

## PWYLLGOR CYLLID FINANCE COMMITTEE

<b>DYDDIAD Y CYFARFOD: DATE OF MEETING:</b>	24 July 2020
<b>TEITL YR ADRODDIAD: TITLE OF REPORT:</b>	Finance Report – Month 3 2020/21
<b>CYFARWYDDWR ARWEINIOL: LEAD DIRECTOR:</b>	Huw Thomas, Director of Finance
<b>SWYDDOG ADRODD: REPORTING OFFICER:</b>	Rebecca Hayes, Senior Finance Business Partner

**Pwrpas yr Adroddiad (dewiswch fel yn addas)**

**Purpose of the Report (select as appropriate)**

Ar Gyfer Trafodaeth/For Discussion

### ADRODDIAD SCAA SBAR REPORT

#### Sefyllfa / Situation

The purpose of the report, attached at Appendix 1, is to outline Hywel Dda University Health Board's (HDdUHB) financial position to date against the Annual Plan and assess the key financial projections, risks and opportunities for the financial year 2020/21.

#### Cefndir / Background

**HDdUHB's agreed Financial Plan is to deliver a deficit of £25m, after savings of £34.2m. The impact of the COVID-19 pandemic presents an unprecedented significant risk to the financial position.**

#### **Month 3 Position**

- Month 3 variance to breakeven is £1.5m (Month 2, £8.4m). The underlying in-month variance was £12.3m; however one-off Quarter 1 Welsh Government (WG) funding for COVID-19-related pay and Field Hospital set-up costs totalling £10.8m was recognised in month.
- Month 3 position is a favourable operational variance of £0.6m to plan (Month 2, £6.4m adverse). Underlying in-month variance is £11.4m, excluding WG COVID-19 funding.
- The additionality of costs incurred in Month 3 due to the impact of the COVID-19 pandemic is £12.2m (Month 2 £9.8m), with underspends repurposed of £2.0m (Month 2 £3.5m).
- No additional future funding in relation to the COVID-19 pandemic has been assumed in the reported position.

#### **Directorate Projections**

- The future funding arrangements for the Health Board's (HB) response to the COVID-19 pandemic remain uncertain, and therefore there is a risk that the HB's financial position may be adversely affected. Both identified and as-yet unidentified savings schemes included in the Financial Plan are also at risk of non-delivery due to operational focus

being diverted to respond to COVID-19, and where identified schemes are not supportive of the response needed. Without additional funding from WG, the HB will not achieve its revenue funding limit of £25m. Similarly, discussions are on-going regarding additional funding to support the non-delivery of the HB's savings target.

### Savings Summary

- In-month delivery of £0.2m (£0.1m below plan), which is directly attributable to the COVID-19 pandemic.
- Green and Amber plans of £5.6m identified to Month 3, against which the forecast delivery is uncertain, given the impact of the COVID-19 pandemic. At this stage, with COVID-19 demand modelling indicating that the pandemic may impact the remainder of the financial year, it is assumed that delivery will be adversely affected for the full year.

### Next Steps

- Alignment of strategic response to current demand modelling indicators between WG, Gold Command and operational teams.
- Clarification relating to which current escalation measures can be safely and appropriately de-escalated/ decommissioned and which ceased/ deferred services/ activities can be recommenced.
- Further work with WG to understand the level of future funding arrangements, as these remain uncertain.

### Asesiad / Assessment

#### Summary of Key Financial Targets

HDdUHB's key targets are as follows:

- Revenue: to contain the overspend within HDdUHB's planned deficit;
- Savings: to deliver savings plans to enable the revenue budget to be achieved;
- Capital: to contain expenditure within the agreed limit;
- Public Sector Payment Policy (PSPP): to pay 95% of non-NHS invoices within 30 days of receipt of a valid invoice;
- Cash: While there is no prescribed limit for cash held at the end of the month, WG encourages this to be minimised and, as a rule of thumb, 5% of monthly expenditure is applied. For HDdUHB, this is broadly £4.0m.

Key Target		Annual Limit	YTD Limit	Actual Delivery	Forecast Risk
Revenue	£'m	25.0	6.3	16.2	
Savings	£'m	34.2	8.6	0.6	
Capital	£'m	26.3	8.1	8.1	High
Non-NHS PSPP	%	95.0	95.0	n/a	Medium
Period End Cash	£'m	4.0	4.0	1.5	Medium

Without additional funding from WG, the HB will not achieve its revenue funding limit. Similarly, discussions are on-going regarding additional funding to support the non-delivery of the HB's savings target.

The Non-NHS PSPP risk has been rated 'Medium', given the increase in volume of supplier payments due to the impact of COVID-19.

## Argymhelliad / Recommendation

The Finance Committee is asked to note and discuss the financial position for Month 3.

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

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

Committee ToR Reference: Cyfeirnod Cylch Gorchwyl y Pwyllgor:	4.5 Provide assurance on financial performance and delivery against Health Board financial plans and objectives and, on financial control, giving early warning on potential performance issues and making recommendations for action to continuously improve the financial position of the organisation, focusing in detail on specific issues where financial performance is showing deterioration or there are areas of concern.
Cyfeirnod Cofrestr Risg Datix a Sgôr Cyfredol: Datix Risk Register Reference and Score:	856 (score 20) Ability to deliver the Financial Plan for 2020/21 646 (score 12) Ability to achieve financial sustainability over medium term
Safon(au) Gofal ac Iechyd: Health and Care Standard(s):	5. Timely Care  7. Staff and Resources
Amcanion Strategol y BIP: UHB Strategic Objectives:	All Strategic Objectives are applicable
Amcanion Llesiant BIP: UHB Well-being Objectives: <a href="#">Hyperlink to HDdUHB Well-being Statement</a>	Improve Population Health through prevention and early intervention

### **Gwybodaeth Ychwanegol:**

#### **Further Information:**

Ar sail tystiolaeth: Evidence Base:	Monitoring returns to Welsh Government based on HDdUHB's financial reporting system.
Rhestr Termau: Glossary of Terms:	Terms are explained in the main body of the report.
Partïon / Pwyllgorau â ymgynhorwyd ymlaen llaw y Pwyllgor Cyllid: Parties / Committees consulted prior to Finance Committee:	Finance Team Executive Team Finance Committee

<b>Effaith: (rhaid cwblhau) Impact: (must be completed)</b>	
<b>Ariannol / Gwerth am Arian: Financial / Service:</b>	Financial implications are inherent within the report.
<b>Ansawdd / Gofal Claf: Quality / Patient Care:</b>	The impact on patient care is assessed within the savings schemes.
<b>Gweithlu: Workforce:</b>	The report considers the financial implications of our workforce.
<b>Risg: Risk:</b>	Financial risks are detailed in the report.
<b>Cyfreithiol: Legal:</b>	HDdUHB has a legal duty to deliver a breakeven financial position over a rolling three-year basis and an administrative requirement to operate within its budget within any given financial year.
<b>Enw Da: Reputational:</b>	Adverse variance against HDdUHB's financial plan will affect its reputation with Welsh Government, the Wales Audit Office, and with external stakeholders
<b>Gyfrinachedd: Privacy:</b>	Not applicable
<b>Cydraddoldeb: Equality:</b>	Not applicable