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

Introduction

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

	M10 Actual	M10 YTD	M10 Forecast	M9 Forecast	Financial Plan
	£m	£m	£m	£m	£m
Core plan deficit	**0.8**	**22.1**	**24.5**	**26.5**	**26.5**
Exceptional items:					
National insurance changes	0.0	3.1	3.1	3.1	5.0
Energy inflation	1.4	9.0	11.4	11.5	11.6
Real Living Wage for Social Care Workers	0.2	2.0	2.4	2.4	2.4
Anticipated funding	(1.6)	(14.1)	(16.9)	(17.0)	(19.0)
Total	**0**	**0**	**0**	**0**	**0**
Covid response costs:					
Programme	0.8	12.3	13.9	13.9	15.6
Other	1.2	13.6	16.1	16.1	16.7
Anticipated funding	(2.0)	(25.9)	(30.0)	(30.1)	(32.3)
Total	**0**	**0**	**0**	**0**	**0**
Grand total	**0.8**	**22.1**	**24.5**	**26.5**	**26.5**

The key issues to highlight are as follows:

- **Core Plan YTD position-** The M10 YTD position is a £22.08m deficit. This represents a break-even position compared to 10/12th of the £26.5m Core plan deficit (£22.08m)**.**

- **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, with a potential net opportunity of £2.0m. Our M10 forecast is now £24.5m. There are still further opportunities of circa £3m due to significant uncertainty surrounding annual leave, primary care prescribing and contracting movements, which are noted in section 3.

- **Dental allocation -** Following further discussions with WG we are now assuming that the Health Board can retain the forecast underspend on the dental allocation in 22/23. This was confirmed in the email from WG dated 13 January.

- **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. A recent telephone conversation with Gwen Koehler has confirmed that no change will be made to the allocation.

- **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 M10 forecast energy overspend of £11.4m includes actual costs for £10.7m (April – November) and estimated costs of £4.35m for the remaining 4 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	1,293	385	1,678
November	1,481	376	1,857
December	1,480	403	1,883
January	1,546	426	1,972
February	1,342	382	1,724
March	1,376	393	1,769
Total cost	**13,637**	**4,420**	**18,057**
Budget	**3,949**	**2,692**	**6,641**
Net cost	**9,688**	**1,728**	**11,416**

- **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 M10 forecast of £30.0m 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 M10, 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 M10, 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 M10 forecast assumes a release of £8.0m with a further £2.0m shown as an opportunity. As at M10, we have released £5.0m of the accrual which is 10/12ths 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 2 months.

- **Anticipated Allocations –** The M10 forecast assumes that the outstanding anticipated allocations included in Table E will be received in full. This includes:
    - 6 Goals Funding - £2.135m (£2.96m less £0.825 received)
    - WG Funded Medical Trainees - £0.9m
    - 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)

	January			Year End Forecast		
	Act £'000	F/Cast £'000	Movement £'000	M10 £'000	M09 £'000	Movement £'000
RRL	103,253	104,150	(897)	1,300,760	1,299,205	1,555
Donation/Grants	78	0	78	150	150	0
Welsh HBs & NHST	7,433	7,464	(31)	87,199	87,230	(31)
WHSSC	1,291	974	317	12,778	12,261	517
WG Income	(61)	57	(118)	366	484	(118)
Other Income	2,940	3,209	(269)	37,632	38,501	(869)
Income Total	**114,934**	**115,854**	**(920)**	**1,438,885**	**1,437,829**	**1,056**
PC Contractor	12,611	12,464	147	150,871	150,324	547
PC - Drugs	7,468	9,250	(1,782)	100,815	102,597	(1,782)
Pay	52,658	52,565	93	625,502	627,009	(1,507)
Non Pay	11,107	9,472	1,635	114,174	110,208	3,966
SC - Drugs	3,961	4,671	(710)	48,598	49,309	(711)
H/C Other NHS	19,379	21,094	(1,715)	250,631	252,345	(1,714)
Non H/C Other NHS	288	294	(6)	3,472	3,478	(6)
CHC & FNC	4,987	5,147	(160)	58,900	58,960	(60)
Private & Vol	1,470	1,336	134	15,266	15,132	134
Joint & Other	(1,054)	(1,507)	453	7,236	7,083	153
DEL	2,787	2,786	1	32,990	32,989	1
AME	44	10	34	54,988	54,954	34
Res & Cont	0	0	0	0	0	0
P&L on Disposal	0	0	0	(57)	(57)	0
Cost - Total	**115,706**	**117,582**	**(1,876)**	**1,463,386**	**1,464,329**	**(943)**

The actual expenditure for M10 was £1.9m (1.6%) less than the £117.6m forecast. The most significant movements between the M10 forecast and M10 actuals were as follows:

- **Primary Care Drugs - £1,782k Favourable -** The decrease in primary care prescribing reflects a better than expected November PAR together with improved NCSO forecast impact for January.
- **Provider Non Pay - £1,635k Adverse** – The deterioration in M10 expenditure compared to forecast was partly due to an optimistic forecast and an increase in delayed facilities expenditure.
- **Secondary Care Drugs - £710k Favourable** – Drug & Vaccine expenditure reduced in M10. This appears to be a short term reduction due to staff absence.
- **Healthcare NHS - £1,715k Favourable** – The improvement is mainly attributed to improved NICE forecasts from Velindre NHST £800k together with an improved EASC position following WG funding

of 400k for costs previously assumed to be met from the Health Board's core plan.

The year-end forecast expenditure at M10 has reduced by £943k from M9. The most significant changes between the M10 and M9 year-end forecasts are as follows:

- **Other Income - £0.9m Adverse** – Recognising consistent levels of other income in recent months.
- **Primary Care Prescribing - £1.8m Favourable** – Reflecting latest growth levels from November PAR reports together with improved NCSO forecast due to January NCSO announcements improving compared to December.
- **Provider Pay - £1.5m Favourable** – The pay forecast has recognised a release of a further £2m of annual leave accrual following the latest assessment of annual leave that remains to be taken.
- **Provider Non Pay - £4.0m Adverse** – Reflecting current month expenditure being worse than anticipated and reflecting this increase in future periods.
- **Secondary Care Drugs - £0.7m Favourable** – Revision of forecast to reflect current month variance, forecast for M11 and M12 continues to assume levels will return to November & December levels.
- **CHC/FNC - £0.8m Favourable** – Reflecting revised forecasts and correction of earlier transactions following review which resulted in reclassification to balance sheet.
- **Healthcare NHS - £1.7m Favourable –** As noted in current month variance, the improvement is mainly attributed to improved NICE forecasts from Velindre NHST £800k together with an improved EASC position of £400k.

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 (£1.5m M10 and £0.15m in M11 & M12) 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 M10 Pay expenditure was £54.9m and the monthly trend is summarised below.

	M10	**M9**	**M8**	**M7**	**M6**	**M5**	**M4**	**M3**	**M2**	**M1**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
A&C	7.3	7.2	7.1	7.1	8.5	6.7	6.6	6.8	6.9	7.1
Medical	14.1	14.2	14.0	13.5	16.3	13.1	12.9	13.6	13.4	12.5
Nursing	16.3	17.1	16.9	17.1	19.9	15.1	16.5	16.7	16.0	17.5
ACS	8.1	6.9	7.2	7.1	8.9	6.5	6.8	6.6	6.6	6.8
Other	9.1	9.0	9.1	9.0	11.0	9.3	8.4	8.5	8.4	8.5
Total	**54.9**	**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 was consistent with M8.

- The M10 Position was consistent with M9 and includes a reclassification of agency costs between ACS and Reg Nursing of £1.2m.

The M10 agency expenditure was £5.4m and the monthly trend (excluding accountancy gains) is summarised below.

	M10	**M9**	**M8**	**M7**	**M6**	**M5**	**M4**	**M3**	**M2**	**M1**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Medical	1.8	1.8	1.8	1.5	1.7	1.1	1.4	1.7	1.3	1.2
Nursing	1.4	2.6	2.1	2.3	2.3	2.3	2.4	2.4	2.1	2.6
Other	2.2	1.2	1.4	0.8	0.9	1.2	1.0	1.0	1.0	0.9
Total	**5.4**	**5.6**	**5.3**	**4.9**	**4.9**	**4.6**	**4.8**	**5.1**	**4.4**	**4.7**

Agency costs remain consistent with recent months. As noted above, £1.2m of agency costs have been reclassified between ACS and registered nursing.

1.4 Covid analysis (Table B3)

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

	M10 Actual	**M10 YTD**	**M10 Year-end forecast**	**M9 Year-end forecast**	**Financial Plan- 30 April**	**Movement between M10 and M9 Forecasts**
Programme costs	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
TTP	0.3	5.0	5.8	5.8	6.5	0
Mass Vaccination	0.5	5.9	6.5	6.5	7.4	0
PPE	0.1	1.5	1.7	1.7	1.6	0
Sub total	**0.8**	**12.3**	**13.9**	**13.9**	**15.6**	**0.0**
Other Covid costs:						
Cleaning Standards	0.2	1.4	1.7	1.7	2.3	0
Capacity & Facilities costs	0.2	3.2	3.7	3.7	3.0	0
Prescribing costs	0	0.3	0.4	0.4	2.1	0
Dental income losses	0.1	1.7	2.0	2.0	2.5	0
Increased workforce costs	0.3	4.0	4.6	4.7	2.6	(0.1)
Services supporting Covid response:						
Long Covid	0.1	0.5	0.8	0.8	0.8	0
Flu extension	0.1	0.9	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	1.2	1.5	1.5	2.3	0

Sub total	**1.2**	**13.6**	**16.1**	**16.1**	**16.7**	**(0.1)**
Total Covid costs	**2.0**	**25.9**	**30.0**	**30.1**	**32.3**	**(0.1)**
Anticipated funding	**(2.0)**	**(25.9**	**(30.0)**	**(30.1)**	**(32.3)**	**0.1**
Total	**0**	**0**	**0**	**0**	**0**	**0**

There are no significant movements in the in month expenditure.

There are no significant movements between the M10 forecast and the M9 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 M10 we are reporting a forecast Underlying deficit of £88.7m. This was shared with WG at our Touchpoint meeting on 7 Feb and includes:

	M10	M9	Comment
	£m	£m	
Core Plan	60.9	53.9	See below
Ongoing local Covid response costs	10.0	9.0	
Ongoing Exceptional energy costs	17.8	27.0	Latest estimates provided by NWSSP/BG.
Total	**88.7**	**89.9**	

The forecast Core plan recurrent deficit of £60.9m (M9: £53.9m) forecast 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 10 £m	Month 9 £m	Financial Plan – 30 April £m	Comment
Risks:				
Risk of further increases in the cost of primary care drugs	0	0.8	0	
Assumed funding for additional Bank Holiday costs for Queen's Funeral not received in full	0	1.2	0	Funding now confirmed
Total risks	**0**	**2.0**	**16.1**	
Opportunities:				
Annual leave accrual	-2.0	-4.0	-2.0	A release of £8m has been included in the year end forecast position with a further potential opportunity of £2.0m. Please see Section 1.2 above.
Primary care prescribing	-0.5			As at M10 we have only had prescribing data for 8 months
Further unexpected Contracting improvements with other Health Boards, WHSSC and velindre	-0.5			M10 included an unexpected improvement of £1.2m
Microsoft contract – potential vat recovery	tbc	tbc	0	Likely to be 23/24.
Potential reduction in costs due to RCN industrial action	0	tbc	0	
Total Opportunities	**-3.0**	**-4.0**	**-2.0**	
Total	**-3.0**	**-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	26.1	
Outpatient Transformation	0.6	0.6	
Original Value Based Healthcare allocation	2.3	1.6	The latest forecast is indicating potential slippage of circa £0.7m which is anticipated to be returned to WG. An anticipated allocation adjustment has been included in M10 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	2.9	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	**55.1**	**54.4**	

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 10			**Month 9**		
	M10 YTD	**22/23**	**Rec**	**M9 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 M10	**14.3**	**17.3**	**17.3**	**12.9**	**17.3**	**17.3**
Actual and Forecast Savings	(14.8)	(17.0)	(10.1)	(13.6)	(17.0)	(10.1)
Total	**(0.5)**	**0.3**	**7.2**	**(0.7)**	**0.3**	**7.2**

It is important to note that M10 internal reporting within the Health Board is reporting a M10 YTD savings consistent with the £0.5m 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	14.3	14.4
Year to date actual	(14.8)	(14.8)
Year to date Variance	**(0.5)**	**(0.4)**

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 M10 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 increased by £8m in M10 largely due to the increase in the quantum of one Clinical Negligence case by £10m offset by a reduction in Permanent Injury provision.

Receivables increased by £17m - non-NHS receivables accruals increased by £4.7m, of which £3.6m relates to RCT FNC and CHC Nursing Home Pooled Budget, in addition to the increase in WRP debtors of £10m.

Payables increased by £15m - Systems creditors increased by £4m and £10.7m relates to the timing of the processing and payment of the Pharmacy Contractor Services payments.

The forecast SoFP to year end has been updated. The main change from M9 is an increase in provisions of £2.6m. This mainly reflects an increase in the clinical negligence claims provision as reflected in WRP returns, offset by the reduction in permanent injury provision due to the change in discount rate.

The cash deficit forecast has reduced from £38.7m to £36.4m. This reflects Action point 6.14, which recommends we remove the pressure on cash for the IFRS 16 working balance and include in Table E, which has been actioned.

The forecast general fund position has moved by £2m to reflect the improved forecast core plan deficit.

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

In relation to aged receivables, there was one WG invoice greater than 17 weeks old and three NHS invoices greater than 11 weeks as at the 31st January 2023. Payment has since been received for two of the invoices and confirmation of payment dates has been requested for the remaining two.

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 £36.4m at the end of the financial year. This reflects the forecast Core Plan deficit of £24.5m and Movement in Working Balances of £11.9m (see below). Our original request for strategic cash support of £26.5m has been approved which therefore reduces the forecast cash shortfall to £9.9m.

Area	Value £m	SoFP line	Reason
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.
Increase in clinical/permanent injury provision	(3.1)	Current / Non-current provisions	As per projected SoFP update
Reduction in capital creditors	4.0	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.
Estimated increase in trade payables	(2.0)	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	**10.4**		
Cash balance b/f	(0.5)	Cash	
Total*	**11.9**		

* The forecast movement in Working Balances of £11.9m assumes that all other working balances remain unchanged from the previous year. As always there is potential of significant changes i.e. significant cash changes relating to WRP claim payments and reimbursements

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

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 M10 CRL is £71.7m, issued on the 2nd February 2023. As at M10, £54.6m 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 Risk - £0.8m slippage	The scheme remains on hold pending appointment of a new contractor. This process has been significantly delayed and the tender is still at PQQ stage. Given that any new contractor will not be starting 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	Medium Risk	Following a return of funding in January 2023 the scheme is now forecast to deliver against the current CRL allocation. The scheme is however still being reported as a medium risk given the quantum of spend (£8.5m) still to be delivered in the final two months.
National Programme - Imaging Phase	Medium Potential Underspend £0.127m	A procurement saving of £127k has been secured by NWSSP on the recent fluoroscopy purchase.

2/POW Gamma Camera/ Fluoroscopy		The 7 remaining imaging schemes are now either complete or nearing completion and hence an assessment of all remaining contingency allocations is being undertaken to confirm if further underspends are likely. Once this work is complete the Health Board will confirm the final number to the WG capital team and if appropriate discuss the options for reinvestment in further imaging equipment.
National Programmes – Infrastructure/ Decarbonisations/ Mental Health	Medium Potential Underspend £0.06m	Remaining spend on these schemes is being managed across the 3 headings however there is potentially a £60k underspend overall.
Centralising decontamination at POW	High Risk overspend £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 Risk £0.190m 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. The NBV of this, £0.210m, has been added to available spend as per usual process along with £0.006m 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 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 February.

14. Authorisation

P Mears
Chief Executive

S May
Director of Finance

Date: 13 February 2023

Action Points arising from Month 9 Response

Action Point	WG Comment	CTM Response
9.1	The final opportunity to declare a material improvement to the forecast will be your Month 10 position. Should the deficit improve as indicated, the full Month 10 MMR should not include any further risks and all mitigating actions (currently you have £1.5m phased into future months) will need to have been finalised. After that point, the Health Board will be expected to achieve the declared position in that MMR submission.	Noted. Please see Section 1.2 above.
9.2	The Ringfenced Template and narrative both highlight that you may underspend against the Recovery funding by c. £0.500m. Forecast underspends, for this area, will be recovered and therefore you are requested to finalise your position for Month 10. Beyond that point, the Health Board will be expected to achieve the forecast spend declared at Month 10.	Noted. Please see section 4 above.
9.3	This month, on Table A, you have assessed the £2.2m of annual costs, that had originally been assumed to funded via Covid in your 22/23 Plan but were advised before Month 2 of this year to be Operational, as having a FYE of £9.0m and resulting in a material deterioration of your c/f underlying position. A detailed explanation of each area of spend, with supporting profiles, will be required for Month 10 to validate this FYE assumption. If however, this £9.0m is not linked to the FYE of the £2.2m, and instead reflects the assessment of Covid costs being incurred this year, that will continue into next year, without a source of funding, then please show these on a separate line on Table A - the supporting details are still to be provided, but in the context of explaining what the areas relate to and why the costs are now considered to be recurring. In terms of mitigating action, I acknowledge that this will form part of your 23/24 IMTP.	Noted – Table A has been updated to reflect the continuation of COVID expenditure previously supported with N/R allocations. Full details of the underlying deficit have been shared with FDU at the recent touchpoint meeting.
7.5	**Movement of Opening Financial Plan to Forecast Outturn (Table A)** Following your response to Action Point 7.5 ("Noted"); Accountancy Gains from the GRNI (Goods Received Not Invoiced) policy have again been equally phased into future months. Please ensure that only finalised Accountancy Gains are reported and that these are fully released into the current reporting period (it is not allowable to project the release of Accountancy Gain in future months).	Comments noted but we think it is appropriate to reflect known Accountancy Gains when the risk is minimal.
9.4	The annual forecast savings have reduced by c.£0.600m since Month 8, which have been offset by an increase to the more general 'net in year favourable variances' (Line 26). Please provide details of these new alternative in-year favourable variances totaling c. £0.600m.	Following the concentration of supporting the IMTP process, a drive to recognise the savings delivery will initiated for M11 we believe savings are

		materialising but have not been formally reported due to time pressures.
9.5	**Risks/Opportunities (Table A2)** I note the risks section of Table A2 does not reflect all the concerns referenced within section 3 of your narrative. As discussed earlier in this letter, we would expect your Month 10 submission to have eliminated any further risk to the outturn. Specifically in relation to the lines with 'TBC' values, clarification has been provided that WG will fund the Exceptional Energy this year and the Local Covid with a **Month 8** ceiling.	Noted.
9.6	**Pay Expenditure Analysis (Table B2)** I note that the expenditure for 'Other services (incl. primary care) pay' (Section A Line ref 12) in October has been adjusted (increased by £0.526m). Please provide an explanation for this increase and ensure future narratives highlight any prior month adjustments.	This increase in other pay costs mainly relates to other Primary care (Non GMS) teams supporting planned care recovery such as WISE programme and Primary Care Therapy support.
9.7	**Ringfenced** I note that you are currently assuming the return of funding of £0.262m for Value Based Healthcare and colleagues will action that recovery shortly.	Noted.
9.8	**PSPP (Table H)** Compared to quarters 1 and 2, there has been a material reduction in the payment performance of NHS invoices during quarter 3 (81.3%), resulting in a reported year to date performance of 85.0%. Please provide a progress update on the work being undertaken, with AP and procurement colleagues, to improve the payment performance of NHS invoices.	CTM are actively engaged in All Wales P2P groups including No Po No Pay and NHS invoices sub groups. We are working closely with the teams at bringing in automated process to deal with invoices on hold and flagging with requisitioners. This will include NHS invoices. This is an All Wales issue that requires invoices raised to include

		adequate information including POs to be paid quickly.
6.8	**Covid-19 Analysis (Table B3)** I note that you have removed the previous anticipated allocation reduction (Table E) to the Covid-19 Nosocomial funding and therefore I assume this will now be fully utilised.	See section 1.2 and table E. Nosocomial Underspend is forecast at £0.2m which is anticipated to be returned.
6.14	**Cash Flow (Table G)** Our records show that the latest annual capital cash requirement for IFRS16 is £2.483m (£2.166m Transitioning plus £0.317m New/Renewals awaiting approval); as previously suggested, you may anticipate the IFRS 16 Capital Working Balances Cash in Table E rather than incorporating as a pressure (£2.200m reported in the MMR submission at Month 9) within the cashflow.	Actioned
9.9	Statement of Financial Position (Table F) Please can you confirm that you have fully reviewed and updated your forecast closing SoFP at Month 10.	Actioned – All projections have been reviewed. Non-Current assets will be updated at year end when capital charges & transactions are run.