

## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	25 June 2020
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Finance Report – Month 2 2020/21
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Executive Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Rebecca Hayes, Senior Finance Business Partner

**Pwrpas yr Adroddiad (dewiswch fel yn addas)  
Purpose of the Report (select as appropriate)**

Ar Gyfer Trafodaeth/For Discussion

### ADRODDIAD SCAA SBAR REPORT

#### Sefyllfa / Situation

The purpose of the report, attached at Appendix 1, is to outline Hywel Dda University Health Board's (HDdUHB) financial position to date against the Annual Plan and assess the key financial projections, risks and opportunities for the financial year 2020/21.

#### Cefndir / Background

**HDdUHB's agreed Financial Plan is to deliver a deficit of £25m, after savings of £34.2m. The impact of the COVID-19 pandemic presents an unprecedented significant risk to the financial position, and without confirmation of further funding the planned financial position will not be achieved.**

#### **Month 2 position**

- Month 2 variance to breakeven is £8.4m (Month 1: £6.3m).
- Month 2 position is £6.4m (Month 1: £4.2m) operational variance to Plan; the increase is primarily due to the higher workforce and prescribing expenditure and loss of non-contracted income arising from the COVID-19 pandemic.
- The additionality of costs incurred in Month 2 due to the impact of the COVID-19 pandemic is £9.8m (Month 1: £6.7m), with underspends repurposed of £3.4m (Month 1: £2.5m).
- No additional funding in relation to the COVID-19 pandemic has been assumed in the reported position.

#### **Directorate Projections**

- The funding arrangements for the Health Board's (HB) response to the COVID-19 pandemic remain uncertain, and therefore there is a risk that the HB's financial position

may be adversely affected. Both identified and as-yet unidentified savings schemes included in the Financial Plan are also at risk of non-delivery due to the operational focus being diverted to respond to COVID-19, and where identified schemes are not supportive of the response needed. This results in a significant risk to the delivery of the HB's Financial Plan for 2020/21 of a £25m deficit.

### Savings Summary

- In-month delivery of £0.2m, which is £0.1m below plan, which is directly attributable to the COVID-19 pandemic.
- Green and Amber plans of £5.6m identified to Month 2, against which the forecast delivery is uncertain given the impact of the COVID-19 pandemic. At this stage, with COVID-19 demand modelling indicating that the pandemic may impact the remainder of the financial year, it is assumed that delivery will be adversely affected for the full year.

### Next Steps

- Alignment of strategic response to current demand modelling indicators between Welsh Government (WG), Gold Strategic Command and operational teams, finalising the Quarter 2/3 Operational Plans.
- Clarification of which current escalation measures can be safely and appropriately de-escalated/ decommissioned, and which suspended/ deferred services/ activities can be recommenced.
- Further work with WG to understand the level of additional revenue and capital funding available.

### Asesiad / Assessment

#### Summary of Key Financial Targets

HDdUHB's key targets are as follows:

- Revenue: to contain the overspend within HDdUHB's planned deficit;
- Savings: to deliver savings plans to enable the revenue budget to be achieved;
- Capital: to contain expenditure within the agreed limit;
- Public Sector Payment Policy (PSPP): to pay 95% of Non-NHS invoices within 30 days of receipt of a valid invoice;
- Cash: While there is no prescribed limit for cash held at the end of the month, WG encourages this to be minimised and, as a rule of thumb, 5% of monthly expenditure is applied (for HDdUHB, this is approximately £4.0m).

Key Target		Annual Limit	YTD Limit	Actual Delivery	Forecast Risk
Revenue	£'m	25.0	4.2	14.7	
Savings	£'m	34.2	5.7	0.4	
Capital	£'m	21.6	7.5	7.5	High
Non-NHS PSPP	%	95.0	95.0	N/A	Medium
Period End Cash	£'m	4.0	4.0	4.5	Medium

Without additional funding from WG, the HB will not achieve its revenue funding limit. Similarly, discussions are on-going for additional funding to support the non-delivery of the HB's savings target.

The Non-NHS PSPP risk has been rated 'Medium', given the increase in volume of supplier payments due to the impact of COVID-19.

Period end cash is higher than the suggested annual limit due to a receipt from Velindre University NHS Trust in relation to the Welsh Risk Pool, the timing of which was unexpected.

### Governance

The governance arrangements in respect of incurring expenditure in response to the COVID-19 pandemic have been assessed for each type of expenditure/ loss of income recorded YTD.

### Argymhelliad / Recommendation

The Finance Committee is asked to note and discuss the financial position for Month 2.

### Amcanion: (rhaid cwblhau)

#### Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	856 (score 20) Ability to deliver the Financial Plan for 2020/21 646 (score 12) Ability to achieve financial sustainability over medium term
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Improve Population Health through prevention and early intervention

### Gwybodaeth Ychwanegol: Further Information:

Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	Terms are explained in main body of the report.
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties/ Committees consulted prior to Finance Committee:	Finance Team Management Team Executive Team Finance Committee

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	The impact on patient care is assessed within the savings schemes.
<b>Gweithlu: Workforce:</b>	The report considers the financial implications of our workforce.
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: Legal:</b>	HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
<b>Enw Da: Reputational:</b>	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, the Wales Audit Office, and with external stakeholders
<b>Gyfrinachedd: Privacy:</b>	Not applicable
<b>Cydraddoldeb: Equality:</b>	Not applicable