



PWYLLGOR ADNODDAU CYNALIADWY SUSTAINABLE RESOURCES COMMITTEE

DYDDIAD Y CYFARFOD: DATE OF MEETING:	23 August 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance Report – Month 4 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 Annual Plan.

The monthly reporting to Welsh Government (WG) is in line with the written report provided to the Sustainable Resources Committee and Board; for information, the full submission inclusive of detailed financial tables is attached at Appendix 2.

Cefndir / Background

HDdUHB's Financial Plan is to deliver a deficit of £25.0m, after savings of £16.1m. This is following WG guidance to anticipate £32.4m of funding to non-recurrently offset the underlying position brought forward from 2020/21.

Month 4 position

- Following guidance from WG to recognise £32.4m of non-recurrent funding, the deficit for the year has been reduced from £57.4m to £25.0m;
- Before recognising the COVID-19 WG funding in-month, the Month 4 variance to breakeven is £5.9m;
- The additional costs incurred in Month 4 due to the impact of the COVID-19 pandemic is £3.9m (Month 3, £5.5m). The Month 4 expenditure was suppressed by a year to date (YTD) correction for the COVID-19 mass vaccination programme whereby Primary Care contractor activity, received a month in arrears, was significantly lower than anticipated. Month 3 included £0.6m of Adult Social Care Provider support costs which is charged quarterly as supporting data becomes available.

The Month 4 Health Board financial position is breakeven against a deficit plan of £2.1m, after utilising £3.9m of WG funding for COVID-19, having offset £0.1m 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 a rule of thumb of 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	25.0	8.3	8.3	Low*
Savings	£'m	16.1	5.4	1.3	Medium
Capital	£'m	29.9	5.1	5.1	Low
Non-NHS PSPP	%	95.0	95.0	96.4	Low
Period end cash	£'m	4.0	4.0	2.6	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 Sustainable Resources Committee is requested to note and discuss the financial position as at Month 4.

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:	1163 (score 12) Ability to deliver the Financial Plan for 2021/22 646 (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: Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019	4. Improve Population Health through prevention and early intervention, supporting people to live happy and healthy lives

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 FNC – Funded Nursing Care FYE – Full Year Effect GGH – Glangwili General Hospital GMS – General Medical Services MHLDD – 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 – Withybush General Hospital WRP – Welsh Risk Pool WHSSC – Welsh Health Specialised Services Committee
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Adnoddau Cynaliadwy: Parties / Committees consulted prior to Sustainable Resources Committee:	Finance Team Management 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, Audit Wales, and with external stakeholders.
Gyfrinachedd: Privacy:	Not applicable.
Cydraddoldeb: Equality:	Not applicable.

YTD Financial Performance and EoY Forecast Month 4 2021/22

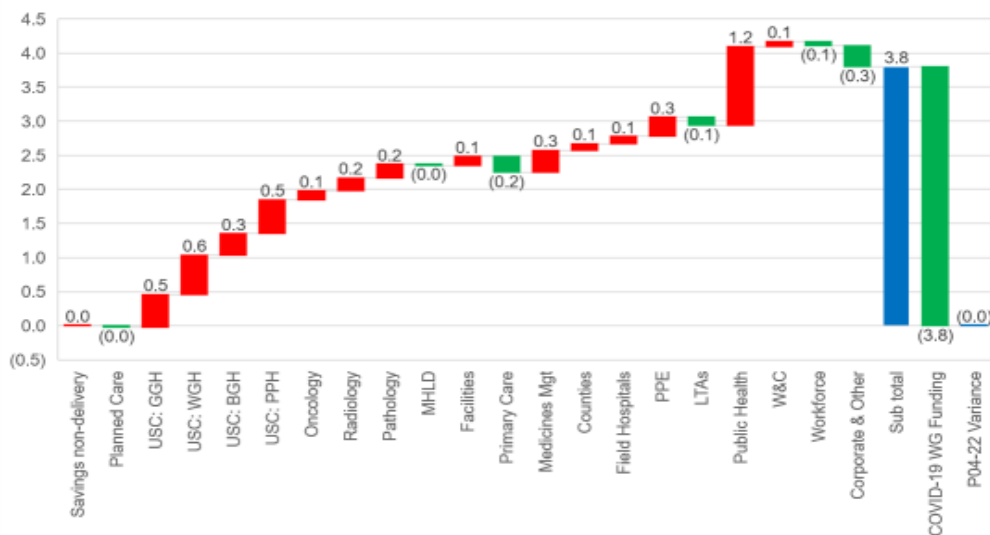
Health Board's Draft Interim Financial Plan to deliver deficit of £25.0m (following recognition of non-recurrent WG funding of £32.4m to offset underlying position brought forward), after savings of £16.1m.

Financial position	Month 3 £'m	Month 4 £'m	YTD £'m	EOY £'m
Additional COVID-19 costs	5.6	3.8	19.9	72.0
Cost reductions due to reduced activity	(0.5)	(0.1)	(2.3)	(2.5)
Savings to be identified	0.0	0.0	0.0	8.1
Pipeline savings schemes to deliver	0.0	0.0	0.0	(5.5)
Operational variance before WG COVID-19 funding	5.1	3.7	17.6	72.1
Planned deficit	2.1	2.1	8.4	25.0
Variance to breakeven before WG COVID-19 funding	7.2	5.8	26.0	97.1
WG COVID-19 funding: 'Programme' costs*	(2.7)	(1.3)	(7.9)	(28.3)
WG COVID-19 funding: 'Stability' costs	(2.2)	(2.2)	(8.8)	(32.5)
WG COVID-19 funding: Elective recovery	(0.2)	(0.2)	(0.9)	(11.3)
Reported financial position	2.1	2.1	8.4	25.0

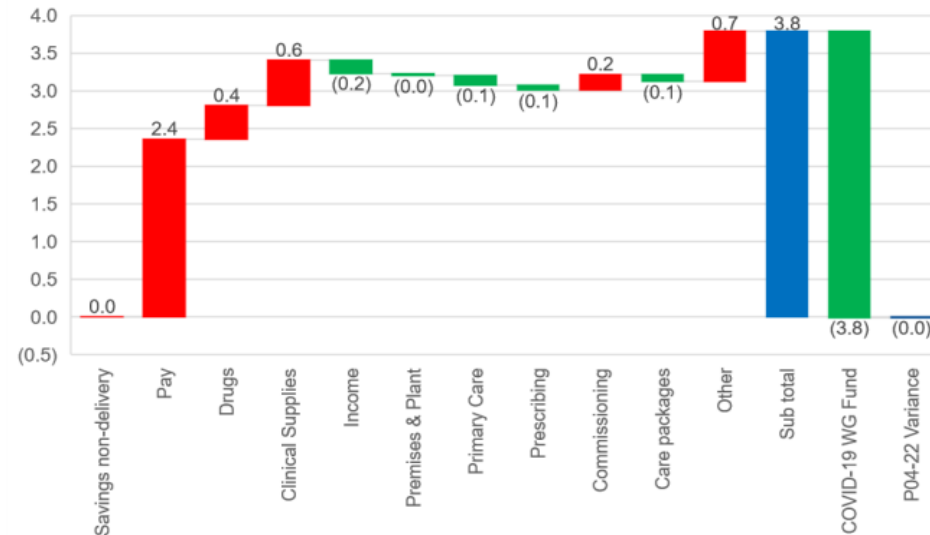
- *'Programme' costs relate to COVID-19 Testing, Tracing, Mass vaccinations, Enhanced Cleaning Standards, Adult Social Care Providers, Long COVID Service, Paediatric RSV and PPE; EoY increase since Month 3 of £1.6m due to addition of programmes;
- Stability costs and funding EoY increase since Month 3 of £1.2m due to recognition of increased cost of backfill for sickness absence as a result of exhaustion, stress and isolation;
- COVID-19 expenditure and funding is based on an (up to) twelve month scenario following WG guidance;
- Full year COVID-19 funding not yet confirmed or 'fixed' by WG.

Executive Summary: Key drivers of in-month position

In-month variance by Directorate



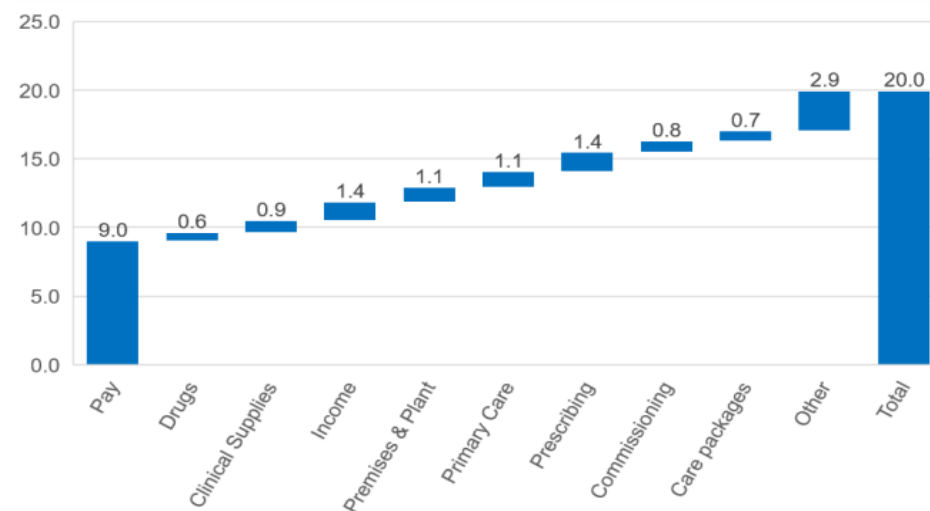
In-month variance by Subjective



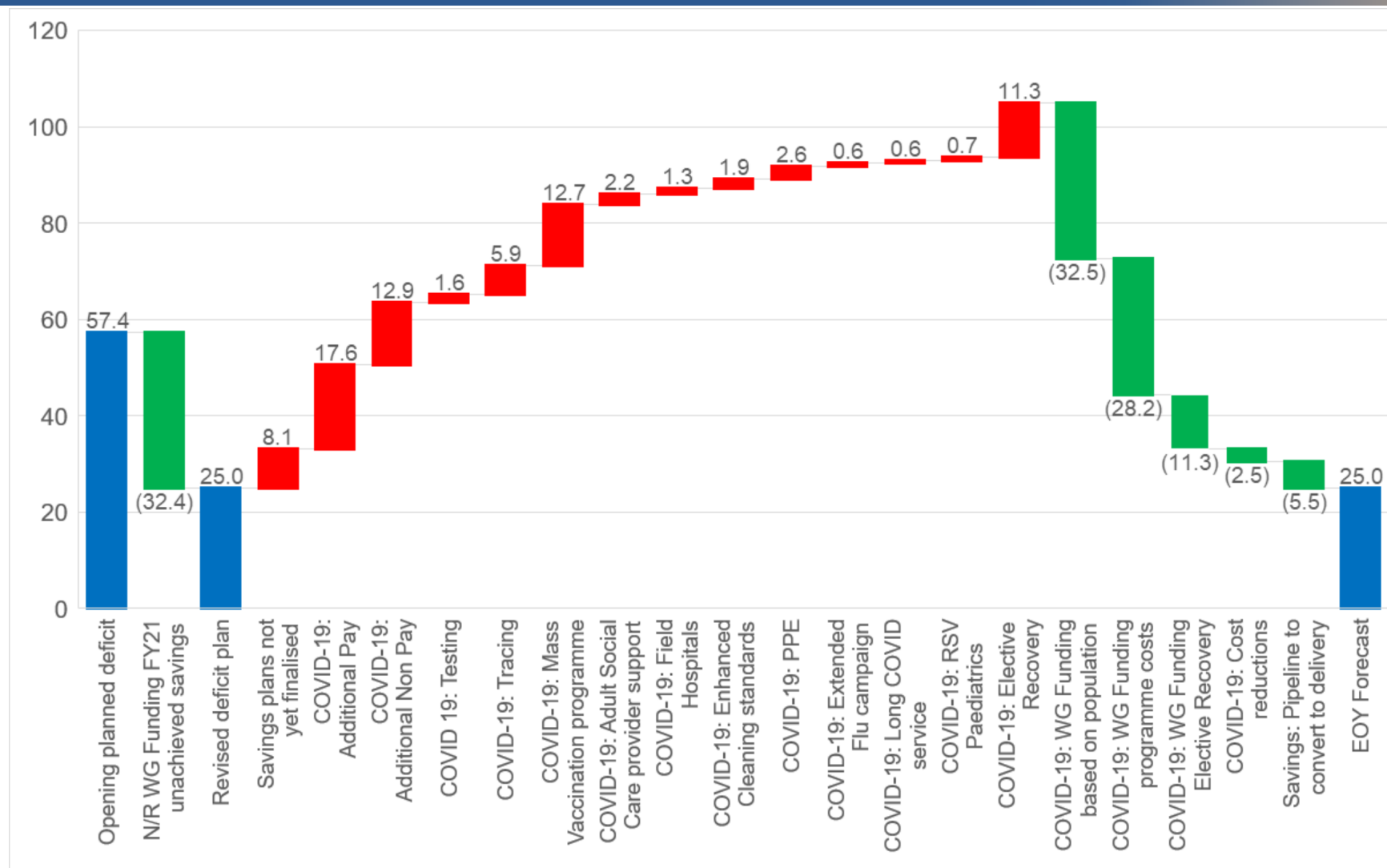
Directorate over-spends were primarily driven by:

- Unscheduled Care (£1.9m):** 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 Emergency departments and staff sickness / fatigue;
- Medicines Management (£0.3m):** On-going effect of price increases within Primary Care Prescribing since April 2020;
- Public Health (£1.2m):** Primarily due to TTP expenditure and mass vaccination programme as part of the Health Board's response to COVID-19.

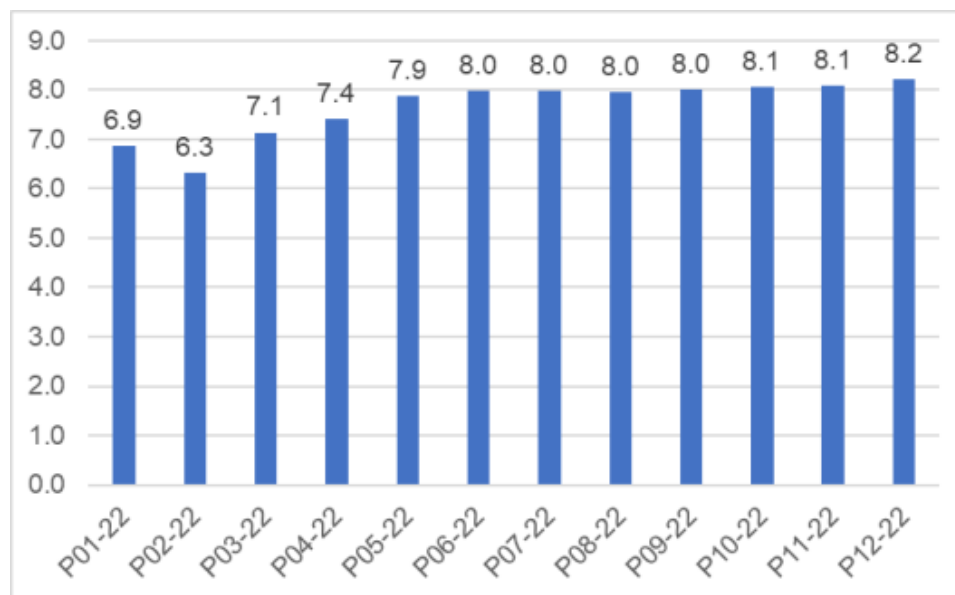
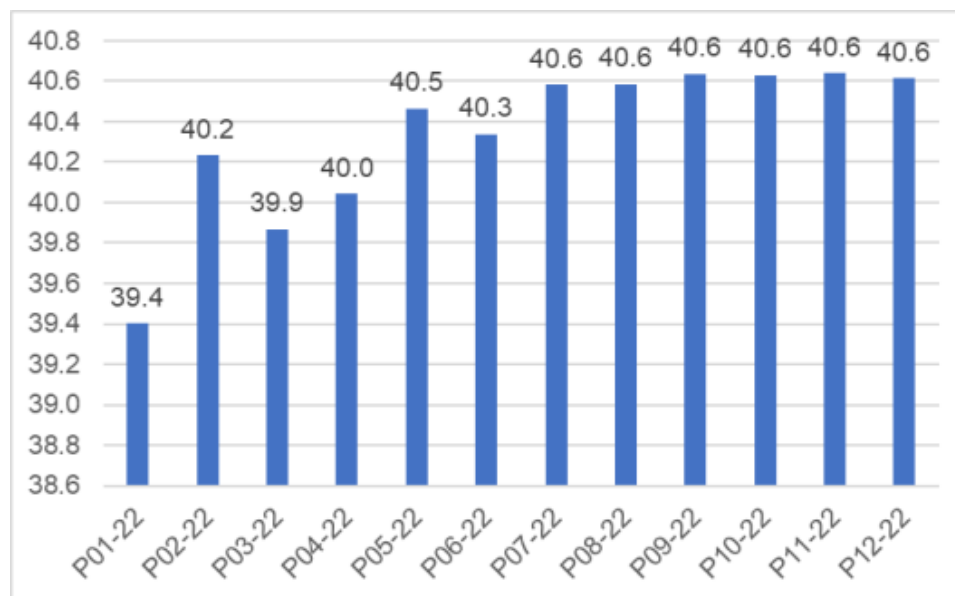
YTD actual by Subjective (COVID-19 only)



End of Year Financial Position 2021/22



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 £73.5m 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:

- Acute pressures in Emergency Departments are now anticipated to continue for the remainder of the financial year;
- A continued reliance on Agency to backfill vacancies and sickness over the Winter months is expected. Additional pay costs are assumed to be required to deliver additional capacity for elective recovery;
- Contracts for fixed term staff recruited in response to the COVID-19 pandemic will be extended to March 2022;
- Addition of the Long COVID-19 Service from Month 6;
- £3.1m (70%) of anticipated Pay Savings schemes is across Months 7-12 offsetting the impact of an assumed 1% Pay Award to staff.

Non-Pay

The step up in actual expenditure in future months is primarily due to the reinstatement of Elective services and the escalated recovery activity delivered through Outsourcing, as approved for additional WG COVID-19 funding.

Financial Position 2021/22: Key items

Description	Total	Central	Pay	Non-Pay
Deficit plan	25.0	25.0		
COVID-19: Testing	1.6		1.4	0.2
COVID-19: Tracing	5.9		0.2	5.7
COVID-19: Mass vaccinations	12.7		6.0	6.7
COVID-19: Field Hospitals	1.3		0.4	0.9
COVID-19: Enhanced Cleaning standards	1.9		1.8	0.1
COVID-19: Extended Flu	0.6			0.6
COVID-19: Adult Social Care provider	2.2			2.2
COVID-19: Elective Care recovery	11.3		1.4	9.9
COVID-19: Long COVID Service	0.6		0.5	0.1
COVID-19: RSV Paediatrics	0.7		0.6	0.1
COVID-19: Stability costs	33.1		17.7	15.4
COVID-19: WG Funding	(72.0)	(72.0)		
COVID-19 Cost reductions	(2.5)	(2.5)		
Savings to be identified	8.1	8.1		
Pipeline savings schemes to deliver	(5.5)	(5.5)		
Total	25.0	(46.9)	30.0	41.9

• Local Authority Tracing: £5.7m.

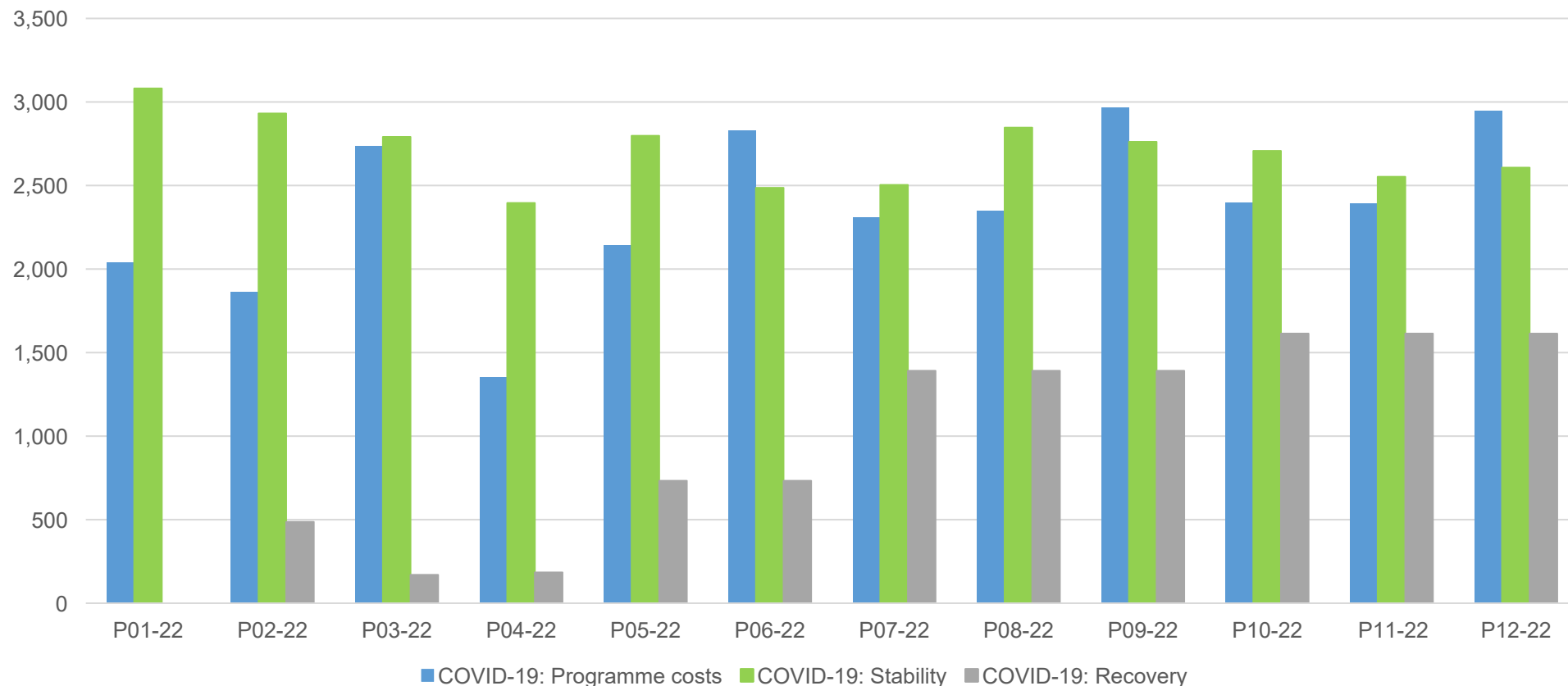
• GMS Enhanced Services: £5.2m
• Premises costs: £1.5m

• Private Hospital providers: £9.3m

• Planned Care Non-Pay: £1.5m;
• Primary Care enhanced and other services: £0.3m;
• LTAs and CHC Retrospective reviews: £0.2m

• Healthcare Support Workers: £4.1m;
• Admin & Clerical: £1.8m;
• Estates (Cleaning and Portering): £4.3m;
• Medical staff: £1.5m, of which £1.1m is Agency use;
• Nursing: £6.0m, of which £4.9m is Agency use.

• Prescribing: £4.4m;
• Dental contract loss of income: £1.7m;
• Drugs and Medical Gases £2.1m;
• PPE: £2.6m;
• Loss of NCA income: £0.8m;
• Loss of catering income £0.4m.



At this stage, forecasting in line with guidance, Welsh Government funding has been profiled to offset expenditure in full. There is a risk to £20.1m of COVID-19 funding as WG has not yet had confirmation that this has been secured at a national level.

It has not yet been confirmed when funding from WG will be 'fixed'. Once confirmation has been received, the income profile will be included to highlight any deviations.