

Financial Performance and EOY Forecast Month 5

**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 5 position

- Month 5 YTD variance to breakeven £31.8m.
- Month 5 position is an adverse £4.4m (Month 4, £6.9m) operational variance to plan (£21.4m YTD).
- Improvement in in-month variance due to reduction in fixed term cohort, re-negotiated Bluestone rent, Non-contracted income and Primary Care.
- Additional costs incurred in Month 5 due to COVID-19 £10.7m (Month 4, £8.9m), with underspends repurposed of £2.8m.

Projection

- The savings requirement is not expected to deliver due to the operational focus being diverted to respond 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

- Clarity as to what current escalation measures can be safely and appropriately de-escalated/decommissioned and which ceased/deferred services/activities can be recommenced. A key element of this will be in relation to finalising the operational plans for Winter demand and capacity.
- Continue to work with Welsh Government to understand future levels of additional revenue and capital funding available.

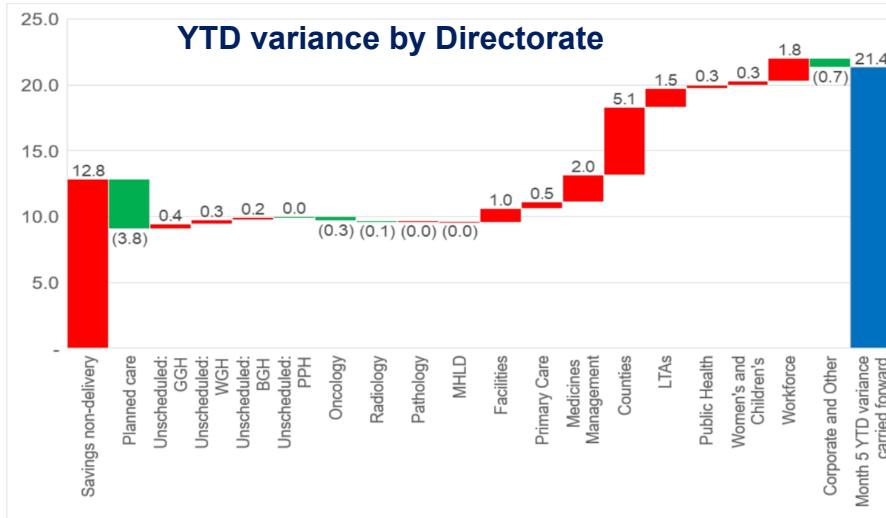
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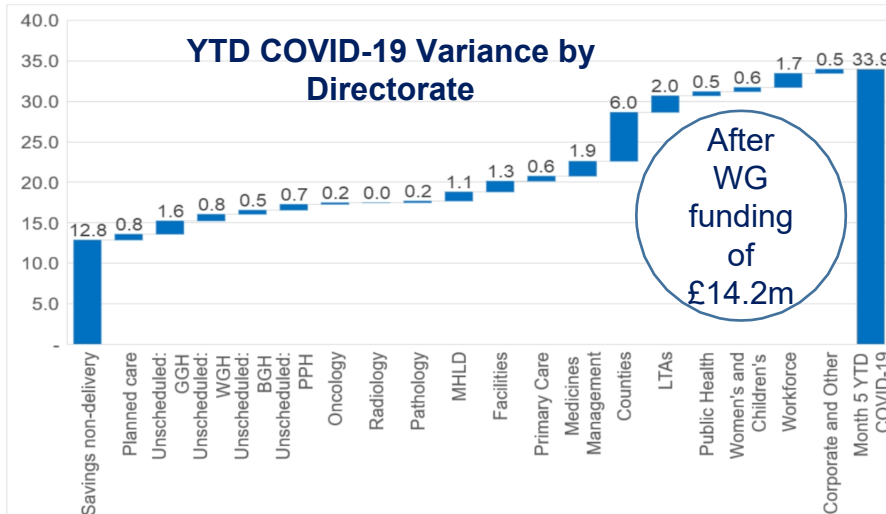
Forecast

Performance – YTD Financial Position



Key drivers of YTD position:

- **Savings non-delivery (£12.8m):** As a consequence of COVID-19, directorates have been unable to execute or identify additional savings plans as efforts re-purposed to respond to the pandemic.
- **Counties (£5.1m):** The cost of setting up and operating the various Field Hospitals with the Health Board's localities are contained within this directorate. Set up costs of £3.2m for Carmarthenshire set up costs were recognised and funded in Month 5.
- **Medicines Management (£2.0m):** Pressures continue in the Category M and No Cheaper Source Obtainable (NCSO) drugs and in the use of NOACs.
- **Planned Care (-£3.8m):** underspend primarily driven by reduced activity in elective services which has dramatically reduced the non pay element of Theatre spend



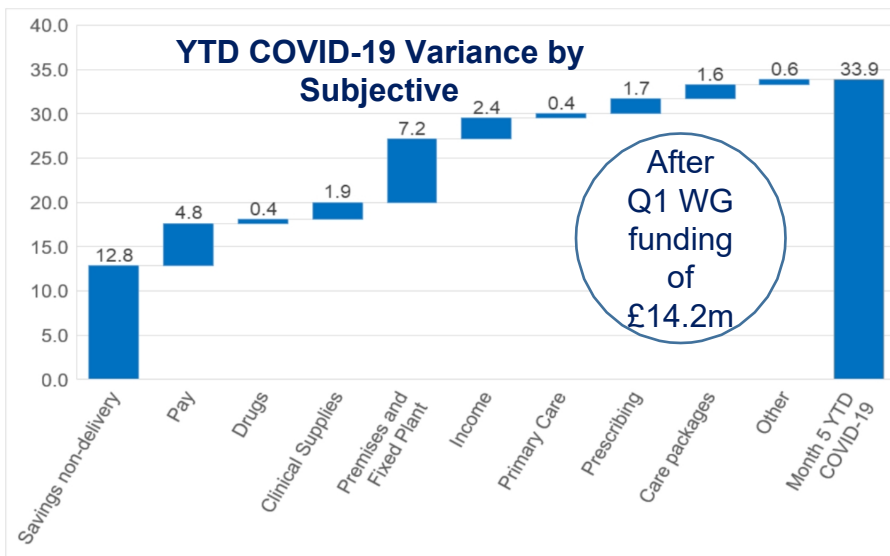
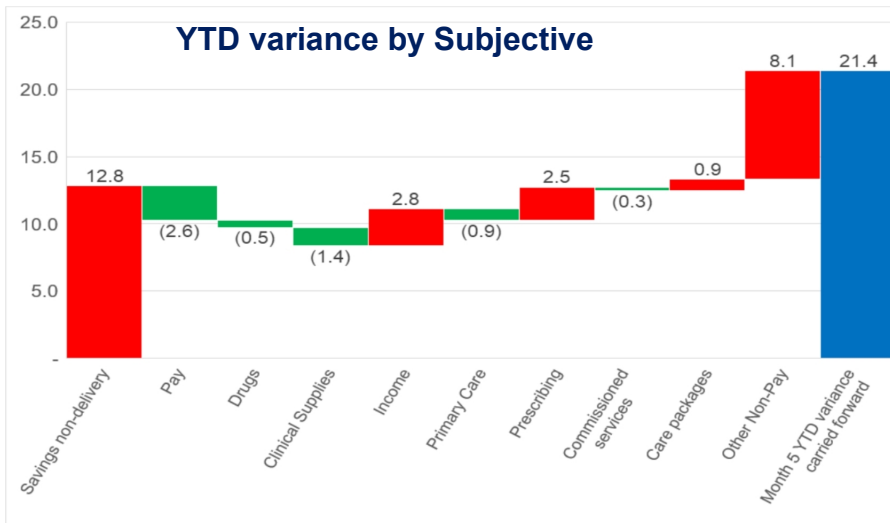
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Performance – YTD financial position



- Key drivers of YTD position:
- **Savings non-delivery (£12.8m):** As a direct consequence of COVID-19, directorates have been unable to execute or identify additional savings plans as efforts re-purposed to respond to the pandemic
- **Other non-pay (£8.1m):** Primarily driven by COVID-19 Field Hospital Premises costs (£7.2m)
- **Income (£2.8m):** Non Contracted Activity income has been impacted by the lockdown restrictions (£2.0m)
- **Prescribing (£2.5m):** Category M price increases; impact of No Cheaper Source Obtainable (NCSO) basket increase; and increased use of NOACs
- **Care packages (£0.9m):** Expedited discharge of CHC Patients at a premium rate and patients being placed in out of area accommodation
- **Pay (-£2.6m):** vacancies not filled both substantively and by Agency and Locum due to reduced demand, partly offset by Month 4 fixed term staff cohort
- **Drugs & Clinical supplies (-£1.9m):** primarily driven by reduced activity in elective services within Planned Care (-£3.1m), Unscheduled Care (-£0.3m) and Patient appliance spend (-£0.3m) offset by increased spends as a result of COVID-19 (£2.3 m)

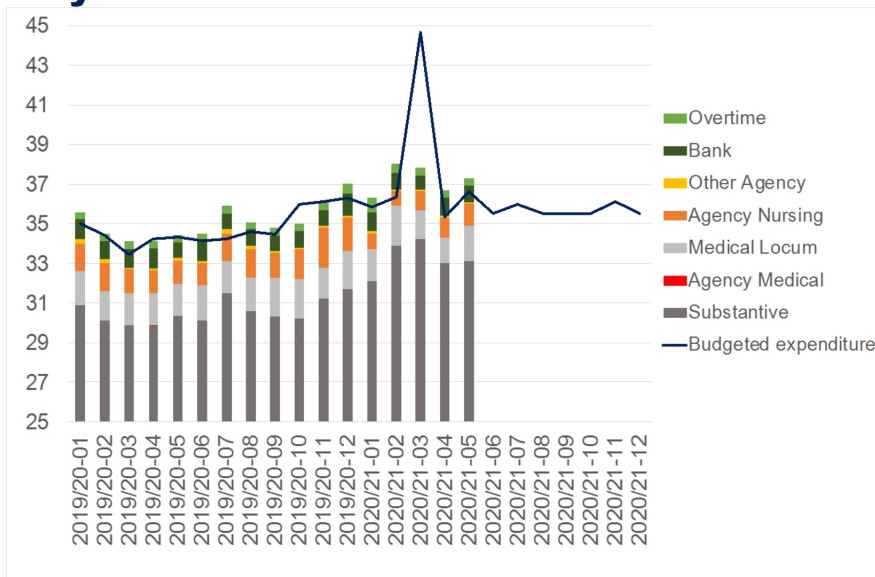
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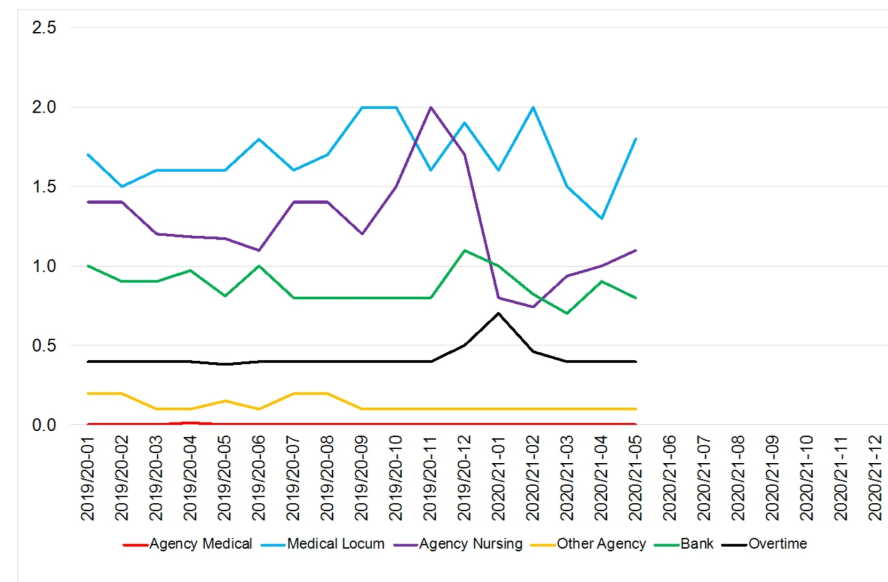
Pay



Month 3 budgeted expenditure includes the WG allocation to retrospectively fund staff-related COVID-19 costs incurred during Q1 (£8.1m).

Workforce planning decisions required in relation to:

- potential extension of the fixed term contracts in September, aligned to the Q3 Operational Plan;
- review of Directorate use of agency resource.



Nurse Agency expenditure continues to be significantly lower than average prior year levels (-£0.6m) although this continues to rise as Nurses deployed to other departments to meet COVID-19 demand return to substantive roles as activity re-commences in some directorates. There has also been a need to backfill substantive Nurses deployed to Carmarthen Field Hospital.

The increase in Medical Locum expenditure is due to vacancies, the response to COVID-19 and annual leave cover.

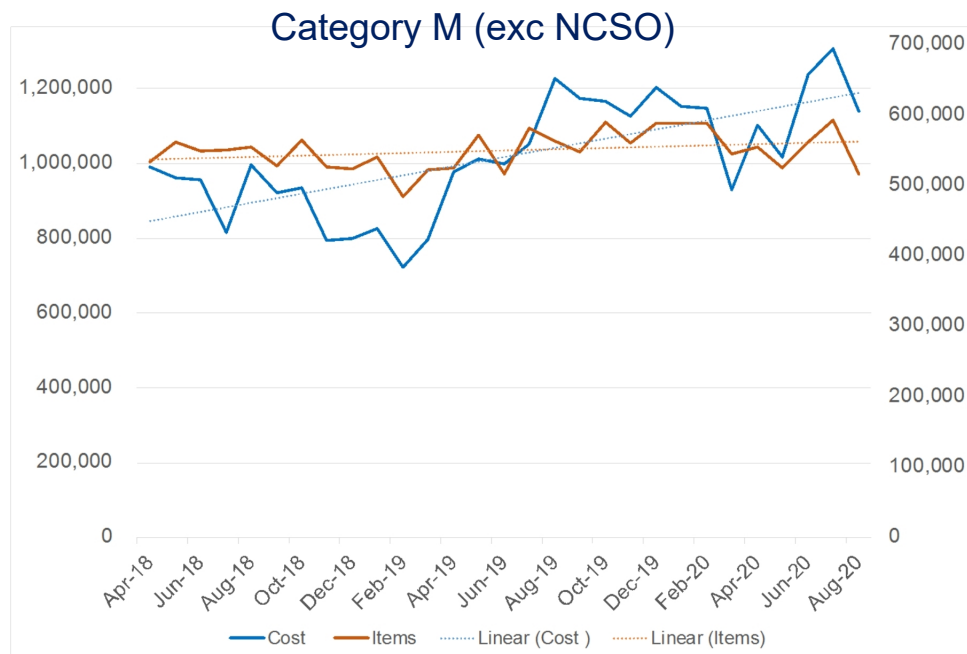
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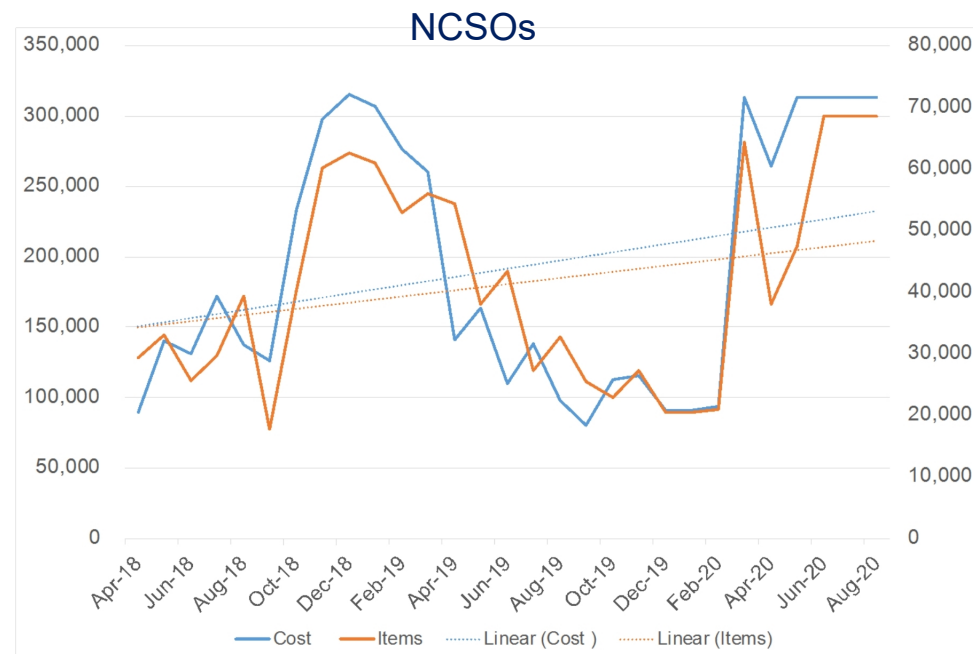
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Primary Care Prescribing (combined COVID-19 and non-COVID-19)



- Price increase from August 2019 of 34p per item. Pressure continues to increase despite budget uplift in 2020/21 Financial Plan.



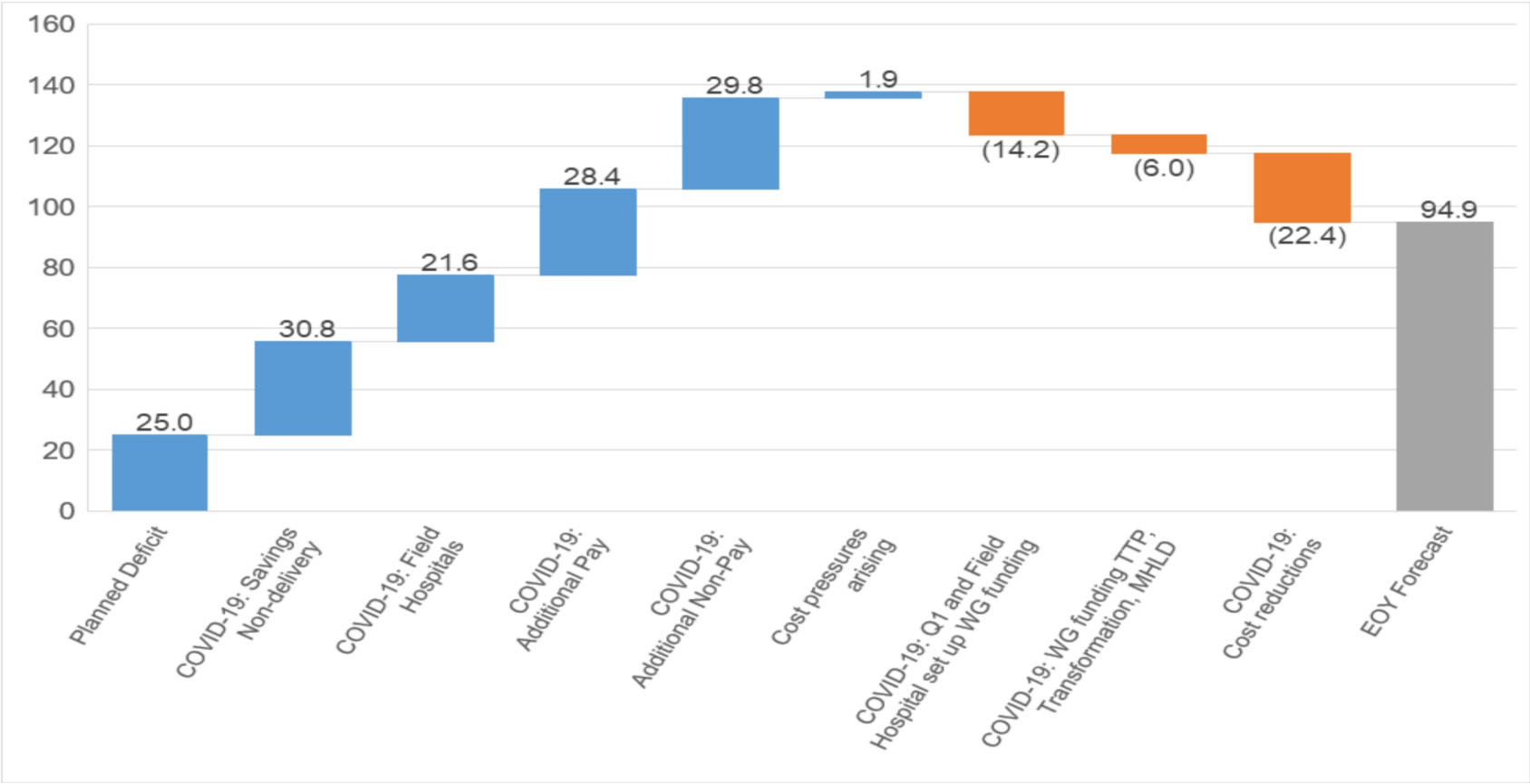
- No Cheaper Source Obtainable (NCSO) drugs peaked in March 2020 (data available two months in arrears), which is expected to impact a minimum of several months of 2020/21.

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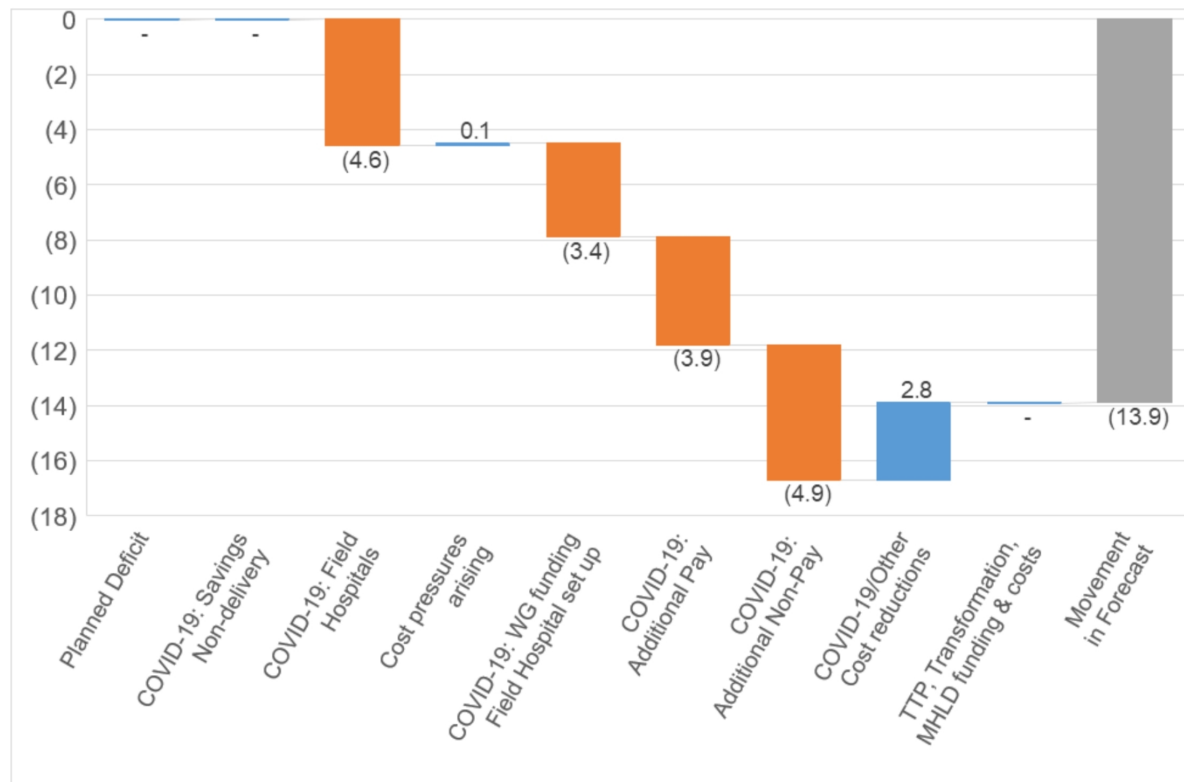
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Significant risks and opportunities which could materially affect the forecast depending on the evolving COVID-19 situation.

The forecast has moved from £108.8m in Month 4 to £94.9m in Month 5.



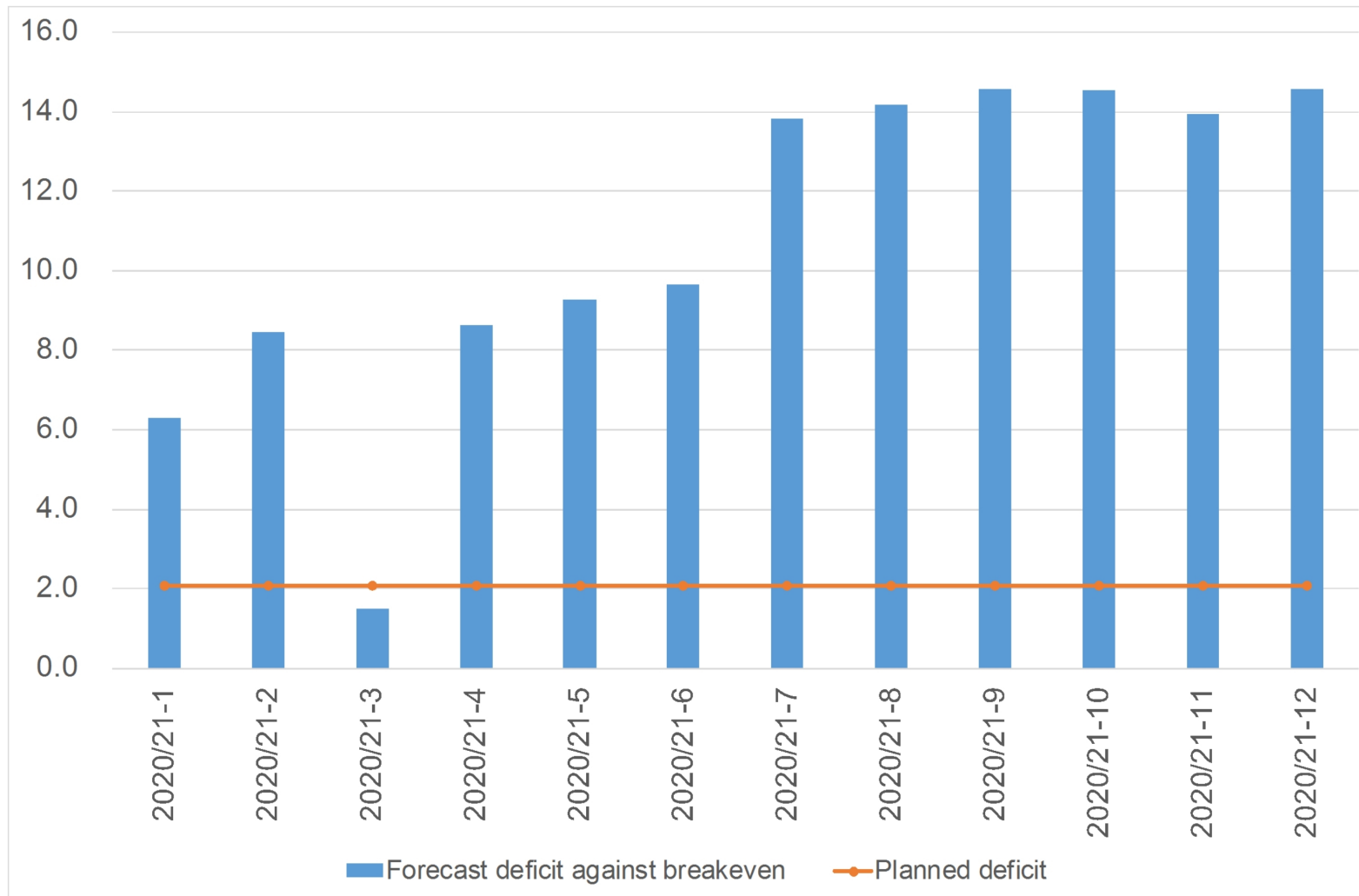
- Field Hospitals: £4.6m reduction due to negotiated reduction in Bluestone rent, and assumption that additional sites are de-commissioned and hibernated;
- Confirmation of further WG funding of Field Hospital set up costs £3.4m;
- Werndale contract Q3 WG funding confirmed £2.1m;
- Unscheduled Care: £1.8m reduction following review of use of fixed term cohort, students, Agency nursing and Medical Locums in response to COVID-19;
- Public Health: £0.9m reduction in staffing model due to continued use of deployed staff, reducing the need for additional hours/agency staff to fulfil testing centre rotas;
- £0.7m Non-Contracted Income following indicative activity levels as lockdown restrictions lifted.

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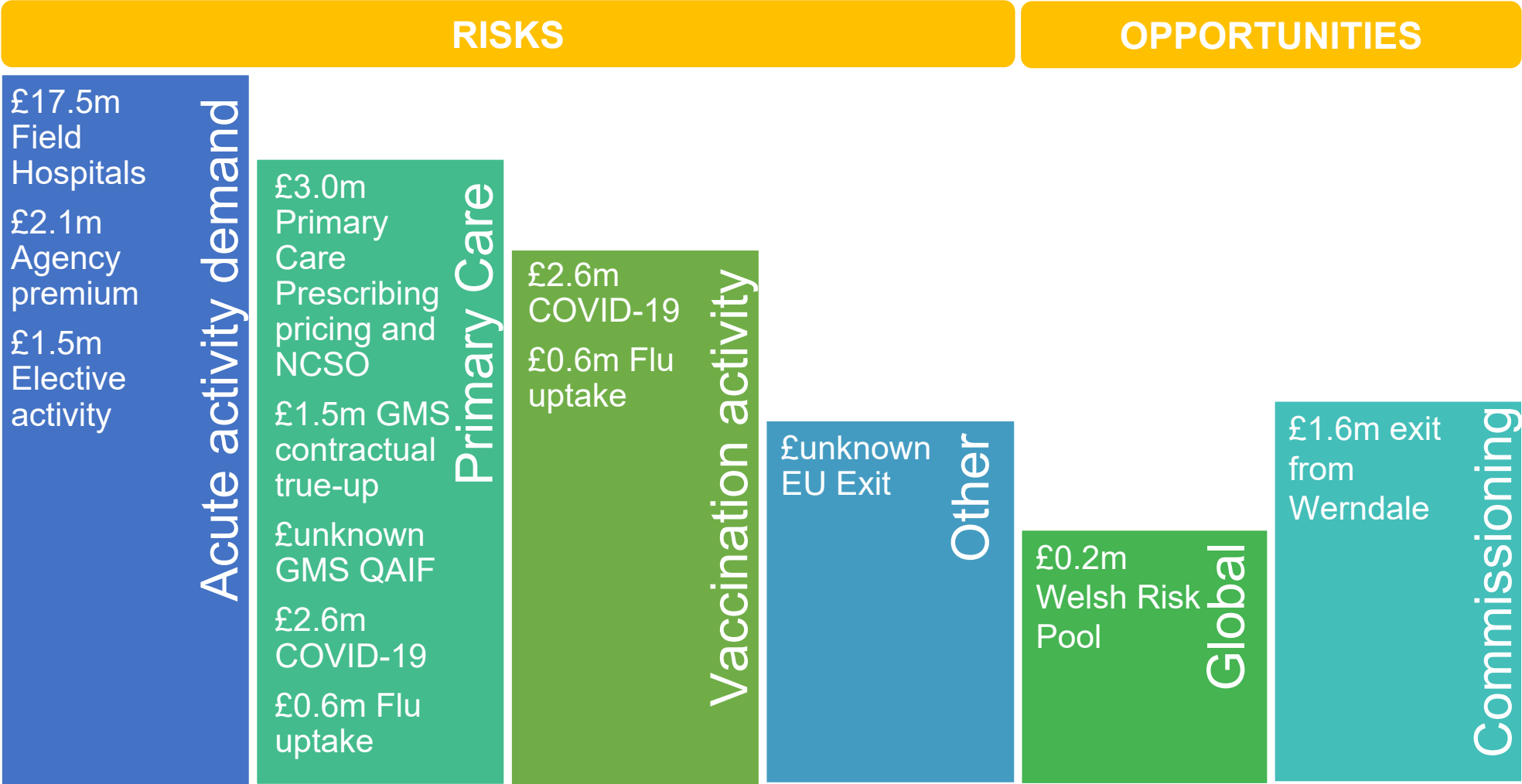


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	Total	Central	Pay	Non-Pay
Plan	25.0	25.0		
Field Hospitals	21.6		1.4	20.2
Savings	30.8	30.8		
COVID-19 Existing sites	58.2		28.4	29.8
Cost pressures	1.9			1.9
Q1 and Field Hospital set up WG funding	(14.2)	(14.2)		
TTP, Transformation, MHL D funding	(6.0)	(6.0)		
Cost reductions	(22.4)	(22.4)		
	94.9	13.2	29.8	51.9

- Rent and rates £5.8m;
- Fit out and restoration costs £10.7m;
- Security, site management, equipment and bed hire £1.8m;
- Consequential losses £0.9m;
- Running costs £1.0m.

- Planned Care Non-Pay £6.9m and Pay £1.3m;
- Unscheduled Care £3.0m
- Reduced activity in other acute services £2.5m;
- Nursing Agency £2.5m;
- Travel £1.7m;
- Dental GDS contract £1.7m;
- Utilise NICE reserve £1.1m;
- LTA drugs recharges £1.0m;
- WHSSC LTA £0.7m.

- Fixed term cohort extended to March 2021 £11.3m;
- Establishment additionality £10.0m (Nursing £3.6m, Medical £2.7m, HCSW £1.6m, Estates £1.1m);
- Agency £5.0m (Nursing £2.7m, Medical £1.9m);
- Student Nurses early on-board £1.5m, other Students £0.6m.

- Prescribing £4.4m;
- TTP (LA pass through £3.8m) £4.1m;
- M&SE consumables £3.1m;
- Dental contract loss of income £2.8m;
- Loss of NCA income £2.3m;
- CHC (accelerated discharge premium) £1.8m;
- MHL D and Transformation £1.8m;
- Werndale Q4 £1.6m.

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Modelled assuming more 'realistic' scenario based on demand to date and local intelligence.

- Impact of current 2m social distancing guidelines in ward areas, whereby existing acute capacity would not significantly reduce following mitigating actions such as screens; the 2m guidance is currently under review;
- Existing Acute capacity is required to be utilised at the forecast Q2 level for the remainder of the year in response to COVID-19;
- Additional capacity required in response to Winter Pressures will largely be fulfilled by Field Hospitals;
- Fixed term cohort extended to March 2021;
- Werndale contract assumed to continue without WG funding in Q4;
- Cost reductions assumed to continue to some extent for remainder of financial year;
- Trace element of TTP included for both HB and Local Authority expenditure in line with WG funding.

Field Hospitals

- Field Hospital requirement of 82 beds at a potential peak:
 - Fulfills capacity lost in existing sites following implementation of current 2m social distancing measures;
 - Number of sites assume no requirement: Parc Y Scarlets Stadium and Barn, Llanelli Leisure Centre, Cardigan Leisure Centre, and Penweddig School.
- Field Hospital staffing modelled on substantive costs basis – no premium for Agency workers is included. Where fixed term employees are available, assumed that these will firstly fulfil the requirements in the Field Hospitals;
- All de-commissioning costs assumed to fall into current financial year, regardless of exit date;
- VAT on revenue set up costs for Bluestone and Parc Y Scarlets Barn recognised based on latest guidance.

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