

## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	29 April 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Finance Report – Month 12 2020/21
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Rebecca Hayes, Senior Finance Business Partner

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

<b>ADRODDIAD SCAA SBAR REPORT</b>
<b><u>Sefyllfa / Situation</u></b> <p>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 2020/21 against the Annual Plan. This result is subject to the closure and submission to Welsh Government (WG), of the final accounts for 2020-21 and the subsequent audit by Audit Wales.</p> <p>The monthly reporting to WG is in line with the written report provided to the Finance Committee and to Board; the full submission inclusive of detailed financial tables has been included for information under agenda item 4.2 (Appendices 2a and 2b).</p>
<b><u>Cefndir / Background</u></b> <p><b>HDdUHB's agreed Financial Plan is to deliver a deficit of £25m, after savings of £34.2m.</b></p> <p><b>Month 12 position</b></p> <ul style="list-style-type: none"> <li>Before recognising the COVID-19 WG funding in-month, the Month 12 variance to breakeven is £40.2m (Month 11, £11.8m). The expenditure level is significantly higher than Month 11, with the recognition of the Annual Leave carryover (£12.0m) and Medical Study Leave carryover (£1.5m) provisions in response to COVID-19; COVID-19 Staff Bonus payment (£11.3m); and 6.3% Pension provision (full year, £19.3m).</li> <li>The in-month reported position is a slight underspend of £0.1m against a deficit plan of £2.1m, after utilising the required balance of WG funding to mitigate the costs resulting from the COVID-19 pandemic, having offset the cost reductions recognised due to reduced operational activity levels. The End of Year variance to breakeven is therefore £24.9m.</li> <li>The additional costs incurred in Month 12 due to the impact of the COVID-19 pandemic are £41.3m (Month 11, £12.6m).</li> </ul>
<b><u>Asesiad / Assessment</u></b> <p><b>Summary of key financial targets</b></p>

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

Key target		Annual limit	Actual delivery
Revenue	£'m	25.0	24.9
Savings	£'m	34.2	3.4
Capital	£'m	34.5	34.4
Non-NHS PSPP	%	95.0	95.3
Period end cash	£'m	4.0	2.3

#### Argymhelliad / Recommendation

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

#### **Amcanion: (rhaid cwblhau)**

#### **Objectives: (must be completed)**

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	2.5 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:	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:	Improve Population Health through prevention and early intervention

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
<b>Ar sail tystiolaeth: Evidence Base:</b>	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
<b>Rhestr Termiau: Glossary of Terms:</b>	Explanation of terms is included in the report
<b>Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to Finance Committee:</b>	Finance Team Executive Team

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	The impact on patient care is assessed within the savings schemes.
<b>Gweithlu: Workforce:</b>	The report considers the financial implications of our workforce.
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: Legal:</b>	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.
<b>Enw Da: Reputational:</b>	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, the Wales Audit Office, and with external stakeholders
<b>Gyfrinachedd: Privacy:</b>	Not applicable
<b>Cydraddoldeb: Equality:</b>	Not applicable

# Financial Performance EOY Month 12 2020/21

**Health Board agreed Financial Plan to deliver deficit of £25m, after savings of £34.2m.  
EOY position £24.9m against a forecast of £25m.**

***This result is subject to the closure and submission, to Welsh Government, of the final accounts for 2020-21  
and the subsequent audit by Audit Wales***

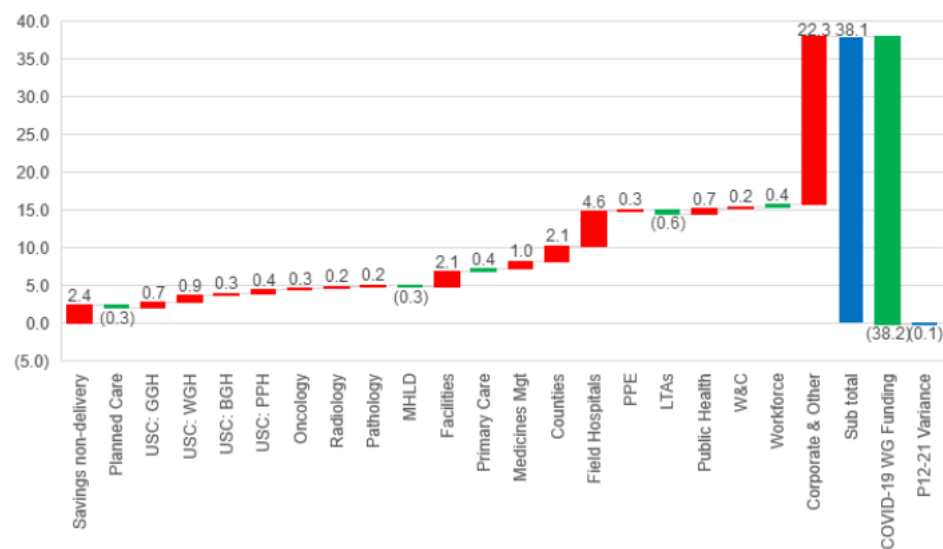
Financial position	Month 11 £'m	Month 12 £'m	EOY £'m
Additional COVID-19 costs	12.6	41.3	147.1
Cost reductions due to reduced activity	(2.9)	(3.2)	(31.0)
<b>Operational variance before WG funding COVID-19</b>	<b>9.7</b>	<b>38.1</b>	<b>116.1</b>
Planned deficit	2.1	2.1	25.0
<b>Variance to breakeven before WG funding COVID-19</b>	<b>11.8</b>	<b>40.2</b>	<b>141.1</b>
WG funding COVID-19 for 'specific' costs*	(1.9)	(4.9)	(24.9)
WG funding COVID-19	(7.8)	(33.3)	(91.3)
<b>Reported financial position</b>	<b>2.1</b>	<b>2.0</b>	<b>24.9</b>

WG funding in response to the pandemic were utilised in totality against all COVID-19 related expenditure, with cost reductions exceeding the anticipated level by £0.1m.

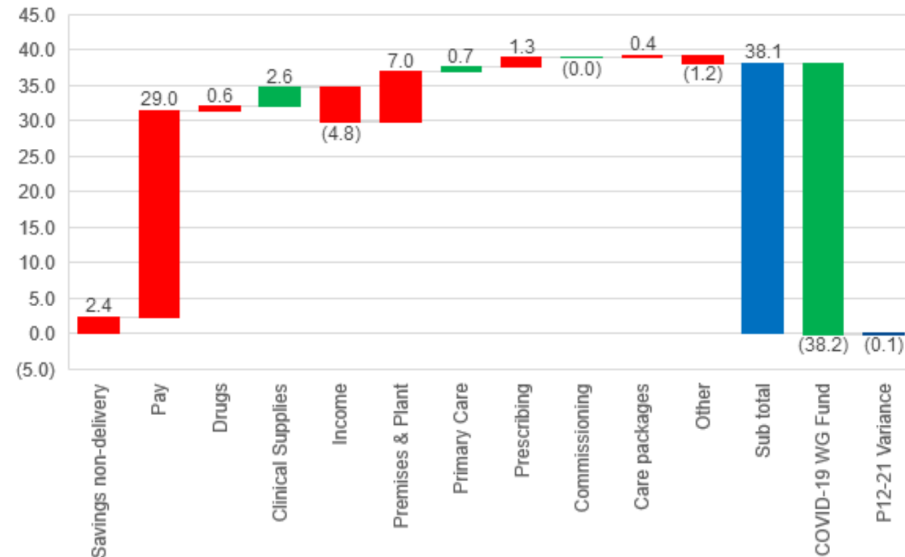
*As part of the NHS Wales response to the COVID-19 pandemic, a number of consumable and revenue equipment items have been purchased centrally within NWSSP and provided to UHBs/Trusts free of charge. The Health Board received £3.1m worth of stock which has been fully utilised within the Health Board, this is included in the financial accounts under the heading 'Receipt of NWSSP Centrally Purchased assets'.*

# Executive Summary: Key Drivers of in-month Position

## In-month variance by Directorate



## In-month variance by Subjective



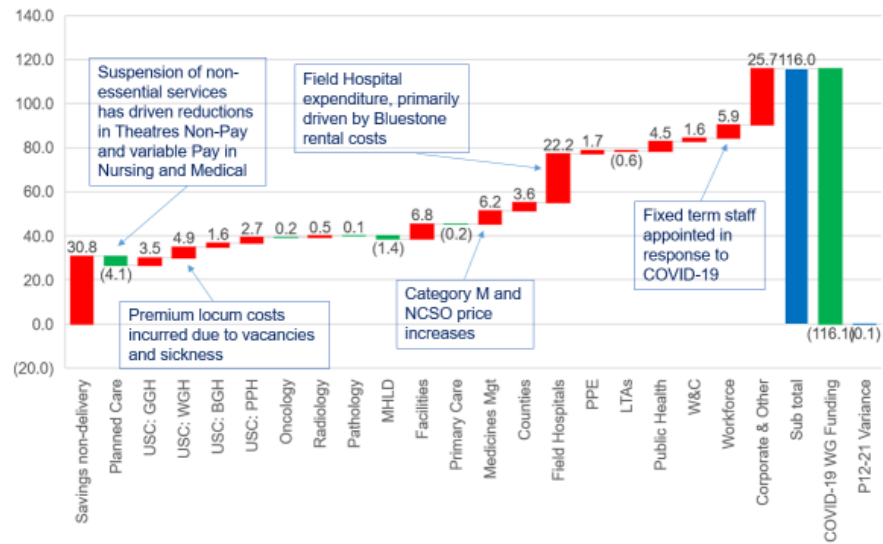
### Directorate over-spends were driven by:

- Field Hospital costs, largely being consequential losses, decommissioning costs (partly due to the recognition of £0.9m for onerous contracts) rent, equipment rental, utilities and security costs, £4.6m;
- Non delivery and unidentified savings, £2.4m;
- Unscheduled Care, primarily due to roster pressures impacting variable pay, non-COVID-19 ED activity and enhanced rates of overtime £2.3m;
- Facilities, in respect of system licences, essential maintenance and equipment replacement, £2.1m;
- Counties, £2.1m, with an investment in telehealth in Carmarthenshire, Winter schemes, increased capacity in Cleddau day unit;
- Public Health, primarily due to the Local Authority TTP expenditure of £0.7m;
- Medicines Management, primarily due to the impact of COVID-19 on Primary Care Prescribing expenditure of £1.0m.

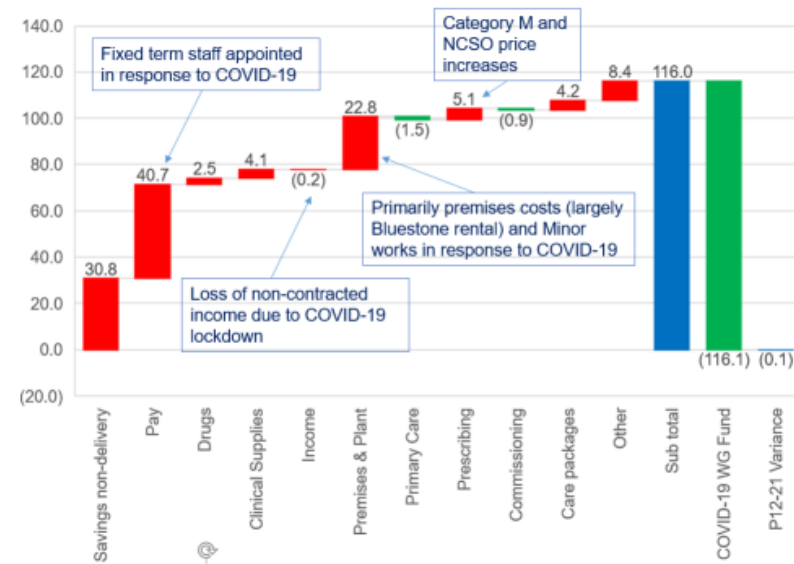
The Corporate in-month position includes the year end provisions for Annual Leave (£12.0m) and Medical Study Leave carryover (£1.5m), the COVID-19 Staff Bonus payment (£11.3m) and 6.3% Pension provision (full year, £19.3m).

# Executive Summary

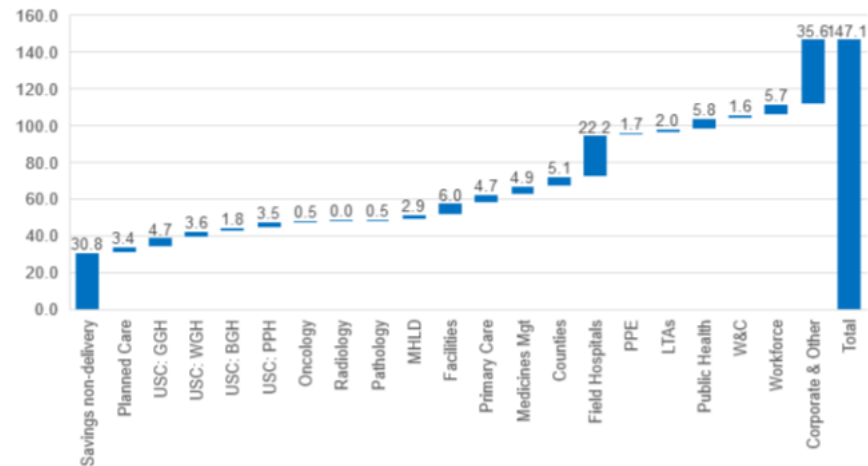
## YTD variance by Directorate (against Plan)



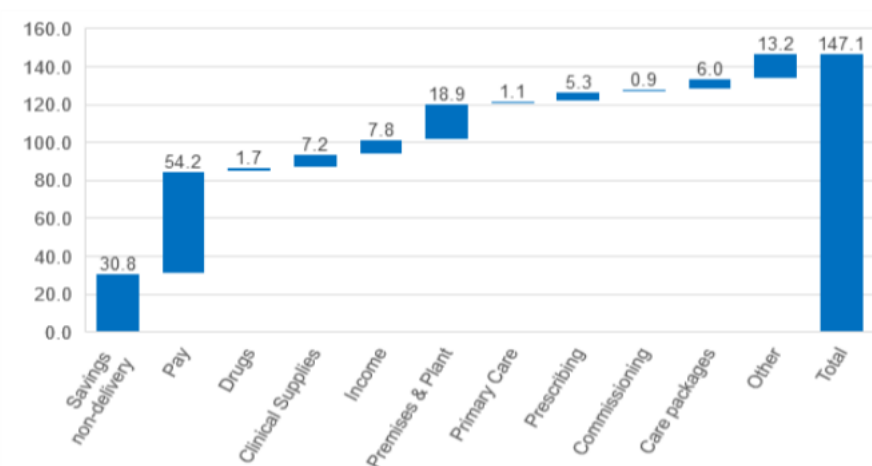
## YTD variance by Subjective (against Plan)

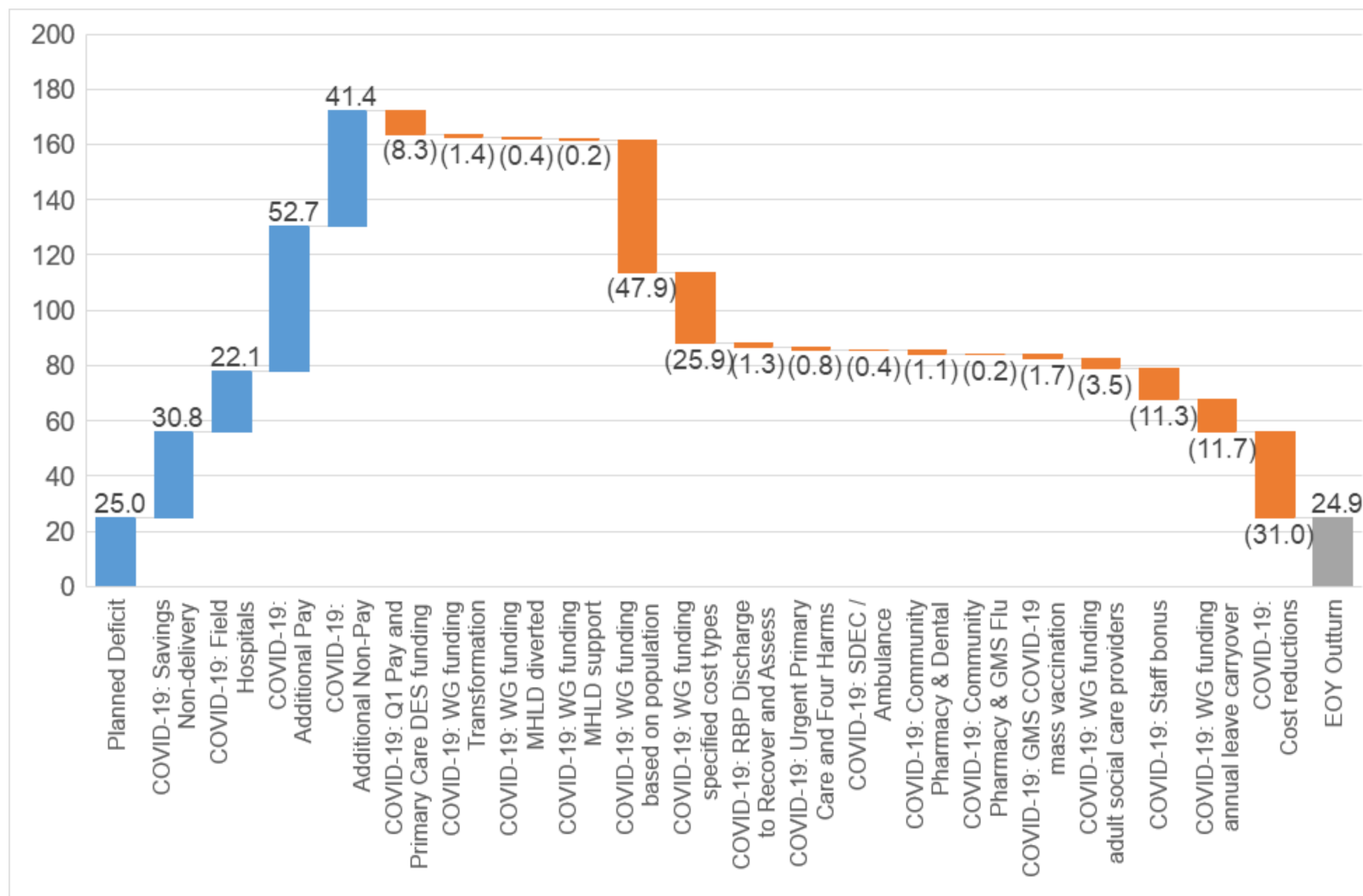


## YTD actual by Directorate (COVID-19 only)

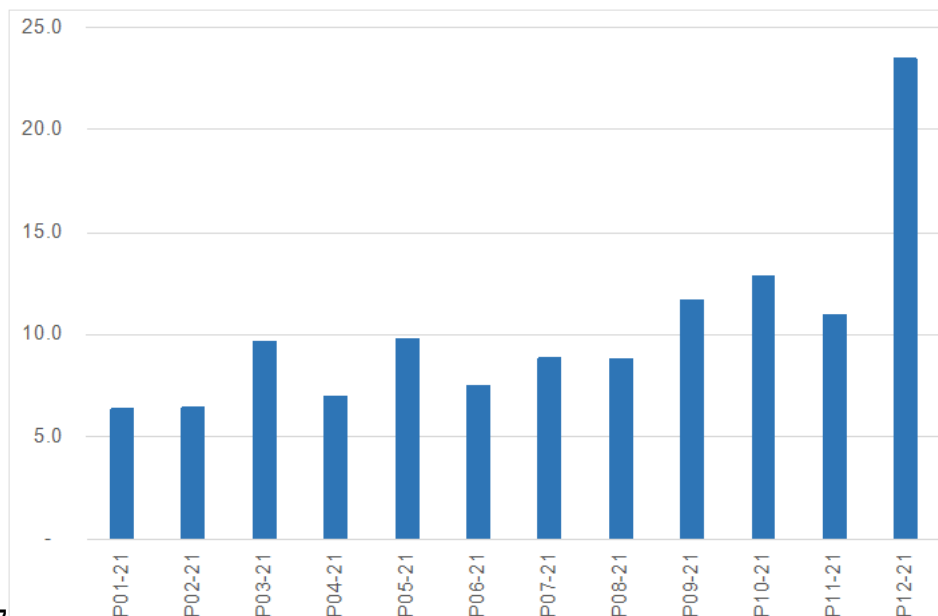
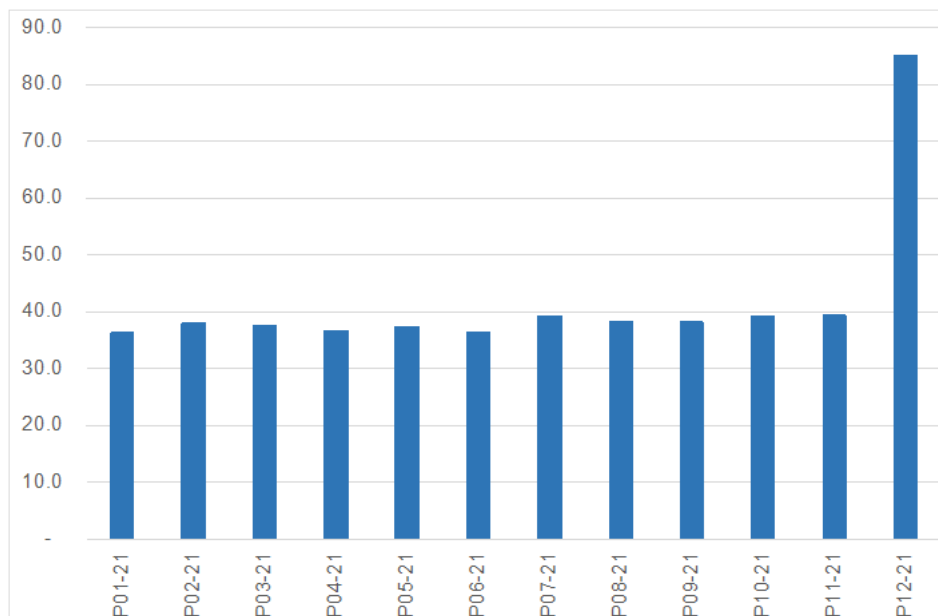


## YTD actual by Subjective (COVID-19 only)









## Pay

The increase in staffing costs in Month 12 is primarily in relation to:

- Annual Leave carryover (£12.0m) and Medical Study Leave carryover (£1.5m) provisions in response to COVID-19;
- COVID-19 Staff Bonus payment (£11.3m);
- 6.3% Pension provision (full year, £19.3m);
- Nurse Agency costs over and above Month 11 in response to increased non-COVID-19 activity levels (£0.9m);
- Enhanced overtime rates over and above prior months (£0.4m).

## Non-Pay

Significant increase in expenditure profile in future months within Non-Pay in relation to:

- ICF revenue projects;
- ICF Capital (£4.3m);
- Bed and equipment replacement;
- TTP;
- HMRC provisions;
- Planned Care consumables and prosthetics;
- Field Hospital decommissioning costs and onerous contracts.

	Total	Central	Pay	Non-Pay
<b>Plan</b>	<b>25.0</b>	25.0		
<b>Field Hospitals</b>	<b>22.1</b>		1.1	21.0
<b>Savings</b>	<b>30.8</b>	30.8		
<b>COVID-19 Existing sites</b>	<b>94.1</b>	24.8	27.9	41.4
<b>WG funding</b>	<b>(116.1)</b>	(116.1)		
<b>Cost reductions</b>	<b>(31.0)</b>	(31.0)		
	<b>24.9</b>	(66.5)	29.0	62.4

- Consequential losses\* £6.9m;
- Set up costs £6.5m;
- Restoration costs £3.6m;
- Security, site management, equipment and bed hire £2.4m;
- Other running costs £0.7m;
- Rent\*, rates and utilities £0.9m.

- Annual Leave Carryover provision £12.0m; Medical Study Leave £1.5m; Staff Bonus £11.3m.

- Planned Care Non-Pay £5.3m and Pay £1.0m;
- Unscheduled Care £3.5m
- Reduced activity in other acute services £3.9m;
- Nursing Agency £2.4m;
- Travel £2.0m;
- Dental GDS contract £1.7m;
- Reserve slippage £9.4m;
- LTA drugs recharges £1.0m;
- WHSSC LTA £0.8m.

- Fixed term cohort extended to March 2021 £10.1m;
- Establishment additionality £10.4m (Nursing £3.2m, Medical £2.7m, HCSW £2.6m, Estates £1.1m);
- Agency £5.4m (Nursing £3.4m, Medical £1.6m);
- Student Nurses early on-board £1.6m, other Students £0.4m;

- Prescribing £4.7m;
- TTP, including antigen and antibody testing (LA pass through £3.0m) £4.6m;
- Equipment costs £4.9m;
- M&SE consumables £2.9m;
- CHC (accelerated discharge premium) £1.1m and Adult Social Care Provider Support £3.5m;
- Dental contract loss of income £2.8m;
- PPE £2.7m;
- Loss of NCA income £2.0m;
- GMS COVID-19 vaccinations £1.7m;
- Drugs and Medical Gases £1.4m;
- Flow Optimisation £1.2m.

- The spilt of consequential losses and rent has been reviewed, calculating the difference between actual costs paid and commercial rental value (per sq. ft) as the consequential loss.
- The cost of onerous contracts in relation to Bluestone and Parc Y Scarlets have been classified against consequential losses of £0.5m and decommissioning costs of £0.4m).