



CYFARFOD BWRDD PRIFYSGOL IECHYD UNIVERSITY HEALTH BOARD MEETING

DYDDIAD Y CYFARFOD: DATE OF MEETING:	28 January 2021
TEITL YR ADRODDIAD: TITLE OF REPORT:	Finance – Month 9 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.

Month 9 position

- The Month 9 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 9 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 Health Board has prioritised its urgent COVID-19 and non-COVID-19 schemes and has used the balance of its discretionary allocation to progress these, leaving a residual capital risk to £0.8m in Month 9. This risk for 2020/21 is based only on the funding gap

against committed COVID-19 schemes and funding released to date for these. It is anticipated that Welsh Government will release the funding for these schemes as the actual expenditure is incurred.

- 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 9, 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

- 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	18.8	18.8	Low
Savings	£'m	34.2	25.7	2.3	
Capital	£'m	25.2	19.3	19.3	Low
Non-NHS PSPP	%	95.0	95.0	95.0	Low
Period end cash	£'m	4.0	4.0	2.3	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.

The Health Board has prioritised its urgent COVID-19 and non-COVID-19 schemes and has used the balance of its discretionary allocation to progress these, leaving a residual capital risk to £0.8m in Month 9. This risk for 2020/21 is based only on the funding gap against committed COVID-19 schemes and funding released to date for these. It is anticipated that Welsh Government will release the funding for these schemes as the actual expenditure is incurred.

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 9.

Amcanion: (rhaid cwblhau)

Objectives: (must be completed)

Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	856 (score 10) Ability to deliver the Financial Plan for 2020/21 646 (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:

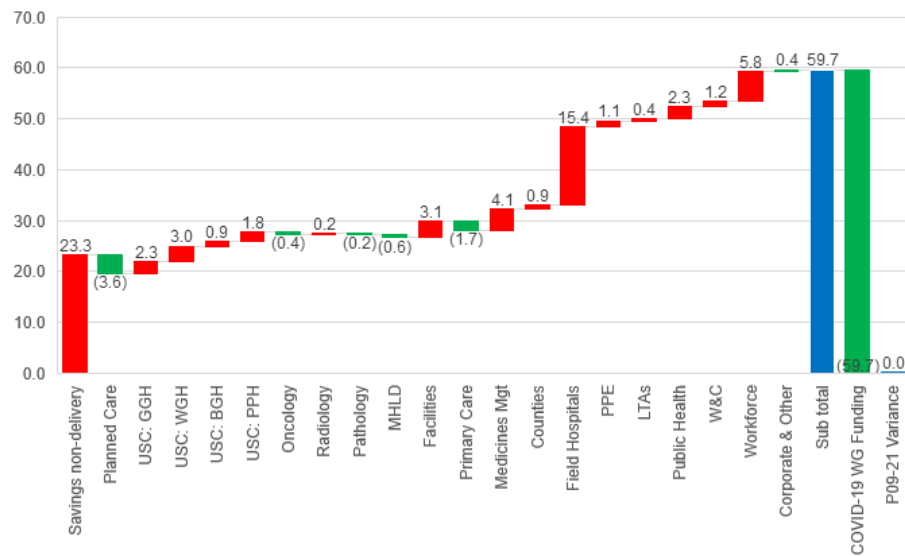
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on the Health Board's financial reporting system.
Rhestr Termiau: Glossary of Terms:	BGH – Bronglais General Hospital CHC – Continuing Healthcare FYE – Full Year Effect GGH – Glangwili General Hospital GMS – General Medical 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
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, the Wales Audit Office, and with external stakeholders.
Gyfrinachedd: Privacy:	Not Applicable
Cydraddoldeb: Equality:	Not Applicable

Revenue Summary

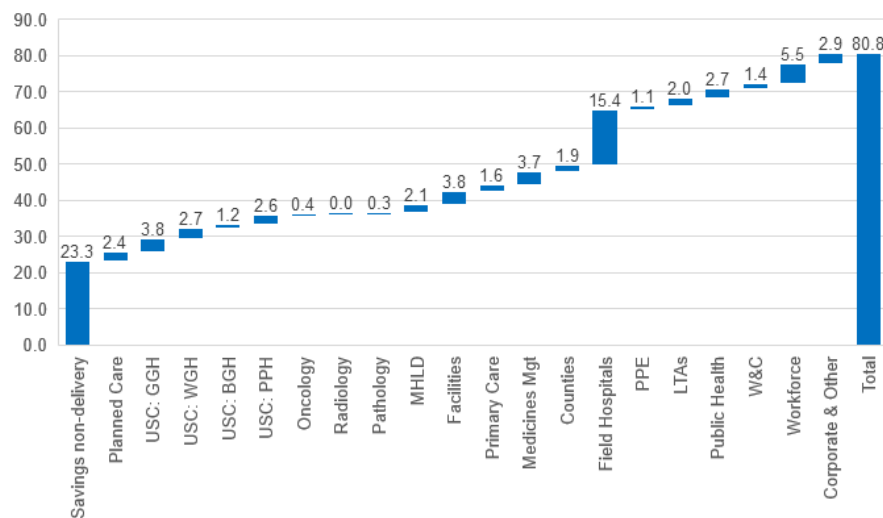
YTD variance by Directorate (against Plan)



Key drivers of YTD position:

- **Savings non-delivery (£23.3m):** 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 (-£3.6m):** Underspend primarily driven by a reduction in non-pay due to reduced activity in elective services.
- **Medicines Management (£4.1):** 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 (£15.4m):** 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 (£5.8m):** Fixed term staff recruited in response to the COVID-19 pandemic who have not yet been assigned to a directorate.
- **WG Funding (-£59.7m):** Funding has been received from WG to offset the cost of the Health Board's response to the COVID-19 pandemic.

YTD actual by Directorate (COVID-19 only)

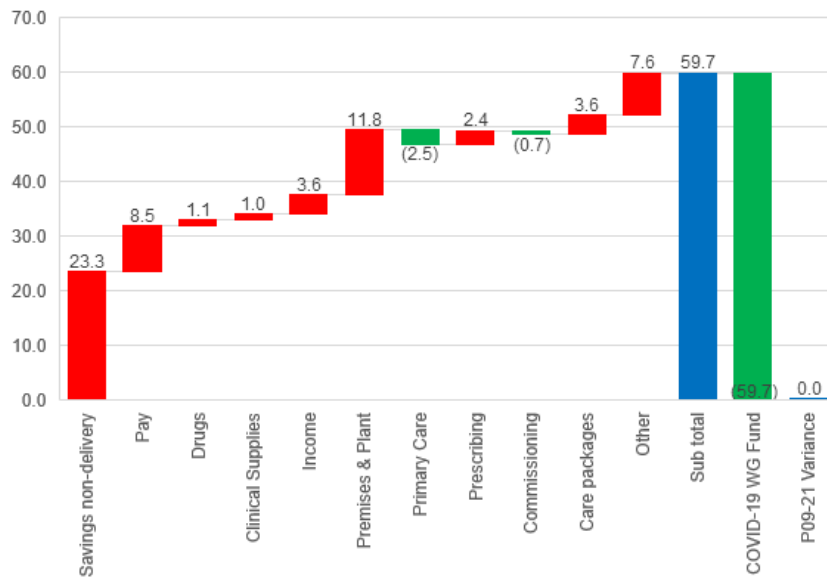


Key drivers of COVID-19 YTD position over and above what is reported above:

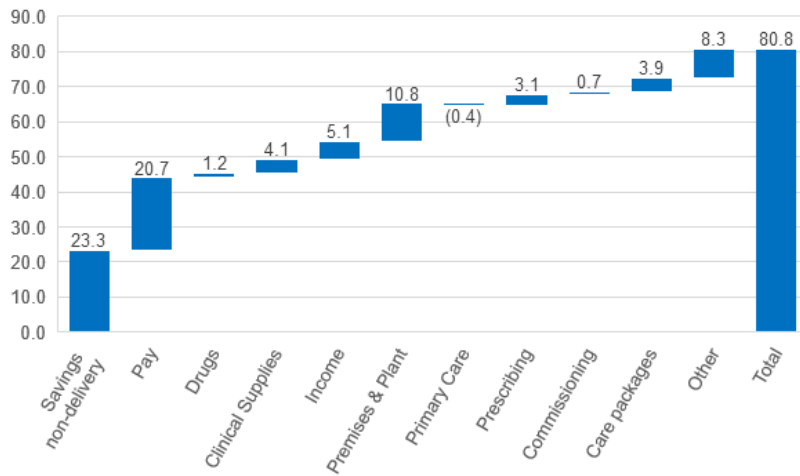
- **LTAs (£2.0m):** Loss in Non-Contract Activity (NCA) income as lockdown restrictions have impacted the tourism industry which in turn has reduced visitors outside of Hywel Dda accessing services.
- **Facilities (£3.8m):** Additional Porters and Domestics recruited in response to the pandemic. Work and maintenance carried out to adapt sites, additional laundry costs and lost revenue.
- **Unscheduled Care (All sites) (£10.3m):** 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.

Revenue Summary

YTD variance by Subjective (against Plan)



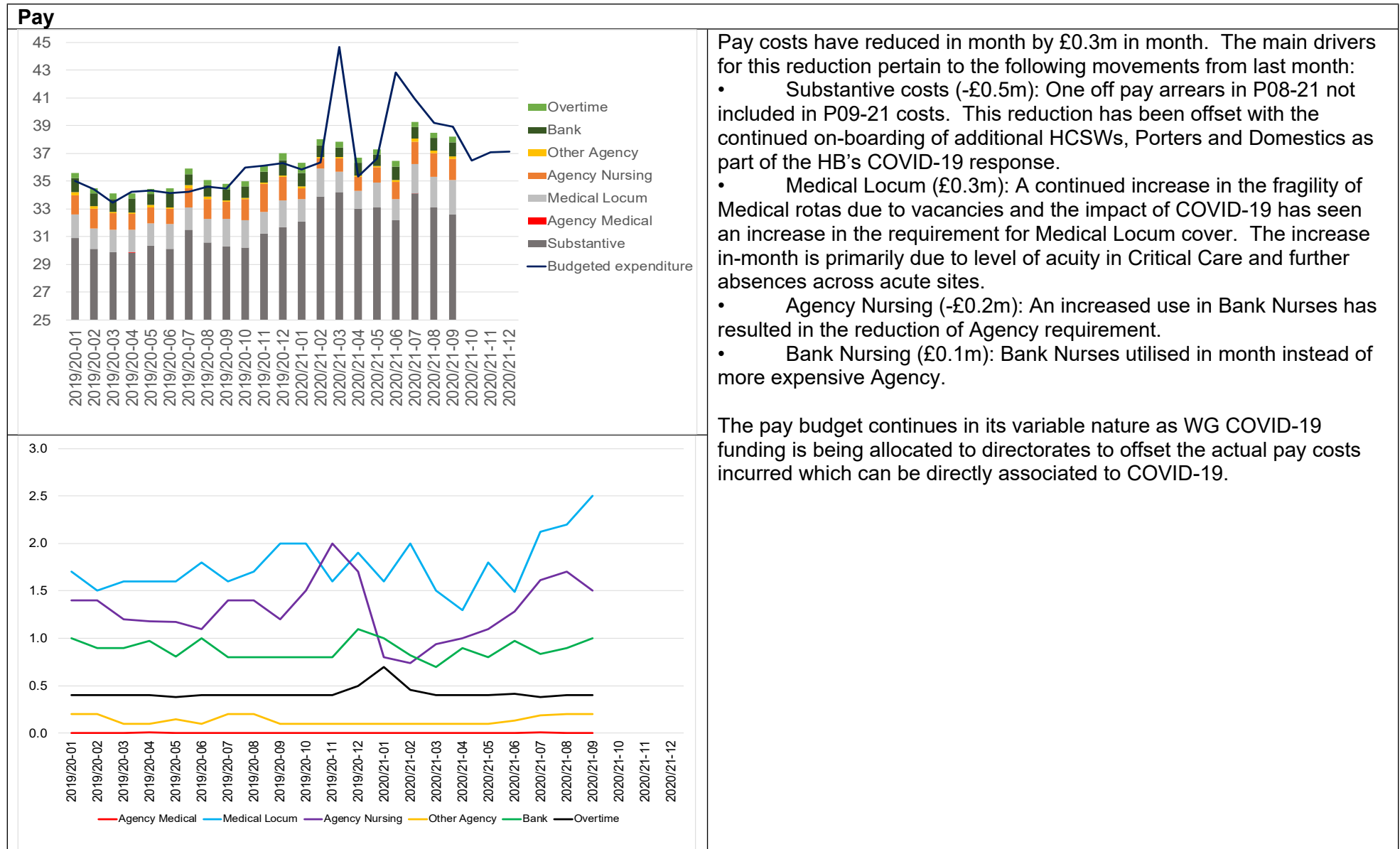
YTD actual by Subjective (COVID-19 only)



Key drivers of YTD position:

- **Savings non-delivery (£23.3m):** 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 (£8.5m):** See detailed analysis in key subjective summary slides.
- **Drugs & Clinical supplies (£2.1m):** 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 (£3.6m):** As referenced in the previous slide, 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 (£11.8m):** Primarily driven by the cost of setting up, de-commissioning and operating the various Field Hospitals with the Health Board's localities.
- **Prescribing (£2.4m):** See detailed analysis in key subjective summary slides.
- **Care packages (£3.6m):** Additional costs have been incurred due to the expedited discharge of CHC Patients and patients being placed in out of area accommodation.
WG Funding (-£59.7m): Funding has been received from WG to offset the cost of the Health Board's response to the COVID-19 pandemic.

Subjective Summary

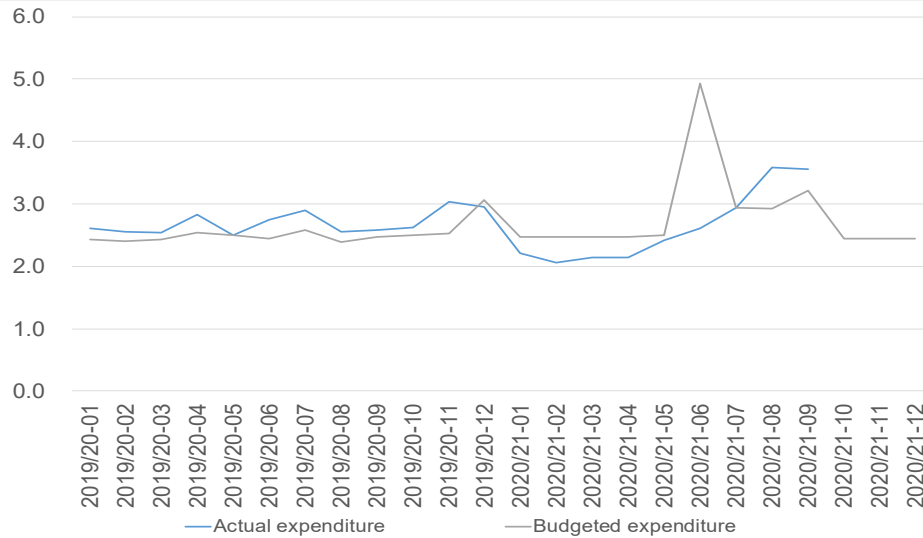


Subjective Summary

CHC	
<p>Actual expenditure</p> <p>Budgeted expenditure</p>	<p>Continuing Health Care expenditure has increased by £0.3m in month primarily due to the one-off benefit received in P08-21 in relation to a YTD Savings scheme in Pembrokeshire £0.4m.</p> <p>During the month, Continuing Care spend has remained relatively flat where a net decrease in Continuing Care patients within the Health Board's Counties has been offset by an increase in costs following changes to several Learning-Disabled client packages.</p>
Secondary Care Drugs	
<p>Actual expenditure</p> <p>Budgeted expenditure</p>	<p>Drug expenditure has decreased in month by £0.1m due to the cancellation of several elective services as a direct consequence of COVID-19 and a reduction in Homecare Haematology drug use in Pathology. These underspends have been offset by an increase in drug spend within Unscheduled Care due to an increase in patient activity and acuity across the Acute sites.</p>

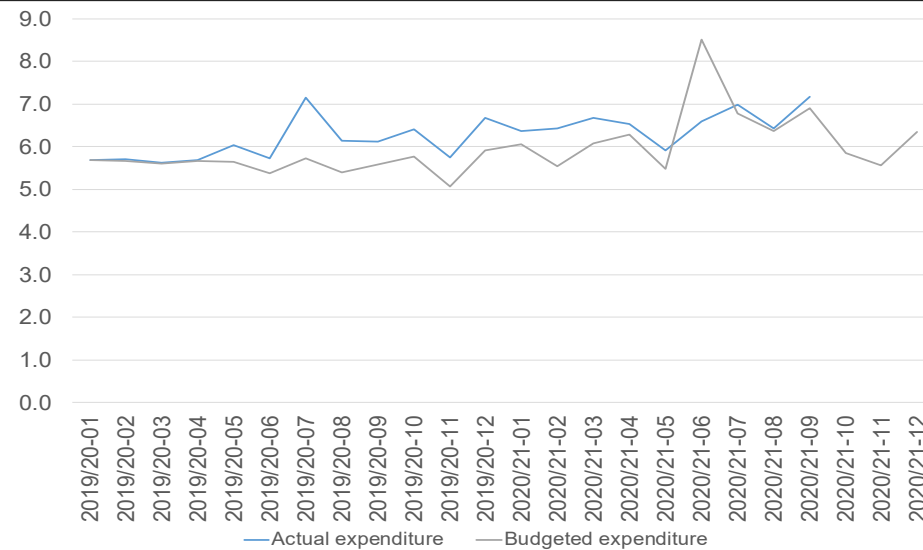
Subjective Summary

Clinical Supplies and Services



While the overall spend in Clinical Supplies and Services has remained static, there have been swings in directorates where reductions in spend within elective services due to the cancellation of several services as a direct consequence of COVID-19 have been offset by increases in Unscheduled Care due to an increase in patient activity and acuity across the Acute sites.

Primary Care Prescribing

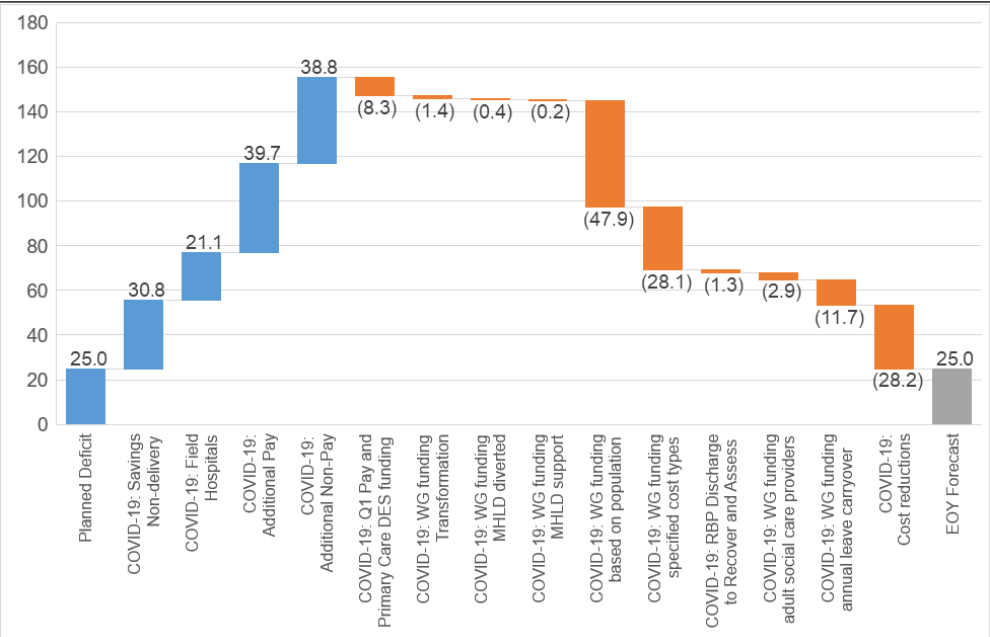


Prescribing costs have increased by £0.8m in month primarily as due to the additional two prescribing days in the month compared to November.

In month changes are also as a result of higher than anticipated actual WP10 costs for October. Consequently, the actual for November and December has been adjusted assuming that this will remain.

Growth on baseline drugs has also increased at a higher rate than anticipated following the reduction in last month's forecast.

Financial Projection



Key Assumptions

- Funding for the balance of the additional WG allocation of £47.9m is assumed to be fully utilised in future months to offset the impact of COVID-19; funding to match the forecast cost of specific items (as defined by WG) has also been 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, 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

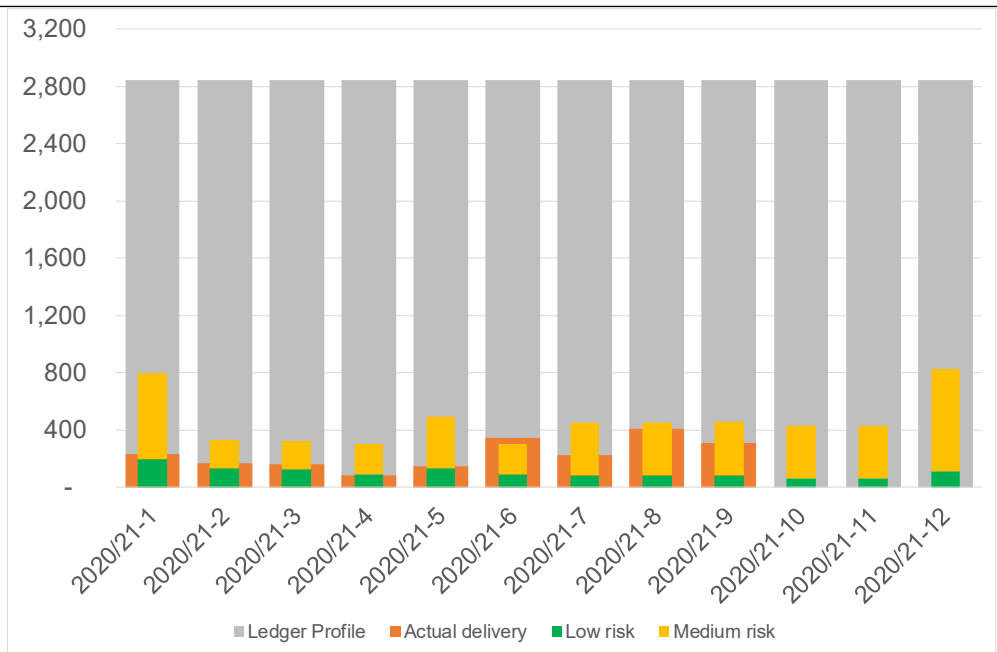
- Improved assurance methods have been established, aligning to managers across the Health Board and the Regional Partnership Board.
- Performance monitored monthly through System Engagement meetings for the highest risk Directorates.
- Following confirmation of additional funding from WG in Month 6, the Health Board is forecasting to deliver the planned deficit of £25m. The Month 9 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 9, 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 £0.3m, 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. A report will be presented to the January Finance Committee for assessment, including the potential for conversion of FY21 cost reductions into formal service changes.