

2022-23 Finance Report

Month 10

(Agenda Item) 6.1 **28 February 2023** **Planning , Performance & Finance Committee** **M10 Finance Report**

Report Details:

FOI Status:	Open (Public)
If closed please indicate reason:	N/A
Prepared By:	Mark Thomas, Deputy Director of Finance
Presented By:	Sally May, Director of Finance & Procurement
Approving Executive Sponsor:	Sally May, Director of Finance & Procurement
Report Purpose	For Discussion
Engagement undertaken to date:	N/A

Impact Assessment:

Indicate the Quality / Safety / Patient Experience Implications:	There are no specific quality or safety implications related to the activity outlined in this report.
Related Health and Care Standard	Governance, Leadership & Accountability
Has an EQIA been undertaken?	Not required
Are there any Legal Implications /Impact.	There are no specific legal implications related to the activity outlined in this report.
Are there any resource (capital/Revenue/Workforce Implications / Impact?	Yes. The paper is directly relevant to the allocation and utilisation of resources.
Link to Strategic Goals	Sustaining Our Future.

Summary



Situation	Background
<p>Our revised draft financial plan was submitted to Welsh Government (WG) on 29 April 2022 and was analysed into three elements; core, exceptional cost pressures and ongoing COVID response costs. Our core plan submission was a deficit of £26.5m. The failure to submit a financially balanced plan is a breach of our statutory duty under the Finance (Wales) Act 2014.</p> <p>Our deficit core plan includes savings of £17.3m to be delivered in year. In addition, recovery actions are required to address bought forward cost pressures of circa £11m. Meeting these requirements will represent a step change in savings delivery.</p> <p>In accordance with WG plan guidance, additional allocations have been assumed in respect of our assessed exceptional cost pressures (£19.0m) and ongoing COVID response costs (£32.3m).</p> <p>There remain a number of residual risks and uncertainties spanning all elements of our plan and our cost estimates and risk assessments will continue to be refined and updated during 2022/23.</p> <p>This report outlines our financial performance against our draft plan for the period to 31st January 2023</p>	<p>Our financial performance for 2021-22 was a small surplus of £0.037m and thus we achieved our break even financial duty against its Revenue Resource Limit over the 3 year period 2019-20 to 2021-22.</p> <p>However, our underlying position deteriorated during 2021-22 to a recurrent deficit of £44.5m, compared with a planned recurrent deficit of £31.4m. This deterioration was primarily due to a recurrent shortfall in savings delivery.</p> <p>We planned to achieve savings of £14.5m by the end of March 2022 and £16.1m was planned to be delivered recurrently. We achieved in year savings of £14.5m, of which £5.0m was delivered recurrently. Our recurrent savings shortfall in 2021-22 was therefore £11.1m.</p> <p>During 2021-22, we received COVID funding of £93.6m plus Planned Care Recovery funding of £20.8m.</p>





Summary



Assessment

As at Month 10, we are:

- Improving the forecast **Core plan** deficit from £26.5m to £24.5m.
- Forecasting that **Exceptional** costs will reduce to £16.9m (M9: £17.0m).
- Forecasting that **COVID** costs will slightly improve to £30.0m (M9: £30.1m).

Key financial issues to note include:

- WG have indicated that the M10 will be the final opportunity for organisations to update their forecasts, with the reported M10 position expected to be managed and delivered by the Health Board for the core plan, the exceptional costs and the COVID costs .
- The forecast **Core plan** recurrent deficit has deteriorated to £60.9m (M9: £53.9m). This forecast represents a £32.9m deterioration from the planned recurrent deficit of £28m (see page 5). This forecast 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 £10.0m for **Covid** response and £17.8m for Energy. The latest total estimated financial challenge going into 23/24 is therefore £88.7m. This estimate will continue be reviewed and updated as part of the IMTP planning process for 23/24.
- The Core Plan cash flow forecast shows a shortfall of £9.9m at the end of the year. This is due to movements in working balances which WG have cash funded in previous years. We are assuming that this position will continue in 22/23. (See page 5).

Recommendation

The Board is asked to **DISCUSS** and **NOTE** financial performance for the period to 31 January 2023.



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Executive Summary



<p>Year to Date Revenue</p>	<ul style="list-style-type: none"> The M10 in month Core plan position reported a £0.8m deficit (M9: £3.3m deficit). The M10 YTD Core position is a £22.1m deficit (M9: £21.3m). The M10 YTD position is in line with 10/12ths of the planned deficit of £26.5m (M9 £1.4m overspend). M10 YTD COVID Programme expenditure of £12.3m (M9: £11.5m) and YTD Response expenditure of £13.6m (M9: £12.4m). M10 YTD Exceptional cost pressure expenditure of £14.1m (M9: £12.4m).
<p>Key Financial Issues - Forecast</p>	<ul style="list-style-type: none"> Forecast Core plan deficit has improved to £24.5m (M9:£26.5m). Forecast Exceptional costs have decreased to £16.9m (M9: £17.0m). Forecast COVID costs have slightly improved to £30.0m (M9: £30.1m). WG have stated that the M10 reported positions for the Core plan, Exceptional costs and COVID costs are expected to be managed and delivered through to year end.
<p>Recurrent Position</p>	<ul style="list-style-type: none"> The forecast Core plan recurrent deficit at 31 March 2023 has increased to £60.9m (M9: £53.9m) .This represents a £32.9m deterioration from the planned deficit of £28.0m. This is mainly due to: <ul style="list-style-type: none"> Shortfalls in recurrent savings delivery of £7.2m plus shortfall in Recurrent pay award funding from WG of £1.9m Forecast recurrent overspends from Primary Care Prescribing of circa £9.4m Forecast recurrent overspends from Care groups and directorates of £11.0m.
<p>Cash</p>	<ul style="list-style-type: none"> The M10 cash flow forecast is showing a cash shortfall of £36.4m which includes a forecast Core plan deficit of £24.5m plus a forecast movement in Working Balances of £11.9m, This forecast assumes that all Covid and Exceptional cost pressures will be fully cash funded in 2022/23. WG has confirmed cash support for our original planned core deficit of £26.5m, which therefore reduces the forecast cash shortfall to £9.9m. In previous years WG have funded any movements in working balances and we are assuming that this position will continue for 22/23.
<p>Capital</p>	<ul style="list-style-type: none"> The Capital Resource Limit (CRL) is currently £71.7m. As at M10, £54.9m has been incurred against the CRL. The forecast capital position remains breakeven to the CRL. There are a number risks to the programme that are subject to ongoing review and management.





Year to Date Performance and Forecast



	Current Month Variance	YTD to Date Variance	M10 Forecast Variance	M9 Forecast Variance	Financial Plan
	£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	0.0	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	0.0	0.0	0.0
Grand total	0.8	22.1	24.5	26.5	26.5

Key Points for In month & Year to Date Performance:

- The M10 in month position reported a £0.8m deficit (M9: £3.3m deficit)..
- The M10 YTD position is reporting a £22.1m deficit against the Revenue Resource Limit. This position is in line with the plan (i.e. 10/12ths £26.5m).

Key Points for Current Year Forecast:

- The Core plan forecast has improved in M10 to £24.5m (M9: £26.5m). The main reasons for the improvement between M9 and 10 are:
 - Contracting Improvements including Velindre NHST and EASC £1.2m
 - Increased underspends on Dental contract from £1.6m to £2.4m - £0.8m
- The latest forecast deficit of £24.5m is a £2m improvement from the planned deficit at the start of the year of £26.5m. This forecast assumes a £8m full year release from the 21/22 annual leave accrual. We believe that this is a prudent estimate and a further £2m has been included as a potential opportunity in our risk table at Page 19. The potential full year release of £10m 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
- The M10 forecast cost for Exceptional items has improved by £0.1m from M9.
- The M10 forecast for Covid costs has also improved by £0.1m from M9.
- As at M10 we are forecasting a Core plan deficit of £24.5m, with a potential further opportunity of £3.0m. The key risks and opportunities are noted on Page 19.



Year to Date Performance



	Annual Budget (£m)	Cur Month Variance (£m)	YTD Variance (£m)	Page reference
Pay	647.0	0.1	(0.7)	8
Non Pay	843.3	(1.6)	(2.2)	12
CRES	(0.8)	0.3	(0.4)	15
Income	(154.5)	(0.3)	3.3	16
Allocations	(1,308.6)	0.0	0.0	
Planned Deficit (£26.5m)	(26.5)	2.2	22.1	
Grand Total	0.0	0.8	22.1	



Pay Expenditure



Staff Group	Plan	YTD Actual	YTD Variance
	£'m	£'m	£'m
Administrative & Clerical	74.9	71.4	(3.5)
Medical And Dental	130.8	137.9	7.1
Nursing And Midwifery Registered	177.9	169.6	(8.3)
Add Prof Scientific And Technical	16.3	14.7	(1.6)
Additional Clinical Services	66.5	71.4	4.9
Allied Health Professionals	33.2	32.6	(0.7)
Healthcare Scientists	10.8	10.8	0.0
Estates And Ancillary	31.1	30.8	(0.3)
Students	0.0	1.2	1.2
Pay Budget Adjustments	(0.5)	0.0	0.5
Grand Total	541.2	540.5	(0.7)

Key Points:

- The M10 YTD pay expenditure is £540.5m . This represents a £0.7m favourable variance compared to the M10 plan of £541.2m.
- The M10 YTD pay expenditure includes a £5.0m benefit from the release of annual leave accruals from 21/22 (10/12ths of £6.0m).
- The £7.1m adverse variance in Medical & Dental is mainly due to increased ADH payments and agency costs.
- The £4.9m adverse variance in Additional Clinical Services includes additional cover provided to manage registered nursing vacancies.
- The pay award funding confirmed for 22/23 is £1.9m less than our assumed funding.



Pay Expenditure Trends



Staff Group	Aug-22 £'m	Sep-22 £'m	Oct-22 £'m	Nov-22 £'m	Dec-22 £'m	Jan-23 £'m
Administrative & Clerical	6.4	8.5	7.2	7.0	7.2	7.3
Medical And Dental	12.6	16.7	13.5	14.0	14.2	14.1
Nursing And Midwifery Registered	15.2	19.9	17.1	16.9	17.1	16.3
Add Prof Scientific And Technical	1.3	1.7	1.5	1.5	1.5	1.5
Additional Clinical Services	6.2	9.0	7.1	7.2	6.9	8.1
Allied Health Professionals	3.0	4.0	3.1	3.4	3.3	3.3
Healthcare Scientists	1.0	1.3	1.1	1.1	1.1	1.1
Estates And Ancillary	2.8	4.0	3.1	3.0	3.0	3.1
Students	0.1	0.2	0.2	0.2	0.2	0.1
Pay Budget Adjustments	0.0	0.0	0.0	0.0	0.0	0.0
Grand Total	48.7	65.2	53.8	54.3	54.4	54.9

Staff Group	Aug-22 £'m	Sep-22 £'m	Oct-22 £'m	Nov-22 £'m	Dec-22 £'m	Jan-23 £'m
Core	40.6	54.9	45.4	45.1	45.2	45.0
Agency	4.6	5.5	4.2	5.3	5.6	5.4
Overtime	1.2	1.9	1.6	1.5	1.2	2.0
ADH	1.2	1.1	1.1	1.3	1.3	1.2
Bank	1.0	1.6	1.2	1.0	0.8	1.1
WLI	0.1	0.2	0.2	0.2	0.3	0.1
Grand Total	48.7	65.2	53.8	54.3	54.4	54.9

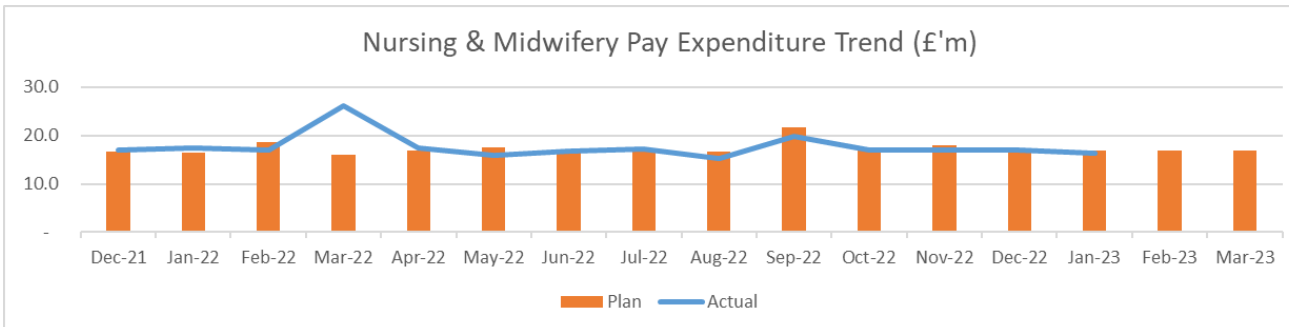
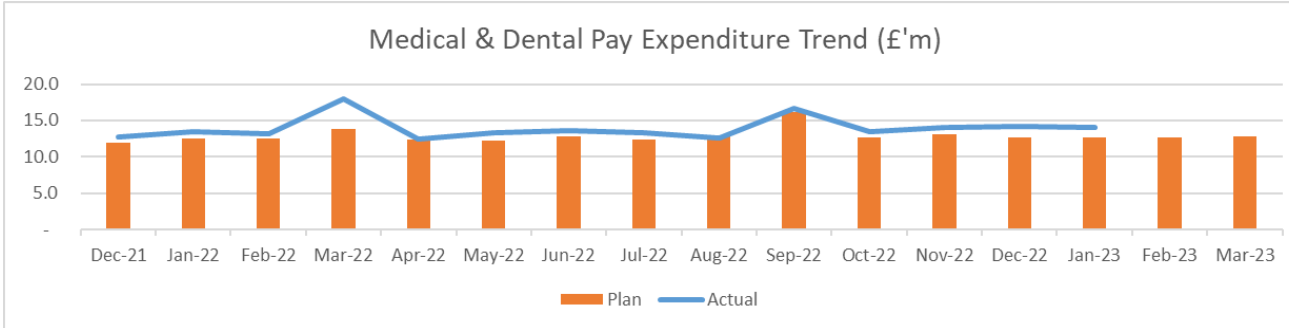
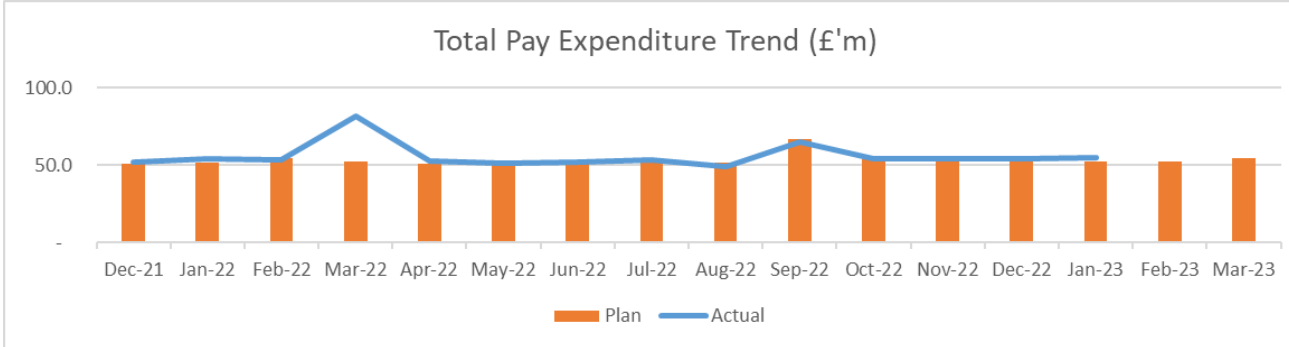
Key Points for Pay Expenditure Trends:

- M10 expenditure was £54.9m which is an increase of £0.5m compared to M9 (£54.4m).
- M10 core staffing costs decreased by £0.2m compared to M9.
- M10 agency costs also decreased by £0.2m compared to M9.
- M10 overtime costs increased by £0.8m. This increase is mainly attributed to enhanced rates being offered during December and January to support significant operational pressures. These enhanced rates have now ceased.
- Bank costs increased by £0.3m in M10.
- During M10, a retrospective adjustment was made between Nursing and ACS to reclassify £1.2m of agency staff costs incorrectly attributed to nursing costs.





Pay Expenditure Trends



Key Points for Pay Expenditure Trends:

- M10 total pay expenditure increased by £0.5m compared to M9.
- Medical pay was £14.1m in M10, a decrease of £0.1m compared to M9.
- Nursing pay was £16.3m in M10, a decrease of £0.8m compared to M9. This was mainly due to the reclassification of agency costs noted above.

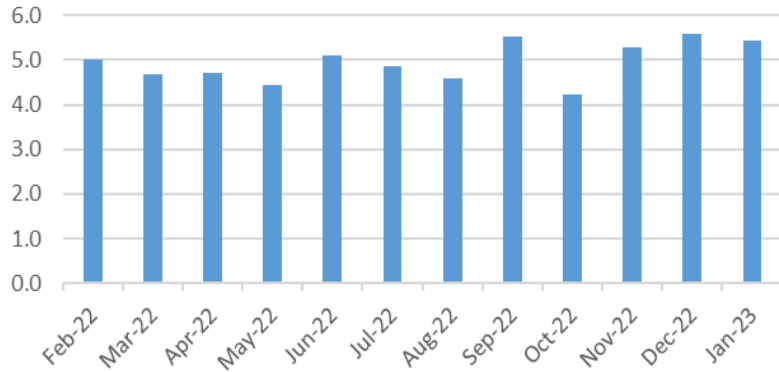




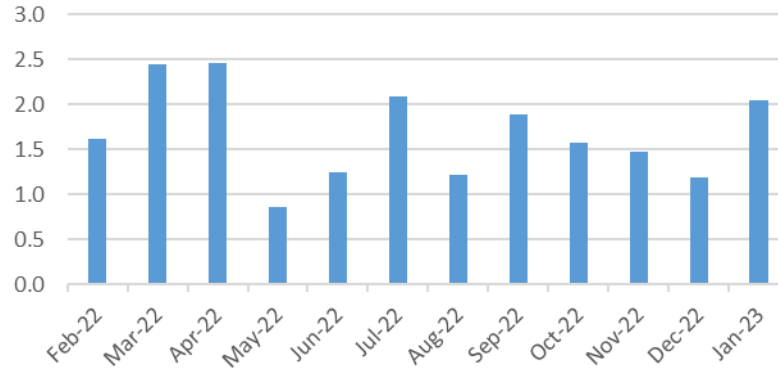
Variable Pay Expenditure Trends



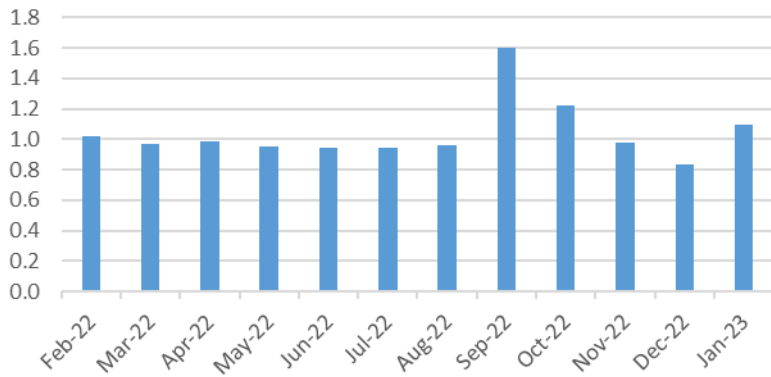
Total Agency Expenditure (£'m)



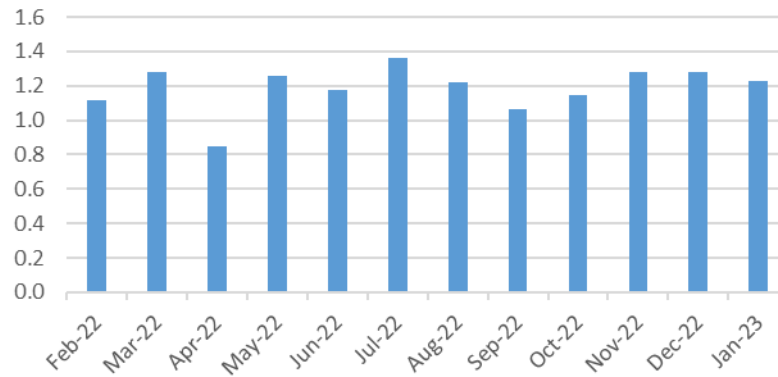
Total Overtime (£'m)



Total Bank Expenditure (£'m)



Total ADH (£'m)



Key Points for Variable Pay Expenditure:

- Total agency expenditure decreased by £0.2m in M10 to £5.4m.
- Overtime costs increased by £0.8m in M10, which stops the downward trend seen in October, November and December. As noted above, the M10 increase is mainly due to enhanced rates being offered during December and January to support significant operational pressures. These enhanced rates have now ceased.
- Bank Expenditure increased by £0.3m, also stopping the downward from October.
- ADH expenditure decreased by £0.1m compared to M9.

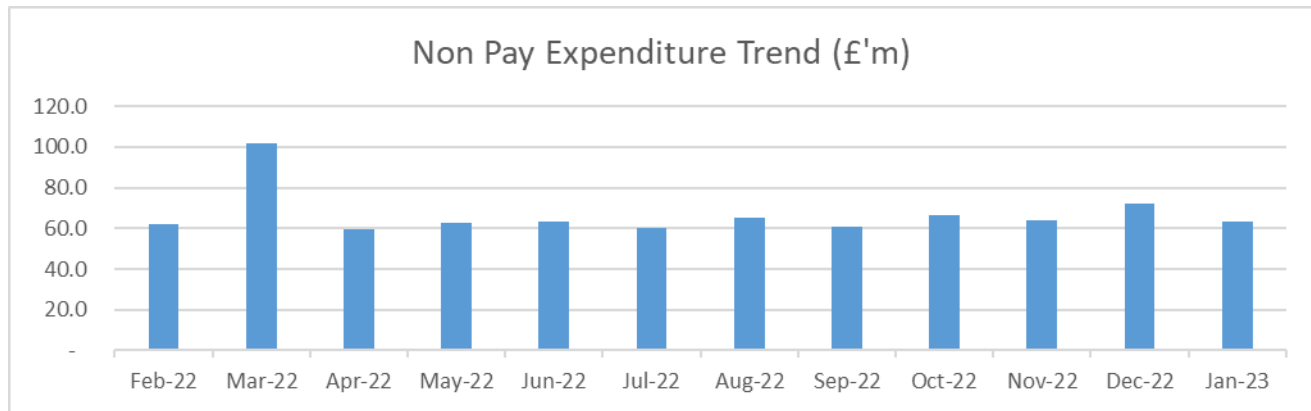




Non Pay Expenditure



Staff Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Primary Care Contractors	112.9	111.2	(1.8)
Primary Care Drugs	77.8	84.6	6.8
Provider Non Pay	143.6	149.5	5.9
Commissioned Activity	276.8	275.1	(1.7)
Capital Charges	28.2	28.2	(0.0)
Other Non Pay	(0.0)	(11.4)	(11.4)
Total Expenditure	639.3	637.1	(2.2)



Key Points for Non Pay Expenditure:

- The M10 YTD non pay position is reporting a £2.2m surplus.
- The main overspending area relates to Primary Care Drugs which is reporting £6.8m adverse variance. The most recent M8 prescribing data is showing that YTD growth is higher than planned which, together with adverse NCSO & Cat M pricing movements, is creating the YTD variance of £6.8m. (NCSO - This is where contractors are unable to source products at the agreed tariffs, a temporary concession is offered to increase the price to match current market conditions).
- Provider non-pay has a YTD adverse variance of £5.9m. This is mainly relating to £1.6m NICE drugs, £1.6m Secondary Care drugs, £1.3m for Energy (Laundry - which is offset by £1.3m in Commissioned Activity) & £1.5m within Premises and fixed plant.
- The favourable Commissioned Activity position of £1.7m includes an underperformance on LTA and commissioning budgets of £4.3m (See income) offset by a £2.6m overspend on CHC.
- The underspend of £11.4m in Other Non pay includes a release of non delegated reserves of £11.4m.
- M10 expenditure has returned back to normal levels following adjustments and arrears processed in M9 mainly related to:
 - £4.5m adjustment for PC drug growth and NCSO for prior months.
 - £1.6m – Arrears in GMS settlement paid in M9





COVID Expenditure



	M10 Actual	M10 YTD	M10 Forecast	M9 Forecast	Financial Plan	Change
	£m	£m	£m	£m	£m	£m
Programme costs						
TTP	0.3	5.0	5.8	5.8	6.5	0.0
Mass Vaccination	0.5	5.9	6.5	6.5	7.4	0.0
PPE	0.1	1.5	1.7	1.7	1.6	0.0
Sub total	0.8	12.3	13.9	13.9	15.6	0.0
COVID Response Costs:						
Cleaning Standards	0.2	1.4	1.7	1.7	2.3	0.0
Capacity & Facilities costs	0.2	3.2	3.7	3.7	3.0	0.0
Prescribing costs	0.0	0.3	0.4	0.4	2.1	0.0
Dental income losses	0.1	1.7	2.0	2.0	2.5	0.0
Increased workforce costs	0.3	4.0	4.6	4.7	2.6	(0.1)
Long Covid	0.1	0.5	0.8	0.8	0.8	0.0
Flu extension	0.1	0.9	1.1	1.1	0.6	0.0
Discharge support	0.0	0.3	0.3	0.3	0.6	0.0
Other Covid Response	0.1	1.2	1.5	1.5	2.3	0.0
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	0.0	0.0	0.0

Key Points for the M9 COVID Expenditure:

- Programme Costs – the M10 spend of £0.8m was marginally lower than the M9 spend of £0.9m.
- Other COVID Costs – the M10 spend of £1.2m was the same as the M9 spend .
- The M10 Covid forecast has improved by £0.1m compared to M9.
- WG have stated that the M10 reported position will need to be managed and delivered at Year End.





Exceptional Cost Pressures Expenditure



	M10 Actual	M10 YTD	M10 Forecast	M9 Forecast	Financial Plan	Change
	£m	£m	£m	£m	£m	£m
National insurance changes	0.0	3.1	3.1	3.1	5.0	0.0
Energy inflation	1.4	9.0	11.4	11.5	11.6	(0.1)
Real Living Wage for Social Care Workers	0.2	2.0	2.4	2.4	2.4	0.0
Total Exceptional Costs	1.6	14.1	16.9	17.0	19.0	(0.1)
Anticipated funding	(1.6)	(14.1)	(16.9)	(17.0)	(19.0)	0.1
Grand total	0.0	0.0	0.0	0.0	0.0	0.0

Key Points:

- The M10 spend of £1.6m was £0.3m higher than the M9 spend of £1.3m. This was due to an increase in energy costs.
- The M10 forecast has reduced by £0.1m compared to M9.
- WG have stated that the M10 reported position will need to be managed and delivered at Year End.





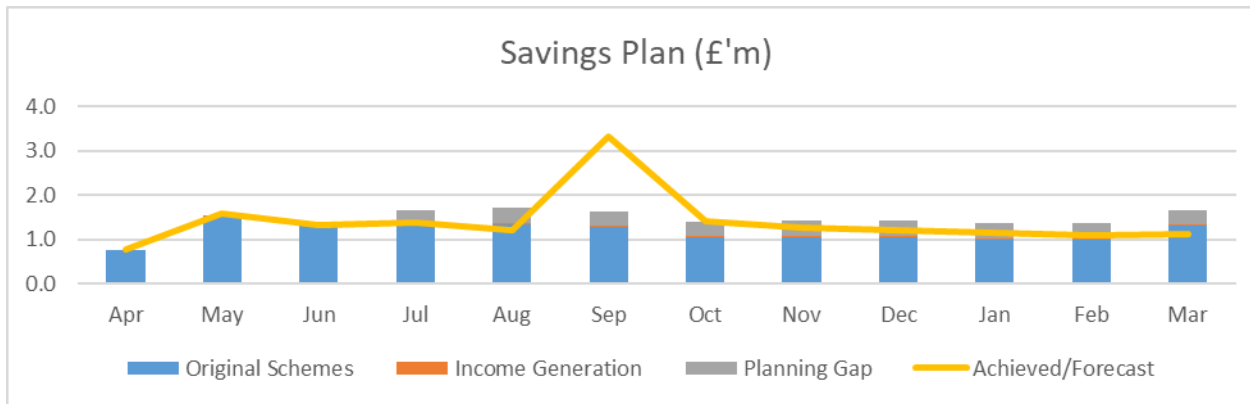
Savings (including Accountancy Gains)



	Month 10		
	M10 YTD	22/23	Rec
	£m	£m	£m
Planned savings		14.1	
Planned income generation		0.2	
Plans to be finalised		3.0	
Savings targets as at M10	14.4	17.3	17.3
Actual and Forecast Savings	(14.8)	(17.0)	(10.1)
Total	(0.4)	0.3	7.2

Key Points for Savings achievement:

- The actual savings in M10 was £1.2m which is equal to M9.
- M10 forecast In year savings has remained constant when compared to M9 at £17.0m.
- M10 forecast Recurrent savings have also remained constant when compared to M9 at £10.1m.
- Urgent work is still needed to develop a robust savings plan to deliver £17.3m of savings on a recurrent basis. The M10 position is still £7.2m short of this plan.
- In addition to the £17.3m savings target the financial plan includes a target of £4.5m for accountancy gains. Delivery of this target is classified as Green and is considered to be low risk.





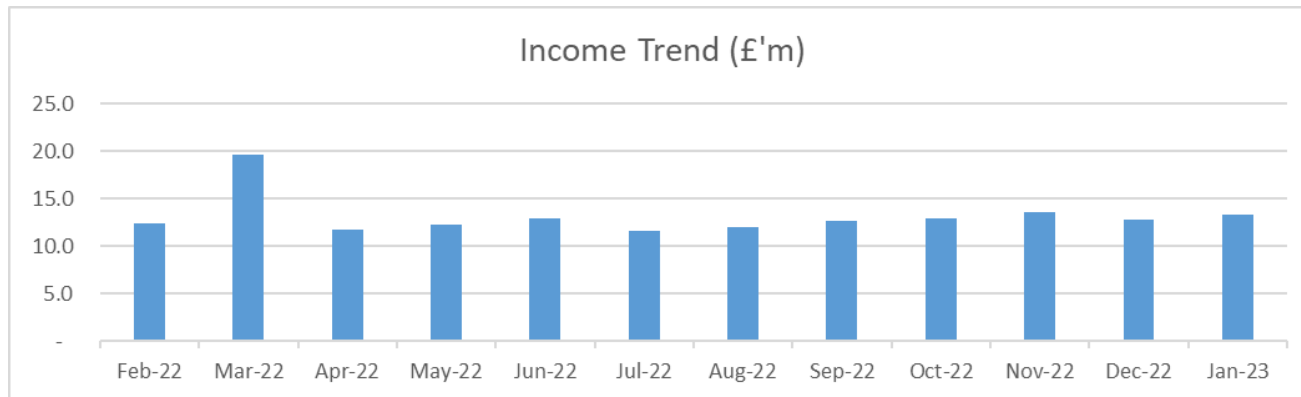
Income



Income Group	Plan £'m	YTD Actual £'m	YTD Variance £'m
Health Organisations Income	86.8	84.9	1.9
Local Authorities Income	9.6	9.8	(0.1)
Catering Income	2.5	1.9	0.6
Private Patients	0.2	0.3	(0.1)
Other Income	29.8	28.8	1.1
Total Expenditure	129.0	125.6	3.3

Key Points for Non Pay Expenditure:

- The M10 year to date income position is reporting a £3.3m overspend .
- Healthcare organisations are reporting a £1.9m overspend, which is mainly due to underperformance on LTA Inpatient & Day case activity. This variance needs to be seen alongside a Non Pay favourable variance of £4.3m for contracting & commissioning LTAs.
- Catering Income is reporting an adverse variance of £0.6m, following reduced footfall at sites.
- The other income adverse variance of £1.1m includes:
 - £0.6m of reduced injury cost recovery scheme income
 - £0.4m of reduced dental patient charges income





Income Assumptions WG



	REVENUE RESOURCE LIMIT				Resource Limit £'m
	HCHS £'m	Pharmacy £'m	Dental £'m	GMS £'m	
Confirmed Welsh Government Allocations	1,092.7	28.5	25.5	83.7	1,230.4
Anticipated Allocations:					
AME/DEL Capital Adjustments	57.2				57.2
COVID Programmes	3.8				3.8
Other COVID Response	2.7				2.7
Energy	3.9				3.9
Unscheduled Care 6 Goals	2.1				2.1
Value in Health Care Hosting	2.2				2.2
Medical Trainees	0.9				0.9
VBHC New In Year Funding	0.1				0.1
Specialist Registrars	0.2				0.2
IFRS DEL Adjustment	(2.2)				(2.2)
Other	(0.7)				(0.7)
Total Allocations	1,163.0	28.5	25.5	83.7	1,300.7

Key Points for Allocations:

- As at M10 the confirmed revenue resource allocation was £1,230.4m.
- The forecast position assumes a further £70.3m of Anticipated allocations to give a Total allocation of £1,300.7m.
- Recent correspondence from WG has confirmed the assumed allocations for Covid costs and Exceptional energy costs.
- The £57.2m AME/DEL capital adjustment relates to accounting treatment for the major schemes at PCH and has been agreed with Welsh Government.



Income Assumptions- NHS



	Contracted Income	Non Contracted Income	Total Income
	£'m	£'m	£'m
Swansea Bay University	33.1	0.7	33.7
Aneurin Bevan University	20.7	1.3	22.0
Betsi Cadwaladr University	0.0	0.2	0.2
Cardiff & Vale University	17.1	1.6	18.6
Cwm Taf Morgannwg University	0.0	0.0	0.0
Hywel Dda University	0.5	0.3	0.8
Powys	4.9	0.5	5.4
Public Health Wales	3.0	0.8	3.7
Velindre	0.0	8.7	8.7
NWSSP	0.0	0.0	0.0
DHCW	1.2	0.0	1.2
Wales Ambulance Services	0.0	0.1	0.1
WHSSC	11.1	1.1	12.2
EASC	0.0	0.0	0.0
HEIW	0.0	13.5	13.5
NHS Wales Executive	0.0	0.0	0.0
Total	91.4	28.6	120.0

Key Points :

- The M10 plan assumes £120m of income from Welsh NHS organisations.
- A further £38.2m of non NHS income is also included in the financial plan of which £11.5m relates to Local Authority income and £4.4m for patient dental charges.
- Over the last 2 years there has been an All Wales agreement to support 'stability of LTA income' by retaining a block arrangement based on 19/20 income levels uplifted for inflation. The All Wales agreement has changed for 2022/23 and will transition towards a hybrid Cost & Volume agreement where performance is measured against 19/20 activity levels and variances will impact LTA income & expenditure.
- With current LTA activity levels below 19/20 activity this represents a risk to our income assumptions.
- All LTAs for 22/23 have been fully signed off.



Risk Management Risks and Opportunities



	Month 10	Month 09	Financial Plan – 30 April
	£m	£m	£m
Risks:			
Risk of further increases in the cost of primary care drugs	0.0	0.8	0.0
Assumed funding for additional Bank Holiday costs for Queen's Funeral not received in full. This was received in M10.	0.0	1.2	0.0
Total risks	0.0	2.0	16.1
Opportunities:			
Annual leave accrual	(2.0)	(4.0)	(2.0)
Microsoft contract – potential vat recovery	tbc	tbc	0.0
Potential reduction in costs due to RCN industrial action	0.0	tbc	0.0
Primary Care Prescribing Improvements	(0.5)	0	0
Contracting & Commissioning Improvements	(0.5)	0	0
Total Opportunities	(3.0)	(4.0)	(2.0)
Total	(3.0)	(2.0)	14.1

- Key Points :**
- The forecast position now includes an £8.0m release from the 21/22 annual leave accrual. There is a further opportunity of £2.0m
 - Primary care prescribing growth and NSCO improved during M10. Prescribing data is delayed by 2 months and we currently only have M8 data . There is a potential for further improvements before year end.
 - The Contracting & Commissioning position recorded two significant unplanned improvements in M10: with Velindre NICE costs reducing by £0.8m and EASC development costs of £0.4m unexpectedly being funded by WG . There is a potential for further unplanned improvements arising before year end.





Statement of Financial Position



Balance Sheet	Opening Balance (01/04/2022)	Closing Balance as at M09	Closing Balance as at M10	Forecast Closing Balance M12
	£'000	£'000	£'000	£'000
Non Current Assets				
Property, Plant & Equipment	603,871	628,442	630,372	603,871
Intangible Assets	3,596	3,586	3,586	3,596
Trade and Other Receivables	43,216	43,216	43,216	43,216
Total Non-Current Assets	650,683	675,244	677,174	650,683
Current Assets				
Inventories	6,856	7,083	7,000	6,856
Trade and Other Receivables	91,571	64,073	80,913	87,571
Cash and Cash Equivalents	438	1,935	1,548	(36,397)
Total Current Assets	98,865	73,091	89,461	58,030
Current Liabilities				
Trade and Other Payables	182,269	144,021	158,890	164,233
Provisions	27,052	19,949	27,729	30,052
Total Current Liabilities	209,321	163,970	186,619	194,285
Non-Current Liabilities				
Trade and Other Payables	976	976	976	976
Provisions	49,555	49,555	49,555	48,255
Total Non-Current Liabilities	50,531	50,531	50,531	49,231
TOTAL ASSETS EMPLOYED	489,696	533,834	529,485	465,197
Financed By:				
General Fund	427,163	471,301	466,952	402,664
Revaluation Reserve	62,533	62,533	62,533	62,533
TOTAL	489,696	533,834	529,485	465,197

Key Points on the Statement of Financial Position:

- The closing cash balance at M10 was £1.548m.
- Provisions increased by £8m in M10. This was largely due to the increase in the quantum of one Clinical Negligence case by £10m offset by a £2m reduction in the Permanent Injury provision.
- Payables increased by £15m in M10. Systems creditors increased by £4m and £10.7m relates to the timing of the processing and payment of the Pharmacy Contractor Services payments.
- Receivables increased by £17m - Non-NHS receivables increased by £4.7m, of which £3.6m relates to RCT FNC and CHC Nursing Home Pooled Budget. This was in addition to the increase in WRP debtors of £10m.
- The main change in the forecast position from the forecasted position in M09 is an increase in provisions of £2.6m which reflects an increase in the Clinical Negligence provision, offset by the reduction in Permanent Injury provision due to the change in discount rate.





Cash Flow Forecast



Cashflow	Actual/Forecast												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Receipts													
WG Revenue Funding	108,788	99,263	95,000	98,090	102,644	114,275	89,811	107,280	121,903	97,475	104,000	85,982	1,224,511
WG Capital Funding	9,000	4,000	5,000	5,000	6,500	5,000	4,500	3,000	13,100	4,500	4,800	9,750	74,150
Sale of Assets	5	(7)	233	0	0	35	8	6	(5)	0	0	0	275
Welsh NHS Org'ns	12,037	12,061	16,108	9,633	16,269	9,933	14,186	9,470	13,906	10,234	15,300	10,300	149,437
Other	4,256	6,004	3,238	4,476	3,121	2,669	2,948	7,357	1,559	3,122	2,500	2,500	43,750
Total Receipts	134,086	121,321	119,579	117,199	128,534	131,912	111,453	127,113	150,463	115,331	126,600	108,532	1,492,123
Payments													
Primary Care Services	26,653	7,211	19,962	16,489	16,595	28,126	7,118	18,784	32,939	7,731	18,031	17,770	217,409
Salaries and Wages	47,067	50,967	50,466	49,819	49,246	54,113	57,327	52,382	52,208	51,056	51,000	51,000	616,651
Non Pay Expenditure	52,316	51,147	47,978	45,541	55,418	48,347	42,279	50,274	55,166	51,192	49,000	68,175	616,833
Capital Payments	6,433	7,201	4,973	4,275	5,154	3,536	4,709	5,261	12,683	5,739	4,300	13,801	78,065
Other	0	0	0	0	0	0	0	104	(104)	0	0	0	0
Total Payments	132,469	116,526	123,379	116,124	126,413	134,122	111,433	126,805	152,892	115,718	122,331	150,746	1,528,958
Net Cash In/Out	1,617	4,795	(3,800)	1,075	2,121	(2,210)	20	308	(2,429)	(387)	4,269	(42,214)	
Balance B/F	438	2,055	6,850	3,050	4,125	6,246	4,036	4,056	4,364	1,935	1,548	5,817	
Balance C/F	2,055	6,850	3,050	4,125	6,246	4,036	4,056	4,364	1,935	1,548	5,817	(36,397)	

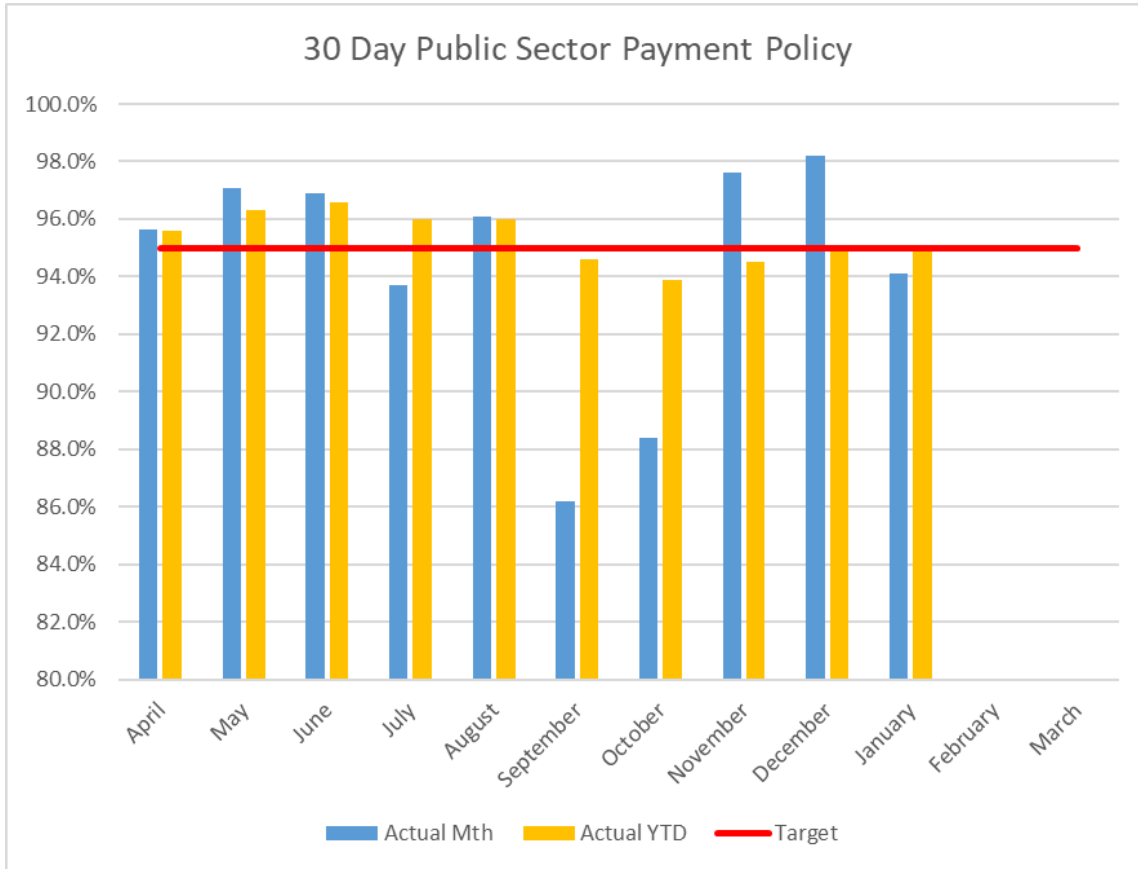
Key Points within the Cash Flow Forecast :

- The closing cash balance at M10 was £1.548m.
- The Core Plan cash flow forecast noted above shows a shortfall of £36.4m at the end of the financial year. This includes a forecast Core Plan Deficit of £24.5m plus movement in working balances of £11.9m. We have submitted an Accountable Officer letter to WG requesting cash support for the Core plan deficit of £26.5m. Confirmation of this support has been received from WG which reduces the forecast cash shortfall to £9.9m.
- The forecast movement in Working Balances of £9.9m assumes that all other working balances remain unchanged from the previous year. As always there is potential for 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.





Public Sector Payment Policy



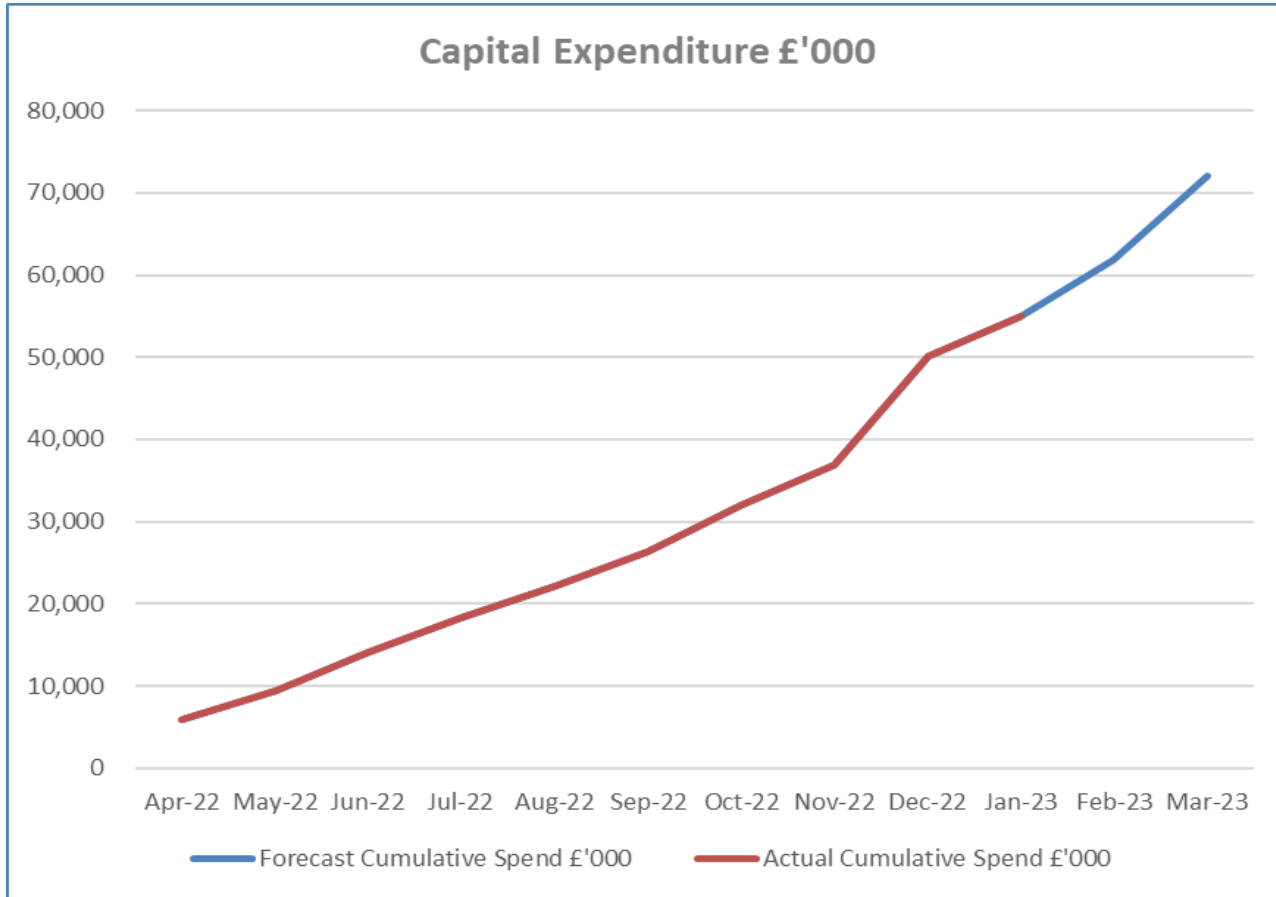
Key Points in the Public Sector Payment Policy :

- Welsh Government have set a target of 95% for non NHS invoices to be paid within 30 days (by number of invoices).
- The percentage for the number of non-NHS invoices paid within the 30 day target in January was 94.1% .
- The cumulative percentage year to date is 94.9%, which is just below the targeted value of 95%.
- The Health board is forecasting that the 95% target will be achieved for 22/23.





Capital Expenditure



Key Points in Capital Expenditure:

- The Capital Resource Limit of £71.7m was issued on the 2nd February 2023
- This is supplemented by £0.15m of donated funds and £0.21m of assets disposed of in this financial year giving an overall programme of £72.03m.
- Expenditure to M10 amounted to £54.9M.
- The forecast outturn capital position is breakeven to the CRL target

