally phased between October – March reflect the GRNI (Goods Received Not Invoiced) policy of removing invoices older than 18 months. The financial outturn should not include estimated future gains, but only those that have been finalised. Please ensure that only finalised Accountancy Gains are reported and that these are fully released into the current reporting period.	Noted.
8.3	Risks and Opportunities (Table A2) The narrative references a potential opportunity relating to the recent changes to discount rates; I will look to your next submission for an update (please include in the tables if applicable).	Actioned.

8.4	Monthly Positions (Table B) Please provide a supporting explanation for the non-recurring increase (c£3m) in Primary Care settlement. Contractor spend projected in December.	This relates to the 23/24 settlement.
8.5	Pay Expenditure Analysis (Table B2) I note that November Agency spend has increased by c.£0.500m in comparison to the previous month, with your narrative confirming that this growth has been experienced across all service areas. Please clarify your current assumption that this increase will not continue into future months.	Please see Section 1.4.
8.6	Covid-19 Analysis (Table B3) I note that the Covid-19 forecast continues to include a projected cost for a LA redundancy provision totalling £0.165m. Please provide an update on the likelihood of this provision requirement being required.	Latest forecast from the LA still includes a £165k requirement.
6.8	The proposed return of Nosocomial funding has decreased to £0.054m from £0.076m. Colleagues have contacted the Policy Lead to inform them of the underspend, the recovery will be actioned in due course unless circumstances have since changed and this funding can now be fully utilised for its designated purpose.	Noted.
8.7	Resource Limit (Table E) I note that you are anticipating IFRS16 lease depreciation funding of £2.537m which relates to approved Transitioning and currently unapproved New/Renewal lease charges. Until approval has been provided, only the Transitioning leases should be included; although it is understood that approval for Q1 and Q2 leases is imminent.	Figure reduced to £2.218m to reflect only approved transitioning leases
6.14	Following Action Point 6.14, I note that you are now including the IFRS16 Capital Working Balances Cash request of £2.483m (£2.166m Transitioning plus £0.317m New/Renewals awaiting approval) under the Capital Drawing Limit column of Table E. The supporting analysis of the cash shortfall reported in the March column of Table G confirms that it includes c.£2.200m for IFRS16 lease payments, indicating that this item is being double counted within your cashflow (i.e., part of cash shortfall but also part of capital cash draw down on Line 4 of Table G). Please review the recording of this item within the cash flow at Month 9.	The value has now been removed from the Capital Drawing Limit from Table E