



**CYFARFOD BWRDD PRIFYSGOL IECHYD
UNIVERSITY HEALTH BOARD MEETING**

DYDDIAD Y CYFARFOD: DATE OF MEETING:	27 May 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Financial Report – Month 12 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 the report 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, of the final accounts for 2020-21 and the subsequent audit by Audit Wales.

Cefndir / Background

HDdUHB's agreed Financial Plan is to deliver a deficit of £25m, after savings of £34.2m.

Month 12 position

- 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).
- The in-month reported position is 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 EoY variance to breakeven is therefore £24.9m.
- The additional costs incurred in Month 12 due to the impact of the COVID-19 pandemic is £41.3m (Month 11, £12.6m).

Asesiad / Assessment

Summary of key financial targets

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 a rule of thumb of 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 Board is asked to discuss and note the financial position for Month 12 2020/21.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

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: Hyperlink to HDdUHB Well-being Statement	Improve Population Health through prevention and early intervention

Gwybodaeth Ychwanegol:

Further Information:

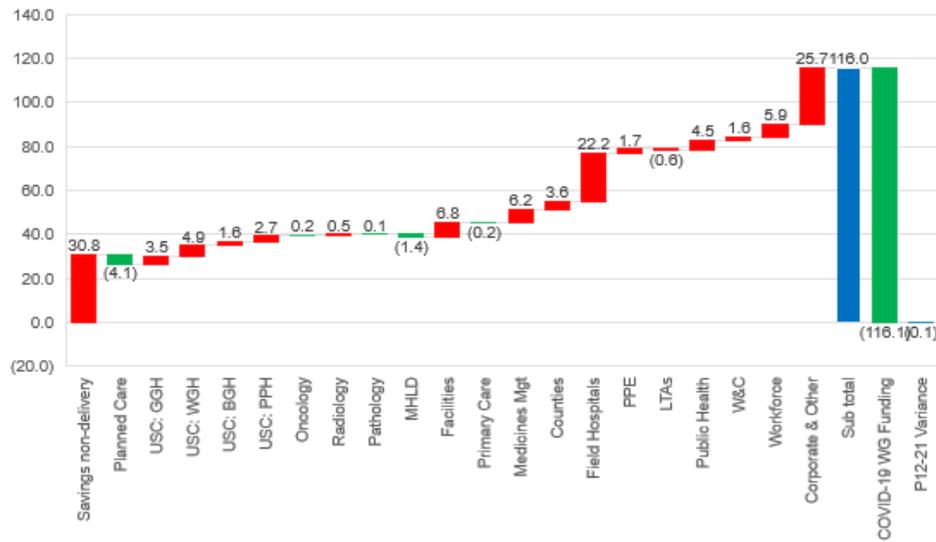
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on the Health Board's financial reporting system.
Rhestr Termiau: Glossary of Terms:	BGH – Bronglais General Hospital CHC – Continuing Health Care EoY – End of Year FYE – Full Year Effect GGH – Glangwili General Hospital

	<p>GMS – General Medical Services GOS – General Ophthalmic Services MHLD – Mental Health & Learning Disabilities NCSO – No Cheaper Stock Obtainable 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 – Worthybush General Hospital WRP – Welsh Risk Pool WHSSC – Welsh Health Specialised Services Committee YTD – Year to date</p>
Partion / Pwyllgorau â ymgynhorwyd ymlaen llaw y pwyllgor cyllid: Parties / Committees consulted prior to University Health Board:	Finance Committee

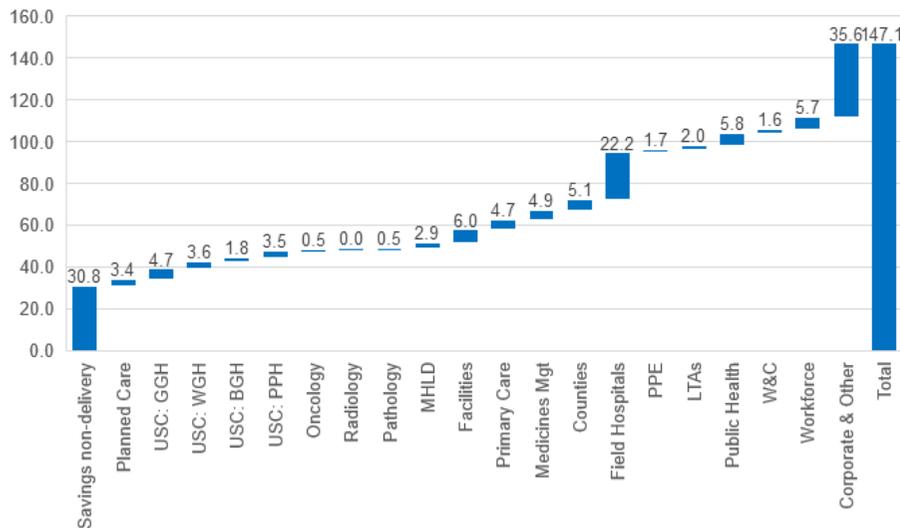
Effaith: (rhaid cwblhau)	
Impact: (must be completed)	
Ariannol / Gwerth am Arian: Financial / Service:	Financial impacts and considerations are inherent in the report.
Ansawdd / Gofal Claf: Quality / Patient Care:	These are assessed as part of our savings planning.
Gweithlu: Workforce:	The report discusses 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, Audit Wales, and with external stakeholders.
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

Revenue Summary

YTD variance by Directorate (against Plan)



YTD actual by Directorate (COVID-19 only)

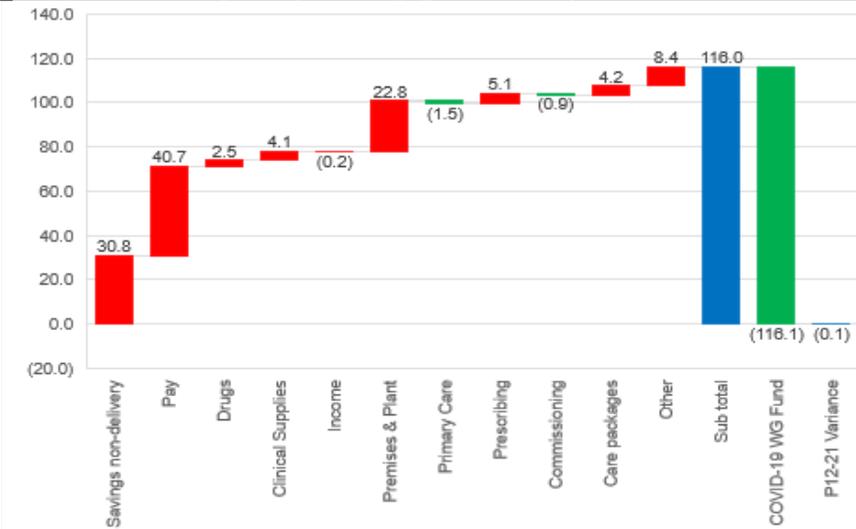


Key drivers of YTD position:

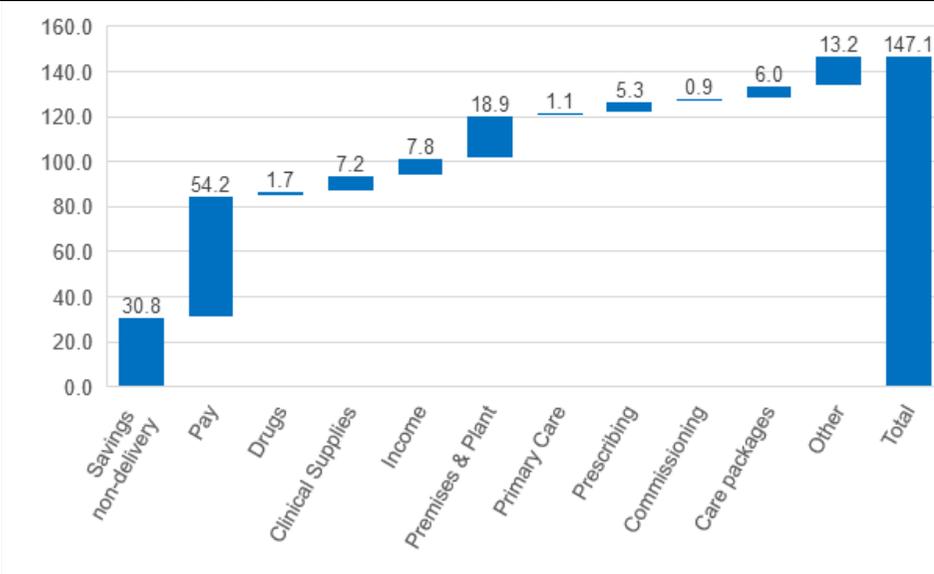
- **Savings non-delivery (£30.8m):** As a direct consequence of COVID-19, directorates have been unable to execute or identify additional savings plans as efforts are re-purposed to respond to the pandemic.
- **Planned Care (-£4.1m):** Underspend primarily driven by a reduction in non-pay expenditure due to reduced activity in elective services (particularly theatres).
- **Unscheduled Care (All sites) (£12.7m):** 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 (£6.8m):** 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 (£6.2m):** 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 (£22.2m):** 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 (£5.9m):** Fixed term staff recruited in response to the COVID-19 pandemic who have not yet been assigned to a directorate.
- **WG Funding (-£116.1m):** 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)



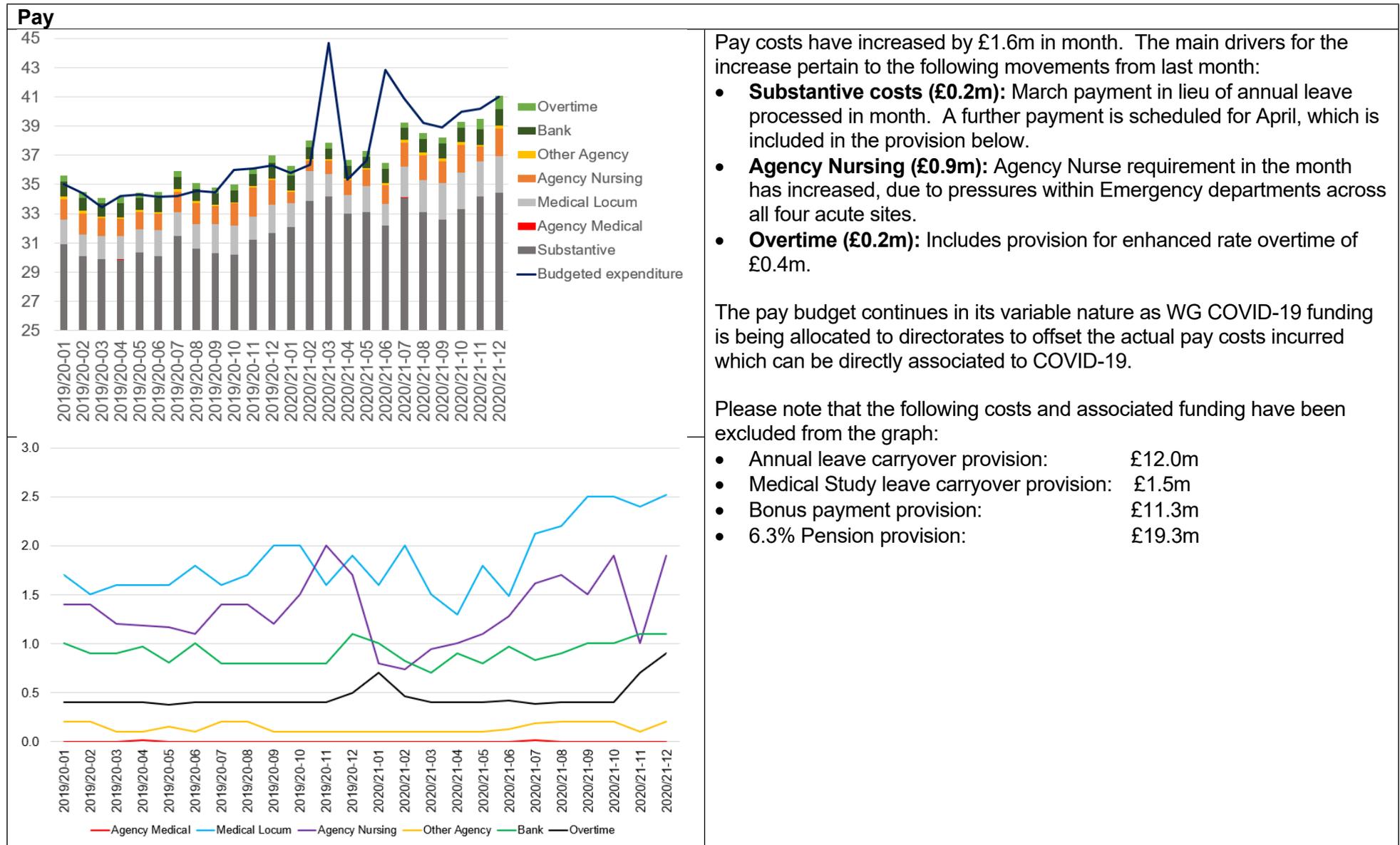
YTD actual by Subjective (COVID-19 only)



Key drivers of YTD position:

- **Savings non-delivery (£30.8m):** 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.
- **Pay (£40.7m):** See detailed analysis in key subjective summary slides.
- **Drugs & Clinical supplies (£6.6m):** 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 (-£0.2m):** Income generated from Non Contract Activity (NCA) 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. These charges have been offset by increases in rebates for Prescribing, R&D grants, Health Education & Improvement Wales (HEIW) Income and a number of smaller items.
- **Premises costs (£22.8m):** 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 (-£1.5m):** 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 (£5.1m):** See detailed analysis in key subjective summary slides.
- **Care packages (£4.2m):** 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.

Subjective Summary

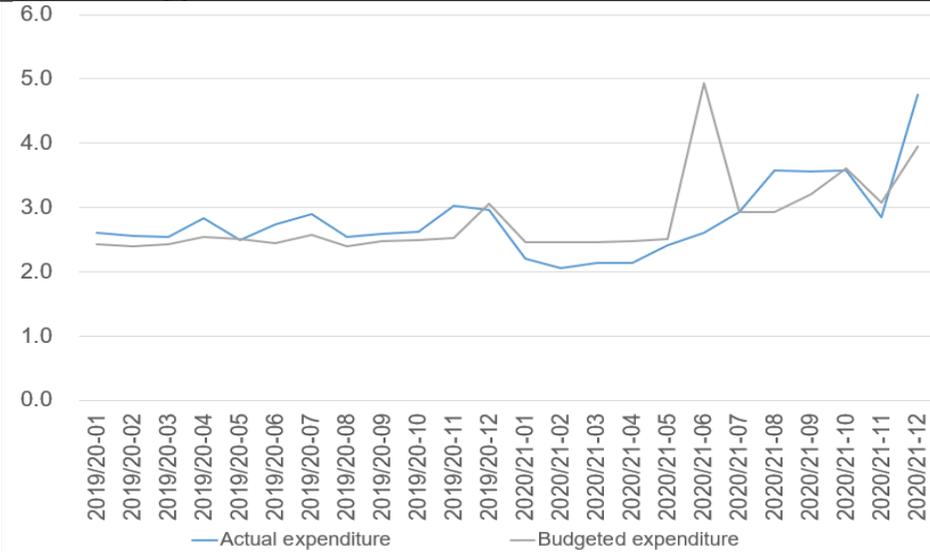


Subjective Summary

<p>CHC</p> <p>Continuing Health Care expenditure has decreased in month by £0.2m following a net reduction in high cost cases in Mental Health & Learning Disabilities.</p>	<p>Continuing Health Care expenditure has decreased in month by £0.2m following a net reduction in high cost cases in Mental Health & Learning Disabilities.</p>
<p>Secondary Care Drugs</p> <p>Drug expenditure has increased in-month by £0.5m due to pressures across Emergency departments across all four acute sites.</p>	<p>Drug expenditure has increased in-month by £0.5m due to pressures across Emergency departments across all four acute sites.</p>

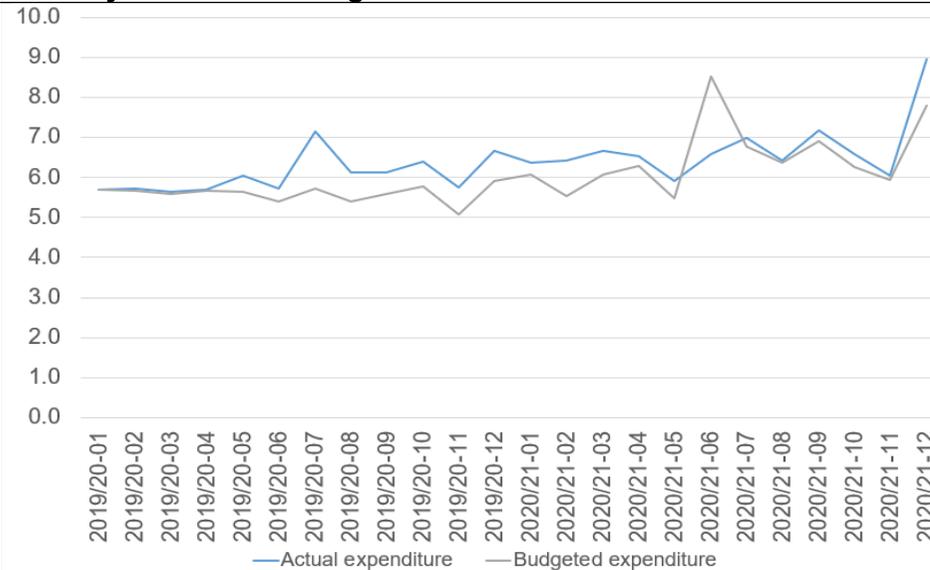
Subjective Summary

Clinical Supplies and Services



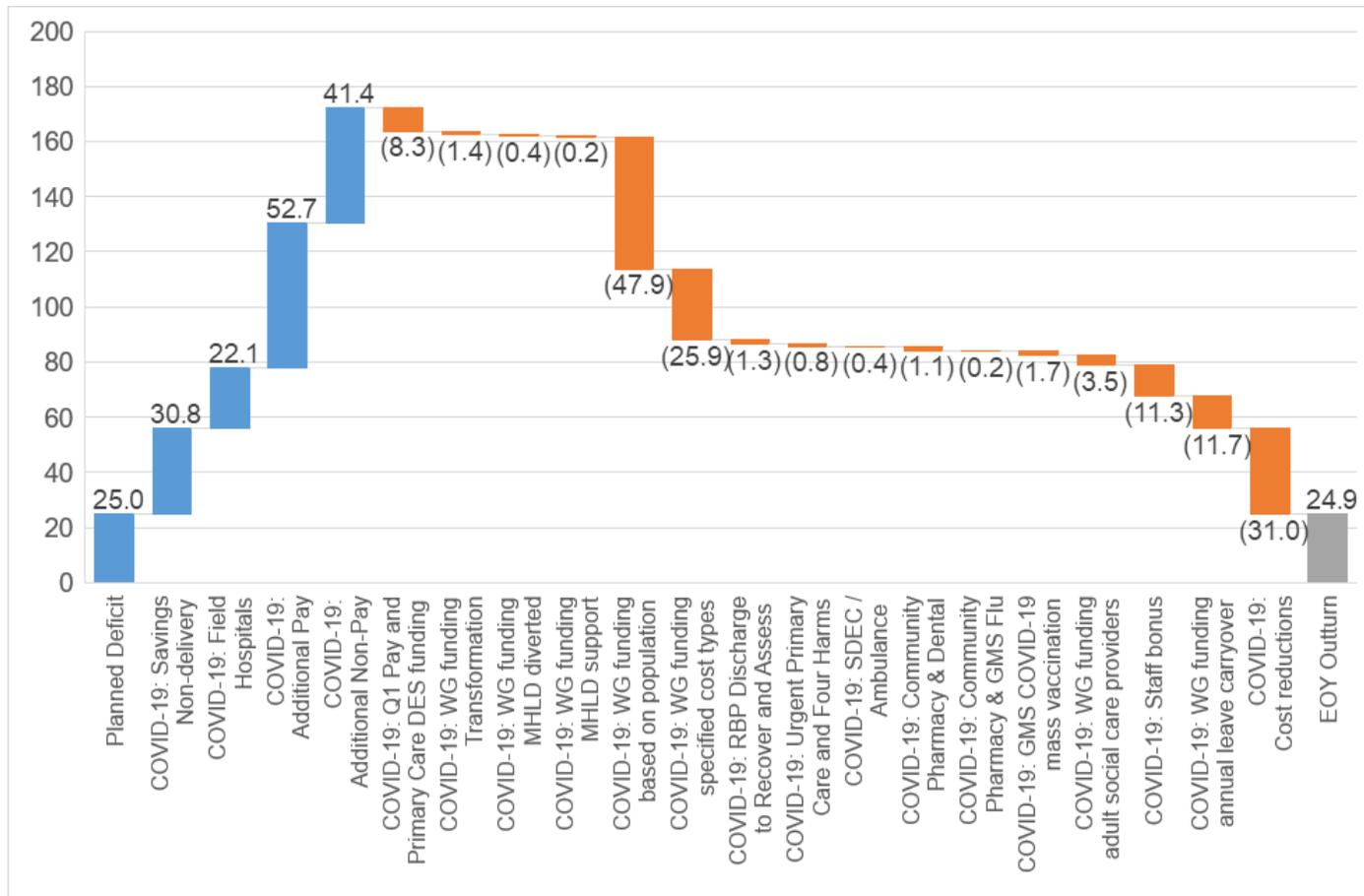
An increase of £1.9m has occurred in-month as Elective services continue to increase the range of services and volume of activity, as COVID-19 prevalence continues to reduce.

Primary Care Prescribing



Prescribing costs have increased by £2.9m in-month, which is primarily due to a change in accounting treatment for drug rebates (£1.6m) and three extra prescribing days in the month.

Financial Projection

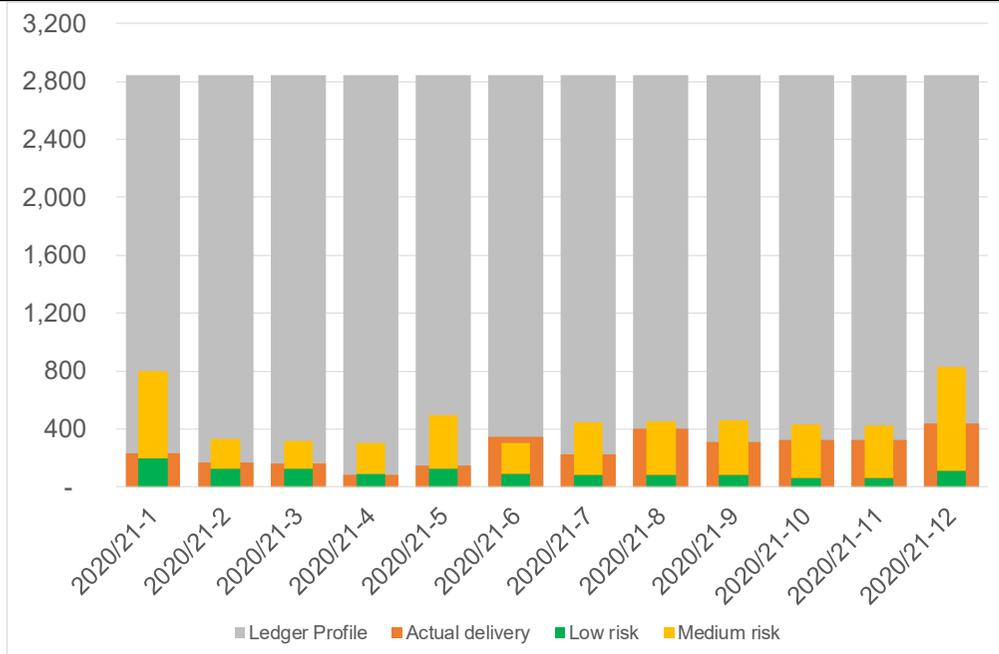


Assurance

- 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.

Savings and turnaround actions

Risk-assessed directorate savings profile, delivery and forecast



Assurance

- Green and Amber plans of £5.6m identified to EoY.
- In-month delivery of £0.4m, which is below plan, which is directly attributable to the COVID-19 pandemic.

Concerns

- The unprecedented circumstances mean that operational focus has been 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.
- 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.