



CYFARFOD BWRDD PRIFYSGOL IECHYD UNIVERSITY HEALTH BOARD MEETING

DYDDIAD Y CYFARFOD: DATE OF MEETING:	24 September 2020
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance – Month 5 2020/21
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 this report is to outline the Health Board's financial position to date against our Annual Plan and assess the key financial projections, risks and opportunities for the financial year.

Asesiad / Assessment

HDdUHB's agreed Financial Plan is to deliver a deficit of £25m, after savings of £34.2m. The impact of the COVID-19 pandemic presents an unprecedented significant risk to the financial position.

Month 5 position

- Month 5 variance to breakeven is £6.5m (Month 4, £9.0m).
- Month 5 position is an operational variance of £4.4m to plan (Month 4, £6.9m).
- The additional costs incurred in Month 3 due to the impact of the COVID-19 pandemic is £12.2m (Month 2 £9.8m), with underspends repurposed of £2.8m (Month 4, £2.0m).
- No additional future funding in relation to the COVID-19 pandemic has been assumed in the reported position.

Projection

- The future funding arrangements for the Health Board's response to the COVID-19 pandemic remain uncertain, and therefore there is a risk that the Health Board's financial position may be adversely affected. £30.8m identified and as yet unidentified savings schemes included in the Financial Plan are also not expected to deliver due to the operational focus being diverted to respond to COVID-19, and where identified schemes are not supportive of the response needed. Without additional funding from WG, the Health Board will not achieve its revenue funding limit of £25m. Similarly, discussions are on-going for additional funding to support the non-delivery of the Health Board's savings target.

- Should the Health Board progress with all the schemes identified to deal with implementing social distancing measures and other COVID-19 needs, and no further funding is available from Welsh Government, the potential over commitment against the CRL would be £16.2m. The risk of this is being actively managed.

Savings

- In-month delivery of £0.1m, which is £0.3m below plan, which is directly attributable to the COVID-19 pandemic.
- Green and Amber plans of £5.6m identified to Month 5, against which the forecast delivery is uncertain given the impact of the COVID-19 pandemic. At this stage, with COVID-19 demand modelling indicating that the pandemic may impact the remainder of the financial year, it is assumed that delivery will be adversely affected for the full year.

Next Steps

- 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.

Summary of key financial targets

The Health Board's key targets are as follows:

- Revenue: to contain the overspend within the Health Board's planned deficit
- Savings: to deliver savings plans to enable the revenue budget to be achieved
- Capital: to contain expenditure within the agreed limit
- 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 used. For the Health Board, this is broadly £4.0m.

Key target		Annual limit	YTD limit	Actual delivery	Forecast Risk
Revenue	£'m	25.0	10.4	31.8	
Savings	£'m	34.2	14.3	0.8	
Capital	£'m	28.7	11.2	11.2	Extreme
Non-NHS PSPP	%	95.0	95.0	97.1	Medium
Period end cash	£'m	4.0	4.0	3.1	Medium

Without additional funding from WG, the Health Board will not achieve its revenue funding limit. Similarly, discussions are on-going for additional funding to support the non-delivery of the Health Board's savings target.

Should the Health Board progress with all the schemes identified to deal with implementing social distancing measures and other COVID-19 needs, and no further funding is available from Welsh Government, the potential over commitment against the CRL would be £16.2m. The risk of this is being actively managed.

The Non-NHS PSPP risk has been rated Medium given the increase in volume of supplier payments due to the impact of COVID-19.

Argymhelliad / Recommendation

The Board is asked to discuss and note the financial position for Month 5.

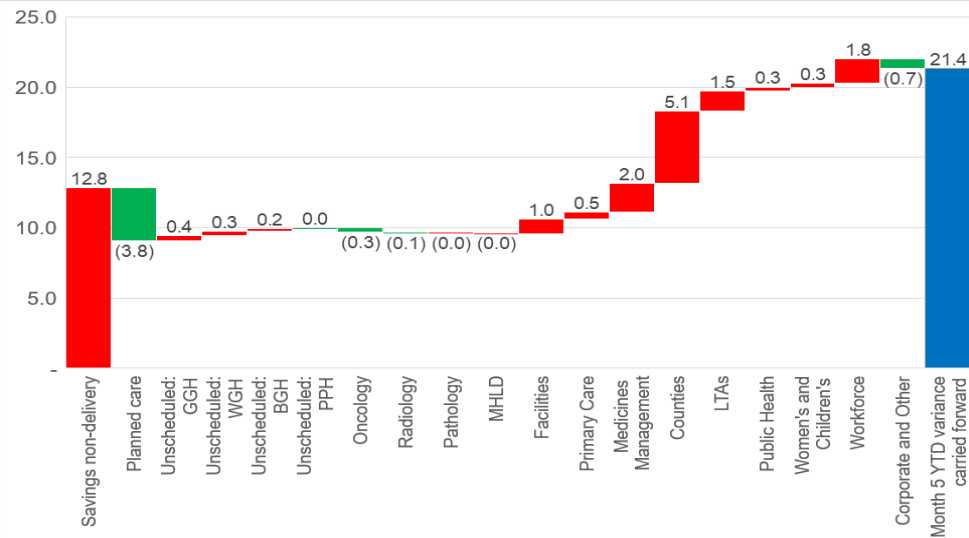
Amcanion: (rhaid cwblhau) Objectives: (must be completed)	
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	856 (score 20) Ability to deliver the Financial Plan for 2020/21 646 (score 12) Ability to achieve financial sustainability over medium term
Safon(au) Gofal 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 the Health Board's financial reporting system.
Rhestr Termiau: Glossary of Terms:	BGH – Bronglais General Hospital CHC – Continuing Healthcare 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 NOAC - Novel Oral Anti-Coagulant OOH – Out of Hours PPH – Prince Philip Hospital PSPP– Public Sector Payment Policy RTT – Referral to Treatment Time TB – Tuberculosis WG – Welsh Government WGH – Withybush 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: Parties / Committees consulted prior to University Health Board:	Finance Committee

Effaith: (rhaid cwblhau) Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial impacts and considerations are inherent in the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	These are assessed as part of our savings planning.
Gweithlu: Workforce:	The report discusses the impact of both variable pay and substantive pay.
Risg: Risk:	Financial risks are detailed in the report.
Cyfreithiol: Legal:	The Health Board 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 the Health Board's financial plan will affect our reputation with Welsh Government, the Wales Audit Office, and with external stakeholders.
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

Revenue Summary

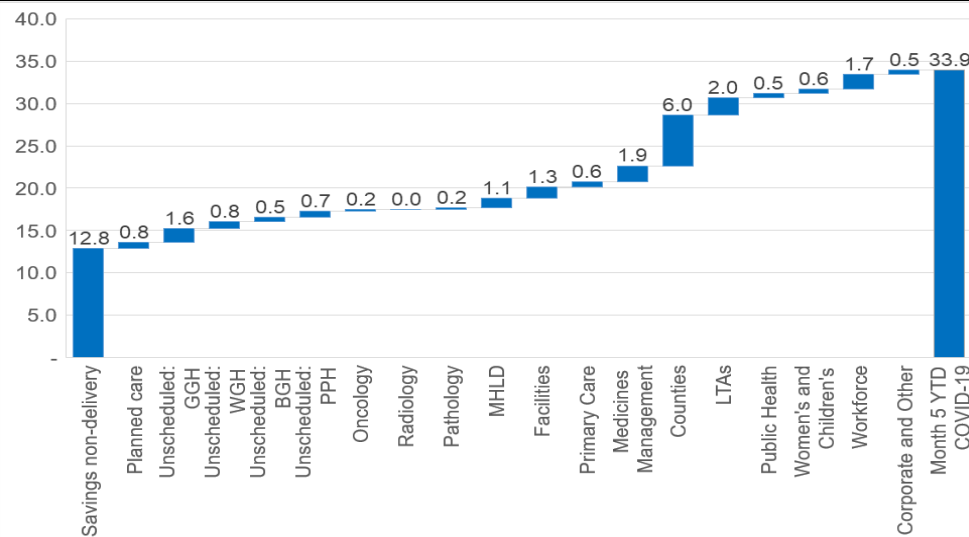
YTD variance by Directorate (against Plan)



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 are 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
- **Medicines Management (£2.0m):** Pressures continue in the Category M where price increases are being seen nationally. Cost pressures are also being identified in the issue of NOACs and NCSOs
- **Planned Care (-£3.8m):** Underspend primarily driven by a reduction in non-pay due to reduced activity in elective services

YTD variance by Directorate (COVID-19 only)

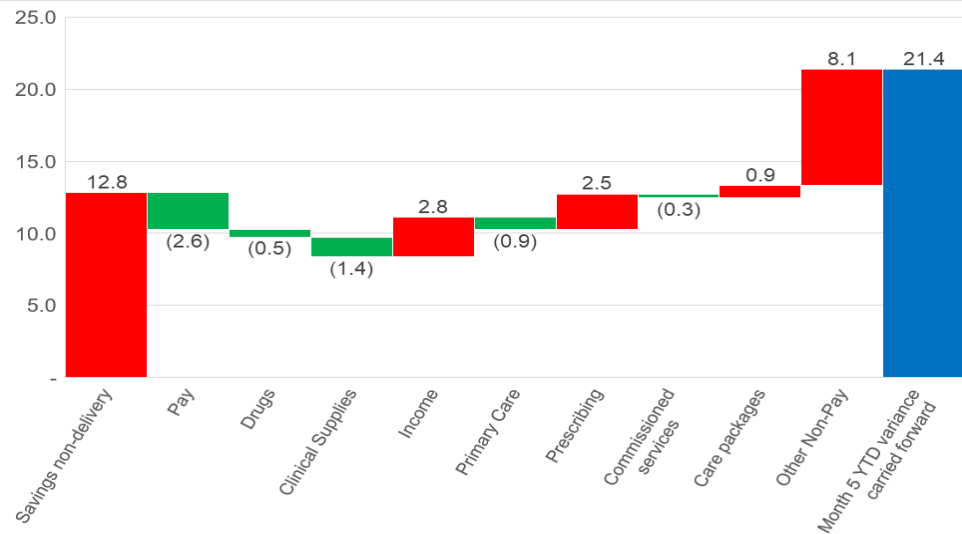


Key drivers of COVID-19 YTD position over and above what is reported above:

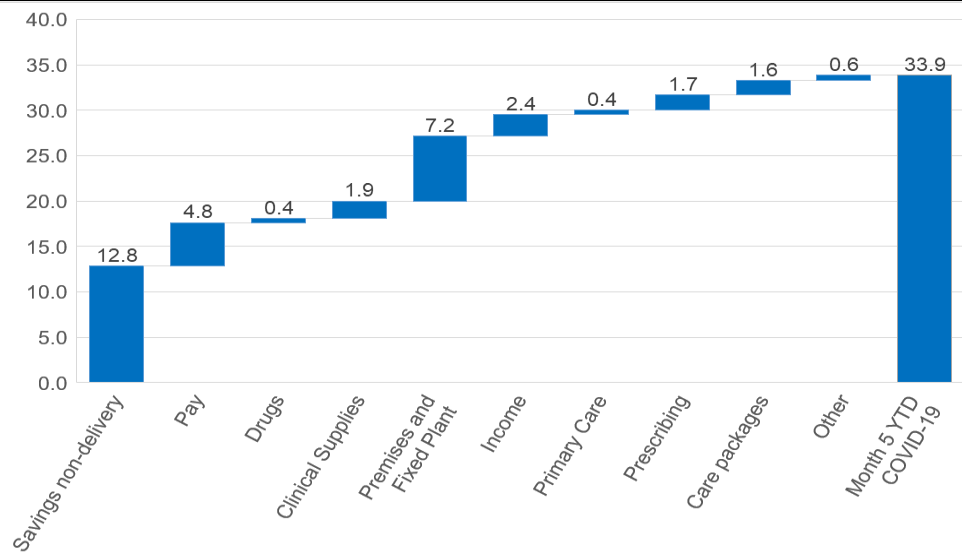
- **LTAs (£2.0m):** Loss in Non Contract Activity (NCA) income as lockdown restrictions have impacted the tourism industry which in turn has reduced visitors outside of Hywel Dda accessing services
- **Workforce (£1.7m):** Fixed term staff recruited in response to COVID-19
- **Unscheduled Care (All sites) (£3.6m):** Increase in variable pay for Nursing and HCA staff re-deployed to Field Hospitals, Variable pay for additional Medical staff, Medical pay enhancements and PPE expenditure

Revenue Summary

YTD variance by Subjective (against Plan)



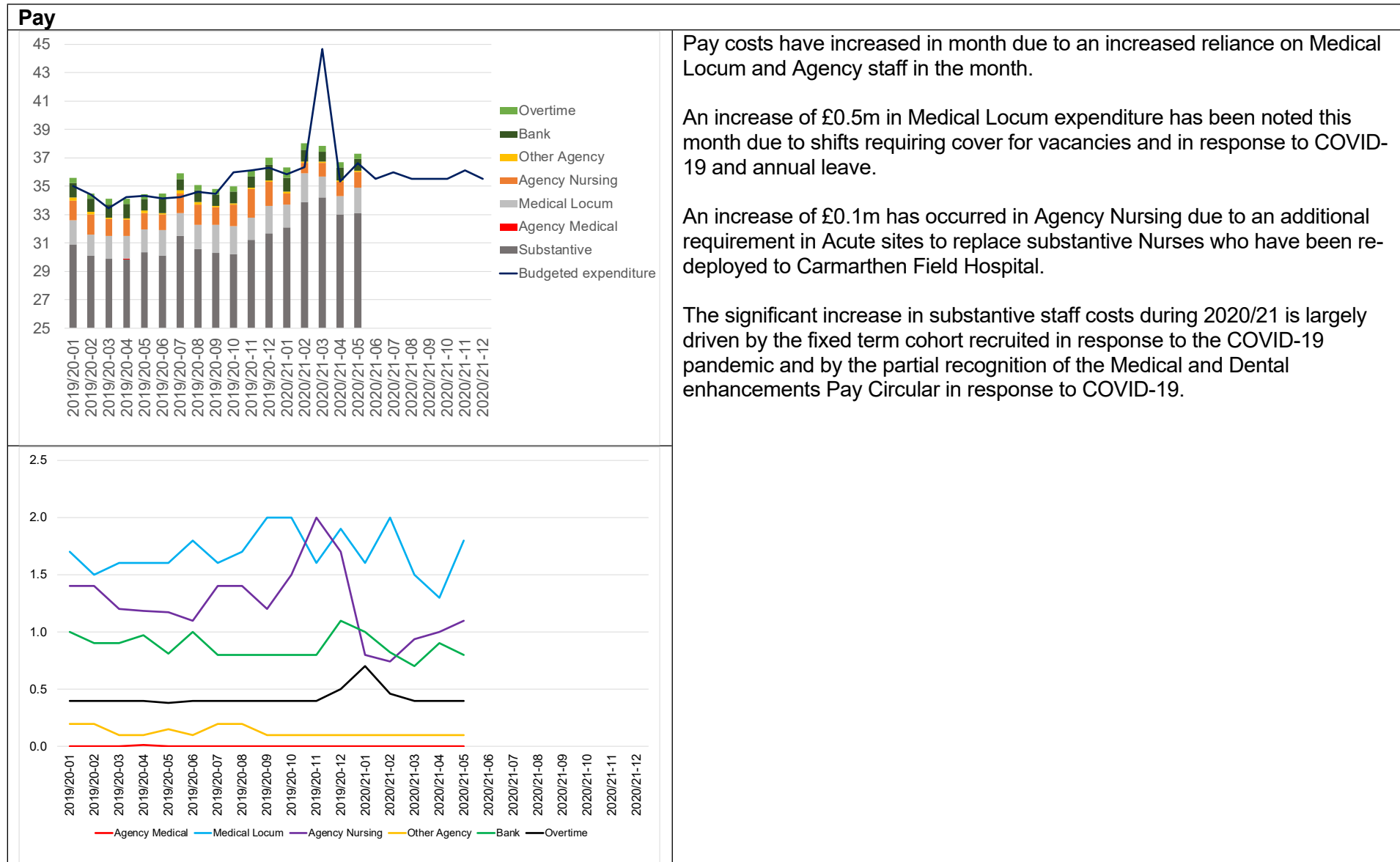
YTD variance by Subjective (COVID-19 only)



Key drivers of YTD position:

- **Savings non-delivery (£12.8):** As a direct consequence of COVID-19, directorates have been unable to execute or identify additional savings plans as efforts are re-purposed to respond to the pandemic
- **Other non-pay (£8.1m):** Primarily driven by Premises costs (£7.2m) which are directly attributable to COVID-19 response, primarily driven by the cost of setting up and operating the various Field Hospitals with the Health Board's localities
- **Income (£2.8m):** As referenced in the previous slide, income generated from NCA activity has been impacted by the lockdown restrictions; we have also seen a deterioration in income within Hospital sites due to lower patient numbers accessing commercial and hospitality facilities
- **Prescribing (£2.5m):** See detailed analysis in key subjective summary slides
- **Care packages (£0.9m):** Additional costs have been incurred due to the expedited discharge of CHC Patients and patients being placed in out of area accommodation
- **Pay (-£2.6m):** See detailed analysis in key subjective summary slides.
- **Drugs & Clinical supplies (-£1.9m):** Underspend is 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 (£2.3m)

Key Subjective Summary



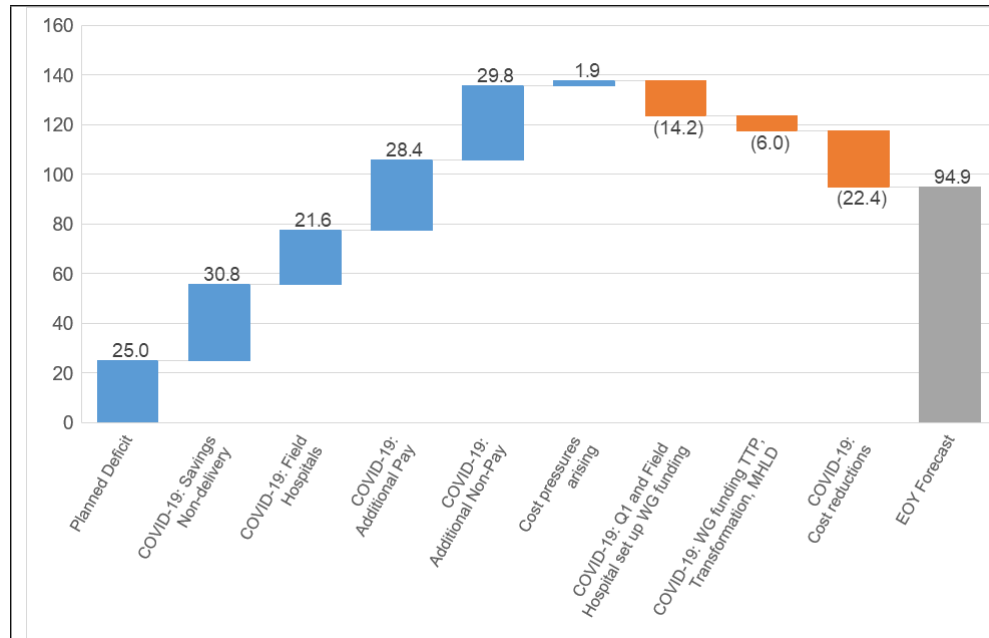
Key Subjective Summary

CHC	
<p>Actual expenditure</p> <p>Budgeted expenditure</p>	<p>A reduction in spend has occurred in month due to a net reduction in patients requiring Continuing Health Care in month (1,227 from 1,231 at Month four).</p> <p>The largest financial reduction was seen in Community Based Home Care support where patient numbers reduced by four in the month and Paediatrics.</p>
Secondary Care Drugs	
<p>Actual expenditure</p> <p>Budgeted expenditure</p>	<p>The month has seen a reduction in Secondary Care drug spend primarily driven by a drug rebate in Oncology of £154k.</p> <p>During the month, reductions in drug spend have also been noted in Planned Care and Pathology as we continue to see lower levels of activity in the directorates as a result of COVID-19.</p>

Key Subjective Summary

Clinical Supplies and Services																																																																												
<p>The chart displays monthly expenditure for Clinical Supplies and Services. The y-axis represents expenditure in millions, ranging from 0.0 to 3.5. The x-axis shows months from 2019/20-01 to 2020/21-12. A blue line represents actual expenditure, and a grey line represents budgeted expenditure. Actual expenditure starts at ~2.6, peaks at ~3.0 in Dec 2019, then drops to ~2.1 in Feb 2020, and remains relatively stable between 2.0 and 2.5 thereafter.</p> <table border="1"> <caption>Estimated Data for Clinical Supplies and Services</caption> <thead> <tr> <th>Month</th> <th>Actual expenditure</th> <th>Budgeted expenditure</th> </tr> </thead> <tbody> <tr><td>2019/20-01</td><td>2.6</td><td>2.4</td></tr> <tr><td>2019/20-02</td><td>2.5</td><td>2.4</td></tr> <tr><td>2019/20-03</td><td>2.5</td><td>2.4</td></tr> <tr><td>2019/20-04</td><td>2.8</td><td>2.5</td></tr> <tr><td>2019/20-05</td><td>2.5</td><td>2.4</td></tr> <tr><td>2019/20-06</td><td>2.7</td><td>2.5</td></tr> <tr><td>2019/20-07</td><td>2.9</td><td>2.5</td></tr> <tr><td>2019/20-08</td><td>2.6</td><td>2.4</td></tr> <tr><td>2019/20-09</td><td>2.6</td><td>2.4</td></tr> <tr><td>2019/20-10</td><td>2.6</td><td>2.4</td></tr> <tr><td>2019/20-11</td><td>3.0</td><td>2.5</td></tr> <tr><td>2019/20-12</td><td>3.0</td><td>2.5</td></tr> <tr><td>2020/21-01</td><td>2.2</td><td>2.4</td></tr> <tr><td>2020/21-02</td><td>2.1</td><td>2.4</td></tr> <tr><td>2020/21-03</td><td>2.1</td><td>2.4</td></tr> <tr><td>2020/21-04</td><td>2.1</td><td>2.4</td></tr> <tr><td>2020/21-05</td><td>2.4</td><td>2.4</td></tr> <tr><td>2020/21-06</td><td>2.4</td><td>2.4</td></tr> <tr><td>2020/21-07</td><td>2.4</td><td>2.4</td></tr> <tr><td>2020/21-08</td><td>2.4</td><td>2.4</td></tr> <tr><td>2020/21-09</td><td>2.4</td><td>2.4</td></tr> <tr><td>2020/21-10</td><td>2.4</td><td>2.4</td></tr> <tr><td>2020/21-11</td><td>2.4</td><td>2.4</td></tr> <tr><td>2020/21-12</td><td>2.4</td><td>2.4</td></tr> </tbody> </table>	Month	Actual expenditure	Budgeted expenditure	2019/20-01	2.6	2.4	2019/20-02	2.5	2.4	2019/20-03	2.5	2.4	2019/20-04	2.8	2.5	2019/20-05	2.5	2.4	2019/20-06	2.7	2.5	2019/20-07	2.9	2.5	2019/20-08	2.6	2.4	2019/20-09	2.6	2.4	2019/20-10	2.6	2.4	2019/20-11	3.0	2.5	2019/20-12	3.0	2.5	2020/21-01	2.2	2.4	2020/21-02	2.1	2.4	2020/21-03	2.1	2.4	2020/21-04	2.1	2.4	2020/21-05	2.4	2.4	2020/21-06	2.4	2.4	2020/21-07	2.4	2.4	2020/21-08	2.4	2.4	2020/21-09	2.4	2.4	2020/21-10	2.4	2.4	2020/21-11	2.4	2.4	2020/21-12	2.4	2.4	<p>The increase in supplies is a result of additional PPE purchased in the month primarily around Visor style kits in Planned Care, and CPAP equipment and general stores items for the PPE Hub at Prince Philip Hospital.</p>
Month	Actual expenditure	Budgeted expenditure																																																																										
2019/20-01	2.6	2.4																																																																										
2019/20-02	2.5	2.4																																																																										
2019/20-03	2.5	2.4																																																																										
2019/20-04	2.8	2.5																																																																										
2019/20-05	2.5	2.4																																																																										
2019/20-06	2.7	2.5																																																																										
2019/20-07	2.9	2.5																																																																										
2019/20-08	2.6	2.4																																																																										
2019/20-09	2.6	2.4																																																																										
2019/20-10	2.6	2.4																																																																										
2019/20-11	3.0	2.5																																																																										
2019/20-12	3.0	2.5																																																																										
2020/21-01	2.2	2.4																																																																										
2020/21-02	2.1	2.4																																																																										
2020/21-03	2.1	2.4																																																																										
2020/21-04	2.1	2.4																																																																										
2020/21-05	2.4	2.4																																																																										
2020/21-06	2.4	2.4																																																																										
2020/21-07	2.4	2.4																																																																										
2020/21-08	2.4	2.4																																																																										
2020/21-09	2.4	2.4																																																																										
2020/21-10	2.4	2.4																																																																										
2020/21-11	2.4	2.4																																																																										
2020/21-12	2.4	2.4																																																																										
Primary Care Prescribing																																																																												
<p>The chart displays monthly expenditure for Primary Care Prescribing. The y-axis represents expenditure in millions, ranging from 0.0 to 8.0. The x-axis shows months from 2019/20-01 to 2020/21-12. A blue line represents actual expenditure, and a grey line represents budgeted expenditure. Actual expenditure fluctuates between 5.5 and 7.0, generally staying above the budgeted line which is around 5.5-6.5.</p> <table border="1"> <caption>Estimated Data for Primary Care Prescribing</caption> <thead> <tr> <th>Month</th> <th>Actual expenditure</th> <th>Budgeted expenditure</th> </tr> </thead> <tbody> <tr><td>2019/20-01</td><td>5.7</td><td>5.7</td></tr> <tr><td>2019/20-02</td><td>5.7</td><td>5.7</td></tr> <tr><td>2019/20-03</td><td>5.6</td><td>5.6</td></tr> <tr><td>2019/20-04</td><td>5.7</td><td>5.6</td></tr> <tr><td>2019/20-05</td><td>6.0</td><td>5.6</td></tr> <tr><td>2019/20-06</td><td>5.8</td><td>5.5</td></tr> <tr><td>2019/20-07</td><td>7.1</td><td>5.6</td></tr> <tr><td>2019/20-08</td><td>6.1</td><td>5.4</td></tr> <tr><td>2019/20-09</td><td>6.1</td><td>5.5</td></tr> <tr><td>2019/20-10</td><td>6.4</td><td>5.7</td></tr> <tr><td>2019/20-11</td><td>5.8</td><td>5.1</td></tr> <tr><td>2019/20-12</td><td>6.6</td><td>6.0</td></tr> <tr><td>2020/21-01</td><td>6.4</td><td>5.6</td></tr> <tr><td>2020/21-02</td><td>6.4</td><td>5.5</td></tr> <tr><td>2020/21-03</td><td>6.6</td><td>6.0</td></tr> <tr><td>2020/21-04</td><td>6.5</td><td>6.1</td></tr> <tr><td>2020/21-05</td><td>5.9</td><td>5.5</td></tr> <tr><td>2020/21-06</td><td>6.1</td><td>6.2</td></tr> <tr><td>2020/21-07</td><td>6.2</td><td>6.3</td></tr> <tr><td>2020/21-08</td><td>5.9</td><td>5.9</td></tr> <tr><td>2020/21-09</td><td>6.3</td><td>6.3</td></tr> <tr><td>2020/21-10</td><td>5.8</td><td>5.8</td></tr> <tr><td>2020/21-11</td><td>5.5</td><td>5.5</td></tr> <tr><td>2020/21-12</td><td>6.3</td><td>6.3</td></tr> </tbody> </table>	Month	Actual expenditure	Budgeted expenditure	2019/20-01	5.7	5.7	2019/20-02	5.7	5.7	2019/20-03	5.6	5.6	2019/20-04	5.7	5.6	2019/20-05	6.0	5.6	2019/20-06	5.8	5.5	2019/20-07	7.1	5.6	2019/20-08	6.1	5.4	2019/20-09	6.1	5.5	2019/20-10	6.4	5.7	2019/20-11	5.8	5.1	2019/20-12	6.6	6.0	2020/21-01	6.4	5.6	2020/21-02	6.4	5.5	2020/21-03	6.6	6.0	2020/21-04	6.5	6.1	2020/21-05	5.9	5.5	2020/21-06	6.1	6.2	2020/21-07	6.2	6.3	2020/21-08	5.9	5.9	2020/21-09	6.3	6.3	2020/21-10	5.8	5.8	2020/21-11	5.5	5.5	2020/21-12	6.3	6.3	<p>A reduction in month has been driven by a decrease of 6p per item in the baseline cost of items prescribed in month by Primary Care contractors and the Health Board has also recorded a reduction in the prescribing of NCSO medication. These reductions have been offset by an increase in cost of Category M drugs where prices have increased by 28p per item.</p>
Month	Actual expenditure	Budgeted expenditure																																																																										
2019/20-01	5.7	5.7																																																																										
2019/20-02	5.7	5.7																																																																										
2019/20-03	5.6	5.6																																																																										
2019/20-04	5.7	5.6																																																																										
2019/20-05	6.0	5.6																																																																										
2019/20-06	5.8	5.5																																																																										
2019/20-07	7.1	5.6																																																																										
2019/20-08	6.1	5.4																																																																										
2019/20-09	6.1	5.5																																																																										
2019/20-10	6.4	5.7																																																																										
2019/20-11	5.8	5.1																																																																										
2019/20-12	6.6	6.0																																																																										
2020/21-01	6.4	5.6																																																																										
2020/21-02	6.4	5.5																																																																										
2020/21-03	6.6	6.0																																																																										
2020/21-04	6.5	6.1																																																																										
2020/21-05	5.9	5.5																																																																										
2020/21-06	6.1	6.2																																																																										
2020/21-07	6.2	6.3																																																																										
2020/21-08	5.9	5.9																																																																										
2020/21-09	6.3	6.3																																																																										
2020/21-10	5.8	5.8																																																																										
2020/21-11	5.5	5.5																																																																										
2020/21-12	6.3	6.3																																																																										

Financial Projection



Key Assumptions

- No funding assumed in future months;
- Field Hospital profiling is based on local modelling as a most 'realistic' assessment;
- Field Hospital staffing has been modelled on a substantive costs basis – no premium for Agency workers is included;
- Existing Services modelling is profiled to March 2021 and assumes an increasing level of reinstated elective services;
- There are significant risks and opportunities which could materially affect the forecast depending on the evolving COVID-19 situation.

Assurance

- The Health Board's Accountability statements in relation to the Budget for 2020/21 were replaced with a Delegations and Finance Delivery letter, issued in May 2020. These clarify the continuation of existing financial control principles and the importance of existing governance processes and frameworks, and state the significance of decision-making in response to, and the accurate recording of the financial impact of, COVID-19.
- Performance monitored monthly through System Engagement meetings for the highest risk Directorates.

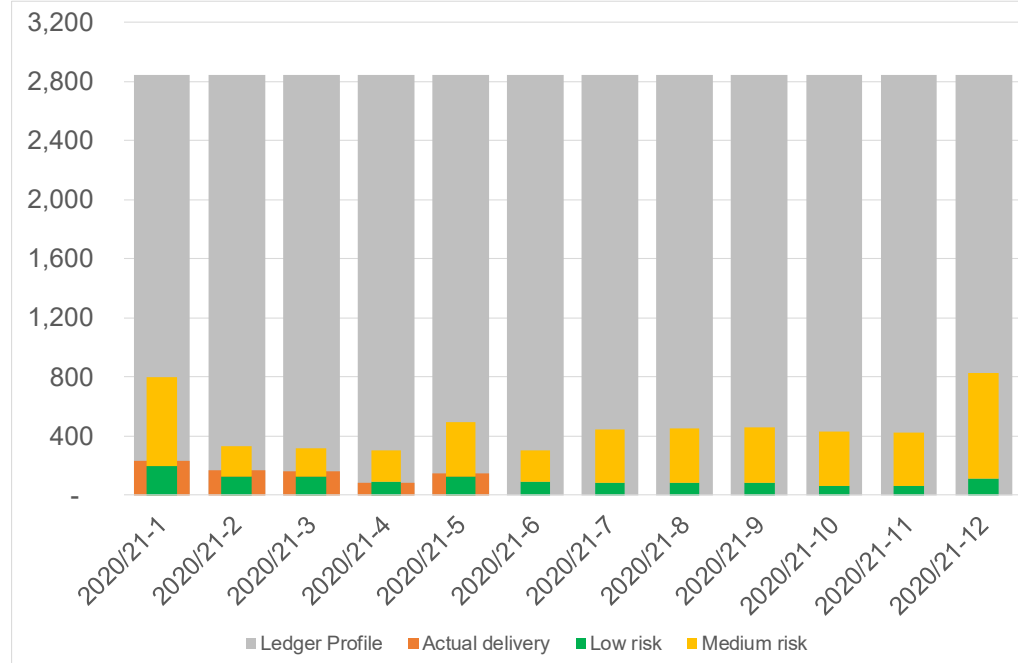
Concerns

- The funding arrangements for the Health Board's response to the COVID-19 pandemic remain uncertain, and therefore a risk that the Health Board's financial position may be adversely affected. Both identified and as yet unidentified savings schemes included in the Financial Plan are also at risk of non-delivery due to both the operational focus being diverted to respond to COVID-19 and where identified schemes are not supportive of the response needed (e.g. bed closures). This results in a significant risk to the delivery of the Health Board's Financial Plan for 2020/21 of a £25m deficit.

Next Steps

- 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.
- Deep dive into savings and cost reduction opportunities.

Risk-assessed directorate savings profile, delivery and forecast



Assurance

- Green and Amber plans of £5.6m identified to Month 4, against which the forecast delivery is uncertain given the impact of the COVID-19 pandemic. At this stage, with COVID-19 demand modelling indicating that the pandemic may impact the remainder of the financial year, it is assumed that delivery will be adversely affected for the full year.
- In-month delivery of £0.1m, which is £0.3m below plan, which is directly attributable to the COVID-19 pandemic.
- The Opportunities Framework is being refreshed to identify alternative ways of working in response to COVID-19 that may result in cost reductions/formal savings schemes identified.

Concerns

- The unprecedented circumstances mean that operational focus is diverted to the organisation's response to COVID-19, and therefore not on the delivery or identification of further savings schemes that are not supportive of the response to the pandemic.

Next Steps

- The Value for Money Framework, alongside existing financial governance arrangements, is to be further developed and embedded into the organisation's decision-making processes.
- Deep dive assessment of identified schemes not delivering.