

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	25 May 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance Report – Month 1 2021/22
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	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 the end of the financial year 2021/22 against the Draft Interim Annual Plan.

The monthly reporting to Welsh Government (WG) is in line with the written report provided to the Finance Committee and Board; for information, the full submission inclusive of detailed financial tables has been included under agenda item 4.1 (Appendices 2a and 2b).

Cefndir / Background

HDdUHB's Draft Interim Financial Plan is to deliver a deficit of £57.4m, after savings of £16.1m.

Month 1 position

- Before recognising the COVID-19 WG funding in-month, the Month 1 variance to breakeven is £10.5m.
- The additional costs incurred in Month 1 due to the impact of the COVID-19 pandemic are £6.5m.
- The in-month reported position is a breakeven against a deficit plan of £4.8m, after utilising £5.7m of WG funding to mitigate the costs resulting from the COVID-19 pandemic, having offset £0.8m of cost reductions recognised due to reduced operational activity levels.

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 broadly £4.0m.

Key target		Annual limit	YTD Limit	Actual delivery	Forecast Risk
Revenue	£'m	57.4	4.8	4.8	Low*
Savings	£'m	16.1	1.3	0.2	Low
Capital	£'m	22.7	0.8	0.8	Low
Non-NHS PSPP	%	95.0	95.0	n/a	Low
Period end cash	£'m	4.0	4.0	0.7	Low

* The Health Board recognises that the risk against delivery of financial balance is High, and at this stage is reviewing all opportunities to reduce the revenue deficit in-year.

Argymhelliad / Recommendation

The Finance Committee is asked to note and discuss the financial position as at Month 1.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	2.5 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:	Ability to deliver the Financial Plan for 2021/22 (score 8) 646 (score 16) 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:	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.
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Rhestr Termau: Glossary of Terms:	Explanation of terms is included in the report
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Finance Team Executive Team
Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial implications are inherent within the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	The impact on patient care is assessed within the savings schemes.
Gweithlu: Workforce:	The report considers the financial implications of our workforce.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	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.
Enw Da: Reputational:	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, the Wales Audit Office, and with external stakeholders
Gyfrinachedd: Privacy:	Not applicable
Cydraddoldeb: Equality:	Not applicable

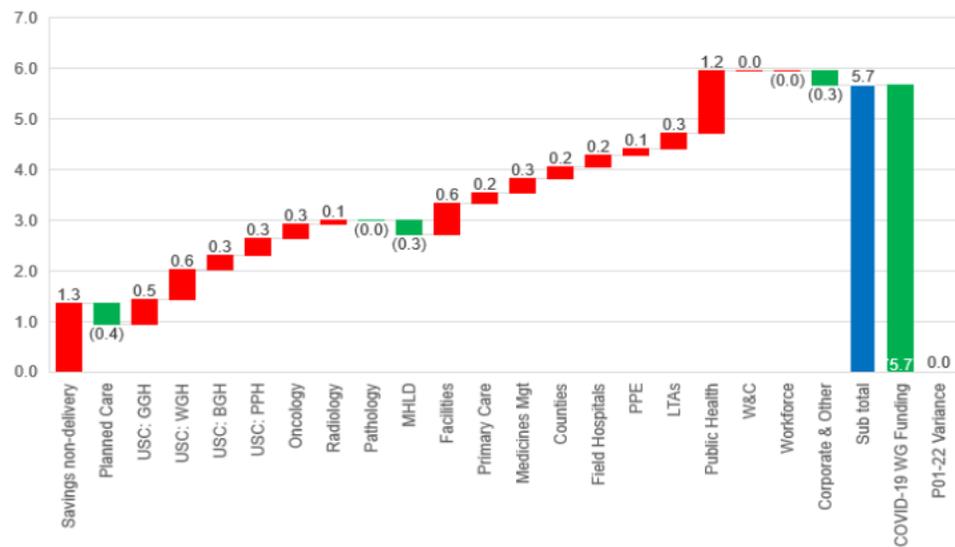
YTD Financial Performance and EoY Forecast Month 1 2021/22

Health Board's Draft Interim Financial Plan to deliver deficit of £57.4m, after savings of £16.1m.

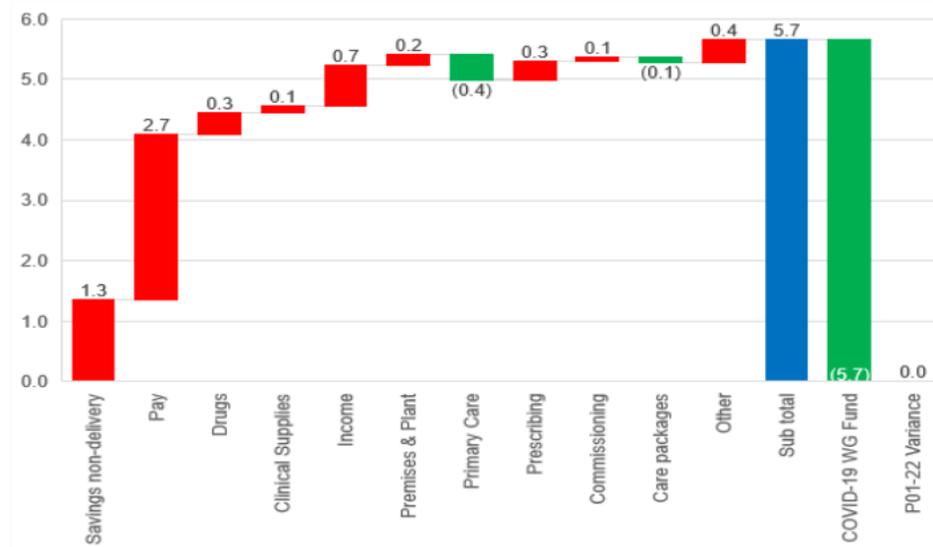
Financial position	Month 1 £'m	EOY £'m
Additional COVID-19 costs	6.5	39.1
Cost reductions due to reduced activity	(0.8)	(3.2)
Operational variance before WG funding COVID-19	5.7	35.9
Planned deficit	4.8	57.4
Variance to breakeven before WG funding COVID-19	10.5	93.3
WG funding COVID-19 for 'programme' costs*	(2.1)	(14.2)
WG funding COVID-19	(3.6)	(21.7)
Reported financial position	4.8	57.4

- *'Programme' costs relate to COVID-19 Testing, Tracing, Mass vaccinations, Extended Flu vaccinations, Enhanced Cleaning Standards and PPE.
- All COVID-19 expenditure and WG funding is currently modelled as a six-month scenario, with the exception of Enhanced Cleaning Standards which is modelled for twelve-months. Formal confirmation of WG funding not yet received beyond six months.
- Health Board's Draft Interim Plan under review – to be resubmitted to WG by 30th June under All-Wales timetable.
- Currently excludes both expenditure and WG funding in relation to the Health Board's Recovery Plans.

In-month variance by Directorate



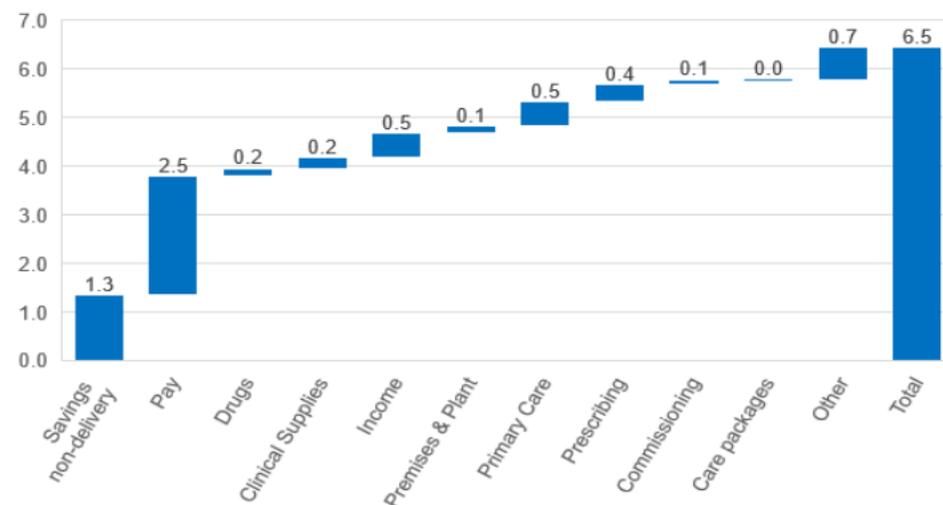
In-month variance by Subjective

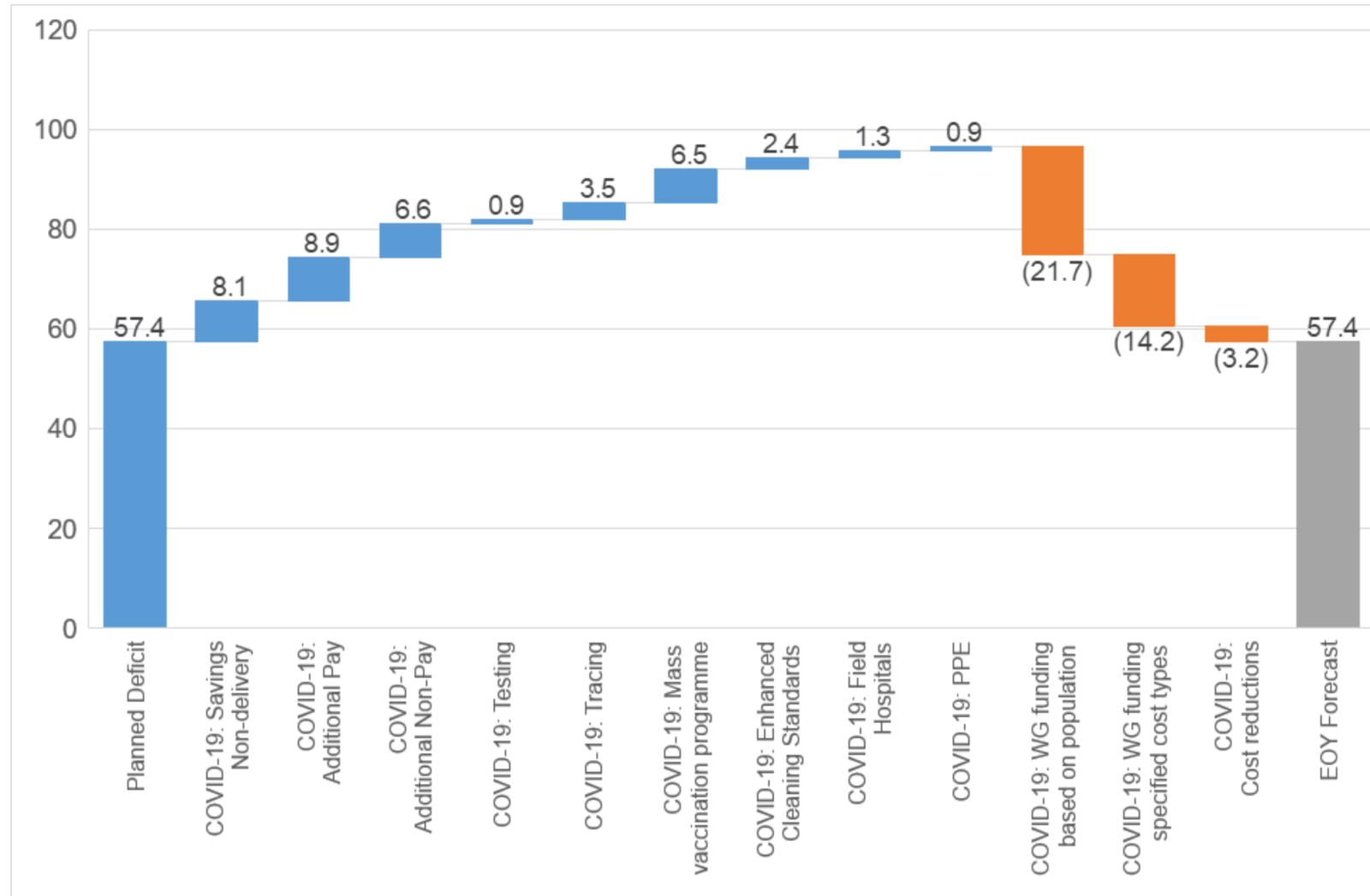


Directorate over-spends were driven by:

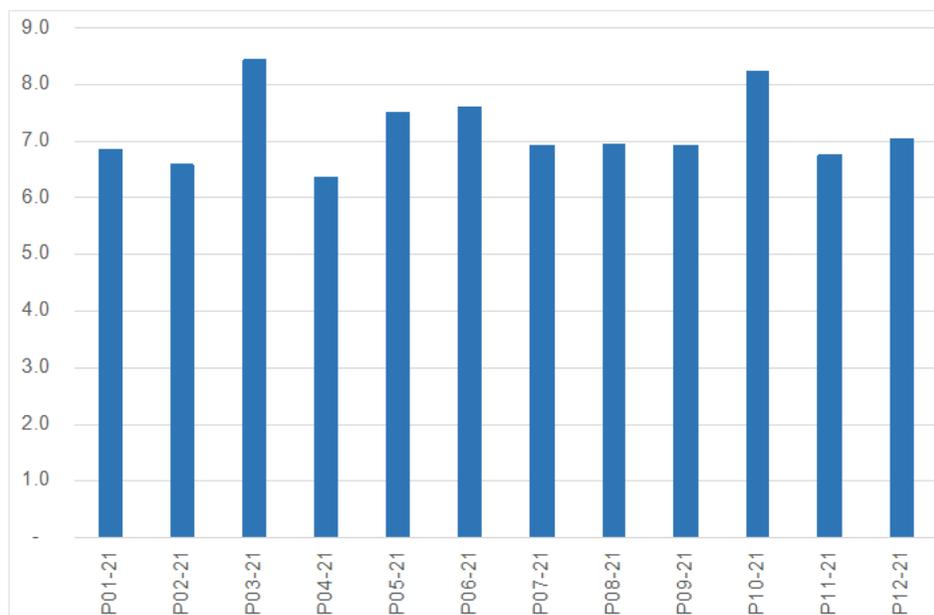
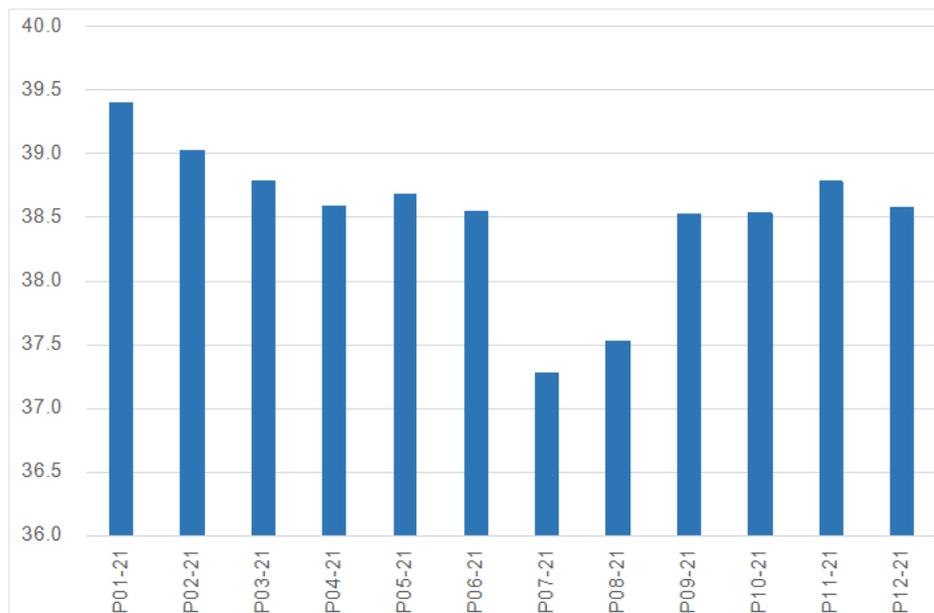
- Public Health, primarily due to the TTP expenditure of £0.7m and COVID-19 mass vaccination programme of £0.5m;
- Unidentified savings, being one twelfth of the overall £16.1m annual requirement, £1.3m;
- Unscheduled Care, premium agency requirement due to a high volume of vacancies across Medical and Nursing posts throughout the Health Board's Acute sites further exacerbated by pressures in Unscheduled Care with high demand in Emergency departments across all four Hospitals, £1.7m;
- Facilities, in respect of enhanced cleaning standards and additional cleaning and portering rosters, £0.6m.

YTD actual by Subjective (COVID-19 only)





Whilst the in-year delivery of the planned deficit is considered low risk, there is a significant risk of a deterioration in the underlying deficit from £57.4m in 2020/21 to £76.4m in 2021/22 if recurrent savings schemes of £16.1m are not identified in-year.



Pay

The profile of forecast staffing costs is driven by:

- The higher level of expenditure for the first six months of the year is due to the COVID-19 scenario being modelled for Months 1-6 only, with a level of continued deployment of existing staff at no additional cost;
- A return to higher levels of expenditure is anticipated over the Winter months with a reliance on Agency to deliver additional capacity and backfill vacancies and sickness;
- It is assumed that deployed staff will have returned fully to their substantive posts from Month 7, with no extension to the fixed term cohort;
- £3.1m (70%) of anticipated Pay Savings schemes is across Months 7-12;
- The impact of any Pay Award is not yet included as this has not been confirmed.

Non-Pay

The profile in non-pay expenditure is flatter than the modelled staffing costs as the higher levels of expenditure in response to COVID-19 in Months 1-6 is expected to be replaced by the accelerated reinstatement of elective services in Months 7-12.

	Total	Central	Pay	Non-Pay
Plan	57.4	57.4		
Testing and Tracing	4.4		0.8	3.6
COVID-19 mass vaccinations	6.5		3.2	3.3
Field Hospitals	1.3		0.5	0.8
Enhanced Cleaning Standards	2.4		2.3	0.1
Savings	8.1	8.1		
COVID-19 Existing sites	16.4		8.9	7.5
WG funding	(35.9)	(35.9)		
Cost reductions	(3.2)	(3.2)		
	57.4	26.4	15.7	15.3

- Local Authority Tracing £3.4m

- GMS Enhanced Services £3.0m

- Prescribing £2.2m;
- Dental contract loss of income £0.8m;
- PPE £0.8m;
- Loss of NCA income £0.7m;
- Loss of catering income £0.3m;
- Drugs and Medical Gases £1.0m.

- Planned Care Non-Pay £1.9m;
- Primary Care enhanced and other services £0.4m;
- Other Acute Services £0.8m;
- WHSSC LTA £0.2m.

- Estates (cleaning and portering) £2.8m, of which Agency use £2.2m;
- Nursing £2.1m, of which Agency use £1.2m;
- HCSW £2.2m;
- Medical staff £0.7m;
- Admin and Clerical £0.9m.