

Financial Performance Month 3

**Health Board agreed Financial Plan to deliver deficit of £25m, after savings of £34.2m.
Impact of COVID-19 pandemic presents unprecedented significant risk to financial position.
Without confirmation of further funding the planned financial position will not be achieved.**

Month 3 position

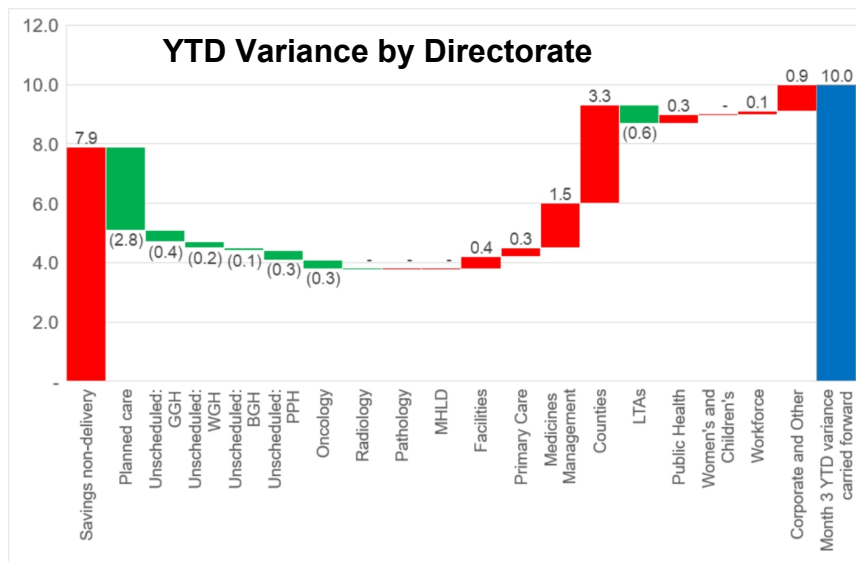
- Month 3 YTD variance to breakeven £16.2m.
- Month 3 position is a favourable £0.6m (Month 2, £6.4m adverse) operational variance to plan (£10.0m YTD) following receipt of Quarter One WG funding for COVID-19 related Pay and Field Hospital set-up costs totalling £10.8m. Underlying in month variance was £11.4m excluding Welsh Government (WG) COVID-19 funding.
- Increase in the underlying position due to COVID-19 (£2.4m increase) further step up in workforce expenditure, the impact of WG Medical and Dental pay circular and loss of Non-Contracted Activity income arising from the COVID-19 pandemic.
- Additionality of costs incurred in Month 2 due to COVID-19 £12.2m (Month 2, £9.8m), with underspends repurposed of £2.0m.

Projection

- The savings requirement is at risk of non-delivery due to the operational focus being diverted to respond to COVID-19.
- The Operational Plans indicate a continuation of the significant costs incurred to date.
- Without confirmation of further funding the planned financial position will not be achieved.

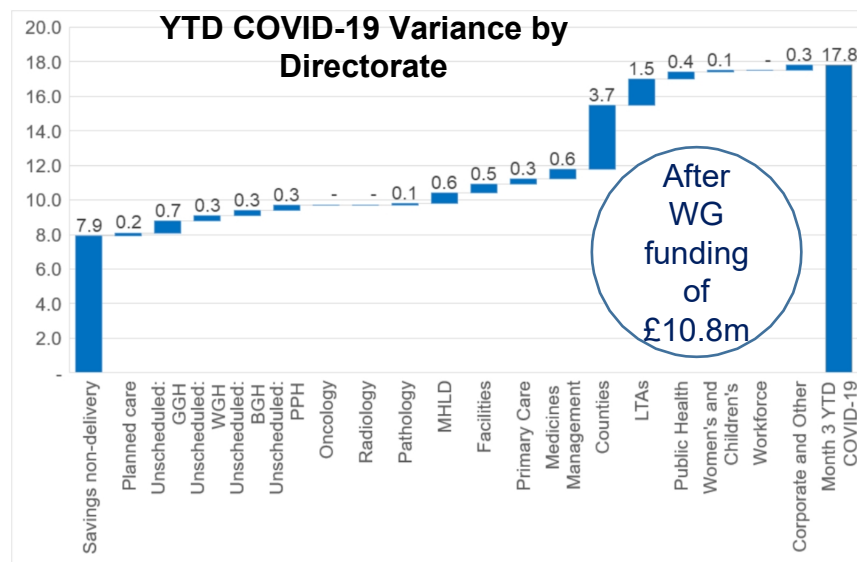
Conclusions

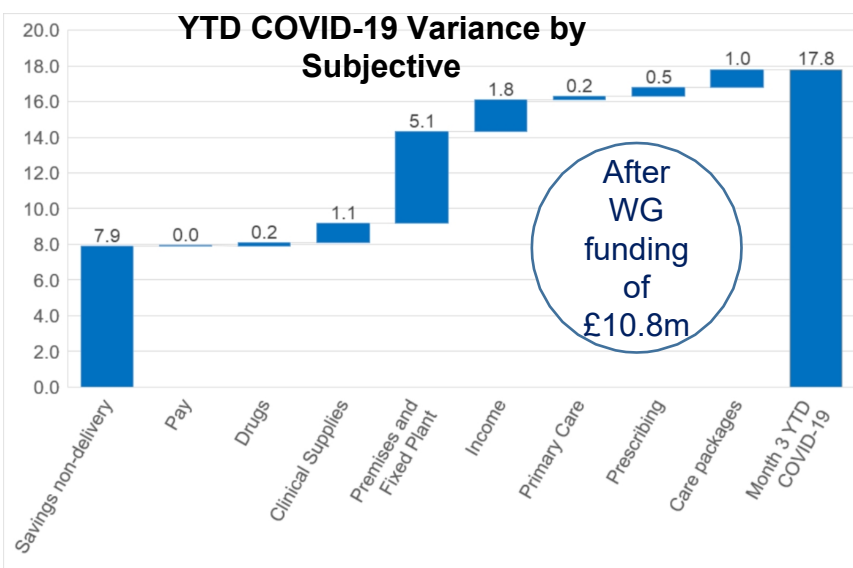
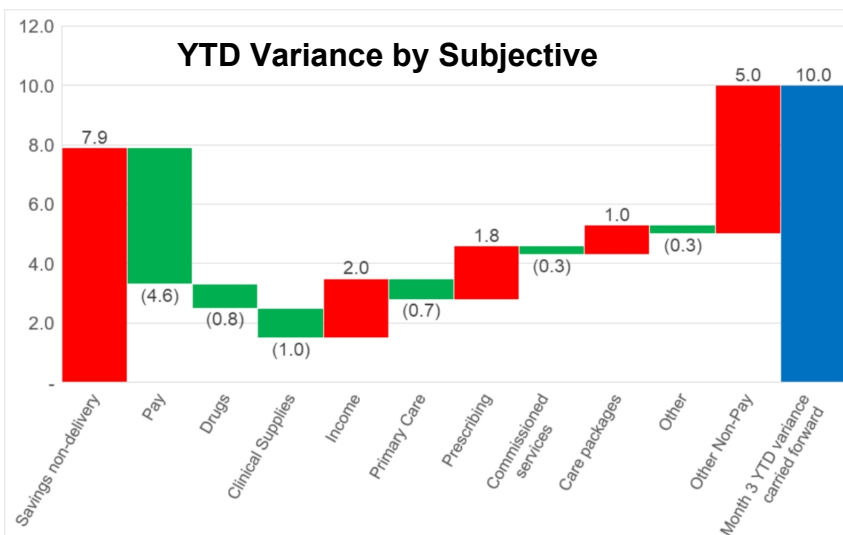
- Alignment of strategic response to current demand modelling indicators between WG, Gold Command and operational teams.
- Clarity as to what current escalation measures can be safely and appropriately de-escalated/ decommissioned and which ceased/ deferred services/ activities can be recommenced.
- Continue to work with WG to understand future levels of additional revenue and capital funding available.



Key drivers of YTD position:

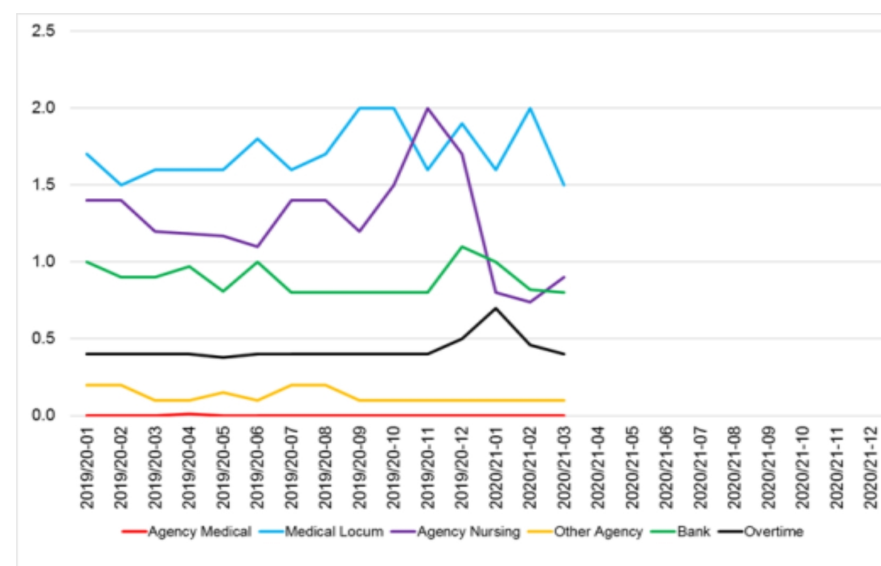
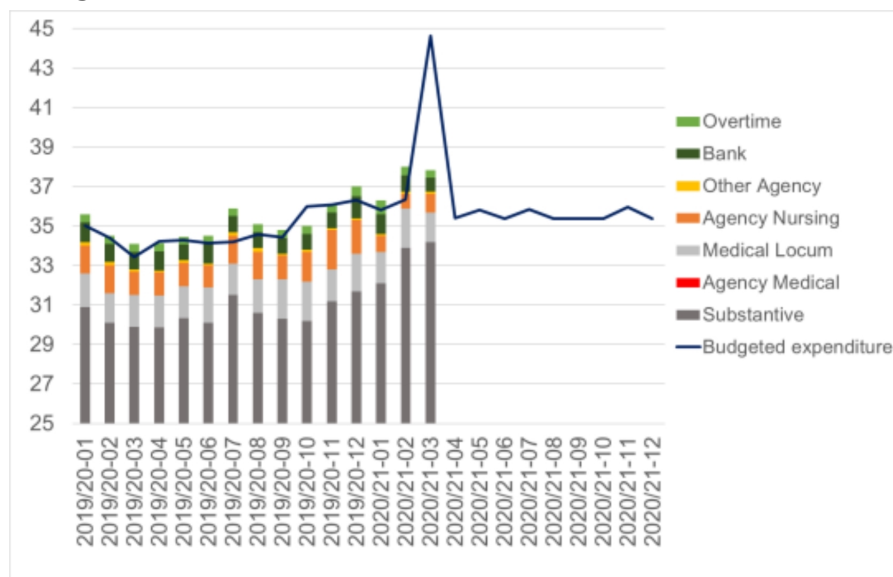
- Savings non-delivery (£7.9m):** As a consequence of COVID-19, Directorates have been unable to execute or identify additional savings plans as efforts re-purposed to respond to the pandemic.
- Counties (£3.3m):** The cost of setting up and operating the various Field Hospitals with the Health Board's localities are contained within this directorate. Set up costs of £2.5m for Pembrokeshire and Ceredigion funded by WG in Month 3; Carmarthenshire set up costs (£3.2m) expected to be recognised and funded in Month 4.
- Medicines Management (£1.5m):** Pressures continue in the Category M and No Cheaper Source Obtainable (NCSO) drugs and in the use of Novel Anticoagulants (NOACs).
- Planned Care (-£2.8m):** Underspend primarily driven by reduced activity in elective services which has dramatically reduced the non-pay element of Theatre spend.





- Key drivers of YTD position:
- **Savings non-delivery (£7.9m):** As a direct consequence of COVID-19, Directorates have been unable to execute or identify additional savings plans as efforts re-purposed to respond to the pandemic.
- **Other non-pay (£5.0m):** Primarily driven by COVID-19 Field Hospital Premises costs (£5.1m).
- **Income (£2.0m):** Non Contracted Activity income has been impacted by the lockdown restrictions (£1.5m).
- **Prescribing (£1.8m):** Category M price increases; impact of NCSO basket increase; and increased use of NOACs.
- **Care packages (£1.0m):** Expedited discharge of CHC Patients at a premium rate and patients being placed in out of area accommodation.
- **Pay (-£4.6m):** Vacancies not filled both substantively and by Agency and Locum due to reduced demand.
- **Drugs & Clinical supplies (-£1.8m):** Primarily driven by reduced activity in elective services within Planned Care (-£2.8m), offset by increased spends as a result of COVID-19 (£1.3m).

Pay



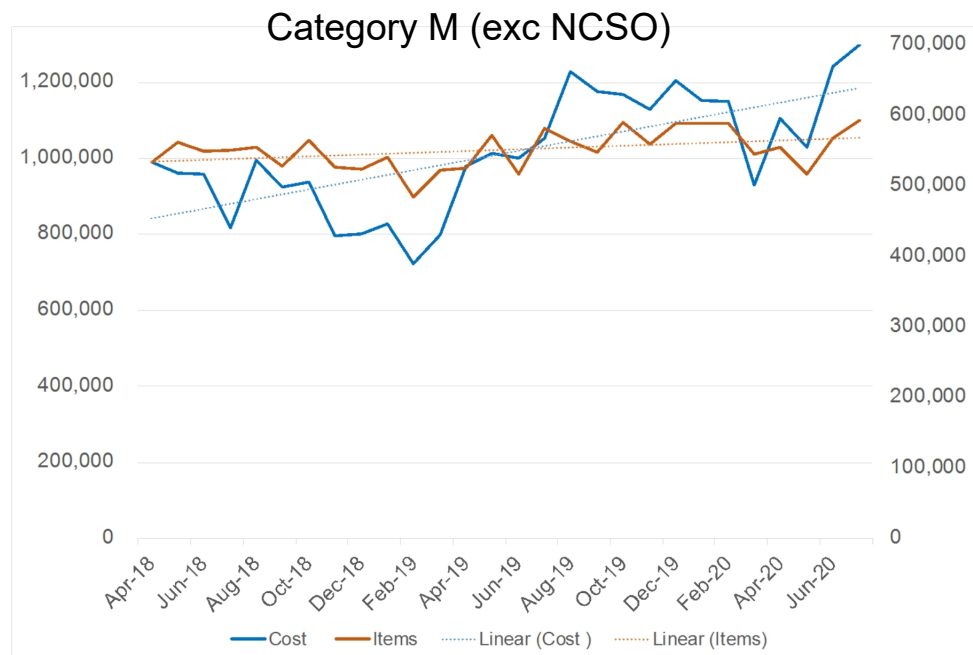
Month 3 budgeted expenditure includes the WG allocation to retrospectively fund staff-related COVID-19 costs incurred during Q1 (£8.1m).

Workforce planning decisions required in relation to:

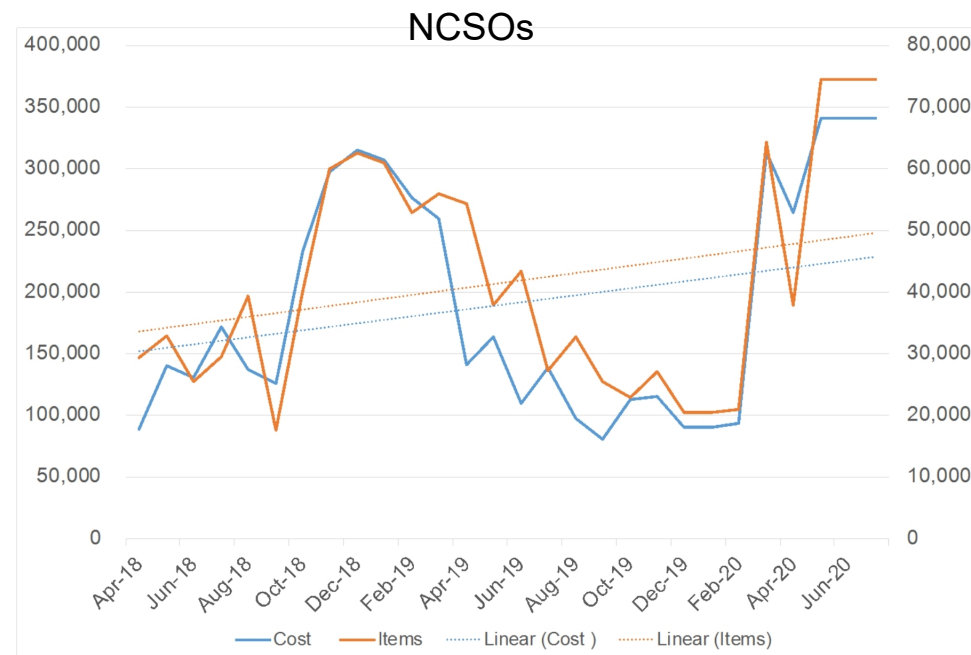
- Potential extension of the fixed term contracts in September, aligned to the Q3 Operational Plan;
- Re-configuration of medical rosters, reducing premium enhancement arrangements;
- Review of Directorate use of agency resource.

Nurse Agency expenditure continues to be significantly lower than average prior year levels (-£0.6m), although this has risen slightly in month as Nurses deployed to other departments to meet COVID-19 demand are now returning to substantive roles as activity re-commences in some Directorates.

Primary Care Prescribing



- Price increase from August 2019 of 34p per item. Pressure continues to increase despite budget uplift in 2020/21 Financial Plan.



- No Cheaper Source Obtainable (NCSO) drugs peaked in March 2020 (data available two months in arrears), which is expected to impact a minimum of several months of 2020/21.

Finance Report

DATA REFRESHED: 7 JULY 2020

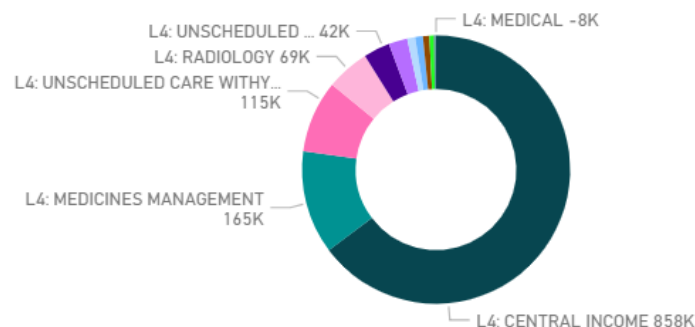
COVID

☒ No
☐ Yes

Period

P03-21

In Month Variance: Actual against Forecast



Director of Finance review meetings already embedded into month-end closedown process, where part of scrutiny is understanding the reasons for deviation from forecast. This functionality is now on Power BI platform.

In Month Variance: Actual against Forecast

Directorate	In Month Var	Month Forecast	Deviation from forecast
L4: MEDICINES MANAGEMENT	483,855	318,706	165,149
L4: UNSCHEDULED CARE WITHYBUSH	-51,470	-166,718	115,248
L4: RADIOLOGY	19,489	-49,806	69,295
L4: UNSCHEDULED CARE GLANGWILI	-338,245	-380,201	41,956
L4: PLANNING, PERFORMANCE & INFORMATICS	27,993	-2,000	29,993
L4: FINANCE	14,776	2,000	12,776
L4: NURSING	7,303	-5,000	12,303
L4: UNSCHEDULED CARE BRONGLAIS	-108,527	-118,809	10,282
L4: CEREDIGION COUNTY	26,561	19,338	7,223
L4: PRIMARY CARE	-20,785	-23,247	2,462
L4: CHIEF EXECUTIVE	-1,145	-2,000	855
L4: PARTNERSHIPS & CORPORATE SERVICES	-4,618	-3,000	-1,618

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In month explanation: Variance against forecast

Movement due to increased costs for RR0L - Everlight contract (£30k), increased drug costs (£20k) and X-ray purchases (£10k)

Performance

Diagnostics

Scrutiny

Development

The ledger total and sum of the component data feeds must equal each other, allowing for drill-down functionality from the ledger to the detail – the reconciliation process will scrutinise data sources and will likely trigger process improvement ‘side’ projects to improve the feeds.

Illustrative Month and Spend Type: Secondary Care Drugs

Additional information

Component data source & RAG

Issued drug by drug name

Drugs Feed from Pharmacy system £2,930,000

Smoking Cessation

Community Pharmacy Feed £5,000

PI work needed to identify drug names

Finance Journals £25,000

PI work needed to identify drug names; only impacts Public Health and Community

Purchase Invoices £215,000

Ledger Actual in Drugs subjective = £3,175,000



Sum of above = £3,175,000

