

Bundle Finance Committee 27 January 2020

2.2.a

Supplementary Finance Report For Finance Committee Month 9

Presenter: Huw Thomas

2 2a Supplementary Finance Report Month 9 SBAR

2 2a Supplementary Finance Report 2019-20 Month 9

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	27 January 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Supplementary Finance Report – Month 9 2019/20
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, Executive Director of Finance
SWYDDOG ADRODD: REPORTING OFFICER:	Mark Bowling, Assistant Director of Finance

Pwrpas yr Adroddiad (dewiswch fel yn addas) Purpose of the Report (select as appropriate)
Ar Gyfer Trafodaeth/For Discussion

ADRODDIAD SCAA SBAR REPORT
<u>Sefyllfa / Situation</u>
The purpose of the report is to supplement the main Finance Report for Month 9.
<u>Cefndir / Background</u>
This report provides additional details to inform the Committee of Directorate issues, Risks, Reserves and key items from the Statement of Financial Position.
<u>Asesiad / Assessment</u>
The year-to-date pressure has been particularly pronounced in Unscheduled Care (£4.1m, especially in Withybush General Hospital - driven by bed capacity, medical staffing in medical specialities and Accident & Emergency, and Medicines Management (£2.9m Primary Care Prescribing primarily due to price increases for Category M drugs).
<u>Argymhelliad / Recommendation</u>
The Finance Committee is asked to note and discuss the content of the report for Month 9.

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 HDdUHB 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:	735 (score 16): Ability to deliver the Financial Plan for 2019/20 646 (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: Hyperlink to HDdUHB Well-being Statement	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 Termiau: Glossary of Terms:	BGH – Bronglais General Hospital CHC – Continuing Healthcare GGH – Glangwili General Hospital MHLD – Mental Health & Learning Disabilities NICE – National Institute for Health and Care Excellence OOH – Out of Hours PPH – Prince Philip Hospital WG – Welsh Government WGH – Worthybush General Hospital YTD – Year to date
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:	Finance Team Management Team Executive Team Finance Committee

**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

Revenue Summary by Directorate

Directorate Financial Performance

Year to Date

	Month 9 YTD Actual £'m	Month 9 YTD Variance £'m	%
Planned Care	79.6	1.1	1.3
Unscheduled - GGH	32.4	0.8	2.7
Unscheduled - PPH	19.8	0.5	2.6
Unscheduled - WGH	23.3	2.1	9.9
Unscheduled - BGH	17.2	0.7	4.2
Radiology	12.5	1.0	8.7
Pathology	15.8	0.1	0.6
Women and Children	28.8	1.0	3.6
Oncology	10.5	0.3	2.9
Carmarthen County	17.4	0.0	0.0
Pembrokeshire County	15.3	0.3	2.0
Ceredigion County	8.2	(0.1)	(1.2)
MHLD	55.6	(0.4)	(0.7)
Facilities	27.5	0.1	0.4
Medicines Management	59.3	2.9	5.1
Primary Care	81.4	(1.1)	(1.3)
Corporate	27.7	(1.1)	(3.8)
Commissioning	79.2	0.1	0.1
Other	60.0	(0.1)	(0.2)
Total	671.0	8.2	1.2

- The current month saw an overspend against Plan of £1.5m due to surge bed pressures, vacancies and sickness filled at premium rates in Unscheduled Care (USC) and Critical Care, Primary Care Prescribing due to price increases, plus the impact of the phasing of unidentified savings.
- The Year-to-Date (YTD) pressure has been particularly pronounced in Unscheduled Care (£4.1m - especially in Withybush General Hospital (WGH), driven by bed capacity, medical staffing in medical specialities and Accident & Emergency Department - A&E) and Medicines Management (£2.9m, Primary Care Prescribing, primarily due to price increases for Category M drugs).

Revenue Summary by Directorate

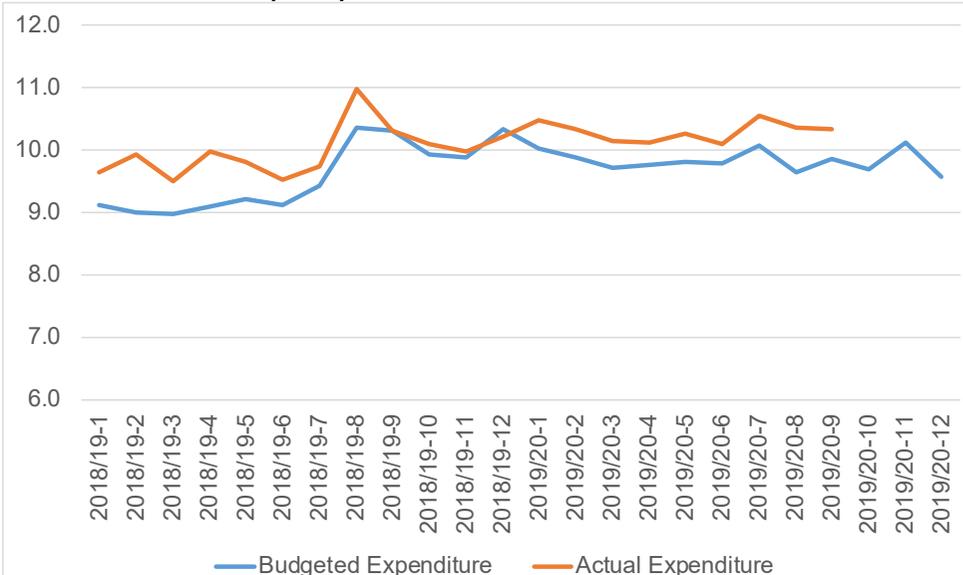
Material Directorate Area Deficits

Planned Care



- The in-month position was an adverse variance to budget of £0.3m; Medical Locum expenditure was high in-month in Trauma and Orthopaedics and Ophthalmology due to high demand and vacancies.
- The Directorate is expecting a significant benefit in efficiency and productivity, which will support the maintenance of HDdUHB Referral to Treatment (RTT) performance for the financial year.

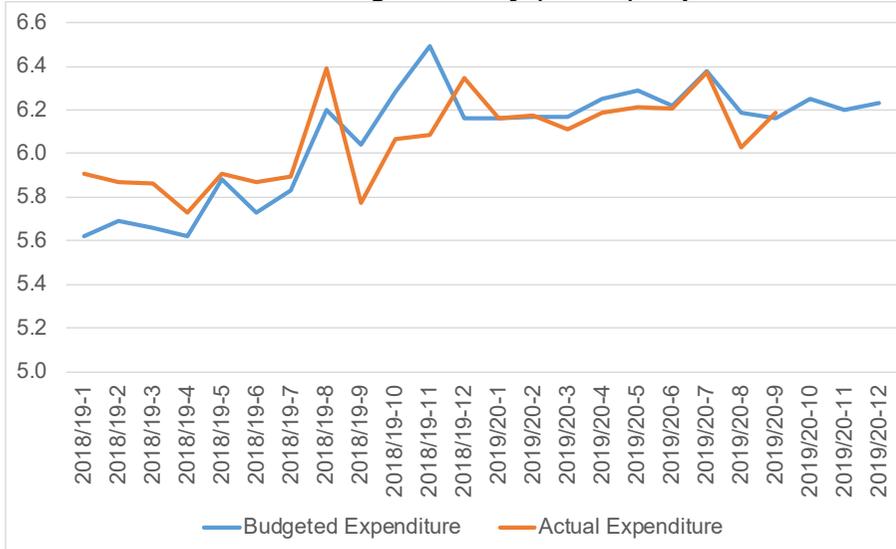
Unscheduled Care (USC)



- Bronglais General Hospital (BGH) reported an overspend of £64k in-month due to patient acuity and surge, leading to the use of a high cost nursing agency. WGH reported a significant £204k overspend in-month, driven by spend on premium rate qualified nursing and medical Locums to cover surge and winter pressures in excess of plan. A Task and Finish Group has been established to address the issues at WGH. Glangwili General Hospital (GGH) reported an in-month overspend of £80k following high demand and cover of staff sickness, and high drug expenditure, particularly in General Medicine. Prince Philip Hospital (PPH) reported an overspend of £129k in-month due to high use of Healthcare Support Workers and medical Locums, driven by vacancies and demand, particularly in General Medicine.
- Delayed discharges of medically fit patients, unfunded surge capacity, medical staffing in medical specialities and A&E remain key drivers of costs, requiring a system-wide focus.

Revenue Summary by Directorate

Mental Health and Learning Disability (MHL) Expenditure



- The Directorate has reported a small overspend of £21k in-month, predominately due to a high level of staff vacancies, offsetting the pressures in Continuing Healthcare (CHC) costs.
- There continues to be difficulty recruiting into medical posts, resulting in an increase in Locum sessions.
- The greatest YTD pressure within MHL is the continued growth in CHC placements and associated costs, especially for complex packages of care. Client numbers increased slightly in-month. Careful control of CHC, within its growth assumptions, will be key to delivering an improvement in the expenditure run rate.
- Robust care review processes have been implemented in order to manage the risks arising under CHC.

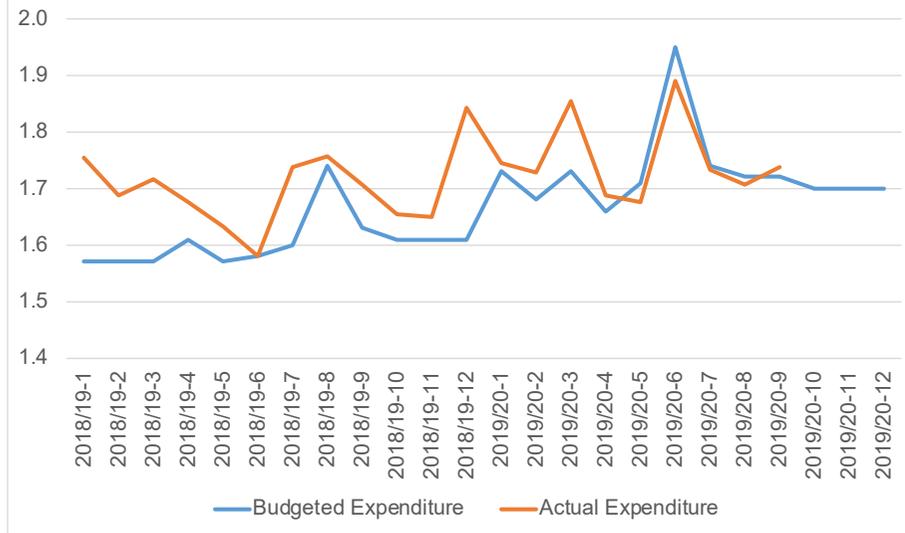
Medicines Management



- The Directorate reported a material adverse variance to budget of £0.6m in-month. The end-of-year projection is an adverse £4.2m, based on modelling the Category M outturn following the price increase from August 2019.
- The Health Board has also seen a significant increase in the use of New Oral Anticoagulants (NOACs) as a result of the operation of the new NOAC Enhanced Service in the General Medical Services (GMS).

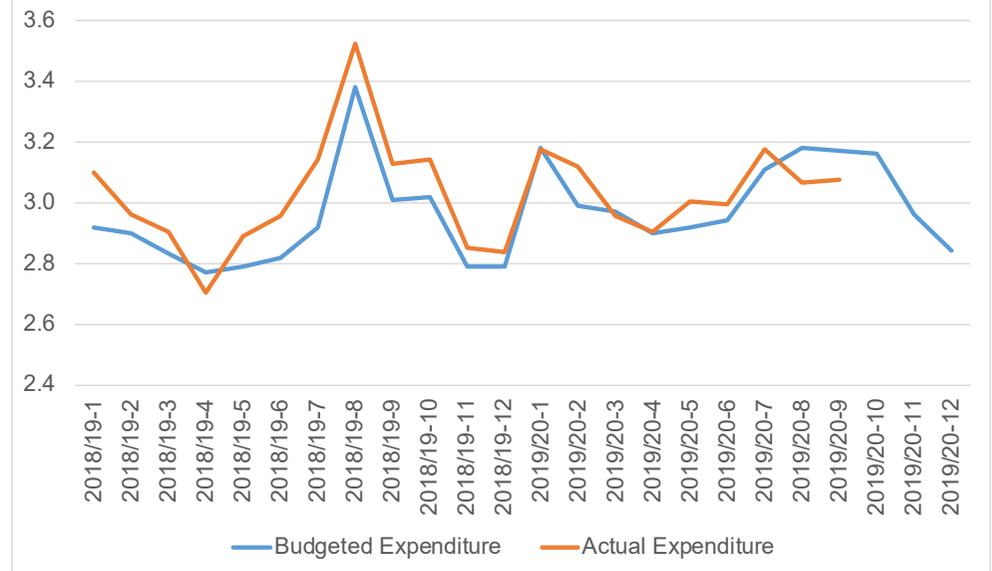
Revenue Summary by Directorate

Pathology



- The Directorate reported a small adverse variance of £21k in-month.
- This was driven by medical pay in lieu of Locum claims, due to continued recruitment challenges.
- The Directorate is reviewing ways of working with services to reduce demand through ensuring that only appropriate test requests are submitted, and through avoiding duplication.

Facilities



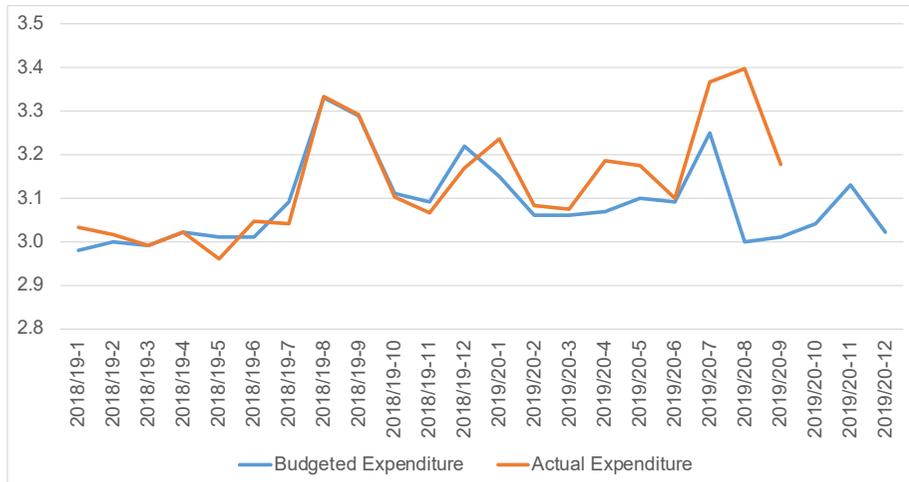
The Directorate reported an underspend in-month of £93k.

The main areas of YTD variance are:

- Operations – overspend of £0.5m due to postage and stationary costs, cleaning and Bank pay costs.
- Property – underspend of £0.5m due to biomass fuel and water consumption efficiencies.
- Specialist Services – an overspend of £0.1m driven by Bank usage in Pay and Catering Provisions in Non-Pay. This was partially offset by increased canteen income across all sites and additional income from external catering services.

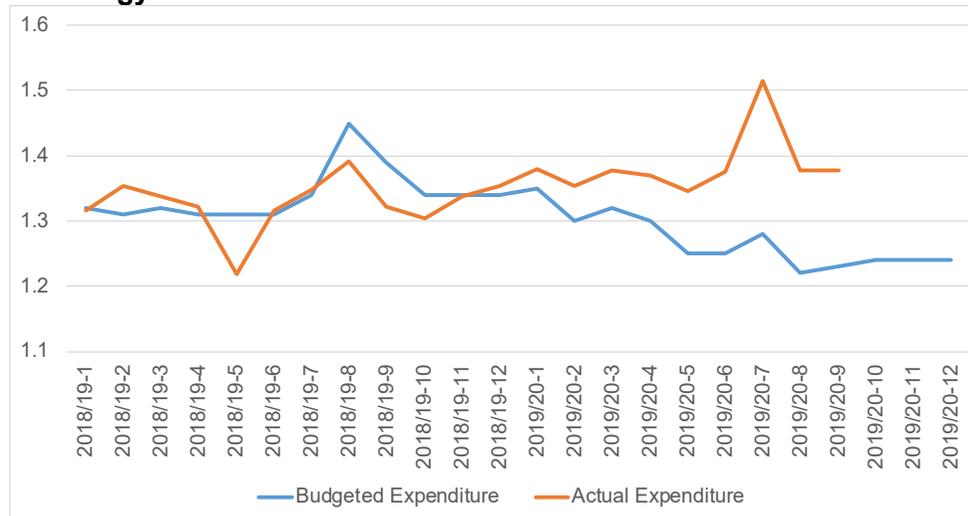
Revenue Summary by Directorate

Women and Children



- The Directorate reported a significant in-month overspend of £0.2m.
- The main driver was further overspends in relation to diabetic pumps and associated consumables, and high cost drugs in Paediatrics.
- The YTD position includes significant overspends in relation to diabetic pumps and associated consumables due to a supplier ceasing to trade, resulting in the need to replace existing pumps with more costly available alternatives.

Radiology



- The Directorate's in-month position was an overspend of £149k.
- This was due to the need to provide MRI scanning at a premium cost using outsourcing and a temporary vehicle at BGH until the in-house scanner is replaced in February 2020.
- Radiology Directorate outsourcing of reporting at premium cost was high in-month due to vacancies, demand and recruitment challenges . Savings schemes linked to a review of 24-hour service provision also failed to deliver in-month.

Risks and Opportunities

Risks		
Potential Risk	£'m	Risk Management Approach
Current Projection	25.0	
WG funding clawback	10.0	Risk of clawback as this was predicated on delivery of the £15m Control Total, which HDdUHB is not forecasting will be met.
Non-delivery of savings to sufficient level (40% Amber schemes)	0.3	Escalated HTA meetings are being held with all Directorates to convert pipeline into robust schemes and identify additional recovery actions and additional opportunities.
Control Total requirement non-delivery (50%)	1.4	
Clawback of Dental underspends	0.7	Discussions between HDdUHB and Chief Dental Officer are pending.
Total deficit forecast and risks	37.4	
Opportunities		
<ul style="list-style-type: none"> Focus is now being narrowed to consider the key drivers of the cost base identified through benchmarking with other Health Boards via national costing returns. Detailed information has been shared with Directorates and is being utilised as part of the Recovery Plan refinement in-year. We will continue to use this in conjunction with the Efficiency Framework to translate the opportunities identified into detailed Savings Plans in support of our Financial Plan. The Finance Committee has reviewed and endorsed this approach. Opportunities available via Invest to Save, Integrated Care Fund and deferment of uncommitted funding are being explored. Key areas of operational inefficiency being targeted are: CHC and packages of care, unfunded escalation beds and patients awaiting tertiary referral. 		

Reserves

Reserves	
£'m	Month 9 close
Integrated Care Fund (ICF) Bids	7.0
Hosted allocation – Winter Pressures	1.8
Winter Pressure Reserve	1.6
CHC Inflation	1.4
Performance Fund	1.3
Hosted Allocation – Critical Care	0.9
Mental Health Improvement	0.7
Digital Strategy	0.5
Eye Care Sustainability	0.3
RCCS	0.3
Planned Care – Critical Care	0.2
Prevention	0.2
Hospital to Home	0.2
Community Pharmacy Contractual Framework	0.2
Single Cancer Pathway	0.2
Major Trauma Centre	0.2
Children and Young People MHL D	0.2
Nursing Standards	0.1
CAMHS in Reach	0.1
Other	0.4
Total	17.8

- HDdUHB's centrally-retained reserves are committed, and all relate to specific anticipated cost pressures or schemes that are underway.
- ICF funds will be distributed, based on finalised plans for utilisation of the funds across Healthcare and Local Authority.
- CHC and Funded Nursing Care (FNC) inflation has been phased according to the timeframes in which costs are anticipated to impact.
- HDdUHB holds funding of £0.9m on behalf of Welsh Government (WG) to support costs incurred on behalf of the Critical Care Network across Wales.
- Nursing Standards Reserve will be further distributed following agreement and approval by the Executive Team.
- Winter Pressure Support will be allocated to Directorates based on finalised plans for utilisation of the funds. This Reserve will be drawn over Months 9 to 12.
- HDdUHB holds funding of £1.8m on behalf of WG to support costs incurred on behalf of the Winter Pressures plans across Wales.
- Performance funds will be allocated to Directorates based on finalised plans for utilisation of the funds.
- Reserves held for future cost pressures will be carefully managed and work is ongoing to ensure future cost pressures are minimised wherever possible.

Statement of Financial Position

Statement of Financial Position			
	2019-20 Opening balance £m	31 Dec 2019 £'m	Movement £'m
Non Current assets			
Fixed Assets	268	266	-2
Other non current assets	43	60	17
	311	326	15
Current Assets			
Inventories	8	9	1
Trade and other Receivables	34	44	10
Cash	1	3	2
Total Assets	354	382	28
Liabilities			
Trade and other Payables	-93	-93	0
Provisions	-67	-92	-25
Total Liabilities	-160	-185	-25
Net Assets less Liabilities	194	197	3
Financed by:			
General Fund	168	169	1
Revaluation Reserve	27	28	2
Total Funding	194	197	3

The movement since the end of 2018/19 in non-current assets is £15m. This is mainly due to an increase of £17m in other assets, attributable to an increase in the Welsh Risk Pool (WRP) debtor as a result of medical negligence claims.

The movement since the end of 2018/19 in current assets is £13m. This is mainly due to an increase of £10m in trade and other receivables. The main increase of £9m is the WRP debt as a result of medical negligence claims.

The movement since the end of 2018/19 in liabilities is £25m due to an increase in provision made for clinical negligence cases, based on information provided by the WRP.

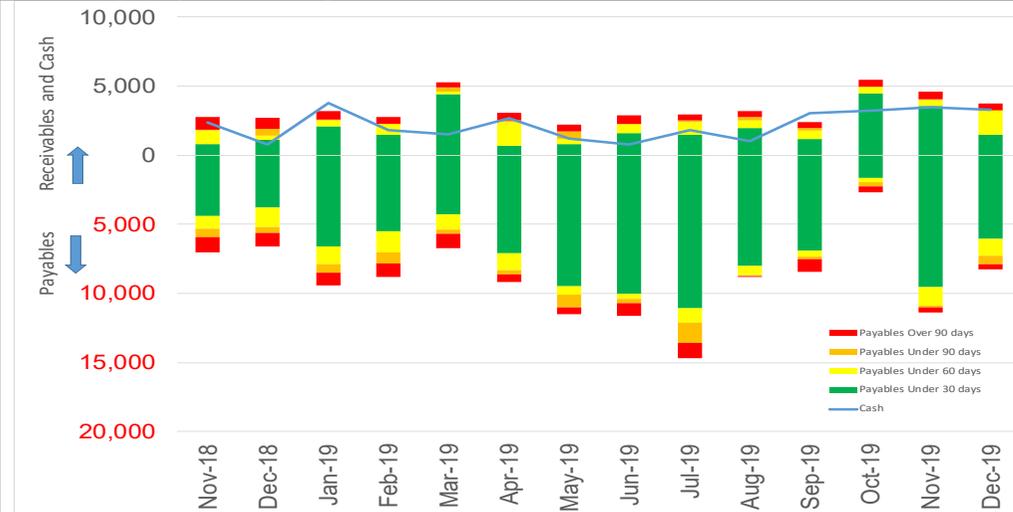
Statement of Financial Position

Capital Expenditure



HDdUHB has an approved Capital Resource Limit (CRL) of £37.2m for 2019/20. Capital expenditure against the £37.2m total funding allocation was £25.9m to Month 9. The graph shows Actual Expenditure to Month 9, and Plan for future months.

Working Capital Management

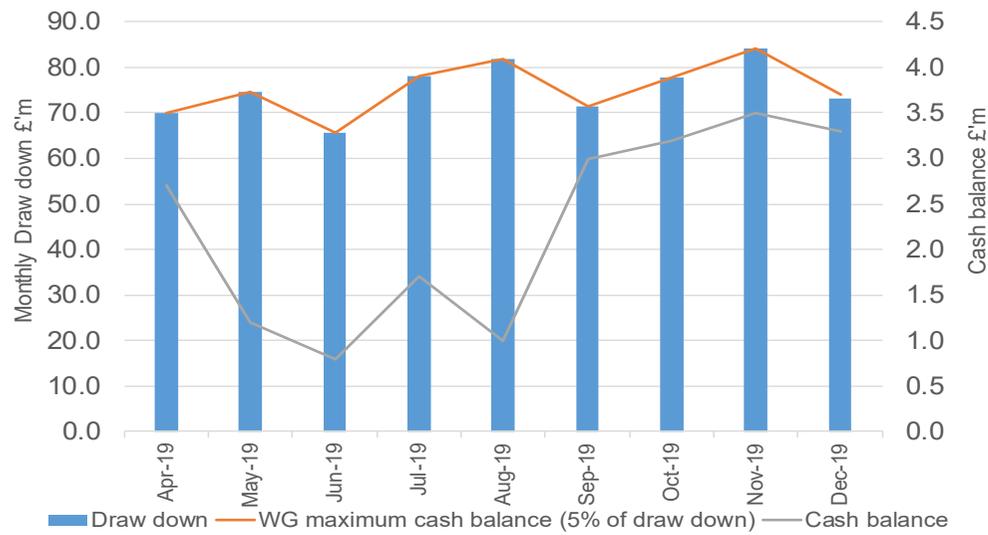


Income collected from sources other than WG is collected through the invoicing process. It is imperative that this is collected promptly to reduce reliance on cash support from WG. Balances owed to HDdUHB total £3.7m in Month 9.

It is important that HDdUHB pays its suppliers promptly. At the end of Month 9, £8.2m was owed to suppliers, of which £6m is less than 30 days old.

Statement of Financial Position

Cash



- The closing balance of £3.3m did not exceed 5% of the total monthly draw-down from WG.
- HDdUHB has an approved cash limit of £876.0m, split between revenue (£838.8m) and capital (£37.2m).
- Total cash drawn down up to Month 9 is £676.7m.
- The cashflow has been updated to reflect the impact of the working balances and Strategic Cash Support. The total cash support requested is £21.9m – working capital balances £5.9m (all Revenue Cash) and Strategic Cash £16m. This would leave HDdUHB with a cash balance of £1m - £0.5m Capital Cash and £0.5m Revenue Cash. Should HDdUHB's deficit forecast move from £25m to £35m as a result of clawback of WG funding, the Strategic Cash Support would increase by £10m correspondingly.
- The Capital Cash figure has been amended to reflect the cash to be drawn down.