

# Finance Committee

Wed 28 September 2022, 14:00 - 16:00

## Agenda

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### 14:00 - 14:00 **1. Standing Items**

0 min

*Rhian Thomas*

#### **1.1. Welcome and Introductions**

#### **1.2. Apologies for Absence**

#### **1.3. Declarations of Interest**

#### **1.4. Minutes of the previous Committee meeting – 24 August 2022**

 1.4 Draft Public Finance Minutes AugustMD.NF.pdf (7 pages)

#### **1.5. Action log following the meeting held on 24 August 2022**

 1.5 Action Log - Following Meeting in AugustMD.NF.pdf (1 pages)

#### **1.6. Chair's Actions since previous meeting**

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### 14:00 - 14:00 **2. Items for Review and Assurance**

0 min

#### **2.1. Financial Report – Month 5**

*Robert Mahoney*

 2.1 Public Finance Committee Finance Position Report for Month 5.pdf (21 pages)

#### **2.2. BAF Risk – Financial Sustainability**

*Nicola Foreman*

 2.2 BAF Financial Sustainability Covering report - 2022.NF.pdf (2 pages)

 2.2a Financial Sustainability- BAF Risk.pdf (2 pages)

#### **2.3. Velindre NHS Trust Business Cases - Radiotherapy Services, Radiotherapy Satellite Centre.**

*Catherine Phillips/Abigail Harris*

The business cases for (i) the Integrated Radiotherapy Solution and (ii) the Satellite Radiotherapy Unit are published under the Supporting Documents section of Admincontrol.

 2.3 Velindre NHS Trust Business Cases - Radiotherapy Services, Radiotherapy Satellite Centre..pdf (11 pages)

 2.3a IRS RSC cases Appendix 1.pdf (1 pages)

 2.3b IRS RSC cases Appendix 2.pdf (1 pages)

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14:00 - 14:00 **3. Items for Approval / Ratification**  
0 min

**3.1. Fracture Clinic**

*Catherine Phillips Geoff Walsh*

 3.1 UHW Fracture Clinic Lakeside Wing - Finance Committee(1).pdf (5 pages)

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14:00 - 14:00 **4. Items for Information and Noting**  
0 min

**4.1. Financial Monitoring Return – Month 5**

*Robert Mahoney*

 4.1 WG month 4 MMR Covering Report.pdf (2 pages)

 4.1a CV Financial Monitoring Returns 2022-23 - Month 5.pdf (13 pages)

 4.1b 2022-23 MMR Template - Cardiff & Vale UHB Month 5.pdf (4 pages)

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14:00 - 14:00 **5. Agenda for Private Finance Committee Meeting**  
0 min

*Rhian Thomas*

**5.1. Approval of Private Minutes**

**5.2. Health & Wellbeing Centre Business Case - Park View**

**5.3. Update on the Financial Plan (Verbal)**

**5.4. 10 Year Capital Plan**

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14:00 - 14:00 **6. AOB**  
0 min

14:00 - 14:00 **7. Review and Final Closure**  
0 min

*Rhian Thomas*

**7.1. Items to be deferred to Board / Committee**

**7.2. Date, time and venue of the next Committee meeting:**

Wednesday 26 October 2022 at 2pm via MS Teams

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14:00 - 14:00 **8. Declaration**  
0 min

To consider a resolution that representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest [Section 1(2) Public Bodies (Admission to Meetings) Act 1960]

Moderated Sample  
23/09/2022 09:38:05

**Unconfirmed Minutes of the Finance Committee Meeting  
Held On 24 August 2022 at 2pm  
Via MS Teams**

<b>Chair:</b>		
Rhian Thomas	RT	Independent Member - Capital and Estates
<b>Present:</b>		
John Union	JU	Independent Member – Finance
David Edwards	DE	Independent Member – ICT
<b>In Attendance:</b>		
Abigail Harris	AH	Executive Director of Strategic Planning
Catherine Phillips	CP	Executive Director of Finance
Hywel Pullen	HP	Interim Deputy Director of Finance (Strategy)
Mike Bond	MB	Managing Director – Acute Services
Tim Davies	TD	Head of Corporate Business
Kris Prosser	KP	Assistant Head of Finance - Financial Planning & Transformation
Wendy Wright – Davies	WWD	Internal Audit
Nicola Foreman	NF	Director of Corporate Governance
<b>Observers:</b>		
Darren Griffiths	DG	Audit Wales
<b>Secretariat</b>		
Sarah Mohamed	SM	Corporate Governance Officer
<b>Apologies:</b>		
Robert Mahoney	RM	Interim Deputy Director of Finance (Operational)
Charles Janczewski	CJ	UHB Chair

Item No	Agenda Item	Action
<b>FC 24/8/001</b>	<b>Welcome &amp; Introduction</b>  The Committee Chair (CC) welcomed everyone to the meeting.	
<b>FC 24/8/002</b>	<b>Apologies for Absence</b>  <b>The Finance Committee resolved that:</b>  a) Apologies were noted.	
<b>FC 24/8/003</b>	<b>Declarations of Interest</b>  <b>The Finance Committee resolved that:</b>  a) No Declarations of Interest were noted.	
<b>FC 24/8/004</b>	<b>Minutes of the meeting Held on 27 July 2022</b>  The minutes of the meeting held on 27 July 2022 were received.  <b>The Finance Committee resolved that:</b>	

	a) The minutes of the meeting held on 27 July 2022 were held as a true and accurate record of the meeting.	
<b>FC 24/8/005</b>	<p><b>Action Log following the meeting held on 27 July 2022</b></p> <p>The Action Log was received.</p> <p><b>The Finance Committee resolved that:</b></p> <p>a) The Action Log was up to date.</p>	
<b>FC 24/8/006</b>	<p><b>Chairs Action since previous meeting</b></p> <p>There had been no Chair's actions taken since the last meeting.</p>	
<b>Items for Review and Assurance</b>		
<b>FC 24/8/007</b>	<p><b>Financial Report – Month 4</b></p> <p>The Interim Deputy Director of Finance Strategy (IDDFS) presented the Financial Report and highlighted the following:</p> <p><u>Table 1: Month 4 Financial Position 2022/23</u></p> <ul style="list-style-type: none"> <li>• The Health Board reported an £8m deficit in Month 4.</li> <li>• £5.7m related to the planned deficit of £17.1m.</li> <li>• £2.3m related to the operational position (Surplus) / deficit.</li> </ul> <p><u>Table 3 - Key Performance Indicator dashboard at July 2022</u></p> <ul style="list-style-type: none"> <li>• The Health Board was “red” in terms of the operational deficit impacting the delivery of the financial plan.</li> <li>• The Health Board was yet to find the full recurrent savings that it wished to achieve.</li> <li>• The Health Board was overachieving on non-recurrent savings being found.</li> <li>• Creditor performance continued to be below 95%.</li> <li>• The Health Board was forecasting a deficit of £17m at the year end. It would need cash support from Welsh Government (WG) to cover the Health Board cash position in relation to revenue deficit.</li> </ul> <p><u>Financial performance of Clinical Boards</u></p> <ul style="list-style-type: none"> <li>• The Health Board had a £2.3m operational deficit.</li> <li>• Largest operational overspends experienced were in the Medicine Clinical Board, Mental Health Clinical Board, and Capital Estates and Facilities.</li> <li>• That was all due to a continuation of trends which included the pressure of recruiting nursing and medical staff and agency staff.</li> </ul>	

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The Managing Director – Acute Services (MDAS) advised on the following in relation to the Clinical Boards:

- The Specialist Clinical Board had moved from adequate to substantial. It had an underspend and a good grip on its financials.
- Medicine continued to be under pressure. That was mainly due to the workforce. It was also driven by the combination of back door and delayed transfer of care. There was lots of work to do to support the workforce and ensure costs were reduced.
- There was ongoing work that needed to happen.
- Surgery had moved from adequate to limited assurance. This is due to complexity of activity. There are some historical CRPs that need to be worked on with additional savings.
- Mental Health had a good grip but there were significant challenges in terms of inpatients. There was also an increased demand.
- All Clinical Boards were currently looking for ways to reduce their current expenditure.

The Committee Chair (CC) commented that it was very reassuring to have the Clinical Board reviews. However, there should be more quantifiable plans in place. The CC requested a push for more concrete data. It would be useful to get more information on what the recovery plan was.

The MDAS stated he would work with the IDDFS to obtain the details and share the cost improvement plans with the Committee.

The Independent Member – ICT (IMI) agreed with greater visibility on plans. He expressed concern that the pressures which caused the overspend did not seem to be going away. The Health Board might need to include how to stabilise and how to recover.

The MDAS responded that the workforce challenges seen at the moment would be compounded in the Winter. The Health Board needed to recognise what the costs would be and make decisions about what it could do financially. The overall aim was to maintain a safe service, to look after staff and meet the financial target set at the start.

The Independent Member for Finance (IMF) commented that in previous years where the Health Board was in overspend, the Finance Committee looked at all aspects. It could mean looking at other areas across the Health Board where expenditure could be stopped and delayed to get back on track.

The MDAS responded that he reviewed the situation with the Executive Director of Finance (EDF). Within Medicine there were different ways of working and it was about introducing

**MDAS/IDDFS**

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change and different roles. There were matters being undertaken by the operational team to ensure it got the best out of the current staff and reduced costs where possible.

The EDF advised there was a piece about how Clinical Boards were working to their budgets and how to get them back on track if they were off track. The EDF added that the wider Corporate areas could possibly support the Clinical Boards that were under pressure. The vast majority of expenditure was spent on delivering services across the 7 Clinical Boards.

#### Exceptional costs

It was noted that the forecast for the energy costs had increased significantly. That reflected the global situation of energy prices.

#### COVID 19 Expenditure and Funding

It was noted that Table 7 captured the COVID costs from the national programmes and local response. The costs came down by £1m. They were continuing to reduce the Health Board expenditure in that area.

#### Table 9: Risk Register at July 2022

It was noted that there was one risk rated red. The Health Board was not planning to meet the Revenue Funding Limit and was unlikely to achieve its Three Year Rolling Breakeven Duty.

#### Savings Programme

It was noted that the savings target was £19.4m which reflected the additional £3.4m savings that were part of the improved plan submitted at the end of June.

The IDDFS added that £2m was required to achieve that target. Appendix 2 detailed the areas that needed action to improve the financial position. It was split between the different Clinical Boards and the different financial recovery areas.

The IMF queried what the impact on cash would be if the Health Board was at 95% compliance.

The IDDFS responded that it would have an impact on cash initially. That would be managed through the amount of money forecast from WG.

The EDF confirmed that the reason the Health Board was not meeting the payment compliance was not because of cash difficulties. A bigger cash balance should be driven at this point than expected because invoices were not being paid in the way expected.

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	<p>The EDF added that the Audit Committee had an interest in the creditor payment process and procedure and it would be overseeing the improvement work.</p> <p>The CC queried the statement in the report regarding the Finance Delivery Unit (FDU) and what constituted Covid costs. The CC queried the risk around what costs the Health Board thought were covered compared to what WG thought it was.</p> <p>The IDDFS responded that there were a few Health Boards that stated that local Covid costs were significant. The FDU was undertaking a piece of work to understand that.</p> <p><b>The Finance Committee resolved that at Month 4:</b></p> <ol style="list-style-type: none"> <li>a) The reported overspend of £7.999m due to £2.299m of operational pressures and a planning deficit of £5.700m, was noted.</li> <li>b) The financial impact of COVID 19 which was assessed at £20.739m, was noted.</li> <li>c) The additional Welsh Government COVID 19 funding of £20.739m assumed within the position was noted.</li> <li>d) The financial impact of Exceptional inflationary pressures which was assessed at £5.238m, was noted.</li> <li>e) The additional Exceptional inflationary pressures funding of £5.238m assumed within the position, was noted.</li> <li>f) The forecast deficit of £17.1m, which was consistent with the Final Financial plan and was a reduction of £3.7m from the £20.8m included within the initial Draft Financial Plan, was noted.</li> <li>g) The 2021/22 brought forward Underlying Deficit of £29.7m and the £3.6m variation from the planned forecast carry forward of £20.0m to 2023/24, was noted.</li> </ol>	
<p><b>FC 24/8/008</b></p>	<p><b>High Level Resource Map</b></p> <p>The IDDFS presented the High Level Resource Map and highlighted the following:</p> <ul style="list-style-type: none"> <li>• The purpose was to provide an overview of the funding the Health Board had received and how it was used.</li> <li>• Funding was received from WG. The Health Board also received money for services it provided to WHSCC and neighbouring Health Boards.</li> </ul> <p><u>What is a high-level resource map?</u></p> <ul style="list-style-type: none"> <li>• It assisted decision making by providing insight into the distribution of resources.</li> </ul>	

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- The Finance Team was looking to update it on an annual basis to inform the financial strategy and long-term financial plans.
- The CAVUHB resource map spanned financial years 18/19 – 21/22.  
It was split into two elements – (i) the source of funding and (ii) application of funding.

Source of funding

- The biggest element was the allocation from WG. This was based on a formula driven by the population.
- The next biggest element of funding was from WHSCC.

Source of funding extract

- Revenue resource limit was a large number. The Health Board also provided £35m services to Aneurin Bevan.
- The Health Board also had a role in providing education and training to Clinical staff. The Health Board received money for that.

The CC queried what costs were being incurred in providing the income services and could the Health Board determine which were the most profitable.

The IDDFS responded that in certain places, they have tried to drill down.

Revenue resource limit

- The revenue resource limit could be broken down into additions to the baseline i.e. recurrent changes and in year allocations/technical accounting allocations.
- Recurrent allocation and in year non-recurrent allocations had increased.

The CC queried how the Finance Team was audited to ensure that it was spending money in the right areas.

The IDDFS responded that WG ring fenced certain items in its allocation, such as Mental Health Services, and was also required to submit invoices to WG. Internal Audit also looked at the programme of work.

WHSSC

- It was noted that the Committee had previously had deep dives on WHSSC funding.
- The funding the Health Board received has grown over the years.

Application of funding

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	<p>The funding received was split across 3 main areas which included Clinical Boards, specific commissioning reserves and other reserves.</p> <p><u>Clinical Board expenditure</u></p> <ul style="list-style-type: none"> <li>• It was noted that Primary Care had doubled the expenditure.</li> <li>• Overall it had been a steady growth. However, the Medicine Clinical Board expenditure had increased by £46m.</li> </ul> <p>The Head of Corporate Business (HCB) queried whether a service generating income goes directly back to the service or to the Health Board.</p> <p>The Assistant Head of Finance (AHF) responded that the income would sit in the Clinical Board and should fund the service.</p> <p><b>The Finance Committee resolved that:</b></p> <ol style="list-style-type: none"> <li>a) The information included with the High Level Resource Map was noted; and</li> <li>b) The High Level Resource Map would be presented at a future Board development session.</li> </ol>	<b>DCG</b>
	<b>Items for Information and Noting</b>	
<b>FC 24/8/009</b>	Financial Monitoring Return – Month 4	
	<b>Agenda for Private Finance Committee Meeting</b>	
<b>FC 24/8/010</b>	<ol style="list-style-type: none"> <li>i. Approval of Private Minutes</li> <li>ii. Update on the Financial Plan</li> </ol>	
<b>FC 24/8/011</b>	<p><b>Any Other Business</b></p> <p>It was agreed that the High-Level Funding Resource Map would be presented at a future Board development session.</p>	
	<b>Review and Final Closure</b>	
<b>FC 24/8/012</b>	<p><b>Items to be deferred to Board / Committee</b></p> <p>No items were deferred to Board/Committee.</p>	
	<p><b>Date &amp; time of next Meeting</b></p> <p>Wednesday 28<sup>th</sup> September 2022 at 2pm Via MS Teams</p>	

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## Public Action Log

Following Finance Committee Meeting  
24 August 2022  
(For the Meeting 28 September 2022)

Completed actions					
REF	SUBJECT	AGREED ACTION	ACTIONED TO	DATE	STATUS/COMMENTS
Actions in progress					
REF	SUBJECT	AGREED ACTION	ACTIONED TO	DATE	STATUS/COMMENTS
FC 24/8/007	Financial performance of Clinical Boards	More quantifiable data and concrete information on the recovery plans to be shared with the Committee.	Mike Bond Hywel Pullen	26 October 2022	<b>Update by 26 October 2022</b>
Actions referred to Board/Committees					
FC 24/8/008	High-level funding resource map	The high-level funding resource map would be presented at a future Board Development Session.	Nicola Foreman	15 December 2022	<b>On Board Development agenda for December</b>

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Report Title:	Finance Report for the Period Ended 31 <sup>st</sup> August 2022		Agenda Item no.	2.1	
Meeting:	Finance Committee	Public	<input checked="" type="checkbox"/>	Meeting Date:	28 <sup>th</sup> September 2022
		Private	<input type="checkbox"/>		
Status <i>(please tick one only):</i>	Assurance	<input checked="" type="checkbox"/>	Approval	<input type="checkbox"/>	Information
Lead Executive:	<b>Executive Director of Finance</b>				
Report Author (Title):	<b>Interim Deputy Director of Finance (Operational)</b>				

**Main Report**  
Background and current situation:

**Summary**

At month 5 the UHB is reporting an overspend of £9.652m against its submitted draft plan. This is comprised of £2.527m of operational overspend and the planned deficit of £7.125m (five twelfths of the annual planned deficit of £17.1m set out in 2022/23 financial plan).

The UHB assumes that Covid and exceptional costs incurred to date, of £31.846m, will be funded by Welsh Government and further costs will continue to be funded to the end of the financial year.

**Table 1: Month 5 Financial Position 2022/23**

	Month 5	Forecast Year-End Position £m
COVID 19 Additional Expenditure	25.063	58.923
Exceptional Inflationary Pressures	6.783	45.825
<b>Gross additional COVID and Exceptional Inflationary Pressures £m</b>	<b>31.846</b>	<b>104.748</b>
Welsh Govt. Funding for additional COVID and Exceptional Inflationary Pressures	<b>(31.846)</b>	<b>(104.748)</b>
Planned deficit	7.125	17.100
Operational position (Surplus) / Deficit	2.527	0.000
<b>Financial Position £m (Surplus) / Deficit £m</b>	<b>9.652</b>	<b>17.100</b>

**Financial Plan**

The Health Board submitted an initial draft financial plan to Welsh Government at the end of March 2022. A revised re-submission of the Plan was sent to Welsh Government on 30 June 2022. The plan is structured in three parts, in line with Welsh Government discussions, as follows:

- Core Financial Plan including recovery
- Exceptional inflationary cost increases
- Ongoing COVID response costs (Local and Welsh Government Covid Programmes)

The UHB's core financial plan incorporated:

- Brought forward underlying deficit of £29.7m
- Allocations and inflationary uplifts of £29.8m
- Capped cost pressures and investments of £36.9
- A £16m (2%) Savings programme

This resulted in an initial 2022-23 planning deficit of £20.8m. The plan was subject to further development during quarter 1 of 2022/23 when further Financial Recovery Plans totaling £3.7m in 2022/23 were identified, resulting in a revised planning deficit of £17.1m per Table 2.

**Table 2: 2022/23 Draft Financial Plan - Resubmitted 30 June 2022**

	2022/23 Plan £m
Underlying deficit from 2020/21 Plan	(4.0)
Adjustment for non-recurrent items in 2020/21 and 2021/22	(25.7)
<b>b/f underlying deficit</b>	<b>(29.7)</b>
Allocation uplift (including LTA inflation)	29.8
Capped cost pressures assessment recurrent	(31.8)
Capped cost pressures assessment non-recurrent	(1.1)
Investment reserve	(4.0)
<b>2022/23 Planned Surplus/(Deficit) before efficiency programme</b>	<b>(36.8)</b>
<b>Efficiency Programme of 2%</b>	
Recurrent cost improvement plans (1.5% in 22/23)	12.0
Non Recurrent cost improvement plans (0.5% in 22/23)	4.0
<b>Initial Planned Surplus/(Deficit)</b>	<b>(20.8)</b>
Additional Financial Recovery Plans	3.7
<b>Final Planned Surplus/(Deficit)</b>	<b>(17.1)</b>

### Core Financial Plan – Month 5 Cumulative Position

The UHB is overspent by £9.652m against its core financial plan. £7.125m of this was planned as part of the underlying financial deficit. £2.527m is unplanned as an overspend in delegated and central positions. The rate of unplanned overspend fell in month, deteriorating by £0.228m from the cumulative Month 4 unplanned overspend of £2.299m. Table 3 provides a summary of the Month 5 position.

**Table 3: Finance - Key Performance Indicator Dashboard at August 2022**

Measure	STATUS REPORT				
	August 2022	Rating	Latest Trend	Target	Time Period
Deliver 2022/23 Draft Financial Plan	£9.652m deficit at month 5. £7.125m planned deficit and £2.527m operational deficit	R	↓	Deliver 2022/23 £17.1m Planned Deficit	M5 2022-23
Remain within capital resource limits.	Expenditure at the end of August was £12.991m against a plan of £14.548m.	G	⊕	Remain within approved planned expenditure £45.396m	M5 2022-23
Maintenance (no deterioration) of Underlying Deficit	£29.7m assessed underlying deficit (ULD) position b/f to month 1. Planned Year End ULD £20.0m.	R	⊕	2022/23 plan to reduce from £29.7m to £20.0m underlying deficit	M5 2022-23
Delivery of recurrent £15.400m savings target	£11.966m forecast at month 5.	R	↑	£15.400m	M5 2022-23
Delivery of £4m non recurrent savings target	£5.479m forecast at month 5.	G	⊕	£4.000m	M5 2022-23
Creditor payments compliance 30 day Non NHS	Cumulative 92.6% at the end of August	R	↑	95% of invoices paid within 30 days	M5 2022-23
Remain within Cash Limit	The UHB's working capital requirement will be discussed with Welsh Government as the year progresses. At month 5 the UHB forecast is a year end cash deficit of £17.1m in line with the forecast planning deficit.	A	⊕	To remain within Cash Limit	M5 2022-23
Maintain Positive Cash Balance	Cash balance = £5.147m	G	⊕	To Maintain Positive Cash Balance	End of August 2022

A number of cost pressures have emerged or increased in the year to date that weren't forecast within the financial plan. Table 4 summarises the year to date position across the Clinical Boards and delegated areas of the UHB.

## Financial Performance of Clinical Boards

Budgets were set to ensure that there is sufficient resource available to deliver the UHB's plan. Financial performance for month 5 by Clinical Board is shown in Table 4.

**Table 4: Financial Performance for the period ended 31<sup>st</sup> August 2022**

Clinical Board	Gross Expenditure Due To COVID 19 £m	Welsh Government Covid 19 Funding £m	Exceptional Inflationary Expeniture £m	Welsh Government Exceptional Inflationary Pressure Funding £m	Operational Position (Surplus) / Deficit Variance £m	Total (Surplus) / Deficit Variance £m
<b>In Month</b>						
Clinical Diagnostics & Therapies	0.235	(0.235)	0.044	(0.044)	0.054	0.054
Children & Women	0.086	(0.086)	0.052	(0.052)	0.167	0.167
Capital Estates & Facilities	0.459	(0.459)	0.929	(0.929)	0.439	0.439
Surge Hospitals	0.000	0.000	0.000	(0.000)	0.005	0.005
Executives	0.114	(0.114)	0.021	(0.021)	(0.382)	(0.382)
All Wales Genomics Service	0.000	0.000	0.006	(0.006)	(0.002)	(0.002)
Medicine	1.436	(1.436)	0.059	(0.059)	0.445	0.445
Mental Health	0.182	(0.182)	0.030	(0.030)	0.380	0.380
PCIC	1.178	(1.178)	0.261	(0.261)	0.532	0.532
Specialist	0.218	(0.218)	0.056	(0.056)	(0.707)	(0.707)
Surgery	0.394	(0.394)	0.073	(0.073)	0.119	0.119
<b>SubTotal Delegated Position £m</b>	<b>4.302</b>	<b>(4.302)</b>	<b>1.529</b>	<b>(1.529)</b>	<b>1.050</b>	<b>1.050</b>
Central Budgets	0.023	(0.023)	0.016	(0.016)	(0.822)	(0.822)
Central Budgets - Planning Deficit					1.425	1.425
<b>Total Deficit/(Surplus) £m</b>	<b>4.326</b>	<b>(4.326)</b>	<b>1.545</b>	<b>(1.545)</b>	<b>1.653</b>	<b>1.653</b>
Draft 2022/23 Planning Deficit					(1.425)	(1.425)
<b>Opeartional Deficit/(surplus Against Plan) £m</b>	<b>4.326</b>	<b>(4.326)</b>	<b>1.545</b>	<b>(1.545)</b>	<b>0.228</b>	<b>0.228</b>
<b>Cumulative</b>						
Clinical Diagnostics & Therapies	1.022	(1.022)	0.223	(0.223)	0.108	0.108
Children & Women	0.716	(0.716)	0.263	(0.263)	0.729	0.729
Capital Estates & Facilities	2.093	(2.093)	3.675	(3.675)	1.562	1.562
Surge Hospitals	0.000	0.000	0.001	(0.001)	0.005	0.005
Executives	0.542	(0.542)	0.104	(0.104)	(0.101)	(0.101)
All Wales Genomics Service	0.000	0.000	0.028	(0.028)	(0.004)	(0.004)
Medicine	8.331	(8.331)	0.297	(0.297)	2.403	2.403
Mental Health	0.893	(0.893)	0.150	(0.150)	1.627	1.627
PCIC	8.071	(8.071)	1.307	(1.307)	0.727	0.727
Specialist	1.174	(1.174)	0.283	(0.283)	(1.297)	(1.297)
Surgery	2.074	(2.074)	0.369	(0.369)	1.056	1.056
<b>SubTotal Delegated Position £m</b>	<b>24.915</b>	<b>(24.915)</b>	<b>6.699</b>	<b>(6.699)</b>	<b>6.814</b>	<b>6.814</b>
Central Budgets	0.149	(0.149)	0.084	(0.084)	(4.287)	(4.287)
Central Budgets - Planning Deficit					7.125	7.125
<b>Total Deficit/(Surplus) £m</b>	<b>25.063</b>	<b>(25.063)</b>	<b>6.783</b>	<b>(6.783)</b>	<b>9.652</b>	<b>9.652</b>
Draft 2022/23 Planning Deficit					(7.125)	(7.125)
<b>Opeartional Deficit/(surplus Against Plan) £m</b>	<b>25.063</b>	<b>(25.063)</b>	<b>6.783</b>	<b>(6.783)</b>	<b>2.527</b>	<b>2.527</b>

The operational deficit of £6.814m against delegated budgets is offset by a £4.287m underspend against central budgets leaving a total operational overspend of £2.527m before the addition of the cumulative £7.125m planned deficit to leave a total overspend of £9.652m

The largest operational overspends are in the Medicine Clinical Board (£2.403m deficit) where the main pressure areas are nursing and medical staffing, in Mental Health (£1.627m deficit) where there are nursing and continuing healthcare placement pressures and Capital Estates & Facilities

(£1.562m deficit) where there are pressures against security costs, patient catering in EU and commercial income.

Table 5 provides details of some of the cost pressures impacting operational positions. These pressures are incorporated within the financial tables included within the body of the report and within the appendices. The cost pressures have the effect of removing budgetary surpluses that the UHB has partially relied on to achieve break even positions in previous financial years.

**Table 5 Key Cost pressures and risks within delegated positions as at Month 5**

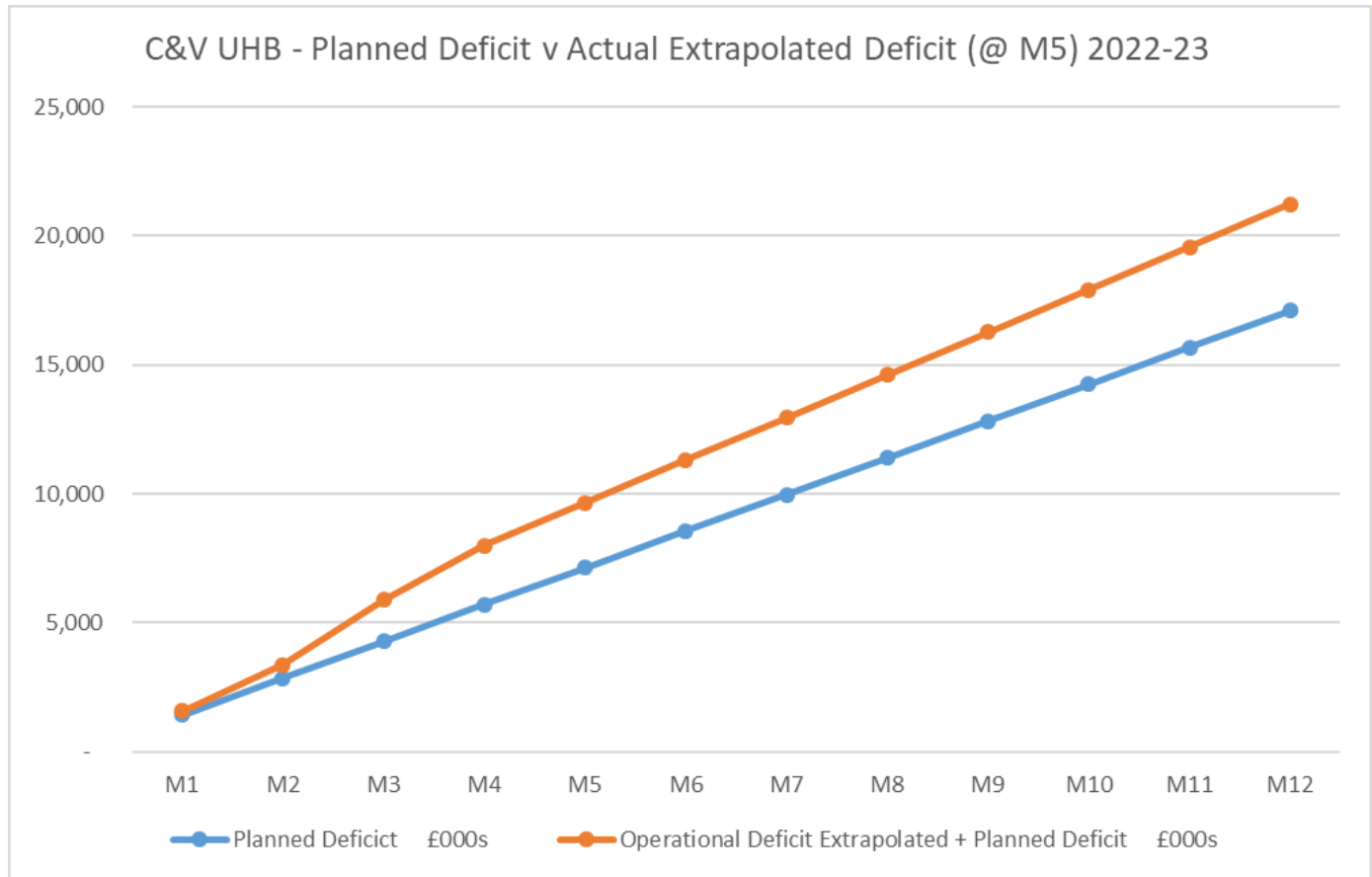
	Impact in Month	Year to date impact	Full Year Forecast Impact	
Key Cost pressures incorporated in position at Month 5	£000s	£000s	£000s	Future outlook and potential mitigations
Unfunded Medical Staffing inc. Agency & Premium costs	272	1,973	4,942	Strategies to improve permanent Recruitment and Retention will improve agency dependency
Nursing Staff Agency & Premium costs	437	1,754	4,365	
International Nurse Recruitment	49	340	815	Non recurrent based on unforeseen excess costs 2021-22 initiative
WHSSC LTA performance	(537)	515	1,500	WHSSC performance should recover towards the end of the year and will improve on return to pre Covid footprint
Patient Catering to EU and food price rises	67	373	895	Will benefit from throughput initiatives
Prescribing	342	958	4,000	Currently assessing the impact of days supplied and bank holidays
Mental Health CHC Placements	202	988	2,810	Nurse Director led initiative to improve CHC placement pressures
General Dental Services Ers pension costs	225	313	1,023	Seek to manage this within the totality of contractor services
Security at Rookwood & Whitchurch	99	423	1,015	In the system until the disposal of estate
Footfall impact on Aroma Sales/Concourse Leases	97	430	1,033	Anticipated that footfall will improve as UHB moves away from Covid footprint

The UHB continues to face a significant challenge as it delivers services from an operational footprint that is still predominantly designed to react to Covid demands and infection control. The contractual obligations to deliver improved throughput has re-introduced pre-pandemic performance arrangements for under delivery of patient activity. In particular, WHSSC commissioned specialties operate to sensitive contract parameters that include high marginal rates for under and over performance. The challenge for the UHB is to deliver improved patient throughput from a Covid service footprint whilst Covid continues to influence patient admissions and discharges and impact staff availability.

The current UHB forecast assumes that the UHB will successfully identify and deliver the required cost and income improvement to meet the revised Financial Plan deficit of £17.1m.

The continued deterioration of the UHB position in Month 5 and the ongoing nature of the cost pressures highlighted in Table 5 places the UHB ambition to return to a position within the 2022-23 planned deficit at risk. A central focus of Executive Performance Reviews with Clinical Boards is on

the remedial actions and additional savings that are needed to mitigate and address these cost pressures.



## Exceptional Costs

In line with guidance from Welsh Government, the UHB's plan anticipated Welsh Government funding for the three National Inflationary Pressure exceptional costs:

- 1) **Increased** energy costs of £20.9m for 2022-23. The current forecast informed by information provided by Shared Services is £37.025m for the year, which is £16.125m higher than the estimate in the plan and reflects an increase of £8.584m on the annual forecast in August.

The UHB receives market intelligence on prices from Shared Services on a monthly basis, which in turn is based on market forecasting provided by British Gas. The Shared Services Forecasting model is based on a spot price (30.08.2022 market price for Month 5) and consequently provides for a high level of volatility between forecasts. The UHB utilises the Shared Services model in common with the other Health Boards in Wales. The energy forecast will remain a live piece of work involving the UHB Capital and Estates Team and Shared Services market intelligence and the in light of the volatility of market intelligence.

- 2) Employers NI costs of £6.9m. This has been reduced to reflect the latest UHB estimate at £5.9m.
- 3) The impact of paying Real Living Wage (RLW) for staff working within social care and Third Sector remains at the original estimated level of a £2.9m increase in annual costs. This position assumes that the cost impact of 2022/23 real living wage for staff directly employed on the UHB's payroll will be supported separately through the 2022/23 pay settlement.

A summary of forecast exceptional costs is outlined in Table 5 below:

**Table 6 – Exceptional Cost forecast for 2022-23**

	Month 5	Forecast Year-End Position
Incremental costs in 2022/23	£m	£m
Energy/Fuel	3.611	37.025
National Insurance Levy	1.964	5.900
Living Wage - Social Care	1.208	2.900
<b>Total COVID Expenditure £m</b>	<b>6.783</b>	<b>45.825</b>
<b>Sub Total COVID funding confirmed/assumed £m</b>	<b>6.783</b>	<b>45.825</b>

Welsh Government funding to support these costs is assumed but has not yet been confirmed.

### COVID 19 Expenditure and Funding

At month 5, the UHB projects expenditure (and matched income) of £58.923m relating to Covid costs. £9.274m has already been received as funding in allocations with an additional £31.862m for Local Response and £17.787m for National Programmes anticipated. The forecast costs, and associated income assumption, will adjust throughout the year as Covid prevalence fluctuates, combined with developments in Welsh Government vaccination and infection control policy. The current outlook is summarised in Table 7 below which demonstrates that forecast 2022/23 costs have increased by £0.132m between Month 4 and Month 5 primarily as a result of an increase in the forecast cost of national tracing and vaccination programmes.

**Table 7: Summary of Forecast COVID 19 Net Expenditure**

	Month 5	Forecast Year-End Position	Forecast Year-End Position @ Month 4	Change in Forecast Year-End Position in month
	£m	£m	£m	£m
COVID 19 Testing	0.544	1.643	1.652	(0.009)
COVID 19 Tracing	2.610	5.767	5.493	0.274
COVID 19 Vaccination	3.324	8.789	8.656	0.134
Extended Flu Vaccination	0.136	1.243	1.243	0.000
PPE	1.396	3.381	3.532	(0.151)
Sub Total National Programmes	8.010	20.823	20.576	0.247
Cleaning Standards	0.877	2.675	3.213	(0.538)
COVID 19 Local Response	14.854	31.862	31.623	0.239
Sub Total Local response including Cleaning Standards	15.732	34.537	34.836	(0.299)
Dental Income; Flu; Long Covid; Anti-Viral; Allergy Advice and Nosocomial	1.321	3.562	3.379	0.184
<b>Total COVID Expenditure assumed to be matched by WG Funding £m</b>	<b>25.063</b>	<b>58.923</b>	<b>58.790</b>	<b>0.132</b>

Welsh Government funding to support these costs is assumed but has not yet been confirmed.

The Welsh Government Finance Delivery Unit (FDU) has enquired over the suitability of some of the cost areas that the UHB has designated as a local Covid response cost, including, at this stage, relating to costs supporting Lakeside Wing and the use of alternatives to Warfarin to prevent hospital attendance. The costs queried are additional costs incurred by the UHB as a consequence of operational changes actioned to address risks presented by the pandemic. This presents a financial risk to the UHB if Welsh Government does not confirm support for these costs, which were incurred as a result of the pandemic response.

## Summary Financial Table

The following table analyses the £9.652m overspend at Month 5, between Income, Pay and Non Pay. The table details the costs as Covid Response, Exceptional and Operational categories with funding assumed to match Covid Response and Exceptional cost categories.

**Table 8: Summary Financial Position for the period ended 31<sup>st</sup> August 2022**

Income/Pay/Non Pay	Memorandum Annual Budget	Current Period Budget	Current Period Actual	COVID 19 Response	Welsh Government COVID 19 Programmes Expenditure	Welsh Government COVID 19 Funding Assumed	Exceptional Inflationary Expenditure	Welsh Government Exceptional Inflationary Expenditure Funding Assumed	Total COVID & Exceptional Inflationary Expenditure	Operational Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>In Month</b>										
Income	(1,700.868)	(136.996)	(136.884)	0.066	0.000	(0.066)	0.000	0.000	0.066	0.112
Pay	728.406	62.870	62.326	2.226	0.460	(2.686)	0.388	(0.388)	3.074	(0.544)
Non Pay	972.461	74.125	76.209	0.549	0.700	(1.249)	1.158	(1.158)	2.407	2.085
Covid Funding delegated to C. Boards					0.318	(0.318)			0.318	
Sub Total £m	(0.000)	0.000	1.651	2.841	1.479	(4.319)	1.546	(1.546)	5.865	1.653
2022/23 Planned Deficit	17.100	0.000	(1.425)						0.000	(1.425)
Variance to Plan £m	17.100	0.000	0.226	2.841	1.479	(4.319)	1.546	(1.546)	5.865	0.228
<b>Cumulative</b>										
Income	(1,700.868)	(676.410)	(676.439)	0.468	0.000	(0.468)	0.000	0.000	0.468	(0.029)
Pay	728.406	312.392	309.352	12.779	2.808	(15.587)	1.964	(1.964)	17.551	(3.041)
Non Pay	972.460	364.017	376.738	2.485	5.072	(7.558)	4.820	(4.820)	12.377	12.721
Covid Funding delegated to C. Boards					1.451	(1.451)			1.451	
Sub Total £m	(0.000)	0.000	9.651	15.732	9.331	(25.063)	6.783	(6.783)	31.847	9.652
2022/23 Planned Deficit	17.100	0.000	(7.125)						0.000	(7.125)
Variance to Plan £m	17.100	0.000	2.526	15.732	9.331	(25.063)	6.783	(6.783)	31.847	2.527

Further detail in respect of the Income, Pay and Non pay budgetary positions is provided at Appendix 1.

## Key Financial Assumptions and Risks

Following on from Tables 6 & 7 the overall UHB position assumes:

- Local COVID response allocations from Welsh Government of £34.537m (annual) to support the ongoing additional COVID costs and to fund achieving the Cleaning Standards.
- Funding for national COVID programmes on an actual cost basis, currently forecast at £20.823m to cover:
  - Testing costs
  - Tracing costs (allocated from separate fund)
  - Mass vaccination programme
  - Extended Flu Vaccination
  - PPE
- Funding for exceptional cost pressures of £45.825m, which are deemed to be outside of the UHB's direct control. The forecast cost of exceptional cost pressures will be subject to review as the year progresses driven by the unpredictability of some cost areas, such as energy.

Table 9 summarises the Finance Department's Risk Register. The key risk which feeds the UHB Corporate Risk Register is the failure of the UHB to deliver a breakeven position by 2022-23 year end with a current planned deficit of £17.1m.

**Table 9: Risk Register at August 2022**

	Risks	Rating	Comment
<b>Key Corporate Risk</b>	Approved Three year Financial plan (IMTP)	16	A revised financial plan was submitted into Welsh Government on 30 June 2022. The plan projected a £17.1m deficit by the end of 2022-23. Welsh Government has yet to approve the plan.
	Revenue Funding Limit.	20	The UHB has submitted a £17.1m deficit plan and therefore will breach its Three Year Rolling Breakeven Duty in 2022-23. The risk beyond this is that the UHB breaches the approved spending limit control to be received from Welsh Government if the submitted plan is approved.
	Capital Funding - Three Year Rolling Breakeven Duty	10	The current 2022-23 UHB Capital Plan is structured to remain within the Capital Resource limit
<b>Financial Performance</b>	Operational delegated positions deteriorate in year resulting from cost and service pressures and excess inflation.	16	Table 4 refers to in new in year cost pressures arising from demand and staffing pressures whilst still maintaining a Covid ready environment.
	Failure to deliver 2022-23 Savings Programme	16	Most savings have been identified to address the 2022-23 programme but the lack of recurrent savings within this will bring pressure on the underlying carry forward deficit of the UHB. In addition, the UHB has to identify £3.7m of new savings to deliver the revised £17.1m deficit plan.  At month 5 , the gap against the total revised target was £2.0m
	Failure to exit current Covid Response costs once Welsh Government funding ceases. Cost will transfer to the UHB underlying deficit.	16	The timing of full Covid exit is uncertain alongside any associated Welch Government funding. On full exit there are likely to be care model and building support costs that will maintain eg. Lakeside Wing support costs.
	2022-23 One Year LTA framework in NHS Wales	16	Failure to recover delivery of activity to contracted organisations (WHSSC , Welsh LHBs to a level of 90% of 2019-20 levels and beyond. Initial activity figured for 2022-23 indicate that the UHB will struggle to deliver 90% across the Board whilst the WHSSC contracts are more sensitive to any activity deficits below 100%.
<b>Funding Assumptions</b>	Welsh Government has notified LHBs that assumed funding for Exceptional Costs remains at risk	16	Circa £45m risk to assumed funding within the UHB Financial Plan
	Welsh Government has notified LHBs that assumed funding for Covid Response remains at risk	16	Circa £35m risk to assumed funding within the UHB

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## Savings Programme

At month 5, the UHB is forecasting £17.445m of savings to deliver against the revised £19.400m savings target leaving a further £1.955m schemes to identify.

Overall progress in the identification of savings schemes is outlined in table 5 below:

**Table 10: Savings Schemes**

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	19.400	17.445	(1.955)

There is a gap of £3.434m against the £15.400m recurrent target at month 5. This will add to the recurrent underlying deficit to be carried into 2023/24 if further recurrent savings are not identified in year.

Progress is continuing to identify a full programme of deliverable savings.

The UHB expects to finalise the balance of savings plans required to deliver the revised planning deficit of £17.1m. Further analysis of the August position is shown in **Appendix 2**.

## Underlying Financial Position

A key challenge to the UHB is the elimination of the underlying deficit. The UHB's accumulated underlying deficit brought forward into 2022/23 was £29.7m. An illustration of the year on year movement in the underlying deficit is shown at **Appendix 3**.

Delivery of the UHB's draft financial plan will ensure that the underlying position does not deteriorate in 2022/23 and reduces to £20.0m as outlined in Table 11.

**Table 11: Summary of Underlying Financial Position**

	Submitted Plan £m
<b>b/f underlying deficit</b>	<b>(29.7)</b>
Net Allocation Uplift (inc LTA inflation)	29.8
Cost Pressures	(31.8)
Cost Pressures - Non recurrent	(1.1)
Investments	(4.0)
Recurrent Cost Improvement Plans	12.0
Non Recurrent Cost Improvement Plans	4.0
First Draft Submitted 2022/23 IMTP £m	(20.8)
Further Financial Recovery Plans	3.7
<b>Final Submitted 2022/23 IMTP £m</b>	<b>(17.1)</b>
Cost Pressures - Non recurrent	1.1
Non Recurrent Cost Improvement Plans	(4.0)
<b>Planned Underlying Deficit c/f to 2023/24 £m</b>	<b>(20.0)</b>

## Balance Sheet

The balance sheet at month 5 is detailed in **Appendix 4**. The opening balances at the beginning of April 2022 reflect the closing balances in the 2021/22 Annual Accounts approved by the UHB's Board.

The increase in the carrying value of property, plant & equipment since the start of the year is due to the impact of annual indexation plus the recognition of Right of use Assets (£12m), which is a result of the implementation of International Financial Reporting Standard (IFRS) 16 Leases.

Overall trade debtors have increased by £50m since the start of the year. This relates to amounts due from the Welsh Risk Pool (39m) in respect of clinical negligence cases, NHS receivables and prepayments.

Trade and other payables have fallen by around £54m since the start of the year. This mainly relates to a significant decrease in the levels of Accounts Payable Control (£38m), NHS and capital accruals. The fall in Trade and other payables has in part been abated by the recognition of £12m of Lease payables as a result of the implementation IFRS 16 Leases.

## Cash Flow Forecast

The closing cash balance at the end of August, was £5.147m.

The UHB is currently predicting a cash shortfall in 2022/23 in line with the forecast deficit as shown at **Appendix 4**. The UHB has highlighted the forecast cash deficit within the monthly monitoring return provided to Welsh Government and expects to discuss its working capital requirements as the year progresses.

## Public Sector Payment Compliance

The UHB's public sector payment compliance performance remains below the target of 95%. Performance for the 5 months to the end of August was 92.6%. Whilst this remains below the 93.1% achieved at August 2021 it is an improvement in month of 0.2% in month.

The below target performance is due to the high number of invoices that are on hold. Significant progress has been made by the Procurement department working with those placing orders to clear the backlog of holds, which represents a 44% reduction. However, this has contributed to the performance remaining below target, as holds exceeding the 30 days have been resolved and paid.

Performance is expected to improve in the coming months as newer holds will be cleared, and then paid, within the 30 days target. Work is ongoing with departments within the UHB, including training, to address the level of orders not receipted, and the high number of workforce and nursing holds, which should improve the UHB's position.

## Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of August 2022 is summarised in Table 12 and detailed in **Appendix 4**.

**Table 12: Progress against Capital Resource Limit @ August 2022**

	£m
Planned Capital Expenditure at month 5	14.548
Actual net expenditure against CRL at month	12.991
Variance against planned Capital Expenditure at month 5	(1.556)

Of the UHB's approved Capital Resource Limit, 28.6% has been expended to date.

All schemes are currently in line with annual forecast.

The UHB had an approved capital resource limit of £45.396m in line with the latest CRL received from Welsh Government 8<sup>th</sup> September 2022 comprising of £10.263m discretionary funding and £35.133m towards specific projects (including Maelfa Primary Care Pipeline, the National Imaging Programme, Developing Genomics Partnership Wales, UHL Electrical infrastructure, Endoscopy Unit UHL & Refit - Phase 2)

#### Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

The draft Financial Plan sets out the UHB financial strategy in three parts:

1. Core Financial Plan including recovery
2. National inflationary pressures which are out of the direct control of individual Health Boards
3. Ongoing COVID response costs and Welsh Government Covid Programmes

The planning deficit included in the UHBs Final Financial Plan for 2022/23 reduced from £20.8m to £17.1m financial plan following the inclusion of further recurrent Financial Recovery Plans totaling £3.7m.

Delivery of the core financial plan initially included an 2% (£16.0m) savings requirement, which included a recurrent savings target of £12.0m . A further recurrent savings target of £3.4m was added to the initial target and included within the final financial plan submitted to Welsh Government at the end of Quarter 1. Further progress needs to be made in respect of the £3.434m shortfall against the final recurrent savings target of £15.4m.

The UHB also needs to manage its operational position and mitigate any emerging pressures as its Covid response costs are collapsed. The rate of operational overspend was £0.228m in month 5 which was less than the trend in the first 4 months of the year. The reported operational overspend which is £2.527m for the 5 months to the end of August remains cause for concern and has prompted enhanced monitoring through the monthly Executive Performance Reviews of Clinical Boards.

The UHB position is heavily predicated on the assumption of Welsh Government continuing to provide income support for local Covid response, exceptional costs and central Covid programmes. The total of these is currently forecast at £104.748m in 2022-23 which is an increase of £8.717m on the forecast at month 4 due to energy price volatility.

These assumptions will be tested out in ongoing discussions with Welsh Government regarding the UHB's Financial Plan.

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#### Recommendation:

At Month 5 the Committee are requested to:

- **NOTE** the reported overspend of £9.652m due to £2.527m of operational pressures and a planning deficit of £7.125m.
- **NOTE** the financial impact of COVID 19 which is assessed at £25.063m ;
- **NOTE** the additional Welsh Government COVID 19 funding of £25.063m assumed within the position.
- **NOTE** the financial impact of Exceptional inflationary pressures which is assessed at £6.783m.
- **NOTE** the additional Exceptional inflationary pressures funding of £6.783m assumed within the position.
- **NOTE** the forecast deficit of £17.1m, which is consistent with the Final Financial plan and is a reduction of £3.7m from the £20.8m included within the initial Draft Financial Plan .
- **NOTE** the 2021/22 brought forward Underlying Deficit of £29.7m and the planned forecast carry forward of £20.0m to 2023/24.

**Link to Strategic Objectives of Shaping our Future Wellbeing:**

*Please tick as relevant*

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

**Five Ways of Working (Sustainable Development Principles) considered**

*Please tick as relevant*

Prevention		Long term	x	Integration		Collaboration		Involvement	
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**Impact Assessment:**

*Please state yes or no for each category. If yes please provide further details.*

Risk: Yes

No

Safety: Yes/No

No

Financial: Yes

As detailed in the report.

Workforce: Yes/No

No

Legal: Yes/No

No

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Reputational: Yes/No	
Yes, if forecast financial position is not delivered.	
Socio Economic: Yes/No	
No	
Equality and Health: Yes/No	
No	
Decarbonisation: Yes/No	
No	
<b>Approval/Scrutiny Route:</b>	
Finance Committee	Date: 28 <sup>th</sup> September 2022

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## ANALYSIS OF INCOME, PAY AND NON PAY BUDGETS BY CATEGORIES

## Income

The year to date and in month financial position for income is shown in Table 13:

Table 13: Income Variance @ August 2022

	Memorandum Annual Budget	Current Period Budget	Current Period Actual	COVID 19 Response Expenditure	Welsh Government COVID 19 Programmes Expenditure	Welsh Government COVID 19 Funding Assumed	Exceptional Inflationary Expenditure	Welsh Government Exceptional Funding Assumed	Total COVID & Exceptional Inflationary Expenditure	Operational Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>In Month</b>										
Revenue Resource Limit (RRL)	(1,221.621)	(94.612)	(94.612)			0.000			0.000	0.000
RRL Welsh Govt. COVID 19 Funding		4.324	4.324			0.000			0.000	
RRL Welsh Govt. Exceptional Pressures Funding		1.546	1.546			0.000			0.000	
Welsh Government Income (Non RRL)	(13.091)	(0.755)	(0.755)			0.000			0.000	0.000
Accommodation & Catering	(4.582)	(0.444)	(0.330)	0.000		0.000			0.000	0.114
Education & Training	(39.753)	(3.719)	(3.718)	0.000		0.000			0.000	0.001
Injury Cost Recovery Scheme (CRU) Income	(2.165)	(0.180)	(0.180)	0.000		0.000			0.000	0.000
NHS Patient Related Income	(394.807)	(37.164)	(37.118)	(0.023)		0.023			(0.023)	0.046
Other Operating Income	(14.344)	(4.735)	(4.725)	0.005		(0.005)			0.005	0.009
Overseas Patient Income	(0.076)	(0.005)	(0.001)	(0.004)		0.004			(0.004)	0.004
Private Patient Income	(1.318)	(0.108)	(0.122)	0.088		(0.088)			0.088	(0.014)
Research & Development	(9.111)	(1.145)	(1.193)	0.000		0.000			0.000	(0.048)
Variance to Plan £m	(1,700.868)	(136.996)	(136.884)	0.066	0.000	(0.066)	0.000	0.000	0.066	0.112
<b>Cumulative</b>										
Revenue Resource Limit (RRL)	(1,221.621)	(473.038)	(473.038)			0.000			0.000	0.000
RRL Welsh Govt. COVID 19 Funding		20.352	20.352			0.000			0.000	
RRL Welsh Govt. Exceptional Pressures Funding		5.485	5.485			0.000			0.000	
Welsh Government Income (Non RRL)	(13.091)	(5.500)	(5.500)			0.000			0.000	0.000
Accommodation & Catering	(4.582)	(1.965)	(1.604)	0.000		0.000			0.000	0.361
Education & Training	(39.753)	(18.596)	(18.542)	0.000		0.000			0.000	0.053
Injury Cost Recovery Scheme (CRU) Income	(2.165)	(0.902)	(0.902)	0.000		0.000			0.000	0.000
NHS Patient Related Income	(394.807)	(179.727)	(180.145)	(0.120)		0.120			(0.120)	(0.418)
Other Operating Income	(14.344)	(17.707)	(17.624)	0.179		(0.179)			0.179	0.083
Overseas Patient Income	(0.076)	(0.039)	(0.088)	0.008		(0.008)			0.008	(0.049)
Private Patient Income	(1.318)	(0.565)	(0.583)	0.401		(0.401)			0.401	(0.018)
Research & Development	(9.111)	(4.209)	(4.250)	0.000		0.000			0.000	(0.041)
Variance to Plan £m	(1,700.868)	(676.410)	(676.439)	0.468	0.000	(0.468)	0.000	0.000	0.468	(0.029)

The income position at month 5 is an underspend of £0.029m. This position includes consideration of additional Welsh Government income of £0.468m in recognition of income losses caused by COVID 19 disruption. The position excludes anticipated income relating to exceptional costs and Covid 19 response costs. Part of the in year financial pressure, already noted in Table 4, relates to the shortfall on accommodation and catering income previously supported by Welsh Government funding but now, no longer falling within the defined Covid response costs. This pressure is £0.361m in month 5.

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## Pay

The year to date and in month financial position for pay is shown in Table 14.

**Table 14: Analysis of pay expenditure by staff group @ August 2022**

	Memorandum Annual Budget	Current Period Budget	Current Period Actual	COVID 19 Response	Welsh Government COVID 19 Programmes Expenditure	Welsh Government COVID 19 Funding Assumed	Exceptional Inflationary Expenditure	Welsh Government Exceptional Funding Assumed	Total COVID & Exceptional Inflationary Expenditure	Operational Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>In Month</b>										
Medical and Dental	185.101	16.046	16.318	0.452	0.000	(0.452)	0.099	(0.099)	0.552	0.272
Nursing (registered)	218.037	18.412	17.461	0.595	0.135	(0.730)	0.111	(0.111)	0.841	(0.951)
Nursing (unregistered)	54.736	4.687	5.447	0.629	0.042	(0.671)	0.036	(0.036)	0.707	0.759
Scientific, prof & technical	41.689	3.789	3.527	0.054	(0.013)	(0.041)	0.021	(0.021)	0.062	(0.261)
Additional clinical services	28.835	2.539	2.336	0.073	0.032	(0.104)	0.015	(0.015)	0.119	(0.202)
Management, admin & clerical	88.970	7.859	7.713	0.068	0.263	(0.332)	0.048	(0.048)	0.380	(0.145)
Other staff groups	111.039	9.539	9.523	0.353	0.002	(0.356)	0.057	(0.057)	0.413	(0.016)
Variance to Plan £m	728.406	62.870	62.326	2.226	0.460	(2.686)	0.388	(0.388)	3.074	(0.544)
<b>Cumulative</b>										
Medical and Dental	185.101	78.468	80.912	2.674	0.001	(2.675)	0.503	(0.503)	3.179	2.443
Nursing (registered)	218.037	92.234	87.884	3.673	0.821	(4.494)	0.562	(0.562)	5.056	(4.350)
Nursing (unregistered)	54.736	23.425	26.511	3.723	0.310	(4.033)	0.184	(0.184)	4.216	3.086
Scientific, prof & technical	41.689	18.835	17.577	0.299	0.021	(0.320)	0.109	(0.109)	0.428	(1.258)
Additional clinical services	28.835	12.674	11.827	0.349	0.122	(0.471)	0.075	(0.075)	0.546	(0.846)
Management, admin & clerical	88.970	39.124	38.498	0.360	1.526	(1.886)	0.244	(0.244)	2.130	(0.625)
Other staff groups	111.039	47.633	46.142	1.701	0.008	(1.708)	0.288	(0.288)	1.996	(1.491)
Variance to Plan £m	728.406	312.392	309.352	12.779	2.808	(15.587)	1.964	(1.964)	17.551	(3.041)

The pay position at month 5 is an operational underspend of £3.041m. The in month pay position underspend was £0.544m which is broadly in line with the trend for first 4 months of the year.

Performance against operational pay varies across the UHB with the largest overspend being reported by the Medicine Clinical Board where there is an operational overspend of £1.626m, as a result of nursing and medical staffing pressures.

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## Non Pay

The year to date and in month financial position for non pay is shown in Table 15.

**Table 15: Non-Pay Variance @ August 2022**

	Memorandum Annual Budget	Current Period Budget	Current Period Actual	COVID 19 Response	Welsh Government COVID 19 Programmes Expenditure	Welsh Government COVID 19 Funding Assumed	Exceptional Inflationary Expenditure	Welsh Government Exceptional Funding Assumed	Total COVID & Exceptional Inflationary Expenditure	Operational Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>In Month</b>										
Drugs / Prescribing	167.319	17.915	18.493	0.108	0.000	(0.108)	0.000	0.000	0.108	0.578
Clinical services & supplies	109.431	11.189	10.727	0.070	0.178	(0.248)	(0.000)	0.000	0.248	(0.462)
General supplies & services	9.222	0.889	0.933	0.021	0.100	(0.121)	0.000	0.000	0.121	0.044
Establishment expenses	10.074	0.793	0.869	0.006	(0.003)	(0.003)	0.000	0.000	0.003	0.076
Premises & fixed plant	36.911	3.019	3.470	0.132	0.163	(0.296)	0.916	(0.916)	1.212	0.450
Continuing healthcare	73.634	6.381	6.922	0.000	0.000	0.000	0.242	(0.242)	0.242	0.540
Healthcare Provided Services	225.249	18.834	18.612	0.160	0.000	(0.160)	0.000	0.000	0.160	(0.222)
Primary Care Contractors	144.151	11.433	11.332	0.036	0.000	(0.036)	0.000	0.000	0.036	(0.101)
Other non pay	196.470	3.670	4.852	0.017	0.261	(0.278)	0.000	0.000	0.278	1.182
Variance to Plan £m	972.461	74.125	76.209	0.549	0.700	(1.249)	1.158	(1.158)	2.407	2.085
<b>Cumulative</b>										
Drugs / Prescribing	167.319	88.192	89.285	0.591	0.000	(0.591)	0.000	0.000	0.591	1.094
Clinical services & supplies	109.431	48.752	48.343	0.312	0.992	(1.304)	0.000	0.000	1.304	(0.409)
General supplies & services	9.222	4.219	4.789	0.087	0.415	(0.502)	0.000	0.000	0.502	0.571
Establishment expenses	10.074	4.183	4.459	0.039	0.023	(0.063)	0.000	0.000	0.063	0.276
Premises & fixed plant	36.911	15.775	18.497	0.537	0.951	(1.488)	3.611	(3.611)	5.099	2.722
Continuing healthcare	73.634	30.733	32.342	0.000	0.000	0.000	1.208	(1.208)	1.208	1.609
Healthcare Provided Services	225.249	93.510	92.619	0.691	0.000	(0.691)	0.000	0.000	0.691	(0.891)
Primary Care Contractors	144.151	57.891	57.770	0.115	0.012	(0.127)	0.000	0.000	0.127	(0.121)
Other non pay	196.470	20.763	28.633	0.113	2.680	(2.793)	0.000	0.000	2.793	7.871
Variance to Plan £m	972.461	364.017	376.738	2.485	5.072	(7.558)	4.820	(4.820)	12.377	12.721

There is an operational overspend of £12.721m on non-pay budgets which incorporates the 2022/23 monthly planning deficit of £7.125m.

The additional gross COVID 19 expenditure of £7.558m (local response and national programmes) is matched by £7.558m of anticipated COVID 19 funding and the additional exceptional energy costs of £3.611m and continuing healthcare costs of £1.208m arising from national pressures are matched by assumed funding of £4.820m.

Pressures are reported against Premises and Fixed Plant by all Clinical Boards, with the majority of overspends being reported against Capital Estates & Facilities, Executive and Central Budgets as identified by Table 16 below:

**Table 16: Cumulative overspend Premises and Fixed Plant @ Month 5**

Clinical / Service Board	Cumulative Variance £m	Reasons
Capital Estates & Facilities	0.968	Additional water charges, security costs and Estates non pay contractor costs which are broadly balanced by a pay underspends against estates staff
Executives	0.562	Digital costs and accomodation costs in respect of Overseas Nurses
Central Budgets	0.415	Additional Bed Contract costs reported Centrally
Other Clinical Boards	0.778	
<b>Total Variance to Plan £m</b>	<b>2.722</b>	

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## 2022/23 SAVING SCHEMES

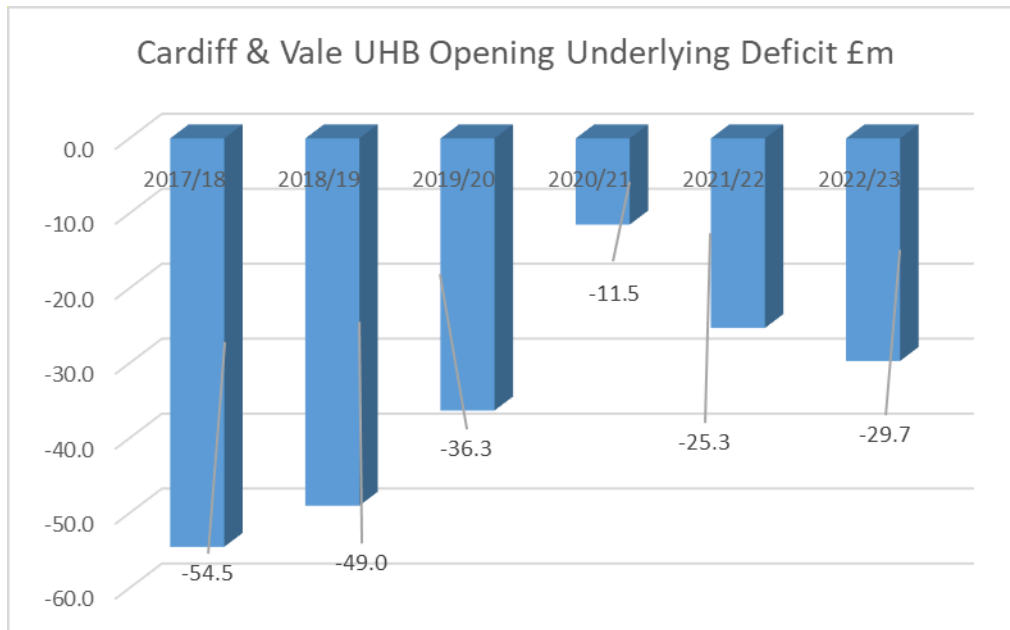
## 2022-23 In-Year Effect

Clinical/Service Board	22-23 Target 2%	Green	Amber	Total Green & Amber	Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Estates and Facilities	946	946	0	946	0	0
Children and Women	1,303	1,303	0	1,303	18	-0
Clinical Diagnostics and Therapeutics	1,199	1,177	0	1,177	0	21
Corporate Executives	500	430	0	430	11	70
Medicine	1,378	1,378	0	1,378	360	0
Mental Health	1,079	1,080	0	1,080	399	-0
Primary, Community and Intermediate Care	2,423	2,398	25	2,423	15	-0
Specialist Services	1,482	1,480	0	1,480	0	2
Surgical Services	1,689	1,695	0	1,695	300	-6
<b>Sub Total Clinical Boards £'000</b>	<b>12,000</b>	<b>11,887</b>	<b>25</b>	<b>11,912</b>	<b>1,103</b>	<b>88</b>
Corporate	7,400	4,983	550	5,533	0	1,867
<b>Total £'000</b>	<b>19,400</b>	<b>16,870</b>	<b>575</b>	<b>17,445</b>	<b>1,103</b>	<b>1,955</b>

## 2022-23 Full Year Effect

Clinical/Service Board	22-23 Target 1.5%	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Estates and Facilities	946	742	0	742	136	204
Children and Women	1,303	828	0	828	24	476
Clinical Diagnostics and Therapeutics	1,199	687	0	687	0	512
Corporate Executives	500	55	0	55	11	445
Medicine	1,378	661	0	661	778	717
Mental Health	1,079	1,033	0	1,033	650	46
Primary, Community and Intermediate Care	2,423	2,018	25	2,043	250	380
Specialist Services	1,482	1,266	0	1,266	0	216
Surgical Services	1,689	1,267	0	1,267	600	422
<b>Sub Total Clinical Boards £'000</b>	<b>12,000</b>	<b>8,556</b>	<b>25</b>	<b>8,581</b>	<b>2,449</b>	<b>3,419</b>
Corporate						
Additional Savings Target:						
- Continuing Healthcare	220	610	0	610	0	-390
- Medicines Management	650	1,250	200	1,450	0	-800
- Procurement	1,930	325	1,000	1,325	0	605
- Repatriation	600	0	0	0	0	600
<b>Total £'000</b>	<b>15,400</b>	<b>10,741</b>	<b>1,225</b>	<b>11,966</b>	<b>2,449</b>	<b>3,434</b>

Year on Year Movement in Cardiff & Vale UHB Underlying Deficit



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## BALANCE SHEET AT THE END OF AUGUST 2022

	Opening Balance 1 <sup>st</sup> April 2022	Closing Balance 31 <sup>st</sup> August 2022
<b>Non-Current Assets</b>	<b>£'000</b>	<b>£'000</b>
Property, plant and equipment	789,607	815,914
Intangible assets	2,611	2,201
Trade and other receivables	33,427	45,559
Other financial assets		
<b>Non-Current Assets sub total</b>	<b>825,645</b>	<b>863,674</b>
<b>Current Assets</b>		
Inventories	20,391	21,068
Trade and other receivables	228,915	266,829
Other financial assets		
Cash and cash equivalents	4,607	5,147
Non-current assets classified as held for sale		
<b>Current Assets sub total</b>	<b>253,913</b>	<b>293,044</b>
<b>TOTAL ASSETS</b>	<b>1,079,558</b>	<b>1,156,718</b>
<b>Current Liabilities</b>		
Trade and other payables	245,910	180,014
Other financial liabilities	0	
Provisions	165,709	205,681
<b>Current Liabilities sub total</b>	<b>411,619</b>	<b>385,695</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>667,939</b>	<b>771,023</b>
<b>Non-Current Liabilities</b>		
Trade and other payables	7,683	19,181
Other financial liabilities		
Provisions	39,304	42,442
<b>Non-Current Liabilities sub total £'000s</b>	<b>46,987</b>	<b>61,623</b>
<b>TOTAL ASSETS EMPLOYED £'000s</b>	<b>620,952</b>	<b>709,400</b>
<b>FINANCED BY:</b>		
<b>Taxpayers' Equity</b>		
General Fund	503,471	574,203
Revaluation Reserve	117,481	135,197
<b>Total Taxpayers' Equity £'000s</b>	<b>620,952</b>	<b>709,400</b>

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## CASHFLOW FORECAST AT THE END OF AUGUST 2022

	April £'000	May £'000	June £'000	July £'000	Aug £'000	Sept £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £,000	Total £,000
<b>RECEIPTS</b>													
WG Revenue Funding - Cash Limit (excluding NCL)	111,385	108,155	103,795	100,045	100,535	107,615	96,015	82,094	108,309	82,539	99,744	63,874	1,164,105
WG Revenue Funding - Non Cash Limited (NCL)	1,170	1,650	945	1,085	1,340	1,130	850	1,170	1,170	1,170	1,170	240	13,090
WG Revenue Funding - Other (e.g. invoices)	3,046	1,298	84	2,667	2,775	1,284	1,284	7,180	1,284	1,284	2,674	2,674	27,533
WG Capital Funding - Cash Limit	10,000	4,000	3,500	7,875	3,440	4,155	1,600	2,280	3,000	3,000	2,546	0	45,396
Sale of Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Income from other Welsh NHS Organisations	40,206	38,287	36,007	36,065	40,743	42,516	33,929	40,442	31,994	41,049	31,651	43,148	456,036
Other - (Specify in narrative)	5,714	11,261	6,390	12,037	8,008	7,830	12,443	10,082	7,749	12,567	5,944	11,251	111,277
<b>TOTAL RECEIPTS</b>	<b>171,521</b>	<b>164,651</b>	<b>150,721</b>	<b>159,774</b>	<b>156,841</b>	<b>164,530</b>	<b>146,121</b>	<b>143,248</b>	<b>153,506</b>	<b>141,609</b>	<b>143,729</b>	<b>121,186</b>	<b>1,817,437</b>
<b>PAYMENTS</b>													
Primary Care Services : General Medical Services	6,488	5,786	7,107	5,176	5,083	8,167	5,491	5,491	7,381	5,491	5,491	7,381	74,531
Primary Care Services : Pharmacy Services	209	128	138	113	100	122	135	135	270	540	270	270	2,430
Primary Care Services : Prescribed Drugs & Appliances	16,137	4	8,731	8,153	8,024	16,572	0	8,230	16,460	0	8,230	8,230	98,771
Primary Care Services : General Dental Services	2,389	2,290	2,212	2,236	2,408	2,193	2,290	2,290	2,290	2,290	2,290	2,290	27,468
Non Cash Limited Payments	1,977	1,906	1,790	1,964	1,829	1,729	1,865	1,865	1,865	1,865	1,865	1,865	22,385
Salaries and Wages	57,983	60,275	59,453	58,739	58,557	58,775	59,022	59,093	59,099	59,100	59,439	59,578	709,111
Non Pay Expenditure	70,738	85,467	68,932	76,285	77,605	74,967	73,819	62,641	63,141	69,326	63,595	62,675	849,193
Capital Payment	11,209	7,322	3,938	4,505	3,282	2,500	3,500	3,500	3,000	3,000	2,546	0	48,302
Other items (Specify in narrative)	5,182	337	652	96	34	651	0	0	0	0	0	0	6,952
<b>TOTAL PAYMENTS</b>	<b>172,312</b>	<b>163,514</b>	<b>152,953</b>	<b>157,267</b>	<b>156,921</b>	<b>165,675</b>	<b>146,121</b>	<b>143,245</b>	<b>153,506</b>	<b>141,612</b>	<b>143,726</b>	<b>142,290</b>	<b>1,839,144</b>
<b>Net cash inflow/outflow</b>	<b>(791)</b>	<b>1,136</b>	<b>(2,233)</b>	<b>2,508</b>	<b>(80)</b>	<b>(1,145)</b>	<b>(1)</b>	<b>3</b>	<b>(0)</b>	<b>(3)</b>	<b>3</b>	<b>(21,103)</b>	
<b>Balance b/f</b>	<b>4,607</b>	<b>3,816</b>	<b>4,952</b>	<b>2,719</b>	<b>5,227</b>	<b>5,147</b>	<b>4,002</b>	<b>4,001</b>	<b>4,004</b>	<b>4,003</b>	<b>4,001</b>	<b>4,004</b>	
<b>Balance c/f</b>	<b>3,816</b>	<b>4,952</b>	<b>2,719</b>	<b>5,227</b>	<b>5,147</b>	<b>4,002</b>	<b>4,001</b>	<b>4,004</b>	<b>4,003</b>	<b>4,001</b>	<b>4,004</b>	<b>(17,100)</b>	

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Report Title:	<b>Board Assurance Framework – Financial Sustainability</b>		Agenda Item no.	2.2	
Meeting:	Finance Committee	Public	<input checked="" type="checkbox"/>	Meeting Date:	28 <sup>th</sup> September 2022
		Private	<input type="checkbox"/>		
Status <i>(please tick one only):</i>	Assurance <input type="checkbox"/>	Approval <input type="checkbox"/>	Information <input type="checkbox"/>		
Lead Executive:	Director of Corporate Governance				
Report Author (Title):	Director of Corporate Governance				

### Main Report

#### Background and current situation:

The purpose of the report is to provide Members of the Finance Committee with the opportunity to review the Financial Sustainability Risk on the Board Assurance Framework which links specifically to this Committee.

There are currently nine key risks on the BAF, agreed by the Board in May 2022, which are impacting upon the Strategic Objectives of Cardiff and Vale Health Board. Financial Sustainability is one of those key risks and specifically identifies:

- There is a risk that the organisation will not be able to manage the impact of COVID 19 and other operational issues within the financial resources available.

It is good practice for Committees of the Board to also review risks on the BAF which relate to them. The role of the Committee in relation to the risk is to review it, check that the controls are in place and working and agree any further actions required in order to mitigate the risk. The Committee can then provide further assurance to the Board that the risk is being managed or mitigated as much as possible at the current time. The Executive Director Lead for this risk is the Executive Director of Finance.

#### Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

The Board Assurance Framework provides the Board with information on the key risks impacting upon the delivery of the Strategic Objectives of Cardiff and Vale University Health Board.

The attached Finance risk (last considered by the Board in July 2022) is considered to be a key risk to the achievement of the organisation's Strategic Objectives. The actions on this risk have been updated by the Executive Director of Finance since the July Board Meeting.

#### Recommendation:

The Finance Committee are requested to:

Review the attached risk in relation to Financial Sustainability to enable the Committee to provide further assurance to the Board when the Board Assurance Framework is reviewed in its entirety.

#### Link to Strategic Objectives of Shaping our Future Wellbeing:

*Please tick as relevant*

1. Reduce health inequalities	<input type="checkbox"/>	6. Have a planned care system where demand and capacity are in balance	<input type="checkbox"/>
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2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing	x	8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect	x	9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

**Five Ways of Working (Sustainable Development Principles) considered**

*Please tick as relevant*

Prevention	x	Long term		Integration		Collaboration		Involvement	
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**Impact Assessment:**

*Please state yes or no for each category. If yes please provide further details.*

Risk: Yes/No

Safety: Yes/No

Financial: Yes/No

Workforce: Yes/No

Legal: Yes/No

Reputational: Yes/No

Socio Economic: Yes/No

Equality and Health: Yes/No

Decarbonisation: Yes/No

**Approval/Scrutiny Route:**

Committee/Group/Exec

Date:

Executive Director of Finance

6<sup>th</sup> September 2022

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## 1. Financial Sustainability – Executive Director of Finance (Catherine Phillips)

Across Wales, Health Boards and Trusts set out plans to manage their financial pressures by driving out inefficiencies, while at the same time looking to derive greater value from their resources through innovative ways of working and practicing Prudent and Value Based Healthcare. In October 2021 the Welsh Government signalled a return to a three-year planning approach and accordingly the Health Board has developed a new three-year IMTP for 2022 to 2025. In March 2022, the Board approved the draft 2022 – 2025 IMTP. In light of the financial position work was undertaken during the Quarter 1 to develop the financial plan. The final plan was approved by the Board on 30<sup>th</sup> June and submitted to Welsh Government.

<b>Risk</b>	There is a risk that the organisation will not be able to manage the impact of COVID 19 and other operational issues within the financial resources available.		
<b>Date added:</b> 01.04.2022			
<b>Cause</b>	The UHB has incurred significant additional costs arising from managing the COVID 19 pandemic. It also has to manage its operational budget.		
<b>Impact</b>	Unable to deliver a year-end financial position. Reputational loss. Improvement in the underlying financial position which is dependent upon recurrent funding provided		
<b>Impact Score: 5</b>	Likelihood Score: 5	<b>Gross Risk Score:</b>	<b>25 (Extreme)</b>
<b>Current Controls</b>	Additional expenditure is being authorised within the governance structure and the UHB Scheme of Delegation. Financial Plan submitted to Welsh Government 30 <sup>th</sup> June to deliver financial balance over the three-year period 2022-2025.		
<b>Current Assurances</b>	The financial position is reviewed by the Finance Committee which meets monthly and reports into the Board <sup>(1)</sup> Financial performance is a standing agenda item monthly on Management Executives Meeting <sup>(1)</sup>  Financial performance is monitored by the Management Executive <sup>(1)</sup> .  Finance report presented to every Finance Committee Meeting highlighting progress against mitigating financial risks <sup>(1)</sup> .		
<b>Impact Score: 5</b>	Likelihood Score: 3	<b>Net Risk Score:</b>	<b>15 (Extreme)</b>
<b>Gap in Controls</b>	No gaps currently identified.		
<b>Gap in Assurances</b>	To confirm COVID 19 and exceptional funding assumptions with Welsh Government for response and recovery. Certainty of COVID 19 expenditure and the management of non COVID 19 operational pressures. The financial plan 2022/23 does not achieve overall financial balance during the financial year.		

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Actions		Lead	By when	Update since July 22
1. Continue to work with Welsh Government to manage our recovery and COVID 19 response as well as exceptional cost pressures.		Catherine Phillips	30/09/2022	This continues to take place to understand resources which will be made available to the Health Board in 2022/23.
2. To monitor and control additional expenditure and financial performance to ensure that the year-end forecast is in line with financial plan 2022/23		Catherine Phillips	31/12/2022	Position continues to be reported to Senior Leadership Board, monthly Finance Committee and Board. Performance meetings with Clinical Board re introduced.
3. To understand the impact of responding to the Covid 19 pandemic has had on the organisations underlying position. To deliver on our savings plan recurrently		Paul Bostock	31/12/22	COVID response and recovery costs are being reviewed for plans to sustain in line with Service need.  Savings are being managed and monitored with Clinical Boards.
Impact Score: 5	Likelihood Score:1	Target Risk Score:		<b>4 (Moderate)</b>

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Report Title:	<b>Velindre Integrated Radiotherapy Solution IRS – OBC/FBC and AB/Velindre Radiotherapy Satellite Centre RSC – FBC</b>			Agenda Item no.	2.3
Meeting:	<b>Finance Committee</b>	Public	X	Meeting Date:	28 September 2022
		Private			
Status <i>(please tick one only):</i>	Assurance	Approval	X	Information	
Lead Executive:	Director of Finance Director of Strategic Planning				
Report Author (Title):	Interim Deputy Director of Finance Deputy Director of Commissioning				

## Main Report

### Background and current situation:

#### Executive Summary

This paper outlines the requirement for additional investment in radiotherapy services totaling **£1.050m**, phased over an 11 year period (Table 6), the level of increased activity this investment will secure for Cardiff and Vale residents, the cost impact and value for money of this investment compared to the existing contracting frameworks. The cost would need to be funded from the Health Board's internal budget for investments.

Velindre Cancer Centre (VCC) serves the 1.5 million people who live in South East Wales, providing services at VCC in Cardiff and at a number of other sites in its catchment area and in patients' own homes.

The VCC currently has 8 LINAC machines (Linear Accelerators) available for the delivery of Radiotherapy treatment. These 8 machines have come to, or are fast approaching, the end of their useful life and need replacement. This replacement is subject to a Business Case submitted to Welsh Government 'Integrated Radiotherapy Solutions' (IRS). On top of the Capital Investment, which will be funded by Welsh Government, there is a fixed revenue contribution required by all Health Boards linked to this replacement programme. Cardiff and Vale UHB' requested contribution to this development is £0.194m.

In addition to the proposed replacement of existing LINAC machines, a second Business Case, 'Radiotherapy Satellite Centre' (RSC), has been submitted to Welsh Government to increase the existing LINAC capacity from 8 machines to 10 for South East Wales residents. These 2 additional LINAC machines to be housed in Nevill Hall Hospital, Abergavenny. The additional 2 LINACS are required to manage forecast future demand and advances in treatment techniques. There are two elements to this investment:

- a fixed cost investment required by all Health Boards of which the Cardiff and Vale UHB contribution is £0.357m.
- The second element to this investment is made relating to the actual additional activity delivered, which is planned to be an additional 4,476 radiology sessions and 328 planning sessions at a variable cost of £0.498m.

By replacing existing end of life LINAC machines and increasing capacity from 8-10 LINAC machines, the residents of South Wales will receive timely Cancer treatment, accessing the most up to date equipment, the service will benefit from improved reporting software and ability to flex the capacity to manage machine downtime/maintenance.

The total cost of the investment required for both the RSC and IRS is **£1.050m** made up of fixed cost investment of **£0.194m** IRS, fixed cost investment **£0.357m** RSC and variable cost investment linked to activity delivery **£0.498m**.

To note the cost of this additional activity, if the full price per activity in the existing LTA framework were to be applied, would be £1.144m. Therefore, if the activity is provided as planned, this investment would be less than the cost under the current LTA framework.

There is a potential that surplus LINAC capacity will be available in the early years of this investment period as activity is forecast to increase incrementally per annum. As a result there will be a mismatch between fixed cost investment required up front and activity delivery over the planning period of 12 years 2022-23 to 2033-34. Based on forecast growth and current LTA values these fixed costs will be covered by activity levels delivered by 2027-28 at 55% of planned activity delivery.

The agreed principle with the approved nVCC business case is that indexation will be met by Commissioners. The financial quantum will be recovered within the year it is realised, net of national inflationary uplift funding awards. All costs provided in this paper exclude CPI. CPI to be funded by Commissioners based on actual % confirmed rates annually.

## **Introduction**

There are two business cases related to the provision of radiotherapy services prepared by Velindre University NHS Trust (Velindre) and Aneurin Bevan UHB, which have been submitted to Welsh Government and Commissioning Health Boards for approval:

- The Integrated Radiotherapy Solution (IRS) OBC/FBC prepared by Velindre; and
- The Radiotherapy Satellite Centre (RSC) FBC, prepared by Aneurin Bevan UHB and Velindre

These business cases form part of the plans to transform cancer services (TCS) in South East Wales.

The TCS programme has been agreed in principle by all Health Boards and Welsh Government. The TCS programme includes the development of a new Velindre Cancer Centre (nVCC) on land adjacent to the existing Velindre Cancer Centre (VCC) and the establishment of a Radiotherapy Satellite Centre (RSC) at Nevill Hall Hospital in Abergavenny.

The business cases have been developed in conjunction with Velindre NHS Trust, Aneurin Bevan UHB and respective Commissioners, for final consideration of approval by the relevant Boards, supporting the Welsh Government approval for capital funding and progression to implementation.

### Integrated Radiotherapy Solution (IRS) OBC/FBC

Velindre has recently concluded the competitive tendering process for the replacement of the Velindre Cancer Centre existing fleet of Linear Accelerator (LINAC) Radiotherapy devices and associated planning software. Commissioning Health Boards are asked to approve the IRS replacement of the existing fleet and note the associated IRS element of the Radiotherapy Satellite Centre (RSC) Full Business Cases (FBC).

### Radiotherapy Satellite Centre (RSC) FBC

Currently, all radiotherapy for the south east Wales population is delivered from VCC in Cardiff. This case is for a new Radiotherapy facility to meet increased demand. It would be based in Nevill Hall Hospital in Abergavenny with 2 LINAC machines. This would increase the total LINAC fleet in South East Wales from 8 to 10.

Planning figures indicate demand for radiotherapy treatment is growing at an average rate of 2% per year, through a combination of population growth, earlier diagnosis and increasing numbers of suitable indications for treatment.

There are also a number of new techniques that require longer treatment time, such as Deep Inhaled Breath Holding (DIBH) to achieve better outcomes. This increases demand for radiotherapy service time irrespective of increase in the number of patients. The new facility would primarily be used by residents within the Aneurin Bevan Health Board area, but this would free up capacity within the existing VCC facilities for Cardiff and Vale residents.

The RSC OBC was previously received and supported at Cardiff and Vale UHB Board in November 2020.

### **Background:**

Cardiff and Vale UHB's current full cost contribution to Radiotherapy services in Velindre for the existing 8 LINAC machines totals £3.020m pa (2022-23 contract values).

The strategic long-term plan is to have 8 new LINACs based at nVCC and 2 new LINACS based at a Regional Satellite Centre in Nevill Hall Hospital, Abergavenny to deliver the forecast required capacity for South East Wales.

The Business cases supporting these developments have been presented at the Collaborative Cancer Leadership Group and the Collective Commissioning Group and have been shared with Directors of Planning.

### Integrated Radiotherapy Solution (IRS) OBC/FBC

Radiotherapy is currently delivered from 8 Linear Accelerator (LINAC) machines based at VCC, which are all reaching the end, or beyond their useful economic life and need to be replaced at additional cost.

The existing facilities at Velindre are being utilised near to capacity, with some LINACs currently over their expected life span, with enhanced maintenance required to extend their utility to the completion timescale for nVCC.

The consideration for Board is that the approval of the IRS replacement of the existing LINAC fleet business case will ensure availability of capacity at the existing VCC, nVCC sites.

### Radiotherapy Satellite Centre (RSC) FBC

The new build RSC at Nevill Hall would primarily be used by residents within the Aneurin Bevan Health Board area, but this would free up capacity within the existing VCC facilities for Cardiff and Vale residents.

There would be qualitative benefits for AB patients in terms of reduced travelling times and convenience and for CAV patients in terms of reduced waiting times. The current Joint Council for Oncology (JCO) standard for maximum referral to treatment time is 28 days, but the Welsh Single Cancer Pathway aims to reduce this to 21 days.

Radiotherapy demand is predicted to exceed supply. If there is no additional investment in infrastructure, additional radiotherapy capacity would need to be outsourced from private facilities. The recent liquidation of the Rutherford Cancer Centre in Newport has significantly impaired this option. Alternative options would be to send patients for treatment to Swansea or Bristol. This would be at a higher unit cost and there is no guarantee that sufficient capacity would be available to meet demand, with increased travel times for patients.

The increase in LINAC machines based at Nevill Hall Hospital will meet anticipated future increased demand.

Both the IRS and RSC cases provide a fleet of devices with associated planning software in provision of the highest standards of quality care, delivering upon the planned benefits to patients.

It should be noted that the IRS OBC/FBC and RSC FBC are “decoupled” for separate approvals, this is reflected in the contract tender award within the IRS procurement as independent options.

### **Assessment:**

#### Forecast additional activity

To demonstrate the impact of the anticipated future demand, Velindre has undertaken a detailed demand and capacity modelling exercise, averaging demand at a planned 2% growth per annum, though based on analysis of annual demand over the past 8 years actual demand growth is not linear. This demand growth has been compared to the available capacity that the nVCC would provide and identified that it does not deliver the required capacity to meet demand. There is also no space to expand on the existing VCC site. This analysis has been presented to, and supported by Commissioners, NHS Wales Shared Services Estates Team and WG Officers. This represents a high risk to patients given the anticipated growth timeline in demand for services. While planning is underway to mitigate as far as possible capacity limitations in the short term, it is imperative that a substantive medium term solution to the capacity shortfall is urgently established, irrespective of patient residency. The timeline for the nVCC, is a significant concern, necessitating additional capacity in advance.

The Transforming Cancer Services (TCS) Programme has developed a set of clinical growth assumptions for its core services. These clinical growth assumptions have been developed in partnership with clinical colleagues from across South East Wales and are informed by cancer incidence projections provided by the Welsh Cancer Intelligence and Surveillance Unit (WCISU), approved by the TCS Programme Management Board and by the TCS Programme Clinical Advisory Board. In addition, the clinical growth assumption has undergone a validation exercise with multiple Cancer Centres across the UK, and proven to be consistent.

Whilst recognising the planning assumptions for 2% growth per annum, we would note that recent activity has been more volatile and rarely presents as modelled. Discussions between senior clinicians have highlighted the need to better understand the clinical principles underlying the growth figures, but these are the current accepted assumptions. If no additional activity materialises, then the revenue consequences for CAV activity will not flow through the financial model and LTA frameworks and the commitment will be limited to the fixed costs of the additional capacity.

The required capacity for radiotherapy is modelled over 10 years for the business cases, as capacity enabler for all Commissioners through the expansion of 8 LINACs to 10, enhancing local access for patients and associated qualitative benefits in terms of reduced travelling times; convenience; reduced waiting times; high quality and effective treatments through improved technologies.

Clinical benefits derived from the IRS include:

- Access to services remotely and via mobiles or handhelds
- Introduction of voice and speech recognition features
- Paperless designs and electronic workflows
- Treatment planning using Artificial Intelligence (AI)
  - allows improved planning speeds and clinicians more time to focus on plans that are more complex or bespoke
  - Peer review reduces plan variations between clinicians and increased accuracy for improved patient care

- reduces the number of plans required per patient
- AI clinical decision support - provide access to clinical libraries of treatment history and treatment outcomes for clinician support, in complex treatment decision making and patient co-production of treatments
- Modern treatment delivery e.g. online adaptive planning utilises AI to deliver high speed planning online, while the patient is on the treatment couch
  - Improving patient treatment accuracy, patient outcomes and patient safety
- New SGRT & Motion Management equipment
- Patient safety - biometrics used to digitally match the correct patient to the correct treatment
- Patient engagement:
  - improved oncology specific PROMS
  - use of patient apps for better patient communications and to support triaging of patients who become unwell while on treatment

Capital Costs (WG funded)

**Table 1 – Integrated Radiotherapy Service (IRS) OBC/FBC Capital Costs**

The IRS OBC/FBC details forecast capital funding requirement from WG of £48.897m:

Category	IRF OBC/FBC £'000
Treatment machines	22,610
Information systems	4,012
Other Equipment and services	5,574
Dosimetry, Immobilisation and Digital	1,121
Implemental and Delivery	2,377
Temporary Service Resilience	2,750
Bunker Refurbishment	2,700
<b>Sub Total</b>	<b>41,144</b>
VAT	7,753
<b>Total Capital Cost</b>	<b>48,897</b>

The existing fleet of 8 LINAC machines based in VCC are at, or approaching, the end of their useful life and need replacement. (The table also includes capital costs of £7.3m relating to 2 LINAC machines at the RSC. These costs would only be incurred if the RSC FBC was approved.)

**Table 2 - Radiotherapy Satellite Centre (RSC) NHH FBC Capital Costs**

The RSC FBC details forecast capital funding requirement from WG of £46.180m:

Category	RSC FBC £'000
Works Costs	22,042
Fees	3,091
Non-Works	2,324
Equipment	2,871
Contingency	1,620
Satellite Integrated Radiotherapy Solution	6,665
VAT	7,567
<b>Total Capital Cost</b>	<b>46,180</b>

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Activity modelling outlined in the RSC FBC indicates activity growth projections of 2% per annum over the term of the new LINAC fleet contract.

The RSC FBC proposes a new build Radiotherapy centre to be based at Nevill Hall Hospital, Abergavenny to contain 2 new LINAC machines increasing the existing fleet in SE Wales from 8 LINAC machines to 10.

### Revenue Costs (Commissioner funded)

The business cases for replacement of the existing LINAC fleet of 8 machines (IRS business case) and new build Satellite Centre at Nevill Hall Hospital to house 2 additional new LINAC machines (RSC business case) both have a revenue implication for which Health Boards have been asked to contribute based on a % commissioner shares of which Cardiff and Vale share of costs is 28.69%.

This section will outline both the total revenue requirement outlined in the business cases and the Cardiff and Vale UHB % share of these costs. The investment is phased over a number of years to match planned costs.

Table 3 - fixed revenue implications for the Integrated Radiotherapy Service FBC

Table 4 - fixed revenue implications for the Radiotherapy Satellite Centre FBC

Table 5 – activity linked variable revenue implications for the Radiotherapy Satellite Centre FBC

Table 6 – Cardiff and Vale UHB total revenue investment summary

### **Table 3 – Integrated Radiotherapy Service (IRS) OBC/FBC Fixed Revenue Costs**

Replacement of 8 existing LINACS total revenue implication p.a. with Cardiff and Vale UHB 28.69% Commissioner share.

	<b>Total Fixed Revenue All Commissioners £</b>	<b>Total Fixed Revenue Cardiff and Vale UHB share (28.69%) £</b>
2022/23	273,616	78,500
2023/24	314,893	90,343
2024/25	54,963	15,769
2025/26	350,553	100,574
2026/27	(165,291)	(47,422)
2027/28	(151,543)	(43,478)
2028/29 +	0	0
<b>Total Investment</b>	<b>677,192</b>	<b>194,286</b>

Investment required above the existing baseline costs of fleet. Frontloading of costs due to double running, service implementation, software set up.

The IRS tender award is subject to annual indexation, following a 30 month “price firm period”, linked to the national Consumer Price Indexation (CPI) against a proposed base date of March 2022. The agreed principle with the approved nVCC business case is that indexation will be met by Commissioners. The financial quantum will be recovered within the year it is realised, net of national inflationary uplift funding awards.

All costs provided in this paper exclude CPI. CPI to be funded by Commissioners based on actual % confirmed rates annually.

It should be noted that VAT is deemed recoverable under COS headings 14 & 37, supported by VAT advisors to the Trust, Ernst and Young.

**Table 4 - Radiotherapy Satellite Centre (RSC) NHH FBC Fixed Revenue Costs**

Projection PA	Total Revenue fixed Commissioner investment £	Total Revenue fixed Cardiff and Vale UHB share (28.69%) £
2022/23	0	0
2023/24	523,000	150,049
2024/25	544,815	156,307
2025/26	177,750	50,996
2026/27 +	0	0
<b>Total Investment</b>	<b>1,245,565</b>	<b>357,353</b>

Provision of 2 new LINACs to be based at Neville Hall Hospital bringing total fleet to 10. To manage future demand increases forecast at 2% pa. This does not include COVID recovery demand increases currently being experienced through increased LTA performance.

Support for transitional costs of £523,000 (Cardiff & Vale share £150,000) are sought from commissioners in 2023/24 to recruit and train staff ahead of the LINAC machines being commissioned in 2024/25.

The direct fixed revenue costs of additional 2 LINAC machines totals £0.395m and is included within the £1.245m total revenue costs in the above table.

There is a diseconomy of scale for a two site model as it requires additional supervisory capacity at the new centre. This equates to circa £190k, of which the CAV contribution would be £55k, which regardless of the increased costs associated with the LINAC procurement could be argued to be the premium for the two centre model.

**Table 5 – Variable revenue contribution based on forecast additional activity delivery**

The variable cost of activity delivery based on FBC planning figures totals £1.736m for all Commissioners over an 11 year.

Cardiff and Vale Commissioner share of this activity is £0.498m. This variable investment will provide a total additional 4,476 radiology sessions and 328 planning sessions by 2023/24. This represents an uplift to existing Radiotherapy planning and delivery contracted levels of 36% over the planning period.

	<b>Total Variable cost activity £</b>	<b>Cardiff and Vale UHB Variable cost activity £</b>	<b>Projected Activity</b>
2022/23	0	0	0
2023/24	496,000	142,303	1,373
2024/25	124,000	35,576	343
2025/26	124,000	35,576	343
2026/27	124,000	35,576	343
2027/28	124,000	35,576	343
2028/29	124,000	35,576	343
2029/30	124,000	35,576	343
2030/31	124,000	35,576	343
2031/32	124,000	35,576	343
2032/33	124,000	35,576	343
2033/34	124,000	35,576	343
	<b>1,736,000</b>	<b>498,061</b>	<b>4,804</b>

**Appendix 1** details the forecast activity increase by contract currency from 2022-23 to 2033-34 for Cardiff and Vale residents. 4,804 additional Radiotherapy delivery and planning sessions over the period.

### Table 6 - Investment Summary

Total investment requirement of Cardiff and Vale UHB to support the fixed and variable cost element of the two business cases over the planning period and projected activity:

<b>Cardiff and Vale Total</b>	<b>IRS Fixed investment £</b>	<b>RSC Fixed investment £</b>	<b>RSC Variable investment £</b>	<b>Total investment £</b>	<b>Projected Activity</b>
2022/23	78,500	0	0	78,500	0
2023/24	90,343	150,049	142,303	382,695	1,373
2024/25	15,769	156,307	35,576	207,652	343
2025/26	100,574	50,996	35,576	187,146	343
2026/27	(47,422)		35,576	(11,846)	343

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2027/28	(43,478)		35,576	(7,902)	343
2028/29			35,576	35,576	343
2029/30			35,576	35,576	343
2030/31			35,576	35,576	343
2031/32			35,576	35,576	343
2032/33			35,576	35,576	343
2033/34			35,576	35,576	343
<b>Total</b>	<b>194,286</b>	<b>357,353</b>	<b>498,061</b>	<b>1,049,700</b>	<b>4,804</b>

**Appendix 2** details the forecast activity increase, fixed and variable cost element of the two business cases and the phasing of the LINAC machines over the planning period.

If Velindre were to uplift the existing LTA framework at full cost for the additional planned activity over this period the fixed cost element would total £0.646m. The Cardiff and Vale UHB fixed revenue cost investment for the RSC FBC is £0.357m. This demonstrates the fixed cost investment request is 55% of current fixed cost values. This comparison provides value for money assurance in terms of the requested investment in fixed cost infrastructure included in the RSC business case compared to baseline.

In conclusion, Commissioner support is requested to support:

- the IRS replacement of the existing LINAC fleet and note the associated IRS option for the RSC as an independent decision; and
- a regional satellite centre at NHH to enable the capacity requirements of forecast demand.

#### Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

The main consideration for CAV UHB is the availability and cost of additional capacity to meet anticipated future increased demand. Whilst the procurement of radiotherapy equipment will result in increased costs for CAV to support its patients, it is intended that there will be qualitative benefits in terms of better technological integration, improved planning that will deliver an improved patient experience and streamlined processes. It is not anticipated that there will be material patient flows from the CAV UHB area to the Nevill Hall Hospital satellite centre, however, the RSC will improve access for CAV patients at Velindre and the IRS will improve the quality of planning and delivery.

The increased cost associated with the procurement of the new LINACs and the establishment of a RSC exceeds that which would be recovered through the marginal rates in the current financial framework model and so commitment to cover the additional expenditure is requested from commissioning health boards. For the UHB, this equates to £0.194m. and £0.357m p.a. in relation to the IRS and RSC business cases, respectively. This fixed component of the investment is required irrespective of the level of activity provided, and therefore represents better value for money as greater levels of activity are provided.

In summary, Cardiff and Vale UHB's total fixed revenue additional investment for the IRS and RSC FBCs totals **£0.551m**. Forecast radiotherapy activity over the period 2022-23 to 2033-34 at a variable cost of **£0.489m**. Total investment value **£1.050m**, phased over the period. The cost would need to be funded from the Health Board's internal budget for investments.

It is understandable that support for transitional costs of £523,000 (Cardiff & Vale share £150,000) is sought from commissioners in 2023/24 to recruit and train staff ahead of the LINAC machines being commissioned in 2024/25. We would expect the provider to seek to minimise and defer the transitional costs.

In the early years of the planning period there will potentially be unused capacity across the South East Wales radiotherapy services as the anticipated demand for radiotherapy increases. Velindre has indicated that it would seek to provide services to other commissioners, so that the capacity was utilised, and would share any financial benefit of doing so with its commissioners.

**Recommendation:**

The Finance Committee is requested to recommend that the Board:

1. Approve the IRS replacement of the existing LINAC fleet at Velindre.
2. Agree to support up to the maximum annual revenue funding level (with indexation to be applied), and contract mechanisms reflected within this paper.
3. Note the associated IRS cost element of the RSC, as an independent approval of the RSC overall FBC.
4. Approve the RSC FBC subject to:
  - a) agreement on sharing any benefits from the use of redundant LINAC capacity to provide services to other Commissioners outside of South East Wales
  - b) the provider seek to minimise and defer the transitional costs
5. Agree in principle to support the revenue costs associated with the provision of radiotherapy for Cardiff and Vale residents following the procurement of the new radiotherapy equipment and the development of the Radiotherapy Satellite Centre at Nevill Hall Hospital.

**Link to Strategic Objectives of Shaping our Future Wellbeing:**

*Please tick as relevant*

1. Reduce health inequalities	X	6. Have a planned care system where demand and capacity are in balance	X
2. Deliver outcomes that matter to people	X	7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	X
4. Offer services that deliver the population health our citizens are entitled to expect	X	9. Reduce harm, waste and variation sustainably making best use of the resources available to us	
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

**Five Ways of Working (Sustainable Development Principles) considered**

*Please tick as relevant*

Prevention		Long term	X	Integration	X	Collaboration	X	Involvement	
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**Impact Assessment:***Please state yes or no for each category. If yes please provide further details.***Risk: Yes**

Existing LINAC fleet is old and reaching the end of its lifespan. If the machines are not replaced and then fail, radiotherapy services for patients will be severely restricted. If additional capacity is not secured, then predicted increased demand could increase waiting times for patients with cancer.

**Safety: Yes**

Replacement of LINACs and upgrading the technology will improve the quality of planning and subsequent safety of services.

**Financial: Yes**

These are covered in the main report

**Workforce: Yes/No**

Not for Cardiff and Vale UHB, but Velindre will need to recruit additional staff to support the extra machines and deliver increased capacity.

**Legal: No**

Procurement and contracting is being managed by Velindre

**Reputational: Yes**

Failure to secure sufficient radiotherapy provision for Cardiff and Vale patients could cause reputational issues.

**Socio Economic: No****Equality and Health: No**

No changes to policies as a result of these business cases

**Decarbonisation: Yes**

These business cases will require the building, commissioning and maintenance of equipment and facilities suitable for the delivery of nuclear medicine.

**Approval/Scrutiny Route:**

Committee/Group/Exec

Date:

Business Case Approval Group

7<sup>th</sup> September 2022

Finance Committee

28<sup>th</sup> September 2022Mohamed Sarah  
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**CARDIFF AND VALE UHB  
RADIOTHERAPY FORECAST ACTIVITY GROWTH ASSUMPTIONS RSC FBC**

**APPENDIX 1**

Contract Currency	Additional Activity												Total	
	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34		
Radiotherapy - Planning Palliative/Single Point	0	28	7	7	7	7	7	7	7	7	7	7	7	98
Radiotherapy - Planning Breast	0	18	4	4	4	4	4	4	4	4	4	4	4	62
Radiotherapy - Planning Breast Advanced	0	18	4	4	4	4	4	4	4	4	4	4	4	62
Radiotherapy - Planning Abdominal & Thoracic	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Radiotherapy - Planning Abdominal & Thoracic Advanced	0	30	8	8	8	8	8	8	8	8	8	8	8	107
Radiotherapy - Planning Head & Neck, Sarcoma, TBI & SABR	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Radiotherapy - Planning Rare cancers (incl. SRS / Paeds / Whole CNS)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Radiotherapy - Delivery 15 minutes	0	965	241	241	241	241	241	241	241	241	241	241	241	3,379
Radiotherapy - Delivery 20 minutes	0	296	74	74	74	74	74	74	74	74	74	74	74	1,035
Radiotherapy - Delivery 30 minutes	0	18	4	4	4	4	4	4	4	4	4	4	4	62
Radiotherapy - Delivery 45 minutes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Radiotherapy - Delivery 60 minutes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Radiotherapy - Superficial	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Radiotherapy - Brachytherapy Prostate HDR	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Radiotherapy - Brachytherapy Gynaecological with theatre (IGBT)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Radiotherapy - Brachytherapy Gynaecological without theatre	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>1,373</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>343</b>	<b>4,804</b>

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**Cardiff and Vale University Health Board  
Velindre UNHST IRS & Nevill Hall RSC Revenue Cost Summary**

**APPENDIX 2**

**Annual Incremental Costs**

C&V UHB implications of the IRS and NHH RT Satellite Unit	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	Cumulative
Fixed Cost Revenue implication of IRS Service Support	78,500	90,343	15,769	100,574	- 47,422	- 43,478	-	-	-	-	-	-	194,286
Fixed Cost Revenue implication of NHH Satellite- IRS Service Support		-	62,174	51,057	-	-	-	-	-	-	-	-	113,231
Fixed Cost Revenue implication of NHH Satellite- Other Costs		150,049	94,134	- 61	-	-	-	-	-	-	-	-	244,122
<b>Sub-total Fixed Costs (addition to the LTA)</b>	<b>78,500</b>	<b>240,392</b>	<b>172,076</b>	<b>151,570</b>	<b>- 47,422</b>	<b>- 43,478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>551,639</b>
Activity related revenue in addition to fixed revenue associated with new LINACs		142,303	35,576	35,576	35,576	35,576	35,576	35,576	35,576	35,576	35,576	35,576	498,061
<b>Total Costs</b>	<b>78,500</b>	<b>382,695</b>	<b>207,652</b>	<b>187,146</b>	<b>- 11,846</b>	<b>- 7,902</b>	<b>35,576</b>	<b>35,576</b>	<b>35,576</b>	<b>35,576</b>	<b>35,576</b>	<b>35,576</b>	<b>1,049,700</b>

Demand profile	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Demand Incremental		1,373	343	343	343	343	343	343	343	343	343	343
% growth		8%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
<b>Phasing of new LINACs across the two sites</b>												
VCC - Current Linacs	8	7	6									
VCC - Replaced Linacs		1	2									
Nevill Hall RSC - New Linacs			2	2	2	2	2	2	2	2	2	2
nVCC - New Linacs				8	8	8	8	8	8	8	8	8
<b>Total</b>	<b>8</b>	<b>8</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

Mohamed Sarah  
23/09/2022 09:18:05

Report Title:	<b>UHW – Relocation of Adult Fracture Clinic from UHL to UHL</b>			Agenda Item no.	3.1
Meeting:	Finance Committee	Public	√	Meeting Date:	28/09/22
		Private			
Status <i>(please tick one only):</i>	Assurance	Approval	√	Information	
Lead Executive:	Director of Finance				
Report Author (Title):	<b>Director of Capital Estates &amp; Facilities</b>				

## Main Report

### Background and current situation:

The purpose of this report is to seek approval from the Board to progress the design, tender and construction of a new Adult fracture out patient's facility within the ground floor of the Lakeside wing at UHW and to grant authority to the UHB Chair to approve the contract award, subject to the tender return not exceeding 10% of the approved budget allowance, agreed by the Capital Management Group (CMG).

As part of the response to the Covid Pandemic, the fracture clinic that operated from UHW, adjacent to the Emergency Unit (EU), was relocated to UHL to enable the existing facility to be used for the streaming of patients through the EU department. As part of the recovery plan, developed by the operational planning teams, the return of the fracture clinic to UHW is considered one of a number of priority schemes that are essential to support the orthopaedic waiting list backlog. The key enablers to recover this position are as follows:

- Full elective footprint in CAVOC outpatients which will be delivered when fracture clinic moves back to UHW
- Increasing new outpatient activity, additional pre-assessment clinics and appropriate review clinics.
- Revised job plan realigning full pre-covid sessions to increase activity
- New consultant appointment as part of recovery
- Embedded therapies to support most efficient holistic pathway

There are plans, and resource to support the above enablers.

The continuing pressures on the EU department, along with the space constraints has resulted in the area previously occupied by the Fracture clinic being unavailable for the foreseeable future. Furthermore, the space occupied by the fracture clinic adjacent to EU did not provide adequate space for the increasing numbers attending clinic.

Consequently, an option appraisal and feasibility was undertaken in conjunction with the clinicians, Clinical Board and Chief Operating Officer which concluded that the most appropriate location would be the ground floor of the Lakeside Wing (North side). Plans were developed and costed with an anticipated project out-turn cost of £1.653m inclusive of VAT being reported. This cost includes the construction and 'fit out' of 2 No. X-Ray suites.

The options and costs were considered at a Special CMG meeting, held on 27<sup>th</sup> July 2022. The scheme which was approved with funding identified from the discretionary allocation to deliver the scheme, based on the Cost Advisors estimate. It was agreed that the detailed design would be developed and the scheme issued for tender to obtain market tested costs.

The importance of the scheme to support the delivery of service is accepted, as is the requirement to deliver the facility in the shortest possible timescale, recognizing the need to comply with the appropriate procurement and governance arrangements.

The design of the proposed facility is progressing with the 'in house' discretionary capital team preparing the drawings and technical specification, including the appropriate tender documentation in conjunction with the procurement team. The date of issue of the tender is 16<sup>th</sup> September 2022, with the return date set for 14<sup>th</sup> October 2022 and construction commencement on 31<sup>st</sup> October 2021 with completion currently forecast for 31<sup>st</sup> March 2023.

The UHB have a construction framework which has been operating for several years and was procured with the support of Procurement Services, this allows us to undertake a mini tendering competition amongst the following companies:

- BECT
- Tilbury Douglas
- Knox & Wells
- E.T. & S Building
- 

The tender returns will be evaluated by representatives from Capital, Estates & Facilities (CEF) and Procurement Services against established criteria which will be clearly identified in the tender documentation.

The award documentation will be prepared by Procurement Services for approval in line with the UHB standing financial instructions, which in order to achieve the planned start on site date will require chairs actions within the parameters set out earlier in the paper.

The contractor will be appointed under the terms and conditions of the NEC Contract option A, being a priced contract with activity schedule.

## Revenue Consequences

Moving the trauma clinic has revenue implications principally related to the provision of radiology services. Prior to the pandemic as the trauma clinic was co-located with EU and the provision of plain film was undertaken in a shared facility. There were four plain film rooms available for use in EU. A review of the data has been undertaken of the workload for Fracture clinic pre-pandemic and currently which shows that the volumes expected over a year range from 10,000 to 11,500. This would equate to an average of 30-40 scans per day.

As part of a planned refurbishment of the existing X-ray facilities the rooms in EU are all being replaced in 22-23. An opportunity was taken to reduce the number of rooms in EU from 4 to 3, making one room available for the new fracture clinic. As part of the development of the new fracture clinic there was a requirement for an additional room both for the expected volumes, and for resilience.

EU has a resulting reduction in activity which will enable the movement of staff to the fracture clinic but there is a requirement for some additionality due to the fact that there is an additional room. The workforce requirements for each room is a radiographer plus support worker. In order to minimise the requirement for additional investment the model suggested for the fracture clinic is 1 radiographer per room and 1 support worker to work between the two rooms. The current total staffing availability in EU is 4 radiographers. The plan is to move one of these to the fracture clinic. The ask in additional workforce is therefore:

1. 1 WTE band 6 radiographer
2. 1 WTE band 4 associate practitioner

Mohamed Saleh  
23/09/2022 09:18:05

In addition to this there is maintenance requirements for the additional room @ £15k PA. In order to support the running of the fracture clinic within the lakeside footprint the revenue requirements are as follows:

Requirement	WTE	Cost
Radiographer Band 6	1	£51366
Associate practitioner band 4	1	£32778
Maintenance		£15000
<b>Total</b>		<b>£99,144</b>

#### Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:

- The Board will be aware of the need to bring forward a number of schemes to support the HB recovery plans, of which the Fracture Clinic is one such scheme
- The Capital Management Group have considered all options considered and have approved support for the preferred option, being the use of the ground floor of Lakeside Wing. The out-turn budget allowance has been identified from the Discretionary Capital funding allowance and is anticipated to be £1.653m inclusive of VAT
- In order to expedite the contract, and the UHB Board is being asked to support the procurement of the construction and fit out works and the awarding of the contract to one of the UHB local framework contractors, following a formal tendering process and subject to the tender being within 10% of the budget allowance. Should the tender exceed the tolerance then a revised scheme to reduce the costs would be considered.
- The need to progress the scheme for completion in this financial year will require the Board to agree Chairs action on receipt and evaluation of the tender, for the tendered sum and to enter into contract with the successful bidder. The outcome being reported at the November UHB Board meeting.

#### Recommendation:

The Board / Committee are requested to:

The Committee is asked to:

##### a) Recommend that the Board APPROVE

(i) the development of a new Fracture Clinic in the Ground Floor of the Lakeside wing at UHW to enable the return of the service from UHL.

(ii) the proposed procurement and approval process, being Chairs action, recognising the need to commence works on site at the earliest opportunity to support the Clinical Recovery Programme; and.

(iii) the Chairs action to enter into contract with the successful framework contractor subject to the tender return being within 10% of the budget allowance set by the CMG, that being £1.653m inclusive of VAT.

**b) NOTE** that the successful contractor and contract value will be reported to the November UHB Board

**c) NOTE** the revenue implications and the proposal to minimize any additional investment

**Link to Strategic Objectives of Shaping our Future Wellbeing:**

*Please tick as relevant*

1. Reduce health inequalities	√	6. Have a planned care system where demand and capacity are in balance	√
2. Deliver outcomes that matter to people	√	7. Be a great place to work and learn	√
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect	√	9. Reduce harm, waste and variation sustainably making best use of the resources available to us	√
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

**Five Ways of Working (Sustainable Development Principles) considered**

*Please tick as relevant*

Prevention	√	Long term	√	Integration		Collaboration		Involvement	
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**Impact Assessment:**

*Please state yes or no for each category. If yes please provide further details.*

Risk: Yes/No

Safety: Yes/No

Financial: Yes/No

Workforce: Yes/No

Legal: Yes/No

Reputational: Yes/No

Socio Economic: Yes/No

Equality and Health: Yes/No

Completed as part of the design process.

Decarbonisation: Yes/No

Completed as part of the design process

Mohamed Saad  
23/09/2022 09:05

Approval/Scrutiny Route:	
Committee/Group/Exec	Date:

Mohamed Sarah  
23/09/2022 09:18:05

Report Title:	<b>2022-23 Month 5 Monthly Financial Monitoring Return</b>			Agenda Item no.	4.1
Meeting:	<b>Finance Committee</b>	Public	X	Meeting Date:	<b>28<sup>th</sup> September 2022</b>
Status <i>(please tick one only):</i>	Assurance	x	Approval	Information	x
Lead Executive:	<b>Executive Director of Finance</b>				
Report Author (Title):	<b>Deputy Director of Finance</b>				
<b>Main Report</b>					
Background and current situation:					
<b>SITUATION</b>					
WHC (2022) 013 - Welsh Government 2022/23 Monthly Financial Monitoring Return Guidance requires the UHB to provide a main Committee of the Board with copy of the monthly Financial Monitoring Return (consisting of the Narrative, Table A and Tables C,C1,C2 & C3) in order to provide the Committee with transparency on the submission made to the Welsh Government.					
<b>Executive Director Opinion and Key Issues to bring to the attention of the Board/Committee:</b>					
The extract from the UHBs Monthly Financial Monitoring Return is provided for information and assurance.					
<b>Recommendation:</b>					
The Committee is requested to:					
<b>NOTE</b> the extract from the UHBs Monthly Financial Monitoring Return.					
<b>Link to Strategic Objectives of Shaping our Future Wellbeing:</b>					
<i>Please tick as relevant</i>					
1. Reduce health inequalities			6. Have a planned care system where demand and capacity are in balance		
2. Deliver outcomes that matter to people			7. Be a great place to work and learn		
3. All take responsibility for improving our health and wellbeing			8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology		
4. Offer services that deliver the population health our citizens are entitled to expect			9. Reduce harm, waste and variation sustainably making best use of the resources available to us		x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time			10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives		
<b>Five Ways of Working (Sustainable Development Principles) considered</b>					
<i>Please tick as relevant</i>					
Prevention	Long term	x	Integration	Collaboration	Involvement
<b>Impact Assessment:</b>					
<i>Please state yes or no for each category. If yes please provide further details.</i>					
Risk: No					

Safety: No
Financial: Yes
As detailed above.
Workforce: No
Legal: No
Reputational: Yes
Yes, if forecast financial position is not delivered.
Socio Economic: No
Equality and Health: No
Decarbonisation: No
<b>Approval/Scrutiny Route:</b>
Finance Committee      Date: 28 <sup>th</sup> Sept 2022

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23/09/2022 09:18:05

## THE WELSH GOVERNMENT FINANCIAL COMMENTARY

### FINANCIAL POSITION FOR THE FIVE MONTHS PERIOD ENDED 31<sup>st</sup> August 2022

#### INTRODUCTION

The UHB's 2022/23 financial plan is structured in three parts in line with Welsh Government guidance as follows:

- Core Financial Plan including recovery
- National inflationary pressures which are out of the direct control of individual Health Boards.
- Ongoing COVID response costs.

The UHB's initial core plan incorporated:

- Brought forward underlying deficit of £29.7m
- Allocations and inflationary uplifts of £29.8m
- Capped cost pressures and investments of £36.9
- A £16m (2%) Savings programme

This resulted in a 2022-23 planning deficit of £20.8m.

The initial plan was subject to further development during quarter 1 of 2022/23 when further Financial Recovery Plans totaling £3.7m in 2022/23 were identified, resulting in a revised planning deficit of £17.1m.

In line with guidance from Welsh Government, the UHB's plan also anticipated Welsh Government funding for the three National Inflationary Pressure exceptional costs as outlined below:

- 1) Energy costs where the planning assumption was based on a mid-range estimate from Shared services at £20.9m.
- 2) Employers NI cost of £6.9m.
- 3) The impact of paying Real Living Wage (RLW) for staff working within social care and Third Sector currently estimated at £2.9m.

The exceptional forecast costs have varied from the planned figure in year and remain as informed estimates at present. The energy cost forecasting is particularly volatile and is based, in common with other LHBs on the latest Shared Services estimates in conjunction with the British Gas advisors.

In line with Welsh Government advice, it is assumed that the costs of the RLW paid to staff directly employed by the UHB will be funded through the 2022-23 pay award funding following the outcome of the pay negotiation exercise.

In addition to the core plan the UHB anticipates funding for:

- Ongoing Covid local response costs as defined by updated 2022/23 Welsh Government allowable definitions.
- Central Covid programme funding as informed by the Welsh Government Allocation Letter to include TTP, MVC, PPE and Flu costs incurred within health boards.

The UHB submitted a final financial plan for 2022/23 at the end of quarter 1 with a planned deficit of £17.1m.

**At month 5 the UHB is reporting an overspend of £9.652m against its submitted draft plan. This is due to £2.527m of operational pressures and a planning deficit of £7.125m, which is five twelfths of the planned deficit of £17.1m identified in the 2022/23 financial plan.**

In addition, the UHB reports that it has incurred additional costs in the year to date for which it anticipates funding of:

- Exceptional Cost Pressures £6.783m
- Local Covid response including Cleaning Standards £15.732m
- Central Welsh Government Covid Programmes £8.010m
- Welsh Government Specific Covid Funding streams £1.321m

## BACKGROUND

The Board agreed and submitted a revised draft financial plan to Welsh Government at the end of June 2022. A summary of the core draft plan submitted is provided in Table 1.

**Table 1: 2022/23 Core Draft Plan**

	<b>2022/23 Plan £m</b>
Underlying deficit from 2020/21 Plan	(4.0)
Adjustment for non-recurrent items in 2020/21 and 2021/22	(25.7)
<b>b/f underlying deficit</b>	<b>(29.7)</b>
Allocation uplift (including LTA inflation)	29.8
Capped cost pressures assessment recurrent	(31.8)
Capped cost pressures assessment non-recurrent	(1.1)
Investment reserve	(4.0)
<b>2022/23 Planned Surplus/(Deficit) before efficiency programme</b>	<b>(36.8)</b>
<b>Efficiency Programme of 2%</b>	
Recurrent cost improvement plans (1.5% in 22/23)	12.0
Non Recurrent cost improvement plans (0.5% in 22/23)	4.0
<b>Planned Surplus/(Deficit)</b>	<b>(20.8)</b>
Financial Recovery Plans	3.7
<b>Planned Surplus/(Deficit)</b>	<b>(17.1)</b>

This represents the core financial plan of the Health Board which:

- delivers the best possible end of year position of a £17.1m deficit in 2022/23
- reduces the UHBs underlying deficit from £29.7m to £20.0m in 2022/23 and over the subsequent two years removes the underlying deficit;
- manages exceptional cost pressures and reduces and exits the significant costs introduced as a result of the pandemic, limiting any impact on the underlying deficit.

The UHB expects to incur additional costs and funding in respect of:

- Exceptional costs from National Inflationary pressures.
- Local Covid response costs
- Welsh Government national COVID programmes.

These financial monitoring returns have been prepared within the framework of the UHB's submitted Core Financial Plan, which includes a planning deficit of £17.1m for 2022-23. This report details the financial position of the UHB for the period ended 31<sup>st</sup> August 2022.

The UHB has separately identified non COVID 19 and COVID 19 expenditure against its submitted plan in order to assess the financial impact of COVID 19. Specific Covid funding related to the Dental Income Target (£1.859m), Long Covid (£0.749m), Anti-viral (£0.250m), Vaccine Allergy (£0.184m) and Nosocomial Covid 19 (£0.520m) costs is included within Table B3 alongside associated costs.

A full commentary has been provided to cover the tables requested for the month 5 financial position.

The response to the queries raised in the month 4 financial monitoring returns is set out in an attachment to this commentary.

### **MOVEMENT OF OPENING FINANCIAL PLAN TO FORECAST OUTTURN and UNDERLYING POSITION (TABLE A & A1)**

Table A sets out the financial plan and latest position at month 5 for which the following should be noted:

- It is assumed that LTA inflation of £7.827m that will be passed to the UHB from other Health Boards;
- The UHBs initial £16m 2022/23 savings target is reported on lines 8,9 & 13;
- The forecast position reflects the assessed COVID 19 response and national programme costs in Table B3 and assumes that additional Welsh Government Funding will be provided to match the costs;
- The bought forward underlying deficit is £29.7m as outlined in the draft financial plan.

The identification and delivery of the initial £12m (1.5%) recurrent savings target and the further £3.7m of recurrent transformational schemes is key to delivery of the planned in year and underlying position.

### **OVERVIEW OF KEY RISKS & OPPORTUNITIES (TABLE A2)**

Table A2 reflects current assessment of the risks identified in the financial plan and these will continue to be reviewed on a monthly basis.

The following risks are reported:

- Management of Operational Pressures (including prescribing) - £5.0m
- Shortfall Against Planned Savings Delivery £1.5m
- Outcome of LTA Framework £4.0m
- Funding for Covid Non Programme Areas (including Cleaning standards) - £34.537m

- Funding for Exceptional Cost pressures ( Energy, NI Levy & RLW) - £45.825m

The Risks are partially offset by the following opportunities:

- Potential Slippage on Investments - £0.2m
- Overperformance Against savings delivery - £1.0m
- Reduced Response Costs due to a better COVID situation - £4.0m

The funding for Covid non programme areas and Operational Exceptional costs, is anticipated at Risk.

## ACTUAL YEAR TO DATE (TABLE B AND B2)

Table B confirms the year to date deficit of £9.652m and reflects the analysis contained in the annual operating plan in Table A. A summary of the year to date position and the forecast year end deficit of £17.100m is shown in Table 2 below.

**Table 2: Summary Financial Position for the period ended 31<sup>st</sup> August 2022**

	Month 5	Forecast Year-End Position £m
COVID 19 Additional Expenditure	25.063	58.923
Exceptional Inflationary Pressures	6.783	45.825
<b>Gross additional COVID and Exceptional Inflationary Pressures £m</b>	<b>31.846</b>	<b>104.748</b>
Welsh Govt FUNDING for additional COVID and Exceptional Inflationary Pressures	(31.846)	(104.748)
Planned deficit	7.125	17.100
Operational position (Surplus) / Deficit	2.527	0.000
<b>Financial Position £m (Surplus) / Deficit £m</b>	<b>9.652</b>	<b>17.100</b>

The month 5 deficit of £9.652m comprised of the following:

- £7.125m planned deficit (5/12<sup>th</sup> of £17.1m);
- £2.527m adverse variance against plan.

The rate of overspend against plan has fallen in month with the operational variance deteriorating by £0.228m from Month 4 (£2.299m deficit) .Pressures continue to be reported in nursing, medical staffing, mental health continuing healthcare placements and primary care prescribing.

The UHB continues to face a significant challenge as it delivers services from an operational footprint that is still predominantly designed to address Covid demands and infection control. The contractual obligations to deliver improved throughput has re-introduced pre-pandemic performance arrangements for under delivery of patient activity. In particular, WHSSC commissioned specialties operate to sensitive contract parameters that include high marginal rates for under and over performance. The challenge for the UHB is to deliver

improved patient throughput from a Covid service footprint whilst Covid continues to influence patient admissions and discharges and impact staff availability.

The UHB has seen an increase in prescribing growth in the first months of the year, complicated by the change in prescribing length together with an increase in NCSOs. This is not yet reflected in the financial forecast until further months' information is available for review but is noted as a risk

It is assumed that the recently announced 2022/23 pay award will be fully funded. At this stage, the impact of the award is not included in the pay expenditure forecast.

The UHB plans to recover the adverse operational variance of £2.527m as the year progresses and to deliver its planned deficit position of £17.1m.

The forecast assumes that the UHB will successfully identify and deliver further savings schemes to cover the planning assumptions detailed in the financial plan.

The UHB reports that it has incurred the following additional costs:

- Exceptional Cost Pressures £6.783m
- Local Covid response including Cleaning Standards £15.732m
- Central Welsh Government Covid Programmes £8.010m
- Welsh Government Specific Covid Funding streams £1.321m

It is assumed that Welsh Government funding will be provided to cover the COVID and exceptional inflationary costs arising up to month 5 and for the remainder of the year.

## **PAY & AGENCY (TABLE B2)**

The UHB recorded Agency costs of £2.042m in month 5, which is a decrease of £0.306m on the £2.348m reported at month 4. £0.930m of the costs reported in month 5 related to registered nursing and midwifery, where the UHB is progressing programmes including overseas recruitment to manage pressures.

## **COVID 19 ANALYSIS (TABLE B3)**

At month 5 Table B3 is projecting net expenditure due to COVID-19 to be £58.923m. This includes expenditure related to the Covid funding for the Dental Income Target (£1.859m), Long Covid (£0.749m), Anti-viral (£0.250m), Vaccine Allergy (£0.184m) and Nosocomial Covid 19 (£0.520m) allocations.

The forecast Covid position is breakeven following confirmation/assumed funding matching net expenditure. Overall forecast expenditure has increased marginally in month. This is summarised in Table 3 below. The projected year end spend on Welsh Government Covid programmes is based on current projection of activity. Should programmes be reduced or end, the projected expenditure will reduce accordingly.

**Table 3: Summary of Forecast COVID 19 Net Expenditure**

	Month 5	Forecast Year-End Position	Forecast Year-End Position @ Month 4	Change in Forecast Year-End Position in month
	£m	£m	£m	£m
COVID 19 Testing	0.544	1.643	1.652	(0.009)
COVID 19 Tracing	2.610	5.767	5.493	0.274
COVID 19 Vaccination	3.324	8.789	8.656	0.134
Extended Flu Vaccination	0.136	1.243	1.243	0.000
PPE	1.396	3.381	3.532	(0.151)
<b>Sub Total National Programmes</b>	<b>8.010</b>	<b>20.823</b>	<b>20.576</b>	<b>0.247</b>
Cleaning Standards	0.877	2.675	3.213	(0.538)
COVID 19 Local Response	14.854	31.862	31.623	0.239
<b>Sub Total Local response including Cleaning Standards</b>	<b>15.732</b>	<b>34.537</b>	<b>34.836</b>	<b>(0.299)</b>
Dental Income; Flu; Long Covid; Anti-Viral; Allergy Advice and Nosocomial	1.321	3.562	3.379	0.184
<b>Total COVID Expenditure assumed to be matched by WG Funding £m</b>	<b>25.063</b>	<b>58.923</b>	<b>58.790</b>	<b>0.132</b>

This forecast includes funding assumed from Welsh Government COVID Funding totaling £58.923m to match the forecast costs.

The forecast cost of national Covid programmes is £20.823m, which is an increase of £0.247m against the £20.576m forecast costs reported at month 4.

The forecast local Covid response costs and Cleaning Standards is £34.537m, which is a fall of £0.299m against the comparable £34.836m forecast costs reported at month 4. The fall in the forecast is in part due to the transfer of the £0.184m costs associated with the Covid Vaccine Allergy Advice Service to the line for specific allocations.

The analysis of Covid 19 expenditure included in Table B3 includes spend associated with the following allocations alongside COVID response costs.

- Covid: Adferiad Long Covid - £0.749m
- Covid: Anti Viral Service Cost - £0.250m
- Covid: Investigating And Learning From Cases Of Nosocomial Covid 19 - £0.520m
- GDS loss of dental income - £1.859m
- Covid Vaccine Allergy advice - £0.184m

## Key Financial Assumptions

- The UHB originally anticipated funding of £40.6m in its initial plan to support Local Covid Response including cleaning standards. This support continues to be anticipated at a lower value, as at Month 5, of £34.5m

The FDU has enquired over the suitability of some of the cost areas that the UHB has designated as a local Covid response cost. The costs queried are additional costs incurred by the UHB as a consequence of operational changes actioned to address risks presented by the pandemic. A response to specific queries has been included in the MMR and an overarching explanation is provided here.

The UHB responded to the pandemic through a wide range of actions including establishing red, amber and green zones across its hospital sites, relocating services and expanding capacity. These arrangements remain in place as the UHB needs to remain COVID ready, as recent waves of COVID have shown. The UHB has a plan to decommission additional ward capacity. However, recent waves of COVID and the pressures in the system as a consequence of COVID, have delayed the ability to decommission additional ward capacity in line with the timescales envisaged.

The UHB is constantly looking to refine its costs downwards, if possible, and the forecast outturn continues to reflect changes in practice where appropriate, which has now given a lower 2022/23 estimate. We are committed to ensure all costs incurred are minimised wherever possible to lessen the burden on the UHB and NHS Wales.

Since the pandemic began in March 2020 the UHB has sought to be consistent in its recognition of schemes put in place in response to COVID. These have been funded over the past 2 prior years and, therefore, our plan for 2022/23, developed in Q4 of 2021/22 was done in alignment with this. At this stage, the UHB has retained the categorisation as COVID response, which was used in establishing the UHB's financial plan and the corresponding £17.1m planning deficit.

The re-categorisation and transfer of Covid Response costs to the operational position would require the UHB to consider the impact on the forecast £17.1m deficit within its revised plan.

- Funding for national programmes on an actual cost basis:
  - Testing costs

- Tracing costs (allocated from separate fund)
  - Mass vaccination programme
  - Extended Flu Vaccination
  - PPE
- The UHB's plan includes exceptional cost pressures, which are deemed to be outside of the UHB's direct control. The forecast cost will be subject to review as the year progresses. The plan assumes that additional Welsh Government funding will be provided to mitigate these exceptional inflationary cost pressures set out in the following table below in full.

**Table 4: Exceptional Inflationary Pressures**

	Month 5	Forecast Year-End Position
Incremental costs in 2022/23	£m	£m
Energy/Fuel	3.611	37.025
National Insurance Levy	1.964	5.900
Living Wage - Social Care	1.208	2.900
<b>Total COVID Expenditure £m</b>	<b>6.783</b>	<b>45.825</b>
<b>Sub Total COVID funding confirmed/assumed £m</b>	<b>6.783</b>	<b>45.825</b>

Note. It is assumed that employer living wage costs will be covered by the 2022/23 pay settlement

The forecast of the incremental cost of energy has increased by £8.584m in month from £28.441m to £37.025m due to ongoing market issues. A planning estimate of £20.9m was included in the initial draft plan.

The Shared Services Forecasting model is based on a spot price (30.08.2022 market price for Month 5) and consequently provides for a high level of volatility between forecasts. The UHB utilises the Shared Services model in common with the other Health Boards in Wales.

The forecast of the employers cost of NI levy has decreased by £1.0m from the planning estimate of £6.9m to £5.9m and will continue to be reviewed as the year progresses.

### Financial Risks and Uncertainties

The key financial risks for the Health Board within this financial plan are set out below:

- Providing services in a pandemic – The UHB continues to operate in a dynamic environment with considerable uncertainty which affects the availability of its workforce and the planning and delivery of services.

- Achievement of the efficiency plan target – Savings plans delivering 2% need to be in place as soon as possible. There are clear lines of accountability in delivering identified high value opportunities.
- Management of Operational Pressures – The UHB expects its budget holders to manage and recover any operational pressures within the totality of resources delegated to them.
- Inflationary pressures – There are considerable inflationary pressures across the Health Board with pay and energy being the largest. This will affect the UHB directly and also through its supply chain. The UHB will monitor this closely and work with our partners to find a system wide approach to manage the risk.
- Develop and deliver a programme of transformational savings – Delivering a programme of the scale needed to address the underlying deficit is a key priority and will be subject to robust management arrangements.
- COVID Response – The UHB needs to exit its COVID 19 response costs in a manageable way for service delivery and within available resources, whilst maintaining the ability to respond to changes in COVID demands.

The Health Board recognises the risks in the financial plan and is taking actions in order to ensure that they are appropriately managed and that financial opportunities to support mitigation are fully explored. Additionally, it continues to work to finalise the additional savings of £3.4m and manage the reduction of £0.3m in planned investments required to deliver the revised £17.1m deficit in the draft plan. The progress made in identifying the additional schemes required is outlined in the section below.

### Savings Programme 2022-32 (TABLE C, C1 & C2)

At month 5, the UHB is forecasting £17.445m of savings to deliver against the revised £19.400m savings target leaving a further £1.955m schemes to identify.

Overall progress in the identification of savings schemes is outlined in table 5 below:

**Table 5: Savings Schemes**

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	19.400	17.445	(1.955)

Progress is continuing to identify a full programme of deliverable savings.

The UHB expects to finalise the balance of savings plans required to deliver the revised planning deficit of £17.1m.

### **INCOME/EXPENDITURE ASSUMPTIONS (TABLE D)**

The UHB progressed LTA discussions in line with the Welsh Government timetable.

The current status of Welsh LTA agreements is as follows:

- Aneurin Bevan – The LTA is agreed and signed.
- Swansea Bay – The LTA is agreed and signed.
- Hywel Dda – The LTA is agreed and signed.
- Powys – The LTA is agreed and signed.
- Cwm Taf Morgannwg – The LTA is agreed and signed.
- WHSSC – The LTA is agreed and signed.
- Velindre – The LTA is agreed and signed.

### **INCOME ASSUMPTIONS 2022/23 (TABLE E)**

Table E outlines the UHB's 2022/23 resource limit.

The DEL anticipated allocations are based on the June 2022 submission and the AME anticipated allocations remain in line with the November 2021 non cash estimates. In addition, anticipated allocation adjustments for IFRS16 Transitioning leases are also now included.

Similar to practice in previous years, the UHB forecast continues to exclude recurrent expenditure, which has arisen following a change in the accounting treatment of UHB PFI schemes under International Financial Reporting Standards (IFRS). The UHB is assuming that Welsh Government will continue to provide resource cover for this cost, which was assessed at £0.222m in the previous financial year.

### **BALANCE SHEET - STATEMENT OF FINANCIAL POSITION (TABLE F)**

The opening balances at the beginning of April 2022 reflect the closing balances in the 2021/22 Annual Accounts approved by the UHB's Board.

The increase in the carrying value of property, plant & equipment since the start of the year is largely due to the impact of annual indexation.

The forecast balance sheet reflects the UHB's June DEL non-cash estimates.

## CASHFLOW (TABLE G)

The closing cash balance at the end of August was £5.147m.

The UHB is currently predicting a cash shortfall of £17.1m in 2022/23 in line with the forecast deficit.

## CAPITAL SCHEMES (TABLES I, J & K)

Of the UHB's approved Capital Resource Limit, 29% has been expended to date.

Whilst all schemes are currently classified as low risk, two schemes are being closely monitored:

- Maelfa which is forecasting a potential slippage of £0.5m
- Genomics forecasting a potential £0.2m overspend

All other schemes are currently in line with annual forecast.

The digital eye care capital allocation has been reviewed and reduced to £0.150m from £0.643m, the delivery of this scheme is being closely monitored.

Planned expenditure for the year reflects the CRL received from Welsh Government dated 8<sup>th</sup> September 2022 - £45.396m.

## AGED WELSH NHS DEBTORS (TABLE M)

At the 31<sup>st</sup> August 2022, there were 2 invoices outstanding for more than 17 weeks. Both of these invoices have since been cancelled.

## OTHER ISSUES

### Ringfenced & Other Template

The UHB can confirm that plans are in place to spend Ring Fenced allocations in full in 2022/23. Expenditure Plans have been worked up and agreed with Partner bodies where applicable and are supported by detailed commitments. Established processes are in place to review and scrutinise actual and forecast spend.

### Annual Leave Accrual

The UHB did not maintain a high accrual level for its Annual Leave Accrual in the 2021-22 position or drawdown commensurate additional funding from Welsh Government. Consequently, there is little scope as a working balance for material balance sheet opportunities in this area in 2022-23.

The UHB can confirm that further expenditure was reported against the annual leave "sell back" scheme in month 5. This resulted in a further reduction in respect of the UHB's Annual Leave accrual as follows:

**Table 6: Remaining Annual Leave Accrual**

	£m
b/f Opening Annual Leave Accrual value	9.308
Annual Leave Paid month 2 2022/23 (Sell Back)	(1.271)
Annual Leave Paid month 3 2022/23 (Sell Back)	(0.033)
Annual Leave Paid month 4 2022/23 (Sell Back)	(0.013)
Annual Leave Paid month 5 2022/23 (Sell Back)	(0.010)
<b>Remaining Annual Leave Accrual balance after 'Sell Back' @ Month 5 £m</b>	<b>7.981</b>

The financial information reported in these monitoring returns aligns to the financial details included within Finance Committee and Board papers. These monitoring returns will be taken to the 28<sup>th</sup> September 2022 meeting of the Finance Committee for information.

## CONCLUSION

The UHB submitted a draft financial plan at the end of March 2022 and a revised plan at the end of quarter 1 in line with the Welsh Government timetable.

The UHB is committed to achieving in year and recurrent financial balance as soon as possible. The UHB currently has a one year draft financial plan for 2022-23 which aims to deliver financial stability and ensure that the underlying position is reduced and delivers a deficit of £17.1m. This includes an initial savings target of £16.0m and a further target of £3.4m.

The reported financial position at month 5 is a deficit of £9.652m. This is made up of a budget plan deficit of £7.125m and an adverse variance against plan of £2.527m.



.....  
**SUZANNE RANKIN**  
CHIEF EXECUTIVE

13<sup>th</sup> September 2022



.....  
**CATHERINE PHILLIPS**  
EXECUTIVE DIRECTOR OF  
FINANCE

13<sup>th</sup> September 2022

Cardiff & Vale ULHB

Table A - Movement of Opening Financial Plan to Forecast Outturn

Period : Aug 22

This Table is currently showing 0 errors

Line 14 should reflect the corresponding amounts included within the latest IMTP/AOP submission to WG  
 Lines 1 - 14 should not be adjusted after Month 1

	In Year Effect £'000	Non Recurring £'000	Recurring £'000	FYE of Recurring £'000
1 Underlying Position b/fwd from Previous Year - must agree to M12 MMR (Deficit - Negative Value)	-29,700	0	-29,700	-29,700
2 Planned New Expenditure (Non Covid-19) (Negative Value)	-92,708	-1,125	-91,583	-91,583
3 Planned Expenditure For Covid-19 (Negative Value)	-67,582	-67,582		
4 Planned Welsh Government Funding (Non Covid-19) (Positive Value)	77,781	0	77,781	77,781
5 Planned Welsh Government Funding for Covid-19 (Positive Value)	67,582	67,582		
6 Planned Provider Income (Positive Value)	7,827	0	7,827	7,827
7 RRL Profile - phasing only (In Year Effect / Column C must be nil)	0	0	0	0
8 Planned (Finalised) Savings Plan	13,061	7,942	5,120	6,218
9 Planned (Finalised) Net Income Generation	90	0	90	92
10 Planned Profit / (Loss) on Disposal of Assets	0	0	0	0
11 Planned Release of Uncommitted Contingencies & Reserves (Positive Value)	0	0	0	0
12	0	0	0	0
13 Planning Assumptions still to be finalised at Month 1	2,849	0	2,849	5,610
14 <b>Opening IMTP / Annual Operating Plan</b>	<b>-20,800</b>	<b>6,817</b>	<b>-27,617</b>	<b>-23,755</b>
15 Reversal of Planning Assumptions still to be finalised at Month 1	-2,849	0	-2,849	-5,610
16 Additional In Year & Movement from Planned Release of Previously Committed Contingencies & Reserves (Positive)	793	793		
17 Additional In Year & Movement from Planned Profit / (Loss) on Disposal of Assets	0	0		
18 Other Movement in Month 1 Planned & In Year Net Income Generation	94	65	30	38
19 Other Movement in Month 1 Planned Savings - (Underachievement) / Overachievement	-179	-121	-58	0
20 Additional In Year Identified Savings - Forecast	3,744	1,009	2,735	5,764
21 Variance to Planned RRL & Other Income	0	0		
22 Additional In Year & Movement in Planned Welsh Government Funding for Covid-19 (Positive Value - additional)	-8,660	-8,660		
23 Additional In Year & Movement in Planned Welsh Government Funding (Non Covid) (Positive Value - additional)	0	0		
24 Additional In Year & Movement Expenditure for Covid-19 (Negative Value - additional/Positive Value - reduction)	8,660	8,660		
25 In Year Accountancy Gains (Positive Value)	582	582	0	0
26 Net In Year Operational Variance to IMTP/AOP (material gross amounts to be listed separately)	1,213	1,213		
27 Additional savings to be identified	0	0		
28 Transformational Savings (£3.4M) & Reduction on Investments	300	0	300	300
29 Roundings	3	3		
30	0	0		
31	0	0		
32	0	0		
33	0	0		
34	0	0		
35	0	0		
36 <b>Forecast Outturn (- Deficit / + Surplus)</b>	<b>-17,100</b>	<b>10,358</b>	<b>-27,458</b>	<b>-23,264</b>
37 <b>Covid-19 - Forecast Outturn (- Deficit / + Surplus)</b>	<b>-1</b>			

	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000	YTD £'000	In Year Effect £'000
1	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-2,475	-12,375	-29,700
2	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-7,726	-38,628	-92,708
3	-5,988	-5,801	-5,822	-5,416	-5,290	-5,480	-5,541	-5,814	-5,731	-5,759	-5,556	-5,385	-28,317	-67,582
4	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	6,482	32,409	77,781
5	5,988	5,801	5,822	5,416	5,290	5,480	5,541	5,814	5,731	5,759	5,556	5,385	28,317	67,582
6	652	652	652	652	652	652	652	652	652	652	652	652	3,261	7,827
7	296	27	-20	-15	-48	-83	5	-25	-38	-27	-27	-45	240	0
8	1,030	1,041	1,087	1,082	1,114	1,149	1,061	1,091	1,105	1,094	1,094	1,111	5,355	13,061
9	7	7	7	8	8	8	8	8	8	8	8	8	36	92
10													0	0
11													0	0
12													0	0
13		259	259	259	259	259	259	259	259	259	259	259	1,036	2,849
14	-1,733	-1,733	-1,733	-1,733	-1,734	-1,733	-1,733	-1,733	-1,733	-1,733	-1,733	-1,734	-8,666	-20,800
15	0	-259	-259	-259	-259	-259	-259	-259	-259	-259	-259	-259	-1,036	-2,849
16						113	113	113	113	113	113	113	497	793
17													0	0
18	0	3	4	4	4	11	11	11	11	11	11	11	15	94
19	-2	-2	-14	-29	-48	-12	-12	-12	-12	-12	-12	-12	-94	-179
20	32	120	220	189	224	196	409	399	453	507	498	497	786	3,744
21													0	0
22	0	-592	-988	-709	-966	-560	-850	-937	-820	-845	-744	-650	-3,254	-8,660
23													0	0
24	-1	592	988	709	966	560	850	937	820	845	744	650	3,254	8,660
25	139	50	328	65	0	0	0	0	0	0	0	0	582	582
26	-155	-458	-427	-360	160	890	678	688	633	-52	-43	-342	-1,240	1,213
27	-171	171											0	0
28												300	0	300
29	2	0	0	0	0	0	0	0	0	0	0	0	2	3
30													0	0
31													0	0
32													0	0
33													0	0
34													0	0
35													0	0
36	-1,888	-2,108	-1,881	-2,122	-1,653	-793	-793	-793	-793	-1,425	-1,425	-1,425	-9,652	-17,100
37	-1	0	0	0	0	0	0	0	0	0	0	0	-1	-1

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Table C - Identified Expenditure Savings Schemes (Excludes Income Generation & Accountancy Gains)

This Table is currently showing 0 errors

		1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast	YTD as %age of FY YTD variance as %age of YTD	Assessment		Full In-Year forecast		Full-Year Effect of Recurring Savings £'000	
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				Green	Amber	non recurring	recurring		
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000		£'000
1	CHC and Funded Nursing Care	Budget/Plan	50	50	65	65	65	65	65	65	65	65	65	295	750		750	0				
2		Actual/F'cast	50	50	65	72	90	100	100	100	125	141	141	142	327	1,175	27.80%	1,175	0	450	725	1,224
3		Variance	0	0	0	7	25	35	35	35	60	76	76	77	32	425	10.71%	425	0			
4	Commissioned Services	Budget/Plan	4	4	4	4	4	4	4	4	4	4	4	21	50		50	0				
5		Actual/F'cast	4	4	4	4	4	4	4	4	4	4	4	21	50	41.67%	50	0	0	50	200	
6		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0				
7	Medicines Management (Primary & Secondary Care)	Budget/Plan	74	74	88	101	126	169	168	198	212	198	198	211	465	1,819		1,819	0			
8		Actual/F'cast	74	74	107	91	97	180	179	209	222	217	217	230	444	1,897	23.40%	1,872	25	106	1,792	3,017
9		Variance	0	0	19	(10)	(30)	11	11	11	11	19	19	19	(21)	78	(4.55%)	53	25			
10	Non Pay	Budget/Plan	647	647	656	675	672	673	584	584	584	582	582	582	3,296	7,467		7,467	0			
11		Actual/F'cast	672	738	806	765	763	771	897	898	927	954	945	943	3,744	10,078	37.15%	9,528	550	6,368	3,711	5,483
12		Variance	26	91	150	91	90	98	313	314	343	372	362	361	448	2,611	13.59%	2,061	550			
13	Pay	Budget/Plan	255	265	274	237	246	238	240	240	240	244	244	249	1,278	2,975		2,975	0			
14		Actual/F'cast	260	293	312	311	337	278	279	268	268	272	272	277	1,512	3,426	44.12%	3,426	0	1,906	1,520	2,057
15		Variance	5	28	37	73	90	41	39	28	28	28	28	28	233	451	18.26%	451	0			
16	Primary Care	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			
17		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
18		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			
19	Total	Budget/Plan	1,030	1,041	1,087	1,082	1,114	1,149	1,061	1,091	1,105	1,094	1,094	1,111	5,355	13,061		13,061	0			
20		Actual/F'cast	1,061	1,159	1,294	1,243	1,290	1,333	1,458	1,478	1,546	1,588	1,579	1,597	6,047	16,626	36.37%	16,051	575	8,829	7,797	11,981
21		Variance	30	119	206	161	176	184	396	387	441	495	485	485	692	3,565	12.92%	2,990	575			
22	Variance in month	2.94%	11.41%	18.97%	14.83%	15.77%	16.01%	37.35%	35.41%	39.92%	45.22%	44.38%	43.65%	12.92%								
23	In month achievement against FY forecast	6.38%	6.97%	7.78%	7.48%	7.76%	8.02%	8.77%	8.89%	9.30%	9.55%	9.50%	9.60%									

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Table C1- Savings Schemes Pay Analysis

	Month		1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast	YTD as %age of FY YTD variance as %age of YTD Budget/Plan	Assessment		Full In-Year forecast		Full-Year Effect of Recurring Savings £'000
			Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				Green	Amber	non recurring	recurring	
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000	
1	Changes in Staffing Establishment	Budget/Plan	135	136	135	94	98	98	100	100	100	104	104	109	597	1,314		1,314	0			
2		Actual/F'cast	140	142	153	148	149	120	121	120	120	124	124	129	732	1,588	46.09%	1,588	0	680	908	1,079
3		Variance	5	7	18	54	51	22	20	19	19	19	19	19	135	274	22.53%	274	0			
4	Variable Pay	Budget/Plan	53	56	56	56	56	56	56	56	56	56	56	57	279	674		674	0			
5		Actual/F'cast	53	56	56	56	71	59	59	59	59	59	59	60	294	710	41.37%	710	0	512	198	202
6		Variance	0	0	0	0	15	3	3	3	3	3	3	3	15	36	5.32%	36	0			
7	Locum	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			
8		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
9		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
10	Agency / Locum paid at a premium	Budget/Plan	4	4	4	10	10	10	10	10	10	10	10	10	32	100		100	0			
11		Actual/F'cast	4	4	4	10	10	10	10	10	10	10	10	10	32	100	31.94%	100	0	0	100	100
12		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0			
13	Changes in Bank Staff	Budget/Plan	3	3	3	3	3	3	3	3	3	3	3	3	15	35		35	0			
14		Actual/F'cast	3	3	3	3	3	3	3	3	3	3	3	3	15	35	41.67%	35	0	0	35	35
15		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0			
16	Other (Please Specify)	Budget/Plan	60	66	76	74	80	71	71	71	71	71	71	71	356	852		852	0			
17		Actual/F'cast	60	87	95	94	104	86	86	76	76	76	76	76	439	993	44.25%	993	0	714	279	641
18		Variance	0	21	19	19	24	15	15	5	5	5	5	5	84	141	23.62%	141	0			
19	Total	Budget/Plan	255	265	274	237	246	238	240	240	244	244	249	249	1,278	2,975		2,975	0			
20		Actual/F'cast	260	293	312	311	337	278	279	268	268	272	272	277	1,512	3,426	44.12%	3,426	0	1,906	1,520	2,057
21		Variance	5	28	37	73	90	41	39	28	28	28	28	28	233	451	18.26%	451	0			

Table C2- Savings Schemes Agency/Locum Paid at a Premium Analysis

	Month		1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast	YTD as %age of FY YTD variance as %age of YTD Budget/Plan	Assessment		Full In-Year forecast		Full-Year Effect of Recurring Savings £'000
			Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar				Green	Amber	non recurring	recurring	
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				£'000	£'000	£'000	£'000	
1	Reduced usage of Agency/Locums paid at a premium	Budget/Plan	4	4	4	10	10	10	10	10	10	10	10	10	32	100		100	0			
2		Actual/F'cast	4	4	4	10	10	10	10	10	10	10	10	10	32	100	31.94%	100	0	0	100	100
3		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0			
4	Non Medical 'off contract' to 'on contract'	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			
5		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
6		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
7	Medical - Impact of Agency pay rate caps	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			
8		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
9		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
10	Other (Please Specify)	Budget/Plan	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0			
11		Actual/F'cast	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
12		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
13	Total	Budget/Plan	4	4	4	10	10	10	10	10	10	10	10	10	32	100		100	0			
14		Actual/F'cast	4	4	4	10	10	10	10	10	10	10	10	10	32	100	31.94%	100	0	0	100	100
15		Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0	0			

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Prepared: Sarah

This Table is currently showing 0 errors

Table C3 - Tracker

	£'000	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total YTD	Full-year forecast	Non Recurring	Recurring	FYE Adjustment	Full-year Effect	
Savings (Cash Releasing & Cost Avoidance)	Month 1 - Plan	1,030	1,041	1,087	1,082	1,114	1,149	1,061	1,091	1,105	1,094	1,094	1,111	5,355	13,061	7,942	5,120	1,098	6,218	
	Month 1 - Actual/Forecast	1,029	1,039	1,074	1,053	1,066	1,137	1,049	1,079	1,093	1,082	1,099		5,261	12,883	7,821	5,062	1,156	6,218	
	Variance	(2)	(2)	(14)	(29)	(48)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(94)	(179)	(121)	(58)	58	0	
	In Year - Plan	32	120	220	189	224	196	409	399	453	507	498	497	786	3,744	1,009	2,735	2,884	5,619	
	In Year - Actual/Forecast	32	120	220	189	224	196	409	399	453	507	498	497	786	3,744	1,009	2,735	3,029	5,764	
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	145	145
	Total Plan	1,062	1,161	1,307	1,272	1,338	1,345	1,470	1,490	1,558	1,601	1,591	1,609	6,141	16,805	8,950	7,855	3,981	11,836	
	Total Actual/Forecast	1,061	1,159	1,294	1,243	1,290	1,333	1,458	1,478	1,546	1,588	1,579	1,597	6,047	16,626	8,829	7,797	4,184	11,981	
	Total Variance	(2)	(2)	(14)	(29)	(48)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(94)	(179)	(121)	(58)	203	145	
Net Income Generation	Month 1 - Plan	7	7	7	8	8	8	8	8	8	8	8	8	36	90	0	90	3	92	
	Month 1 - Actual/Forecast	7	7	7	8	8	8	8	8	8	8	8	8	36	90	0	90	3	92	
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	In Year - Plan	0	3	4	4	4	11	11	11	11	11	11	11	15	94	65	30	8	38	
	In Year - Actual/Forecast	0	3	4	4	4	11	11	11	11	11	11	11	15	94	65	30	8	38	
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total Plan	7	10	11	12	12	19	19	19	19	19	19	19	51	184	65	119	10	130	
	Total Actual/Forecast	7	10	11	12	12	19	19	19	19	19	19	19	51	184	65	119	10	130	
	Total Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Accountancy Gains	In Year - Plan	139	50	328	65	0	0	0	0	0	0	0	0	582	582	582	0	0	0	
	In Year - Actual/Forecast	139	50	328	65	0	0	0	0	0	0	0	0	582	582	582	0	0	0	
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	Total	1,037	1,047	1,094	1,090	1,122	1,157	1,069	1,099	1,113	1,102	1,102	1,119	5,391	13,151	7,942	5,209	1,100	6,310	
Total	Month 1 - Actual/Forecast	1,036	1,046	1,080	1,061	1,074	1,145	1,057	1,087	1,101	1,089	1,089	1,107	5,297	12,972	7,821	5,152	1,158	6,310	
	Variance	(2)	(2)	(14)	(29)	(48)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(94)	(179)	(121)	(58)	58	0	
	In Year - Plan	171	173	552	259	228	207	420	410	464	518	509	509	1,383	4,420	1,655	2,765	2,891	5,656	
	In Year - Actual/Forecast	171	173	552	259	228	207	420	410	464	518	509	509	1,383	4,420	1,655	2,765	3,036	5,801	
	Variance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	145	145
	Total Plan	1,208	1,221	1,646	1,349	1,350	1,364	1,489	1,509	1,577	1,620	1,610	1,628	6,773	17,571	9,596	7,974	3,992	11,966	
	Total Actual/Forecast	1,206	1,219	1,633	1,320	1,302	1,352	1,477	1,497	1,565	1,607	1,598	1,616	6,679	17,392	9,475	7,917	4,184	12,111	
	Total Variance	(2)	(2)	(14)	(29)	(48)	(12)	(12)	(12)	(12)	(12)	(12)	(12)	(94)	(179)	(121)	(58)	203	145	

Mohamed Sarah  
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