



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

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	26 January 2023
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Financial Report – Month 9 2022/23
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Rebecca Hayes, Senior Finance Business Partner

<b>Pwrpas yr Adroddiad (dewiswch fel yn addas) Purpose of the Report (select as appropriate)</b>
Ar Gyfer Penderfyniad/For Decision

**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.

This report also contains details in relation to Strategic Cash support and Scheme of Delegation changes in respect of Continuing Health Care for approval.

**Cefndir / Background**

**Month 9 2022/23**

The Health Board’s Financial Plan was initially to deliver a deficit of £25.0m, after savings of £29.4m. Through the Month 3 reporting cycle, the Health Board had revised its draft Financial Plan, to deliver a deficit of £62.0m, after savings of £13.9m; this recognises the insufficient level of assurance around the identification of a further £15.5m of savings schemes deliverable within the current financial year against our initial £25.0m deficit Plan. The forecast deficit is £59.0m, after recognising a further £5.0m of operational variation offset by £8.0m Accountancy Gains.

The Month 9 Health Board financial position is an overspend of £6.8m, which is made up of £4.7m operational variance and an original deficit plan of £2.1m; this is after recognising £0.3m of assumed WG transitional funding for COVID-19. £0.9m of savings schemes were delivered in line with identified plans.

Of the £4.7m overspend in-month, £1.1m relates to undelivered savings plans against the original target and £3.6m relates to operational pressures. These pressures are mainly being experienced within our Unscheduled Care teams, but also within Medicines Management in relation to Primary Care Prescribing. The in-month position is £0.2m higher than forecast, largely due to the recognition of additional contractual practice payments to Community

Pharmacists as a result of the WG decision to increase the fee per prescription between 1<sup>st</sup> October 2022 and 31<sup>st</sup> March 2023 by 49%.

The Health Board has received confirmation of WG funding to match the costs of the COVID-19 programmes (Tracing, Testing, Mass Vaccinations and PPE), and also to match the costs of the COVID-19 Transitional Responses and Exceptional Energy up to a maximum of the Month 8 and 6 forecast respectively. We are assuming match funding for the Exceptional Real Living Wage commissioned costs. WG funding has been received in respect of the Health and Social Care Levy and the Pay Award.

Since our initial plan submission, each Executive Director and their respective leadership teams have been reviewing their operational plans to deliver a step change through targeted programmes of work. Trajectories are being developed, but as yet limited assurance can be taken for in-year financial benefit realisation. This represents a significant concern with regards to the underlying deficit into the new financial year.

Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £2.0m. This is contributing to the deterioration in the underlying deficit to £80.0m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our targeted programmes of work. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision following Workforce Policy confirmation.

The Health Board is working through the Targeted Intervention Framework under the four key themes of: 1) Analysis of the drivers from a £25.0m deficit to a £67.0m deficit; 2) Continuous development and implementation of the Opportunities framework; 3) Organisation's Delivery framework; 4) Review of financial management arrangements. There is also ongoing engagement with the organisation on Plans for the coming year and implementation of Integrated finance and performance Directorate management meetings under the new Improving Together framework, commencing on 30<sup>th</sup> January 2023.

### Asesiad / Assessment

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.

### Month 9 2022/23

Key target		Annual limit	YTD limit	Actual delivery	Forecast Risk
Revenue	£'m	59.0	40.0	40.2	Low*
Savings	£'m	21.9	18.3	18.3	Low**
Capital	£'m	33.0	15.5	15.5	Low
Non-NHS PSPP	%	95.0	95.0	95.0	Medium***
Period end cash	£'m	4.0	4.0	2.3	Low****

\* The Health Board is forecasting a financial outturn position of £59.0m, which is an improvement against the re-submitted draft annual plan of £62.0m, which is £34.0m higher than the previous planned deficit of £25.0m. Whilst the delivery risk to the revised forecast deficit of £59.0m is considered to be Low, this is an unacceptable level of deficit and urgent management actions are required to address the underlying position.

\*\* Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £2.0m. This is contributing to the deterioration in the underlying deficit to £80.0m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our 2023/24 planning cycle. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision.

\*\*\*The Health Board has now achieved its PSPP target of paying 95% of its non-NHS invoices within 30 days in Quarter 3, however the risk remains Medium given the failure in Quarter 2 (93.6%) caused by delays in authorising invoices due to staff shortages within specific areas. Work continues to support process improvements to further improve the cumulative position to above the target.

\*\*\*\* WG have confirmed that Strategic Cash funding will be made available in line with the Health Board's request to fund the cash consequences of the revenue deficit.

### **Strategic Cash Support 2022/23**

Welsh Government (WG) provides cash assistance for organisations in deficit from existing budget resources. The process to request Strategic Cash support is for the Board to approve the requirement, be apprised on the cumulative cash assistance the Health Board has sought since April 2014 and, the reasons behind the support and the actions taken to manage and mitigate the need for cash assistance.

The formal notification by the Health Board's Chief Executive to the Chief Executive NHS Wales was required by 8<sup>th</sup> December 2022. An In-Committee Board meeting reviewed this on 10<sup>th</sup> November 2022 and a copy of the letter from the Chief Executive setting out the Health Board's strategic cash request was circulated to Board Members prior to submission. The response from Judith Paget, Chief Executive NHS Wales, was received on 20<sup>th</sup> December 2022 and confirmed the requested funding would be available, subject to discussion and agreement by the Board.

The request for Strategic Cash Support is £52.3m for 2022/23.

This figure is calculated by comparing the forecast revenue cash deficit less working capital balances to give the requirement i.e.

Cash	£m
Revenue deficit	67.0
Less working capital balances	(14.7)
Revised cash deficit	52.3

This is dependent on the Health Board achieving its forecast £59m deficit.

Since April 2014, the cumulative cash support received up to 2021/22 is £217.9m.

Board members are asked to note the strategic cash request of £52.3m.

Copies of the request letter and approval letter are attached as appendices (see Appendix 1 and 2).

### **Scheme of Delegation Changes: Continuing Health Care (CHC)**

The current practice means that all standard packages of care in excess of £50,000 are approved by both the Director of Primary Care, Community and Long-Term Care and the Director of Finance. This follows a scheme of delegation utilised by the Service since 2008 that is outdated and requires amendments.

It is proposed that the delegated authority limits be re-aligned to coincide with normal annual care costs and the Health Board scheme of delegation be amended to clearly show where the approval limits for continuing health care sit.

Further background details and the specific scheme of delegation for recommendation by the Committee for Board approval are detailed in Appendix 3. This paper was recommended for approval by the Audit and Risk Assurance Committee on 13<sup>th</sup> December 2022.

### **Argymhelliad / Recommendation**

The Board is asked to:

- **NOTE** and **DISCUSS** the financial position as at Month 9 2022/23, alongside the implications for the Health Board of the challenging outlook.
- **NOTE** the request for additional strategic cash support.
- **APPROVE** the scheme of delegation changes in respect of Continuing Health Care.

### **Amcanion: (rhaid cwblhau)**

#### **Objectives: (must be completed)**

Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	1199 (score 25) Achieving financial sustainability
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Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care 7. Staff and Resources
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Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
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Amcanion Cynllunio Planning Objectives	All Planning Objectives Apply
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Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Objectives Annual Report 2018-2019</a>	9. All HDdUHB Well-being Objectives apply
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<b>Gwybodaeth Ychwanegol: Further Information:</b>	
Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termiau: Glossary of Terms:	BGH – Bronglais General Hospital CHC – Continuing Healthcare FNC – Funded Nursing Care 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 OOH – Out of Hours PPH – Prince Philip Hospital PSPP – Public Sector Payment Policy RTT – Referral to Treatment Time T&O – Trauma & Orthopaedics WG – Welsh Government WGH – Worthybush General Hospital WRP – Welsh Risk Pool WHSSC – Welsh Health Specialised Services Committee YTD – Year to date
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Cyfarfod Bwrdd Iechyd Prifysgol: Parties / Committees consulted prior to University Health Board:	Finance Team Management Team Executive Team

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	The impact on patient care is assessed within the savings schemes.
<b>Gweithlu: Workforce:</b>	The report considers the financial implications of our workforce.
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: Legal:</b>	HDdUHB 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: Reputational:</b>	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, Audit Wales, and with external stakeholders.
<b>Gyfrinachedd: Privacy:</b>	Not applicable.
<b>Cydraddoldeb: Equality:</b>	Not applicable.

## Executive Summary

	<p><b>Health Board's revised draft Financial Plan is to deliver a deficit of £62.0m, after savings of £13.9m; this recognises the inadequate level of assurance around the identification of a further £15.5m of savings schemes deliverable within the current financial year against our initial £25.0m deficit Plan, combined with an operational variation due to system pressures and continuation of COVID-19 activities within our core services.</b></p> <p><b>The forecast deficit is £59.0m, after recognising a further £5.0m of operational variation offset by £8.0m Accountancy Gains.</b></p>
<b>Revenue</b>	<ul style="list-style-type: none"> <li>The Month 9 Health Board financial position is an overspend of £6.8m, which is made up of £4.7m operational variance and an original deficit plan of £2.1m; this is after recognising £0.3m of assumed WG transitional funding for COVID-19. £0.9m of savings schemes were delivered in line with identified plans.</li> <li>Of the £4.7m overspend in-month, £1.1m relates to undelivered savings plans against the original target and £3.6m relates to operational pressures. These pressures are mainly being experienced within our Unscheduled Care teams, but also within Medicines Management in relation to Primary Care Prescribing.</li> </ul>
<b>Projection</b>	<ul style="list-style-type: none"> <li>The Health Board has received confirmation of WG funding to match the costs of the COVID-19 programmes (Tracing, Testing, Mass Vaccinations and PPE), and also to match the costs of the COVID-19 Transitional Responses and Exceptional Energy up to a maximum of the Month 8 and 6 forecast respectively. We are assuming match funding for the Exceptional Real Living Wage commissioned costs. WG funding has been received in respect of the Health and Social Care Levy and the Pay Award.</li> <li>Since our initial plan submission, each Executive Director and their respective leadership teams have been reviewing their operational plans to deliver a step change through targeted programmes of work. Trajectories are being developed, but as yet limited assurance can be taken for in-year financial benefit realisation. This represents a significant concern with regards to the underlying deficit into the new financial year.</li> </ul>
<b>Savings</b>	<ul style="list-style-type: none"> <li>Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £2.0m. This is contributing to the deterioration in the underlying deficit to £80.0m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our targeted programmes of work. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision following Workforce Policy confirmation.</li> </ul>
<b>Next Steps</b>	<ul style="list-style-type: none"> <li>The Health Board is working through the Targeted Intervention Framework under the four key themes of: 1) Analysis of the drivers from a £25.0m deficit to a £67.0m deficit; 2) Continuous development and implementation of the Opportunities framework; 3) Organisation's Delivery framework; 4) Review of financial management arrangements.</li> <li>Engaging with the organisation on plans for the coming year.</li> <li>Implementation of Integrated finance and performance Directorate management meetings under the new Improving Together framework, commencing on 30th January 2023.</li> </ul>

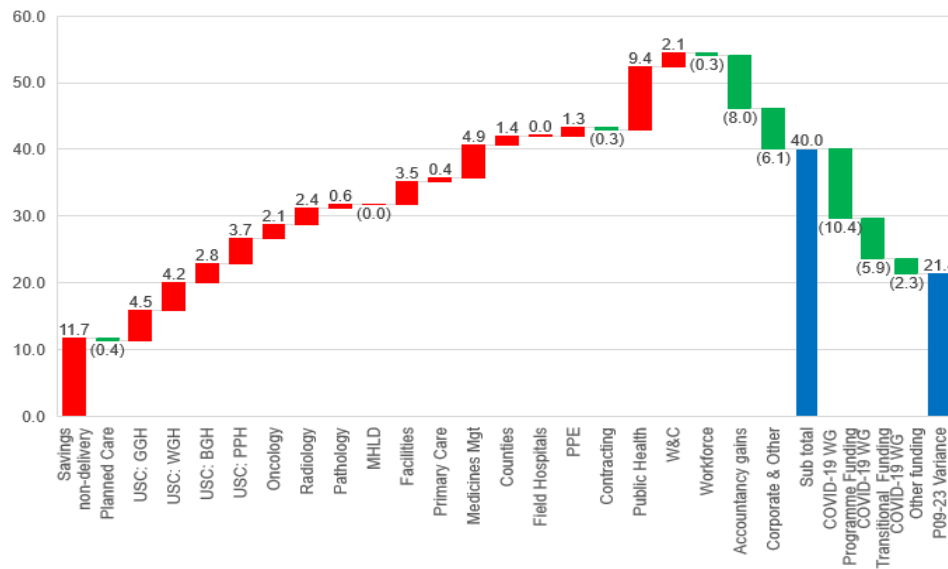
# Executive Summary

Summary of key financial targets					
<p>The Health Board's key targets are as follows:</p> <ul style="list-style-type: none"> <li>• Revenue: to contain the overspend within the Health Board's planned deficit</li> <li>• Savings: to deliver savings plans to enable the revenue budget to be achieved</li> <li>• Capital: to contain expenditure within the agreed limit</li> <li>• PSPP: to pay 95% of Non-NHS invoices within 30 days of receipt of a valid invoice</li> <li>• 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.</li> </ul>					
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<p>* The Health Board is forecasting a financial outturn position of £59.0m, which is an improvement against the re-submitted draft annual plan of £62.0m, which is £34.0m higher than the previous planned deficit of £25.0m. Whilst the delivery risk to the revised forecast deficit of £59.0m is considered to be Low, this is an unacceptable level of deficit and urgent management actions are required to address the underlying position.</p> <p>** Of the identified operational savings schemes of £13.9m, only a small number are currently assessed as recurrent, with a full year effect of £2.0m. This is contributing to the deterioration in the underlying deficit to £80.0m from the brought forward 2021/22 position of £68.9m, which presents a challenge to be addressed as part of our 2023/24 planning cycle. In addition to the operational schemes, a non-recurrent Accountancy Gain of £8.0m has been identified in relation to the part release of an Annual Leave carryover provision.</p> <p>***The Health Board has now achieved its PSPP target of paying 95% of its non-NHS invoices within 30 days in Quarter 3, however the risk remains Medium given the failure in Quarter 2 (93.6%) caused by delays in authorising invoices by the service and the remaining concern due to staff shortages within specific areas. Work continues to support process improvements to further improve the cumulative position to above the target.</p> <p>**** WG have confirmed that Strategic Cash funding will be made available in line with the Health Board's request to fund the cash consequences of the revenue deficit.</p>					



# Revenue Summary

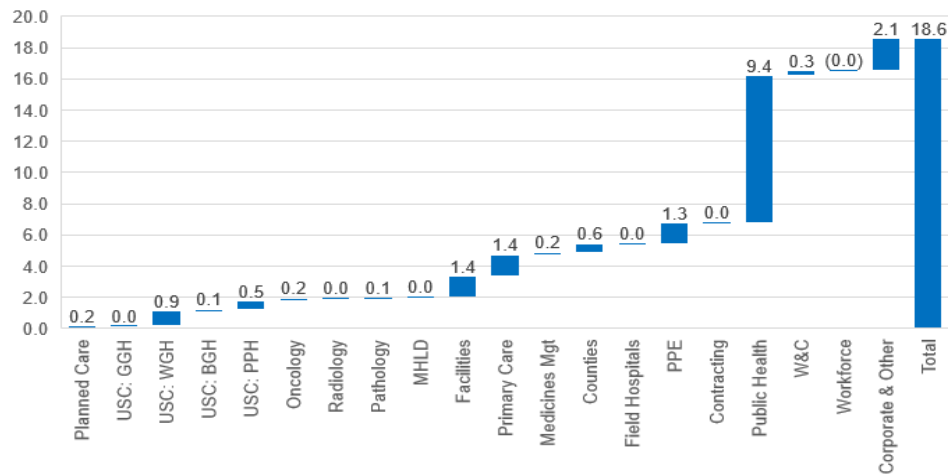
## YTD variance by Directorate (against Plan)



## Key drivers of YTD position

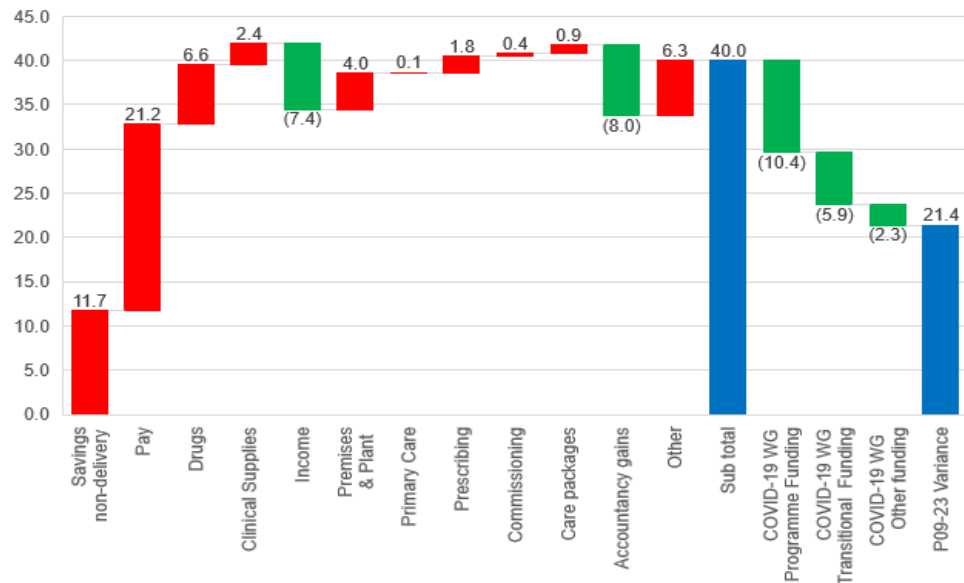
- **Savings non delivery £11.7m:** YTD value of savings undelivered by the organisation (against the original Plan of £29.4m).
- **Unscheduled care £15.3m:** Continuation of site pressures where high levels of vacancies and activity are resulting in high variable pay expenditure across all four acute sites.
- **Radiology £2.4m:** Workforce pressures due to vacancies and sickness resulting in high variable pay expenditure and outsourcing of services from private providers across all four acute sites.
- **Facilities £3.5m:** Overspends are driven in core areas by the increasing cost of utilities and provisions and the loss of revenue in canteens and external vendors. COVID-19 expenditure relates to on-going expenditure in relation to enhanced cleaning standards and remedial works to Health Board estate.
- **Medicines Management £4.9m:** Baseline price increases and volume growth in Prescribing with significant increases in NCSO and Category M drugs specifically.
- **Public Health £9.4m:** Primarily driven by costs associated with the Health Board's on-going response to COVID-19 in regards to TTP and Mass Vaccinations.
- **WG Programme Funding £(10.4)m:** YTD funding in respect of COVID-19 programme schemes has been included in the position.
- **WG Transitional Funding £(5.9)m:** YTD funding has been to match transitional support costs in line with the Health Board's plan to exit, wherever possible, COVID-19 specific activities.
- **WG Other funding £(2.3)m:** Fixed allocation funding to support COVID-19 response for various schemes.

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

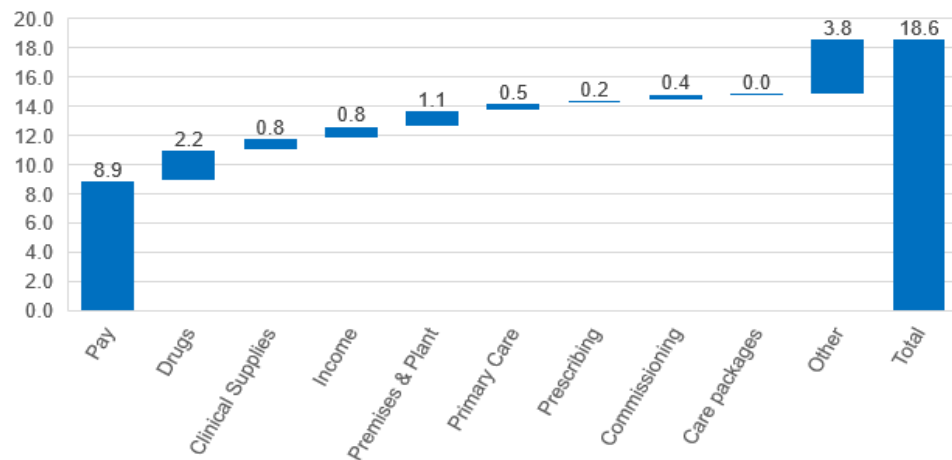


# Revenue Summary

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



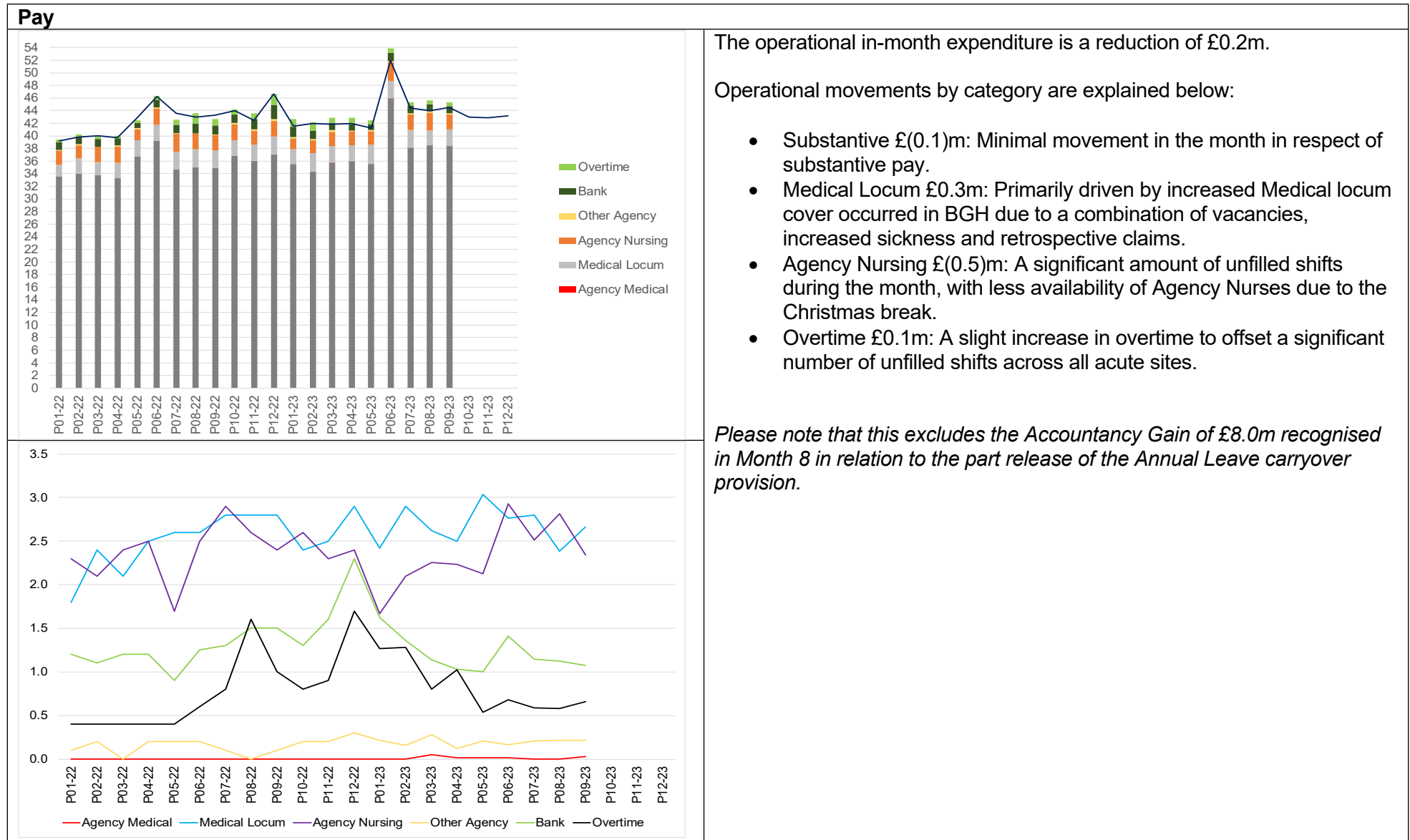
**YTD actual by Subjective (COVID-19 only)**



**Key drivers of YTD position**

- **Savings non delivery £11.7m:** YTD value of savings undelivered by the organisation (against the original Plan of £29.4m).
- **Pay £21.2m:** Continued high levels of variable pay expenditure across various staff groups due to high levels of vacancies across the Health Board and on-going pressures in Unscheduled Care. Continued COVID-19 pay expenditure is primarily supporting the Health Board's response in respect of TTP, Mass Vaccination and enhanced cleaning standards.
- **Drugs £6.6m:** Activity and price growth in Oncology, Homecare drugs and Scheduled Care following changes in clinical guidelines and increased activity following COVID-19. There has also been a higher than average increase in Unscheduled Care drugs expenditure as Emergency Departments continue to experience unprecedented demand.
- **Income £(7.4)m:** Primarily driven by the recognition of Value Based Healthcare funding offset by consultancy charges. In addition, receipt of British Gas rebates for prior period CHP underperformance and higher than anticipated income for the Education Service liaison and in relation to non contracted activity.
- **Premises & Plant £4.0m:** Primarily driven by remedial work to Health Board estate and IT infrastructure costs.
- **Accountancy gains £(8.0)m:** Month 8 recognition of the impact of the Workforce National Policy revision to Annual Leave carryover provision.

# Key Subjective Summary



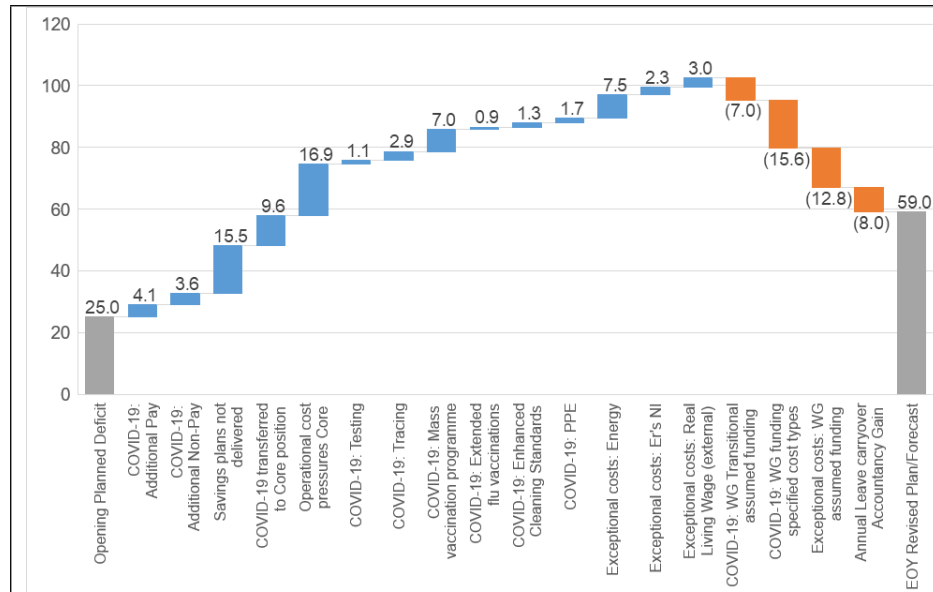
# Key Subjective Summary

<p><b>CHC</b></p> <p>— Actual expenditure — Budgeted expenditure</p>	<p>Continuing Health Care expenditure has reduced by £0.2m compared to last month.</p> <p>The primary driver in respect of this reduction is a net reduction in active packages during the month primarily in Adult Mental Health.</p>
<p><b>Secondary Care Drugs</b></p> <p>— Actual expenditure — Budgeted expenditure</p>	<p>Secondary Care Drug expenditure reduced by £0.7m in-month compared to last.</p> <p>The reduction in expenditure is primarily due to the following reasons:</p> <ul style="list-style-type: none"> <li>• A reduction in Elective Care due to the cancellation of a number of Ophthalmic clinics due to industrial action.</li> <li>• A reduction in Pathology due to a reduction in Haematology drug issues.</li> <li>• A reduction in COVID-19 Mass Vaccination appointments resulted in fewer vaccines being utilised.</li> </ul>

# Key Subjective Summary

Clinical Supplies and Services	
<p>Actual expenditure Budgeted expenditure</p>	<p>Clinical supply and service expenditure has increased by £0.1m in-month.</p> <p>The in-month increase in expenditure has been caused by an increase M&amp;SE purchases and dressings, recognising the continuing demand across all Unscheduled Care sites throughout the month.</p>
Primary Care Prescribing	
<p>Actual expenditure Budgeted expenditure</p>	<p>Primary Care Prescribing costs have increased by £0.9m in-month.</p> <p>The contributing factors to this increase include:</p> <ul style="list-style-type: none"> <li>• Increased item growth within both Baseline and Category M drugs.</li> <li>• An unprecedented increased in the number of concessionary prices granted for the month of December within the No Cheaper Source Obtainable (NCSO) drug list, partly driven by the addition of a number of antibiotics.</li> <li>• Inflated prices for antibiotics (which is likely to be due to the impact of Strep A); within Category M drugs, there were 14 antibiotics which would normally have cost the set Drug Tariff price.</li> </ul>

# Financial Projection



## Key Assumptions

- The direct impact of COVID-19, including programme expenditure (in respect of mass vaccination programmes, Testing, Tracing, and PPE) is modelled up to a twelve-month scenario.
- All WG COVID-19 and Exceptional Costs (Energy and Real Living Wage commissioned services) funding is based on the current forecast costs on a match-basis (capped at a maximum of the Month 6 financial forecast).
- The impact of the in-year operational cost pressures in excess of the original plan will be fully reviewed as part of the Planning Cycle for 2023/24 to determine the opening Underlying Deficit.
- Any backfill costs of staff utilising carried forward Annual Leave during the year is assumed to be within the current run rate.
- No financial impact is assumed as a result of the impending industrial action, with work underway through our Action Group.

## Assurance

- Executive led Use of Resources Group which scrutinises business cases, opportunities, and financial governance.
- Performance to continue to be monitored monthly through robust Directorate Use of Resources meetings.

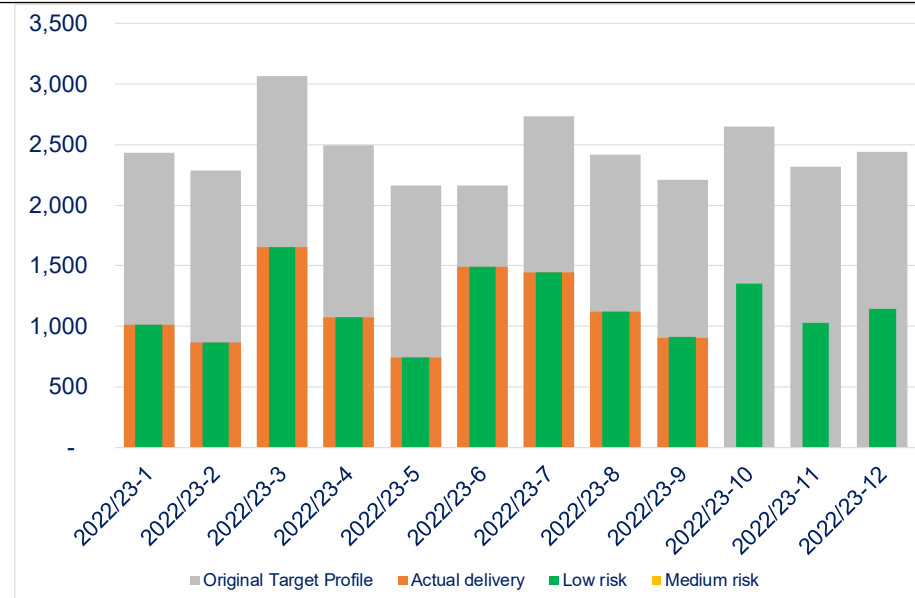
## Concerns

- There has been a net deterioration in the underlying deficit of £68.9m in 2021/22 to the current assessment for 2022/23 of £80.0m, which was not the expected outcome of the revised planning cycle during Quarter 1 and subsequent months.
- Whilst the forecast deficit has improved from £62.0m to £59.0m this recognises an additional £5.0m of operational variation offset by £8.0m of non-recurrent Accountancy Gains.

## Next Steps

- The Health Board is working through the Targeted Intervention Framework under the four key themes of: 1) Analysis of the drivers from a £25.0m deficit to a £67.0m deficit; 2) Continuous development and implementation of the Opportunities framework; 3) Organisation's Delivery framework; 4) Review of financial management arrangements.
- Engaging with the organisation on plans for the coming year.
- Implementation of Integrated finance and performance Directorate management meetings under the new Improving Together framework, commencing on 30th January 2023.
- A weekly progress report is being presented to the Executive Team to retain sufficient strategic focus on key deliverables.

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



### Assurance

- Of the original £29.4m requirement, £13.9m have been identified as operational Green schemes, as a minimum on a non-recurrent basis; in addition to this £8.0m of Accountancy Gains have been recognised in Month 8 which is not included in the above graph which presents the £13.9m of operational delivery schemes only. All schemes are assessed as Green.
- The Plan re-submission is aligned to delivery of the identified savings schemes of £12.4m. Since the Plan, a further £1.5m recurrent Green schemes have been identified.
- In-month delivery of £0.9m, which is in line with the Green savings scheme plans.

### Concerns

- Whilst the focus of the Health Board is on identifying and implementing recurrent schemes, the current combination of capacity and system pressures being experienced operationally has diverted significant managerial resource. This has meant that, of the original required £29.4m, only £13.9m of operational schemes have been identified, largely on a non-recurrent basis. The £8.0m Accountancy Gain is also a non-recurrent benefit.
- The Executive led targeted programmes of work trajectories are being developed, but as yet no assurance can be taken for the in-year or future year financial benefit realisation.

### Next Steps

- Having the clarity of the opportunities has enabled the team to buy into the areas that need to be influenced and changed, but we are yet to agree and have sight of detailed plans that illustrate a clear route to delivery through our planning framework.
- The Board recognise the need to develop opportunities for change through Use of Resources groups (Directorate level and Executive Level) as a matter of urgency.
- Collaborative dialogue with WG and FDU is continuing with the Health Board in support of progressing the agreed TI workstream deliverables.



Ein cyf/Our ref: CEO.  
Gofynnwch am/Please ask for: Kelly Sursona  
Rhif Ffôn /Telephone: 01267 239569  
Dyddiad/Date: 08/12/2022

Swyddfeydd Corfforaethol, Adeilad Ystwyth  
Hafan Derwen, Parc Dewi Sant, Heol Ffynnon Job  
Caerfyrddin, Sir Gaerfyrddin, SA31 3BB

Corporate Offices, Ystwyth Building  
Hafan Derwen, St Davids Park, Job's Well Road,  
Carmarthen, Carmarthenshire, SA31 3BB

Mrs Judith Paget  
Director General Health and Social Services  
NHS Wales Chief Executive  
Health and Social Services Group  
Cathays Park  
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By e-mail to: [Judith.Paget@Gov.Wales](mailto:Judith.Paget@Gov.Wales)

Cc: [Steve.Elliot@gov.wales](mailto:Steve.Elliot@gov.wales), [Jacqueline.Salmon@gov.wales](mailto:Jacqueline.Salmon@gov.wales)

Dear Judith,

## Hywel Dda University Health Board Financial Deficit Accountable Officer Letter December 2022

I am writing to formally request Strategic Cash assistance and provide an update on the end of year financial projection for 2022/23.

### Strategic Cash Assistance 2022/23

I write in accordance with Technical Update Note 01, dated 8 November. This note requested that Chief Executives, as Accountable Officers, should formally notify the Chief Executive of NHS Wales of requests for repayable Strategic Cash assistance by 8 December.

In line with this, on behalf of the Board, I am formally requesting strategic cash assistance for 2022/23 of £52.3m. This assumes that £14.7m is also provided to cover the cash consequences of our assumed changes in working capital balances over the year. This request is based on us achieving our revised forecast deficit of £59m.

We have reviewed our creditor types to identify different payment policies that could be adopted with a cash strategy developed should the full amount of strategic cash assistance not be made available. These options all contain risks for the Health Board and represent a significant reputational concern for us.



Nonetheless, this approach has been scrutinised in detail by the Sustainable Resources Committee on behalf of the Board, and the Board was apprised of the situation at its November meeting.

Priority creditors would need to be paid to maintain service levels. If no strategic cash assistance is made available and restrictions on creditor payments are not undertaken, we estimate that the Health Board will fully utilise our approved cash resource limits by 13 March 2023.

While the Board has not met formally during December, the Director of Finance did advise the Board in his finance report in November that we would be requesting formal cash support from Welsh Government.

While I appreciate that the financial challenges which the Board is facing are significant, I understand that officers in Welsh Government have been working to secure cash cover for the NHS deficit as a whole this year. I am grateful for your support, and look forward to receiving confirmation of the strategic cash assistance.

### **End of Year Financial Projection**

As our Month 7 Monitoring Return confirms, the Health Board has a revised forecast deficit of £59.0m; we acknowledge that, following the Month 7 Reply Letter, this remains an unacceptable outturn position. Whilst the forecast deficit has improved from £62.0m to £59.0m; this is inclusive of an additional £5.0m of operational variation offset by £8.0m of non-recurrent Accountancy Gains.

The Workforce national policy revision to the Annual Leave carryover has resulted in the release of £8.0m of the provision in the Month 7 end of year forecast.

This further challenge into our underlying financial deficit continues to be a key focus of the Board. We expect that the Planning cycle for 2023/24 will clarify the extent of the impact, and the Health Board's appropriate mitigating response.

My team and I welcome the continuation of the ongoing dialogue with colleagues from Welsh Government and the Finance Delivery Unit as we progress through the remainder of this financial year.

In the absence of a Board meeting in December, a draft of this letter has been circulated for comment amongst our Independent Members.

Yours sincerely



**Steve Moore**  
**Prif Weithredwr / Chief Executive**

Cc Maria Battle (Chair)



Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/  
Prif Weithredwr GIG Cymru  
Grŵp Iechyd a Gwasanaethau Cymdeithasol

Director General Health and Social Services/  
NHS Wales Chief Executive  
Health and Social Services Group



Llywodraeth Cymru  
Welsh Government

Steve Moore  
Chief Executive  
Corporate Offices  
Ystwyth Building  
Hafan Derwen  
St David's Park  
Job's Well Rd  
Carmarthen  
SA31 3BB

Our Ref: JP/JS/SB

20 December 2022

Dear Steve

### **Strategic Cash Support to Hywel Dda UHB**

Further to your letter dated 8 December 2022, advising Welsh Government of the year-end cash pressures arising as a consequence of your forecast deficit position of £59m, I am writing to confirm that subject to discussion at and with the agreement of your board, Welsh Government will provide a maximum of £52.3m strategic cash only support to Hywel Dda UHB to support your management of this position.

On the 8 July 2020 the Minister for Health and Social services announced that the accumulated strategic cash only support previously provided by Welsh Government was no longer repayable. The 2022-23 strategic cash assistance must be disclosed in your financial accounts.

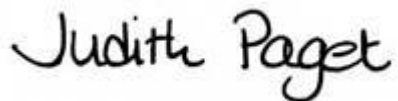
A cash allocation will be provided in February 2023, and funds will be available to draw in March 2023. This is to ensure that the actual support provided reflects the cash support required, not simply the forecast position. Hywel Dda UHB is expected to continue actions to seek to manage its cash position, to mitigate the level of cash support requested. HSSG does not receive additional cash to support these requests, all such support impacts upon the overall cash resources available to NHS Wales.

Please ensure all future monthly monitoring returns provide updates on the actual strategic cash assistance required.

If strategic cash assistance will need to be drawn prior to March 2022, please advise Jacqueline Salmon, Financial Accountant in writing of your requirement and the circumstances.

Your request for working capital allocations for capital and revenue have been approved in separate correspondence.

Yours sincerely

A handwritten signature in black ink that reads "Judith Paget". The signature is written in a cursive, slightly slanted style.

**Judith Paget CBE**

# Appendix 3: Scheme of delegation changes

## Continuing Health Care (CHC)

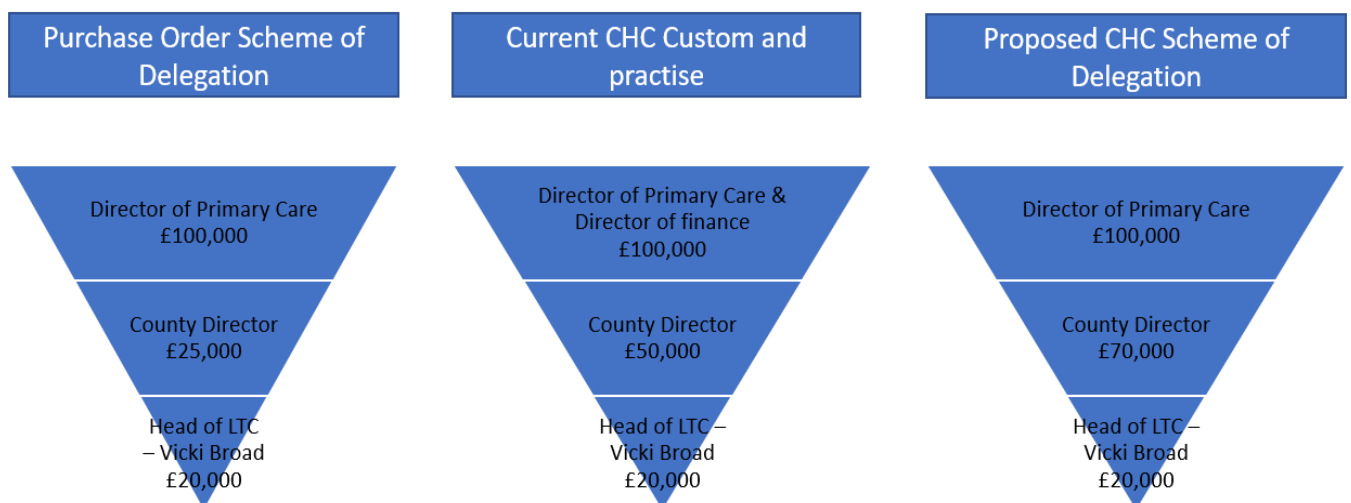
Within long term care there are currently 118 general nursing and 188 EMI packages. The average annual cost of these packages is approximately £1,000 per week (or £52,000 per annum). These packages are standard packages at annual agreed rates. It is proposed that the delegated authority limits be re-aligned to coincide with normal annual care costs. This is because of the current delay in authorising fairly standard packages of care. Due to the increasing care cost over a number of years, more packages are requiring a higher level of sign off than previously required, thereby delaying the process.

The current Scheme of Delegation does not clearly articulate where the continuing health care authority limits should sit. These orders are exceptions and sit outside the normal purchase order process. However, the inferred limits from those purchase orders would not be sufficient to enable this process to run smoothly. Custom and practice means that County Directors are currently authorising packages up to £50,000 per annum. It is worth noting that sign off in principle is for a weekly amount as there is no certainty providing the length of stay of the client.

It is therefore proposed that the following exceptions are applied to long term care.

<b>Position</b>	<b>Authority</b>
Head of Long Term Care	up to £20,000
County Director	£20,001 to £70,000
Director of Primary Care, Community and Long Term Care	£70,001 - £100,000

### Current & Proposed delegation limits:



These changes only apply to long term care packages. Outside of these changes the normal scheme of delegation should apply.