



## CYFARFOD BWRDD PRIFYSGOL IECHYD UNIVERSITY HEALTH BOARD MEETING

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	25 March 2021
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Finance – Month 11 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

**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.**

#### **Month 11 position**

- The Month 11 Health Board financial position is breakeven against a deficit plan of £2.1m, after utilising the required balance of WG funding for COVID-19, having offset the cost reductions recognised due to reduced operational activity levels.

#### **Projection**

- Following confirmation of additional funding from WG in Month 6, the Health Board is forecasting to deliver the planned deficit of £25m. The Month 11 financial position was in line with forecast, reflecting that despite significant operational pressures arising from increased prevalence of COVID-19, there is limited risk of any significant increase in Workforce expenditure given the restricted supply. Further, the Health Board has identified potential slippage in respect of planned operational expenditure, which has been repurposed.
- £30.8m savings requirement included in the Financial Plan are 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. Discussions are on-going on the implications of this on our underlying deficit.
- The projection includes the cost of maintaining the LTA block arrangements; as a net commissioner, the impact of this is estimated to be £15.7m compared to actual activity levels.

## Savings

- In-month delivery of £0.3m, which is slightly below plan, which is directly attributable to the COVID-19 pandemic.
- Green and Amber plans of £5.6m identified to Month 11, against which the forecast delivery is uncertain given the impact of the COVID-19 pandemic. At this stage, given that the pandemic will impact the remainder of the financial year, it is assumed that delivery will be adversely affected for the full year.

## Next Steps

- Analysis of underlying deficit to be completed.
- Determine revenue impact for FY22 of actions taken in response to COVID-19.

## 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	22.9	22.9	Low
Savings	£'m	34.2	31.5	3.0	
Capital	£'m	33.7	22.8	22.8	Low
Non-NHS PSPP	%	95.0	95.0	95.0	Low
Period end cash	£'m	4.0	4.0	4.15	Medium

Following confirmation of additional funding from WG in Month 6, the Health Board is forecasting to deliver the planned deficit of £25m. The risk is considered to be Low, recognising that the Health Board has limited risk of any significant increase in Workforce expenditure given the restricted supply, and has identified potential slippage on planned operational expenditure which has been repurposed.

Capital funding has been confirmed during March 2021 in line with the forecast expenditure.

The Non-NHS PSPP risk has been reduced to Low following the successful recovery to compliance to the end of Quarter 3.

## Argymhelliad / Recommendation

The Board is asked to discuss and note the financial position for Month 11.

**Amcanion: (rhaid cwblhau)**

**Objectives: (must be completed)**

Cyfeirnod Cofrestr Risg Datix a Sgôr  
Cyfredol:

856 (score 10) Ability to deliver the Financial Plan for 2020/21

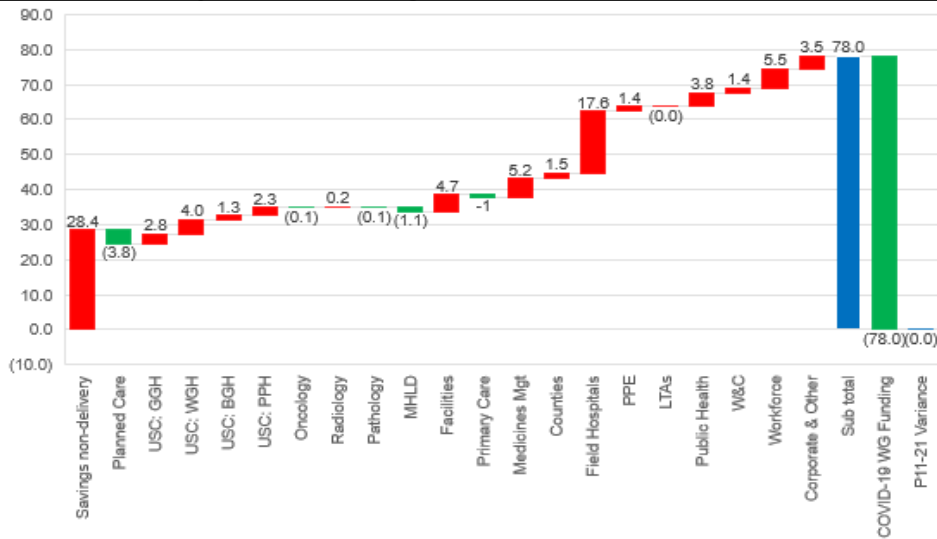
Datix Risk Register Reference and Score:	646 (score 16) Ability to achieve financial sustainability over medium term
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care 7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Improve Population Health through prevention and early intervention

<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on the Health Board's financial reporting system.
Rhestr Termau: 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

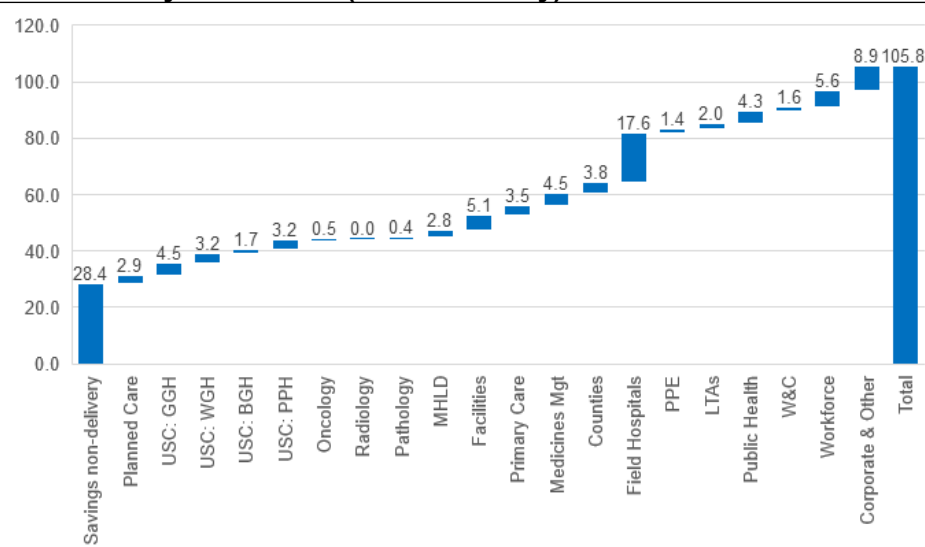
<b>Effaith: (rhaid cwblhau)</b> <b>Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian:</b> <b>Financial / Service:</b>	Financial impacts and considerations are inherent in the report.
<b>Ansawdd / Gofal Claf:</b> <b>Quality / Patient Care:</b>	These are assessed as part of our savings planning.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

# Revenue Summary

## YTD variance by Directorate (against Plan)



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

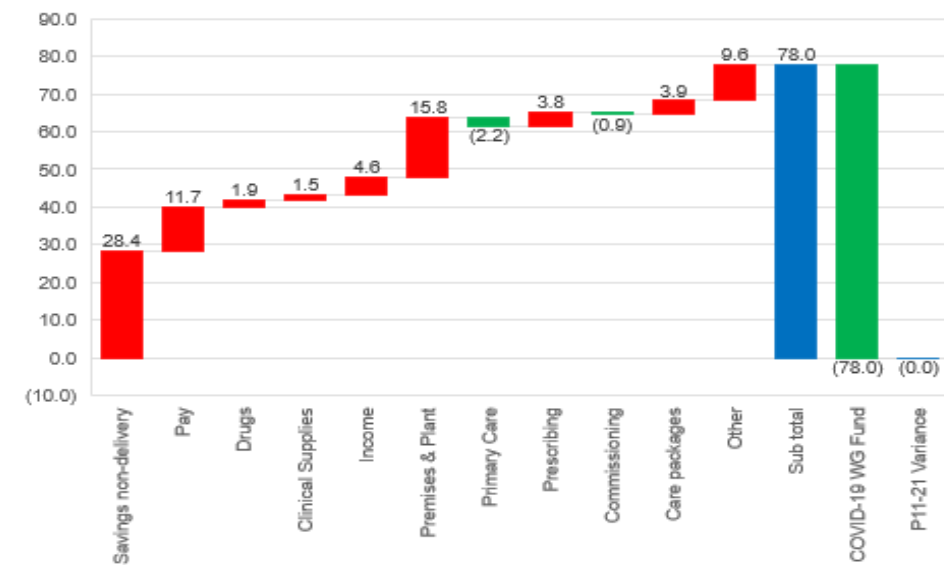


### Key drivers of YTD position:

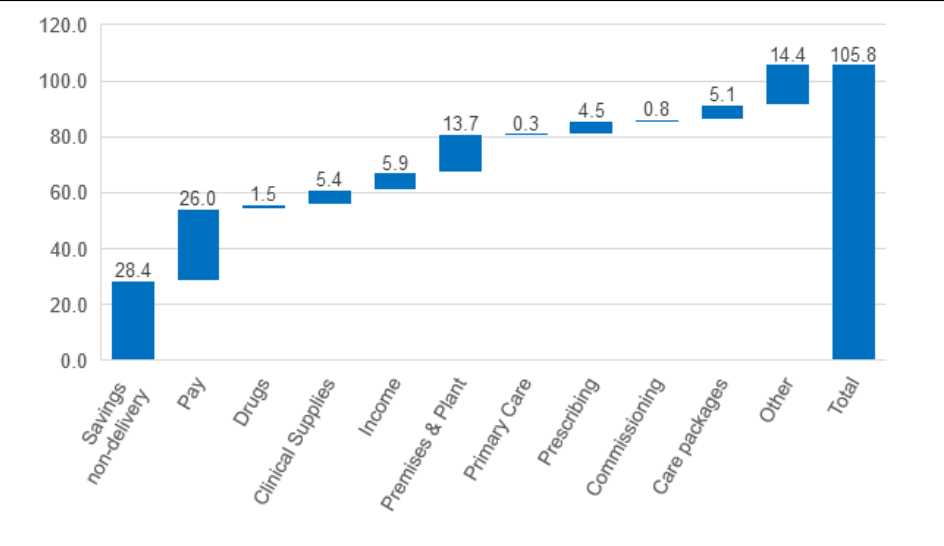
- **Savings non-delivery (£28.4m):** As a direct consequence of COVID-19, directorates have been unable to execute or identify additional savings plans as efforts are re-purposed to respond to the pandemic.
- **Planned Care (-£3.8m):** Underspend primarily driven by a reduction in non-pay expenditure due to reduced activity in elective services (particularly theatres).
- **Unscheduled Care (All sites) (£10.4m):** Increase in variable pay for Medical, Nursing and HCA staff, Medical pay enhancements, PPE expenditure (up to Month 7; from Month 8, recorded centrally) and issue of home care drugs to avoid unnecessary Hospital contacts.
- **Facilities (£4.7m):** Additional Porters and Domestics recruited in response to the pandemic. Work and maintenance carried out to adapt sites, additional laundry costs and lost revenue.
- **Medicines Management (£5.2m):** Pressures continue in Primary Care Prescribing due to continued increases in the cost per item for Category M and baseline drugs. The directorate has also been impacted by changes in NCSO drugs at various points.
- **Field Hospitals (£17.6m):** The cost of setting up, de-commissioning and operating the various Field Hospitals with the Health Board's localities in response to the COVID-19 pandemic.
- **Workforce (£5.5m):** Fixed term staff recruited in response to the COVID-19 pandemic who have not yet been assigned to a directorate.
- **WG Funding (-£78.0m):** Funding has been received from WG to offset the cost of the Health Board's response to the COVID-19 pandemic.

# Revenue Summary

**YTD variance by Subjective (against Plan)**



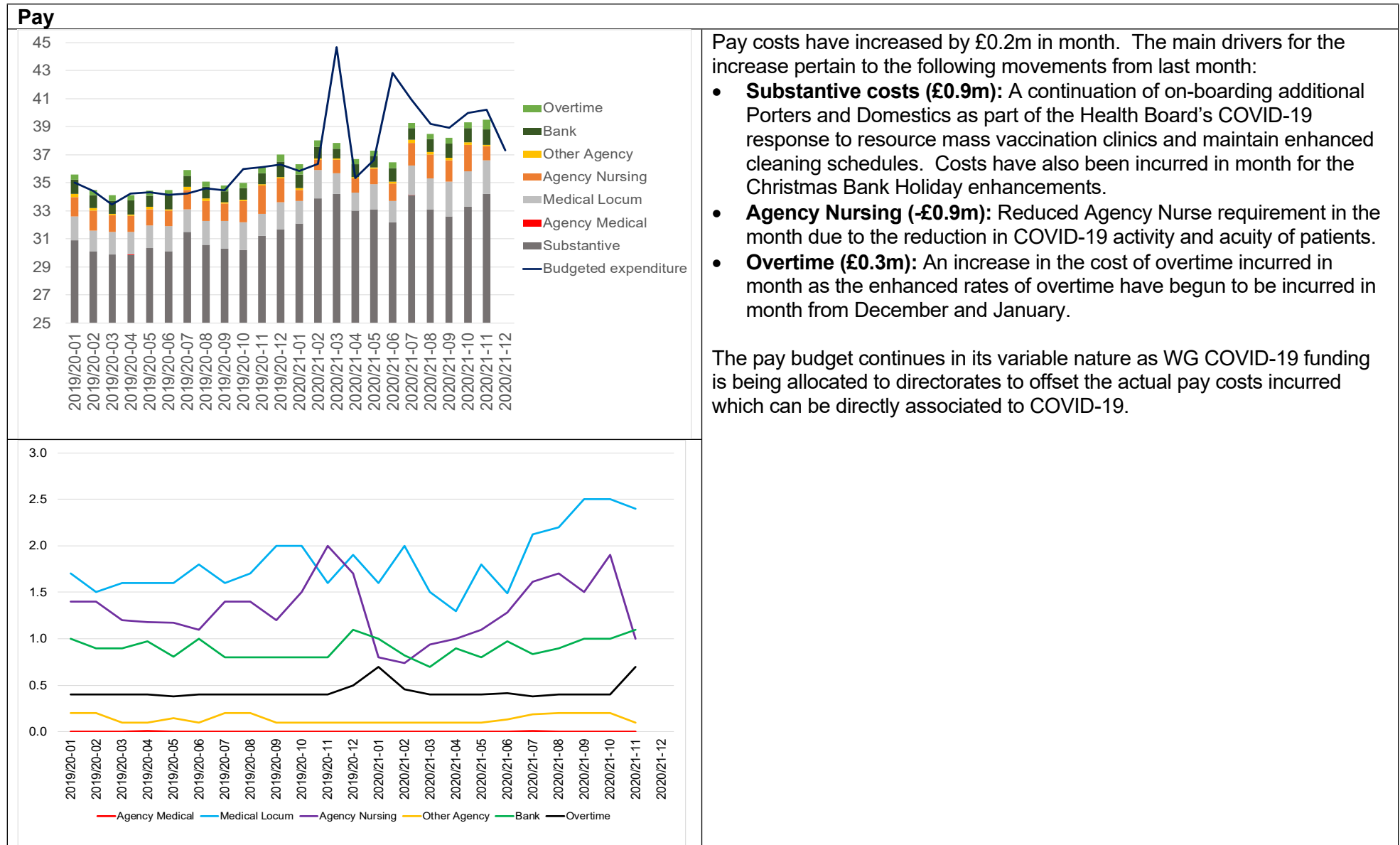
**YTD actual by Subjective (COVID-19 only)**



Key drivers of YTD position:

- **Savings non-delivery (£28.4m):** 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.
- **Pay (£11.7m):** See detailed analysis in key subjective summary slides.
- **Drugs & Clinical supplies (£3.4m):** The overspend is primarily driven by the costs of PPE expenditure, home care drugs being provided to patients (as a result of COVID-19) and Medicines Management pressures (stated above) offset by reduced activity in elective services within Planned Care and Podiatry.
- **Income (£4.6m):** Income generated from NCA activity has been impacted by the lockdown restrictions; there has also been a deterioration in income within Hospital sites due to lower patient numbers accessing commercial and hospitality facilities.
- **Premises costs (£15.8m):** Primarily driven by the cost of setting up, de-commissioning and operating the various Field Hospitals with the Health Board's localities and non pay costs associated with the enhanced cleaning schedules.
- **Primary Care (-£2.2m):** Reduced level of claims for enhanced services from GMS contractors, GOS claims from Ophthalmic contractors and Dental underperformance offset by COVID-19 vaccinations carried out by GMS Contractors.
- **Prescribing (£3.8m):** See detailed analysis in key subjective summary slides.
- **Care packages (£3.9m):** Additional costs have been incurred due to the expedited discharge of CHC Patients, COVID-19 funding for Adult Social Care and patients being placed in out of area accommodation.
- **WG Funding (-£78.0m):** Funding has been received from WG to offset the cost of the Health Board's response to the COVID-19 pandemic.

# Subjective Summary



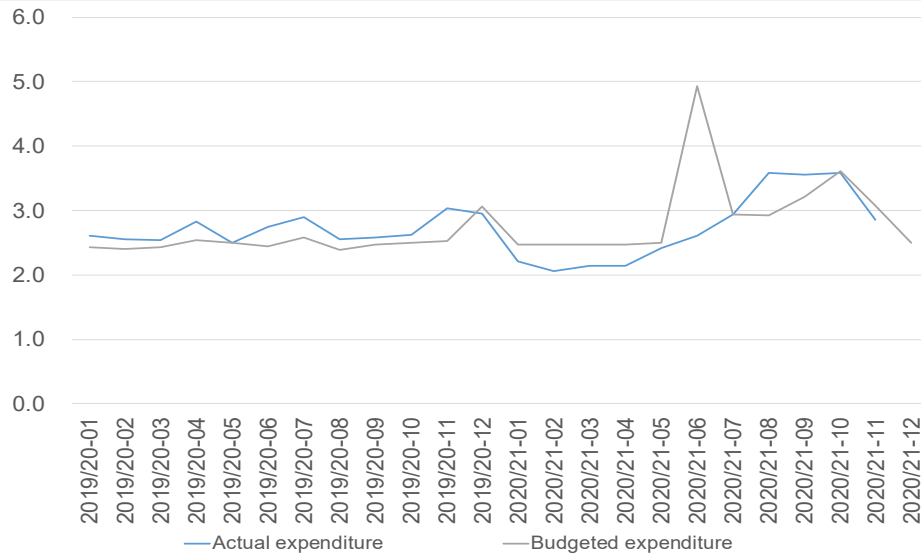
# Subjective Summary

<p><b>CHC</b></p> <p>— Actual expenditure      — Budgeted expenditure</p>	<p>Continuing Health Care expenditure has increased in month by £0.1m driven by the following:</p> <ul style="list-style-type: none"> <li>• <b>Client numbers (-£0.1m):</b> there has been a net reduction in packages in-month; adjustments to Mental Health and Learning Disability packages have also taken place in-month.</li> <li>• <b>Adult Social Care (£0.2m):</b> In month expenditure in relation to the COVID-19 funded scheme recognised of £0.7m compared to last month's value of £0.5m.</li> </ul>
<p><b>Secondary Care Drugs</b></p> <p>— Actual expenditure      — Budgeted expenditure</p>	<p>Drug expenditure has decreased in-month by £0.4m due to a decrease in COVID-19 activity which has resulted in less drugs being issued in Unscheduled Care and a reduction in Haematology and Homecare drugs.</p>



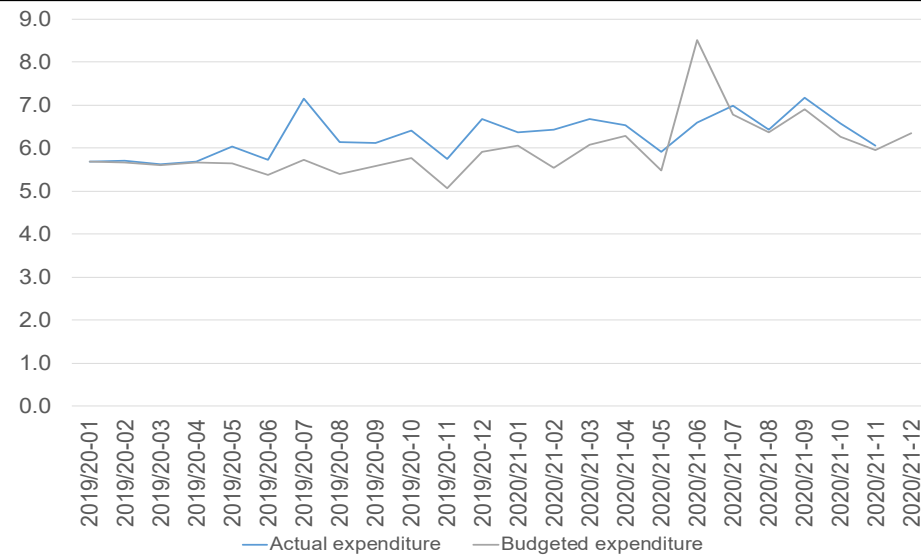
# Subjective Summary

## Clinical Supplies and Services



A decrease of £0.7m has occurred in-month as PPE expenditure further reduced. The reduction is also attributable to the on-going suspension of elective activity.

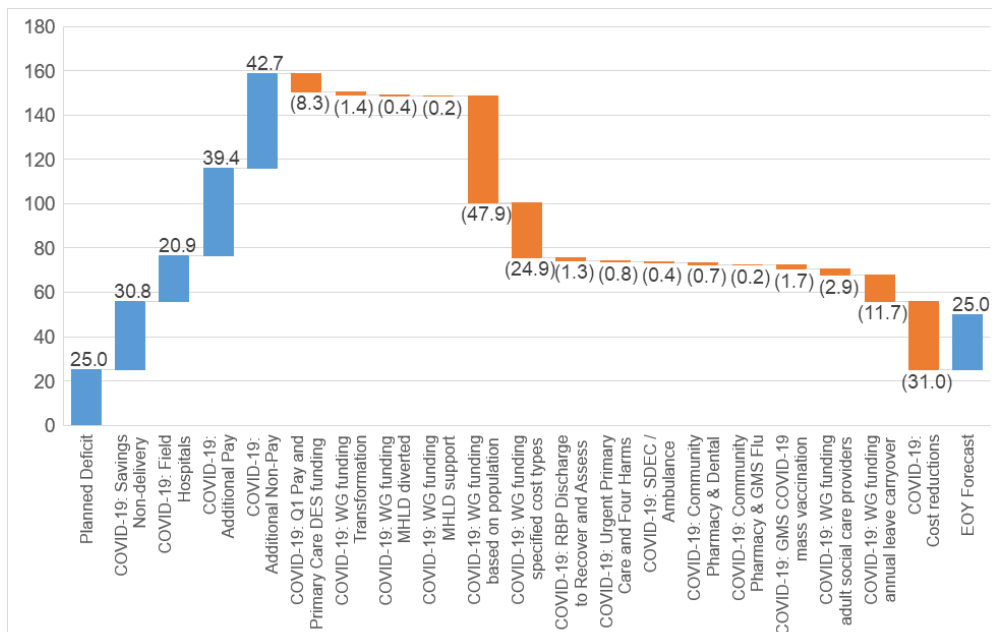
## Primary Care Prescribing



Prescribing costs have decreased by £0.6m in month which is primarily due to one less prescribing day in the month compared to January.

In addition to this reduction, the latest (December) data for WP10s was significantly lower than the November data, which has been reflected in the February position.

# Financial Projection



## Key Assumptions

- All remaining COVID-19 related WG funding allocations are expected to be fully utilised in future months to offset the impact of COVID-19;
  - Field Hospital profiling is based on local modelling as a most 'realistic' assessment;
  - Field Hospital staffing has been modelled on a substantive costs basis, assuming a minimum of 50% deployed staff resource – no premium for Agency workers is included given the finite supply;
  - Any increased demand modelling for staffing within Field Hospitals is assumed to be fulfilled through deployment of existing staff, predominately without the ability to backfill due to supply constraints;
- Existing Services modelling is profiled to March 2021 and assumes some level of reinstated elective services.

## Assurance

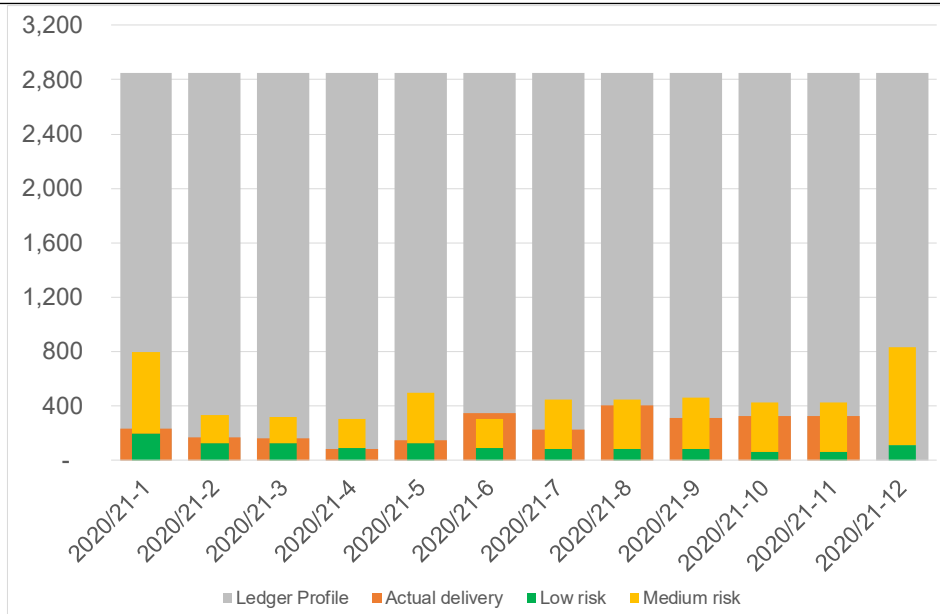
- Improved assurance methods have been established, aligning to managers across the Health Board and the Regional Partnership Board.
- Performance monitored monthly through System Engagement meetings for the highest risk Directorates.
- Following confirmation of additional funding from WG in Month 6, the Health Board is forecasting to deliver the planned deficit of £25m. The Month 11 financial position was in line with forecast, reflecting that despite significant operational pressures arising from increased prevalence of COVID-19, there is limited risk of any significant increase in Workforce expenditure given the restricted supply. Further, the Health Board has identified potential slippage in respect of planned operational expenditure, which has been repurposed.

## Next Steps

- Analysis of underlying deficit to be completed. Determine revenue impact for FY22 of actions taken in response to COVID-19.

# Savings and turnaround actions

## Risk-assessed directorate savings profile, delivery and forecast



### Assurance

- Green and Amber plans of £5.6m identified to Month 11, against which the forecast delivery is uncertain given the impact of the COVID-19 pandemic. At this stage, given that the pandemic will impact the remainder of the financial year, it is assumed that delivery will be adversely affected for the full year.
- In-month delivery of £0.3m, which is below plan, which is directly attributable to the COVID-19 pandemic.

### 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. Both identified and as yet unidentified savings schemes included in the Financial Plan are therefore at risk of non-delivery.
- Discussions are on-going for additional funding to support the non-delivery of the Health Board’s savings target on a recurrent basis.

### Next Steps

- The focus is on delivering opportunities for FY22 on a recurrent basis. The potential for conversion of FY21 cost reductions into formal service changes has been incorporated into our Planning Framework for FY22. The opportunities were discussed with WG colleagues as part of the Financial Plan Touch Point meeting in March and will continue to be refined.