Financial Performance Month 2
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 2 position

- Month 2 YTD variance to breakeven £14.7m.
- Month 2 position is £6.4m (Month 1: £4.2m) operational variance to plan: £10.6m YTD; with increase primarily due to higher workforce and prescribing expenditure and loss of non-contracted income arising from the COVID-19 pandemic.
- Additionality of costs incurred in Month 2 due to COVID-19: £9.8m (Month 1: £6.7m), with underspends re-purposed of £3.4m.

Projection

- The savings requirement is at risk of non-delivery due to the operational focus being diverted in response 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, finalising the Quarter 2/3 Operational Plans.
- 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 the level of additional revenue and capital funding available.
Key drivers of YTD position:

- **Savings non-delivery (£5.0m):** As a consequence of COVID-19, directorates have been unable to execute or identify additional savings plans as efforts have been re-purposed to respond to the pandemic.
- **Counties (£2.2m):** The cost of setting up and operating the various Field Hospitals with the Health Board’s localities are contained within Finance Directorate.
- **Workforce (£1.0m):** In response to the Pandemic, the Health Board have recruited significant numbers of fixed term staff within both clinical professions and Estates to support the response to the pandemic.
- **Medicines Management (£1.0m):** Pressures continue in the use of Category M and New Oral Anticoagulant (NOAC) drugs. A further cost pressure has been recognised in Month 2 for the impact of higher levels of No Cheaper Source Obtainable (NCSO) drugs incurred since March 2020.
- **Planned Care (-£1.0m):** underspend is primarily driven by reduced activity in elective services, which has dramatically reduced the non-pay element of Theatre spend.
Key drivers of YTD position:

- **Savings non-delivery (£5.0m):** As a direct consequence of COVID-19, Directorates have been unable to execute or identify additional savings plans as efforts are re-purposed in response to the pandemic.

- **Pay (£2.2m):** Largely driven by fixed-term cohort recruited in response to COVID-19 (YTD: £1.6m) and by partial recognition of the Medical and Dental enhancements Pay Circular in response to COVID-19 (YTD: £0.8m).

- **Prescribing (£1.2m):** Pressures continue in Category M outturn despite an increase in budget for 2020/21; continued increase in use of NOACs; impact of higher levels of NCSO drugs; impact of COVID-19 recognised in Month 2 following receipt of March 2020 activity data.

- **Other Non-Pay (£3.0m):** Primarily driven by Premises costs (£2.4M) which are directly attributable to COVID-19 response (Particularly Field Hospitals).
Procurement systems and processes provide the best route to value for money and safety both in terms of quality products and fraud prevention and wherever possible these existing governance arrangements have been applied. However, the processes are frequently time-consuming and require pre-planning and, at times, a tolerable level of risk was accepted to ensure expediency.

**Pay**
- Additional Staff: Approved by Gold on fixed term basis
- Existing Staff: e-rostering; payroll proforma for deployment additionality; locum additionality on approved rosters
- Variable Pay: electronically recorded and authorised
- Medical Enhancements: WG Pay Circular
- Local Arrangements: implemented by Service Leads – not yet fully understood

**Drugs**
- Direct Pharmacy feed – completeness not yet validated

**Clinical Supplies and Premises and Fixed Plant**
- Standard and Retrospective approval process described above

**Savings Non-Delivery**
- Approved by Board through bi-monthly reporting cycle

**Income, Prescribing and Care Packages**
- Quantified in line with reporting principles approved by Board

**Primary Care**
- All-Wales WG guidance regarding treatment of Dental Contracts applied

- Retrospective Decision-Making Record completed for instances during March and April where managers had to make decisions or commitments which would not normally be allowable under Health Board Standing Orders, Standing Financial Instructions and Scheme of Delegation.
- Limits set out in current Scheme of Delegation not amended during the pandemic.
- Management of rotas remains the responsibility of the relevant budget holder.

Letter issued to budget holders:
- Continue to operate within remit of Standing Financial Instructions and Scheme of Delegation;
- Use best endeavours to deliver value for money within delegated budgets.
Pay

Workforce planning decisions required in relation to:

- Potential extension of the fixed term contracts, aligned to the Q2 Operational Plan;
- Re-configuration of medical rosters, reducing premium enhancement arrangements;
- Review of Directorate use of agency resource.

Nurse Agency expenditure continues to be significantly lower than average prior year levels (-£0.6m) due to the service changes in response to the COVID-19 pandemic and reduced activity (for example in A&E); this is primarily seen within Unscheduled Care and Planned Care Directorates.
• 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 costs peaked in March 2020 (data available two months in arrears), which is expected to impact a minimum of several months of 2020/21.
Nursing underspends (£56k) - mainly Palliative Care and Intermediate Care Team.
In month explanation of result

Costs associated with Bluestone Field Hospital.
In month explanation of result

Costs associated with Bluestone Field Hospital.
Nursing underspends (£56k) - mainly Palliative Care and Intermediate Care Team.
Various vacancies in A&C.
Nursing underspends (£56k) - mainly Palliative Care and Intermediate Care Team. Various vacancies in A&C.
Interactive Directorate dashboards

Introduction of non-financial drivers

Training programme (Finance and non-Finance)

Introduce additional levels of data mapping intelligence

Accelerate reporting of financial position to budget holders

Automate Executive Summary dashboard of HB-wide position

Improved decision-making