

Bundle Finance Committee 28 April 2020

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Finance Report Month 12

Presenter: Huw Thomas

Finance Report Month 12.docx

Month 12 Summary Finance Report 2019-20.docx

PWYLLGOR CYLLID FINANCE COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	28 April 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance Report – Month 12 2019/20
CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:	Huw Thomas, 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>
<p>The purpose of this report is to outline the Health Board's end of year financial position against our Annual Plan and Control Total requirement, and assess the key drivers.</p> <p>The end of year result is still subject to the closure and submission, to Welsh Government (WG), of the final accounts for 2019-20 and the subsequent audit by Welsh Audit Office.</p>
<u>Cefndir / Background</u>
<p>The Health Board's confirmed control total is £25.0m. Follows clawback of £10.0m additional WG funding, which was predicated on delivery of a £15.0m deficit. EOY position is £34.9m, given on-going operational pressures, against forecast of £35.0m.</p> <p>Month 12 position</p> <ul style="list-style-type: none"> Excluding the impact of COVID-19, the Month 12 EOY variance to breakeven is £34.9m. Month 12 variance to breakeven £2.6m. Month 12 position is £0.8m (Month 11, £0.2m) operational variance to plan (£9.9m EOY). The impact of COVID-19 in Month 12 is £1.6m of revenue costs and £0.4m of Capital costs. The majority (£1.0m) of COVID-19 revenue costs were experienced in Unscheduled Care. The working assumption is that Welsh Government will fund the additional revenue costs incurred, based on recent guidelines.

- Significant adverse variances against plan in month, partly offset by favourable gains elsewhere:
 - Medicines Management Primary Care Prescribing £0.7m;
 - Vacancies and sickness covered by premium cost staff and drugs in Unscheduled Care impact of £0.6m;
 - Outsourcing costs due to vacancies, winter pressures and non-delivery of savings in Radiology £0.2m;
 - Unidentified savings profile impact of £0.8m.

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 a rule of thumb of 5% of monthly expenditure is applied. For HDdUHB, this is broadly £4.0m.

Key target		Annual limit	Actual delivery
Revenue	£'m	25.0	34.9
Capital*	£'m	41.0	40.3
Non-NHS PSPP	%	95.0	96.2
Period end cash	£'m	4.0	1.6

* Of the CRL limit of £41.0m, £1.1m could not be fully utilised due to schemes that were unable to be completed due to Covid-19 risks and material unavailability. After diverting £0.4m to cover Covid-19 capital costs, £0.7m will be handed back to Welsh Government. Welsh Government will re-provide £1.1m in 2020/21.

Argymhelliad / Recommendation

The Finance Committee is asked to note and discuss the financial position for Month 12.

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:	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 Termau: Glossary of Terms:	BGH – Bronglais General Hospital CHC – Continuing Healthcare FNC – Funded Nursing Care FYE – Full Year Effect GGH – Glangwili General Hospital GMS – General Medical Services MHLD – Mental Health & Learning Disabilities NICE – National Institute for Health and Care Excellence OOH – Out of Hours PPH – Prince Philip Hospital PSPP – Public Sector Payment Policy RTT – Referral to Treatment Time T&O – Trauma & Orthopaedics WG – Welsh Government WGH – Worthybush General Hospital WRP – Welsh Risk Pool WHSSC – Welsh Health Specialised Services Committee YTD – Year to date
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid:	Finance Team Management Team Executive Team Finance Committee

Parties / Committees consulted prior to Finance Committee:	
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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

Executive Summary

Health Board's confirmed control total is £25m.

Follows clawback of £10m additional WG funding, which was predicated on delivery of a £15m deficit.

EOY position £34.9m, given on-going operational pressures, against forecast of £35m.

This result is still subject to the closure and submission, to Welsh Government, of the final accounts for 2019-20 and the subsequent audit by WAO.

- Excluding the impact of COVID-19, the Month 12 EOY variance to breakeven is £34.9m. Month 12 variance to breakeven £2.6m.
- Month 12 position is £0.8m (Month 11, £0.2m) operational variance to plan (£9.9m EOY).
- The impact of COVID-19 in Month 12 is £1.6m of revenue costs and £0.4m of capital costs. The majority (£1m) of COVID-19 revenue costs were experienced in Unscheduled Care. The working assumption is that Welsh Government will fund the additional revenue costs incurred, based on recent guidelines.
- Significant adverse variances against plan in month, partly offset by favourable gains elsewhere:
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Summary of key financial targets

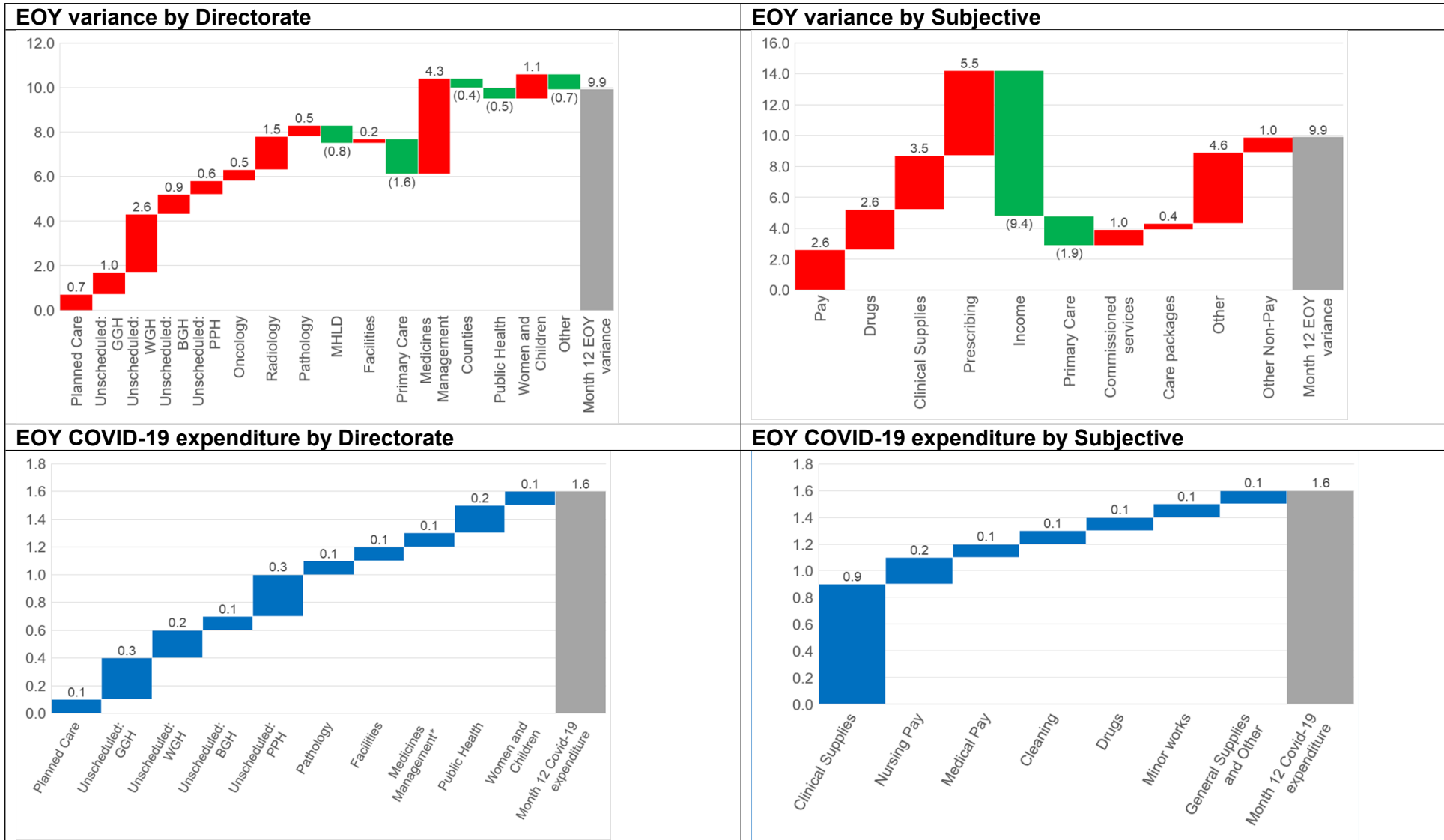
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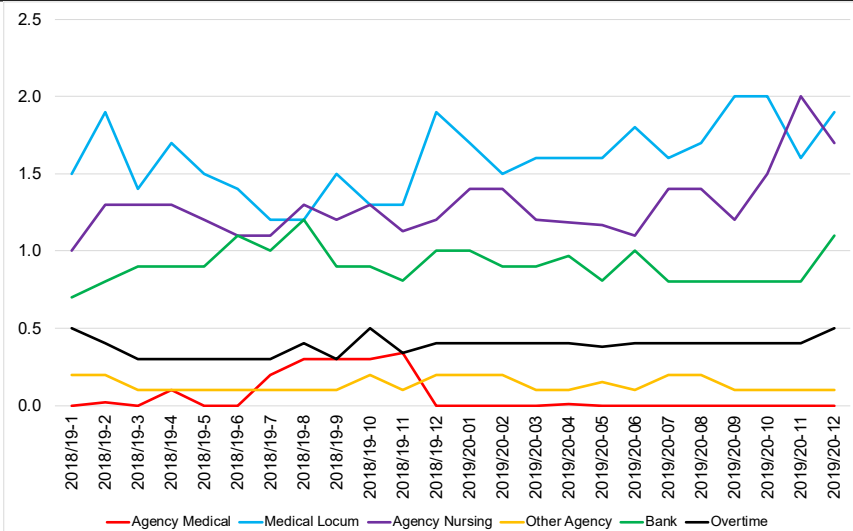
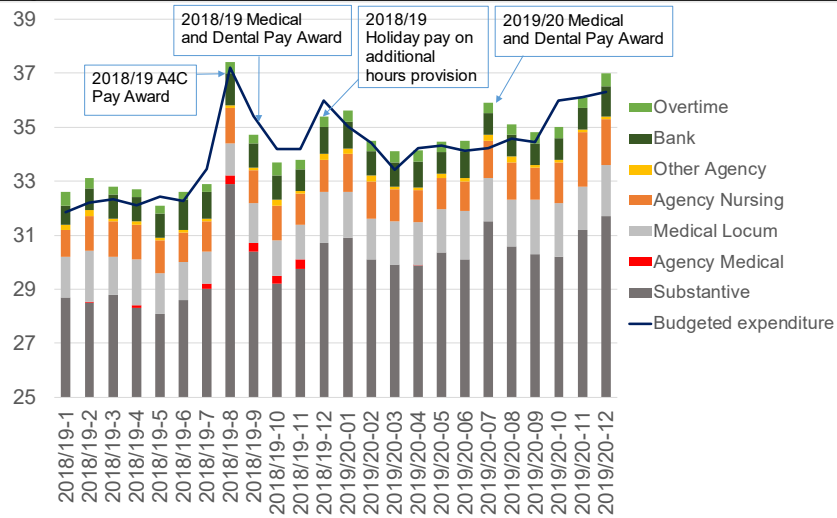
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Revenue Summary



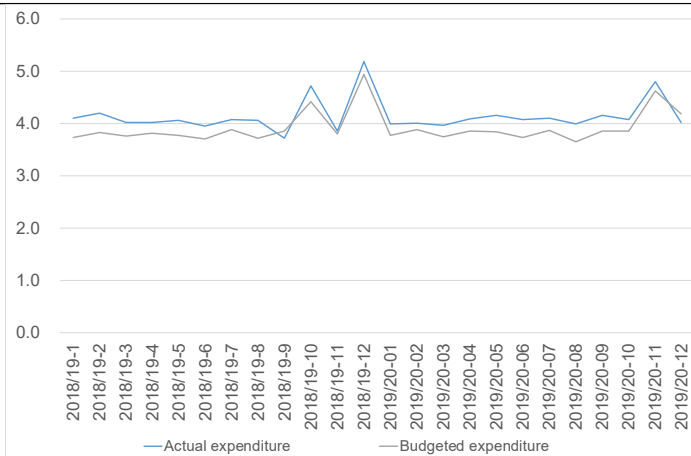
* In line with All-Wales, this is before accounting for the impact of COVID-19 on Primary Care Prescribing costs, which will not be firmly quantifiable until May 2020. Welsh Government will be discussing the accounting treatment of these costs and any applicable funding with Welsh Audit Office.

Pay



Month 12 substantive and variable pay is higher than Month 11, driven by preparations for COVID-19; an increase in Medical Locum was offset by a reduction in Agency Nursing expenditure.

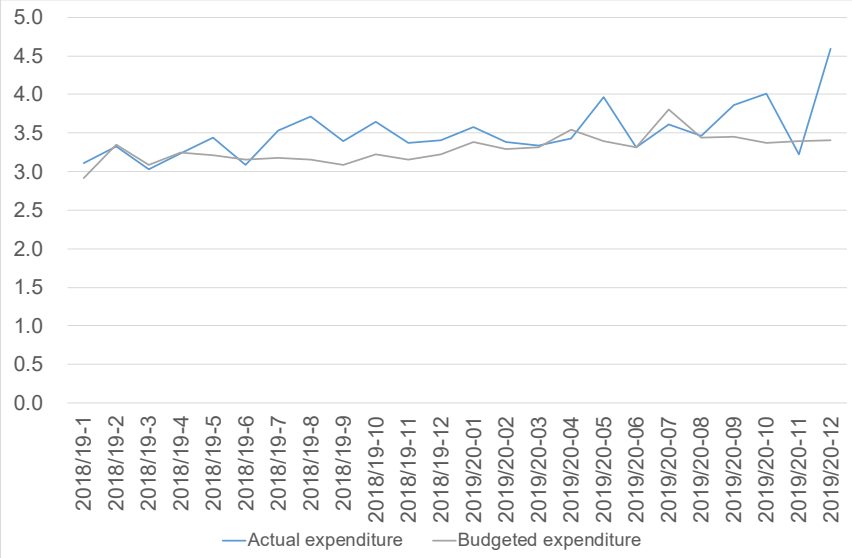
CHC



The total number of cases increased slightly in month. The complexity of cases remains a key cost driver.

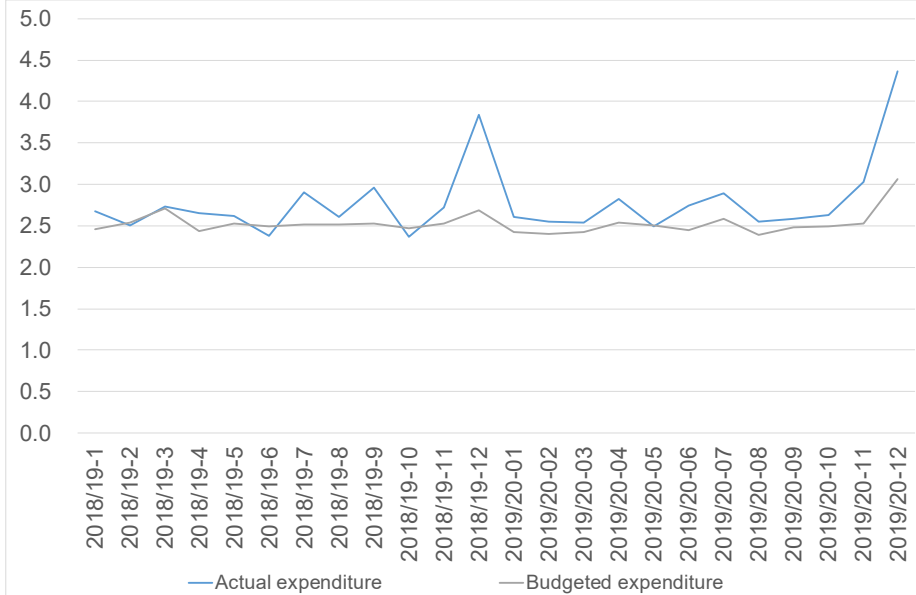
£'m	Spend	Over/(under) spend
FNC/CHC	22.8	(0.3)
LD	14.7	1.2
MH	9.9	0.1
Children	1.0	(0.5)
Total	48.4	0.5

Secondary Care Drugs



There was a significant overspend in month, particularly in Homecare medicines and Oncology drugs. For Homecare, it is expected that this is due to prescription patterns in response to COVID-19, however this remains to be confirmed.

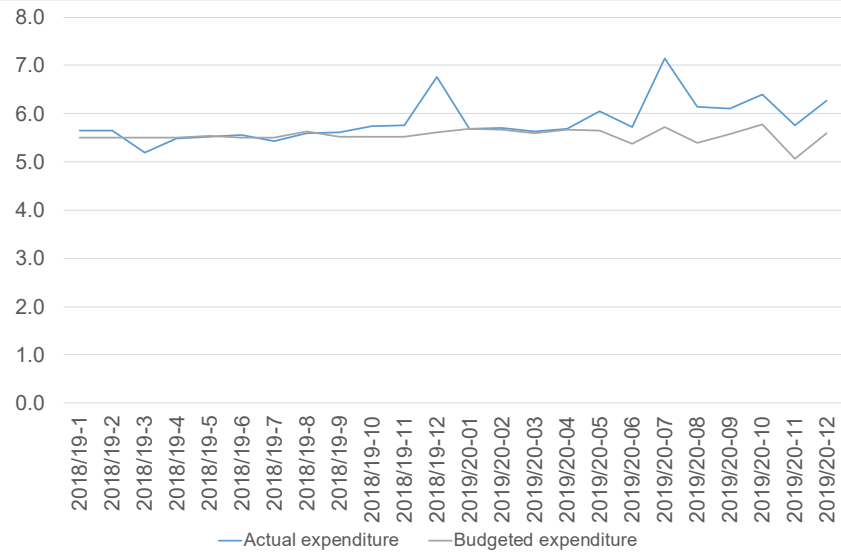
Clinical Supplies and Services



The increased expenditure in Month 12 is due to the response to COVID-19.

The EOY position also includes significant over-spends in relation to diabetic pumps and associated consumables due to a supplier ceasing to trade resulting in the need to replace existing pumps with available alternatives which are more costly. This is primarily manifesting within GGH, Children's Services and WGH Directorates. Radiology are outsourcing reporting at a premium cost due to the level of vacancies caused by recruitment challenges.

Primary Care Prescribing



The Directorate reported a significant adverse variance to budget of £0.7m in-month. The reported position is an adverse £4.3m to the end of the financial year 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 NOACs as a result of the operation of the new NOAC Enhanced Service in GMS.

In line with All-Wales, this is before accounting for the impact of COVID-19 on Primary Care Prescribing costs, which will not be firmly quantifiable until May 2020. Welsh Government will be discussing the accounting treatment of these costs and any applicable funding with Welsh Audit Office.