

Financial Performance Month 4

**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 4 position

- Month 4 YTD variance to breakeven £25.2m.
- Month 4 position is an adverse £6.9m (Month 3, £0.6m favourable due to receipt of Q1 WG funding for COVID-19) operational variance to plan (£16.9m YTD).
- Worsening in the in-month variance due to assumption of £nil funding for COVID-19 pay (£2.6m)
- Additionality of costs incurred in Month 4 due to COVID-19 £8.9m (Month 3, £12.2m), with underspends repurposed of £2.0m.

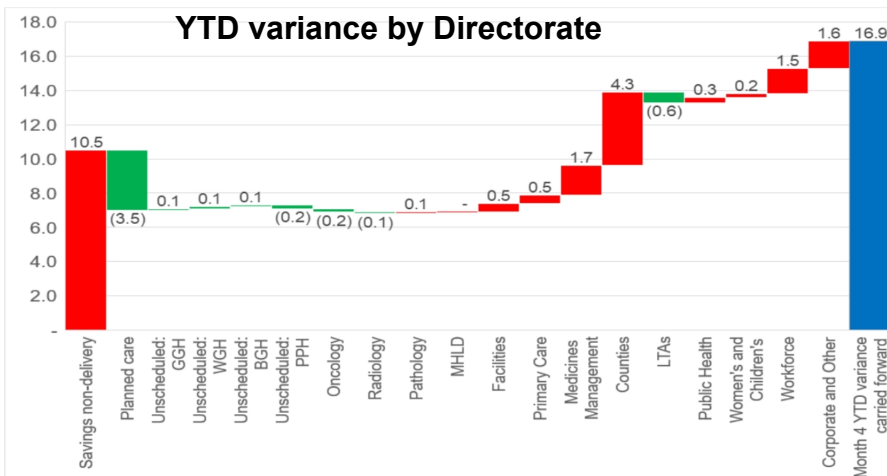
Projection

- 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

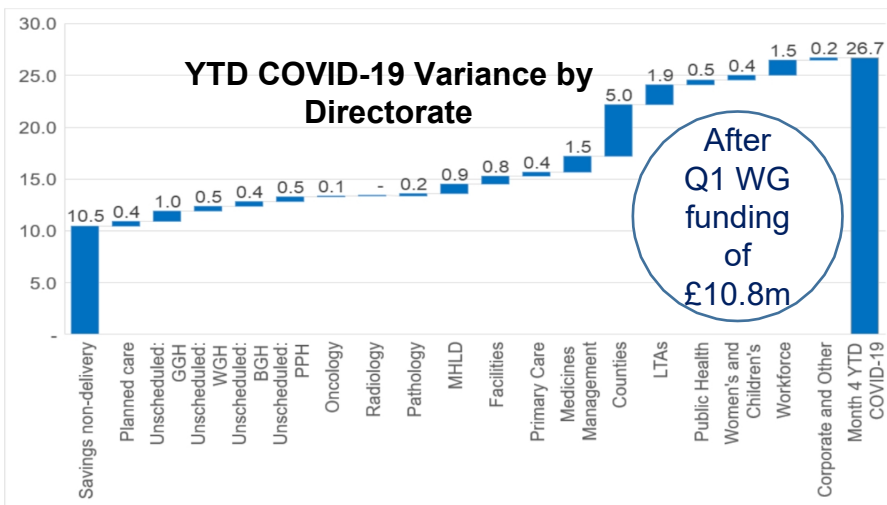
- Alignment of strategic response to current demand modelling indicators between Welsh Government, Gold Command and operational teams.
- Clarity as to what current escalation measures can be safely and appropriately de-escalated/decommissioned and which ceased/deferred services/activities can be recommenced.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

Performance – YTD Financial Position

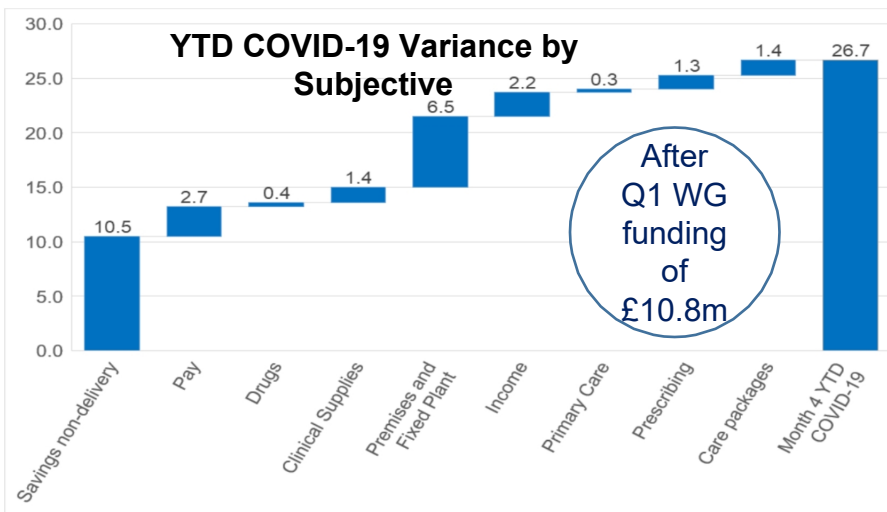
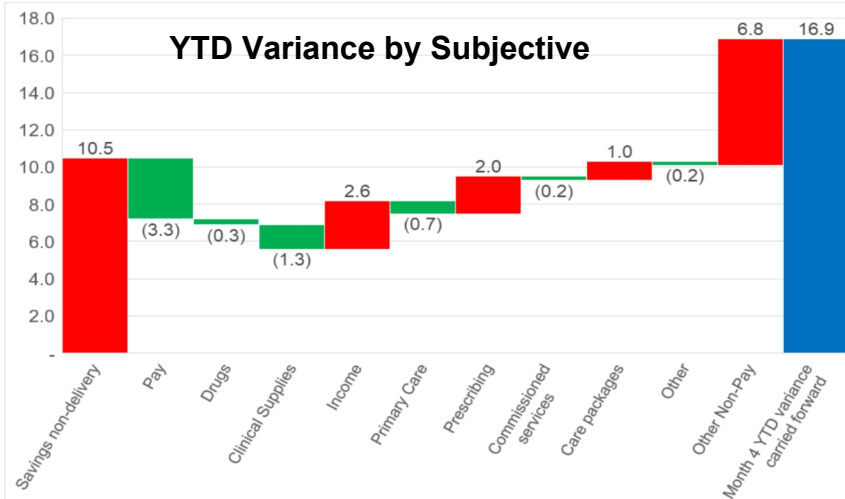


Key drivers of YTD position:

- Savings non-delivery (£10.5m):** 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 (£4.3m):** 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 £3.2m for Carmarthenshire set up costs expected to be recognised and funded in Month 5.
- Medicines Management (£1.7m):** Pressures continue in the Category M and No Cheaper Source Obtainable (NCSO) drugs and in the use of NOACs.
- Planned Care (-£3.5m):** underspend primarily driven by reduced activity in elective services which has dramatically reduced the non pay element of Theatre spend

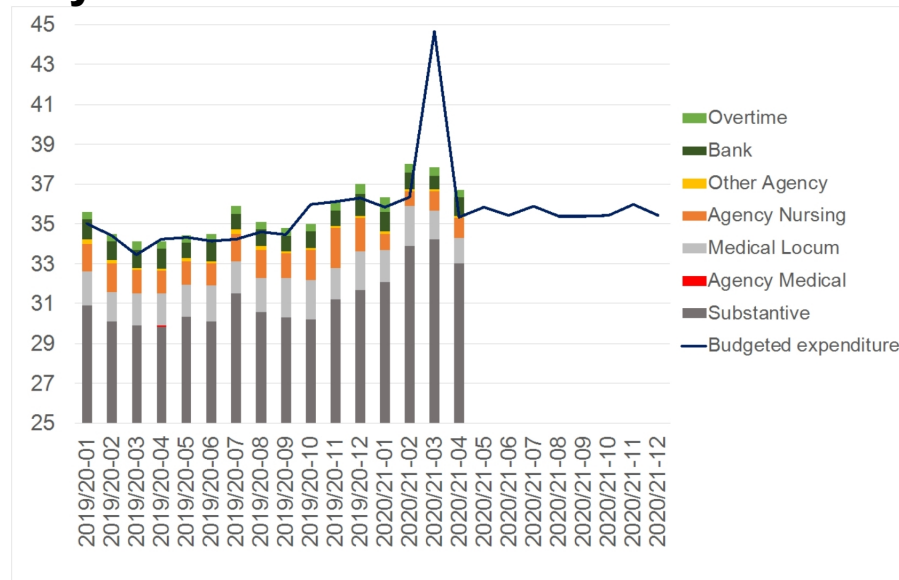


Performance – YTD Financial Position



- Key drivers of YTD position:
- **Savings non-delivery (£10.5m):** 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 (£6.8m):** Primarily driven by COVID-19 Field Hospital Premises costs (£6.5m).
- **Income (£2.2m):** Non Contracted Activity income has been impacted by the lockdown restrictions (£1.9m)
- **Prescribing (£2.0m):** Category M price increases; impact of No Cheaper Source Obtainable (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 (-£3.3m):** vacancies not filled both substantively and by Agency and Locum due to reduced demand, partly offset by Month 4 fixed term staff cohort.
- **Drugs & Clinical supplies (-£1.6m):** primarily driven by reduced activity in elective services within Planned Care (-£2.5m), Unscheduled Care (-£0.5m) and Patient appliance spend (-£0.2m) offset by increased spends as a result of COVID-19 (£1.8m).

Pay

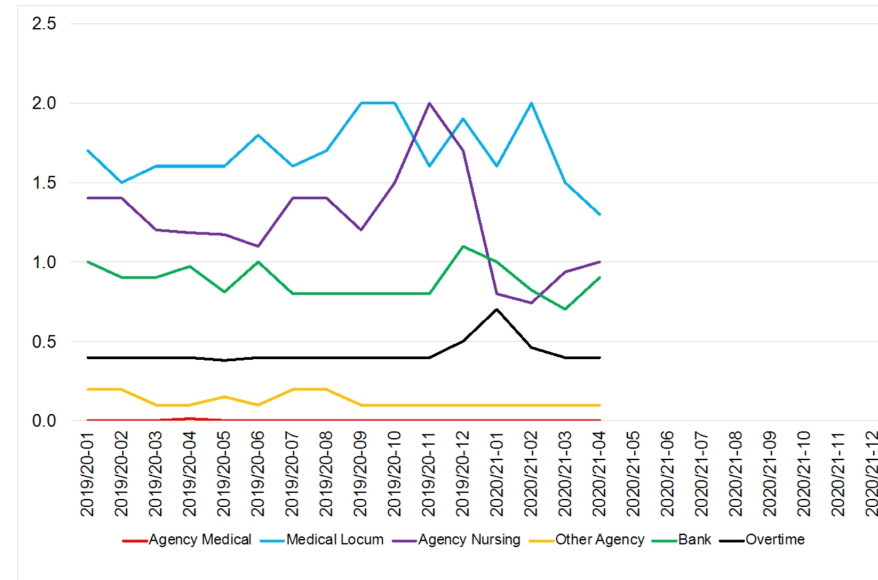


Month 3 budgeted expenditure includes the WG allocation to retrospectively fund staff-related COVID-19 costs incurred during Q1 (£8.1m).

Month 4 substantive pay reduced following 83 WTE leavers from the fixed term cohort (£0.4m).

Workforce planning decisions required in relation to:

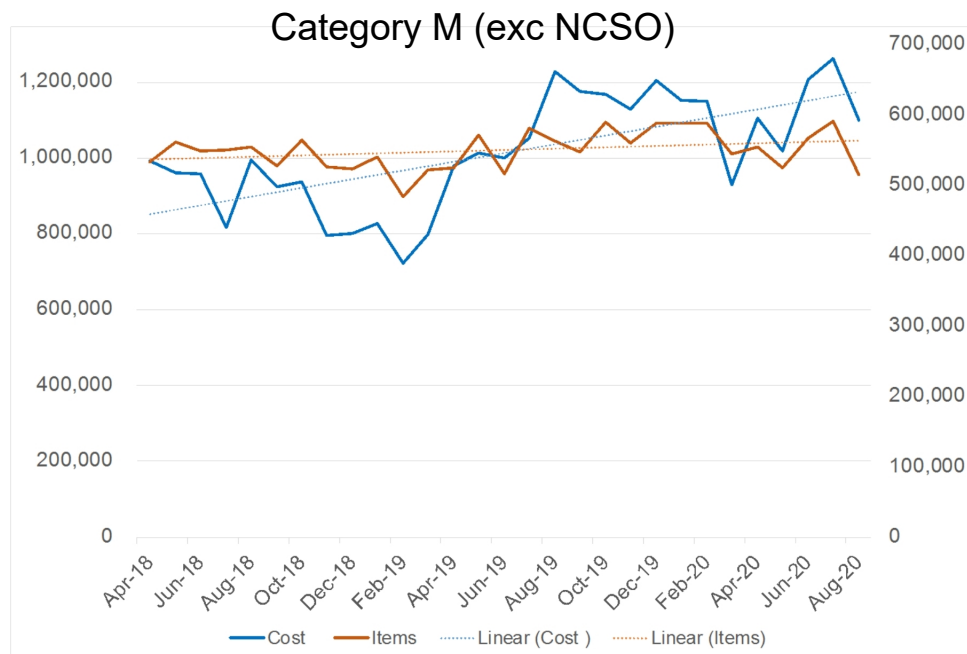
- potential extension of the fixed term contracts in September, aligned to the Q3 Operational Plan;
- review of Directorate use of agency resource.



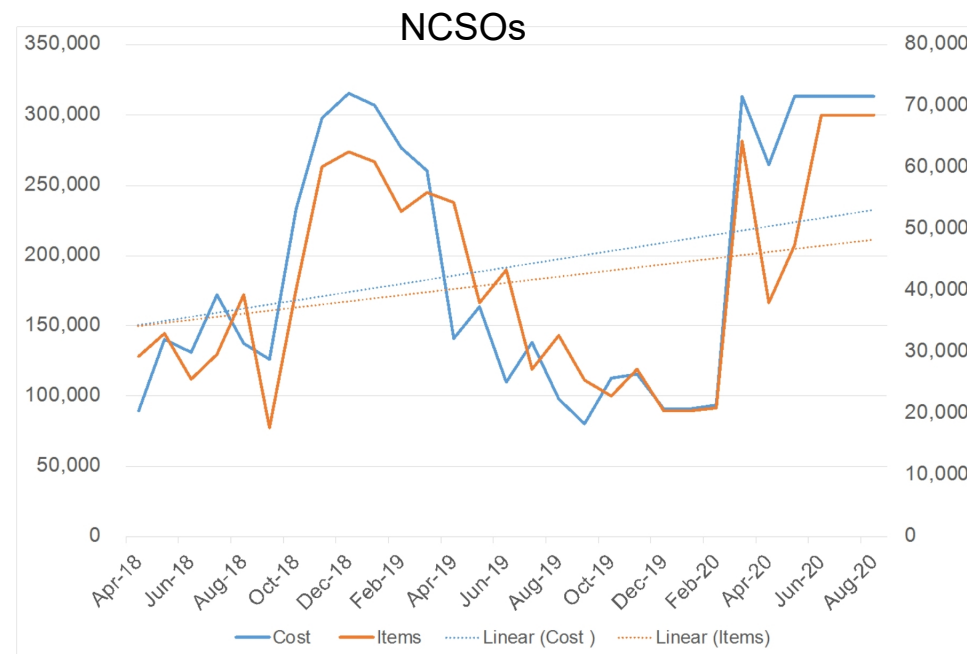
Nurse Agency expenditure continues to be significantly lower than average prior year levels (-£0.6m) although this has risen slightly in month as Nurses deployed to other departments to meet COVID-19 demand are now returning to substantive roles as activity re-commences in some Directorates.

Additional use of Nursing bank staff due to an additional requirement in Acute sites to replace substantive Nurses who have been re-deployed to Carmarthen Field Hospital.

Primary Care Prescribing (combined COVID-19 and non-COVID-19)



- 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.