



<b>Report Title</b>	<b>Financial Performance Report – Month 12 2023-2024</b>	<b>Agenda Item</b>	3.2.2		
<b>Meeting Title</b>	<b>Joint Commissioning Committee</b>	<b>Meeting Date</b>	21/05/2024		
<b>FOI Status</b>	Open/Public				
<b>Author (Job title)</b>	Assistant Director of Finance				
<b>Executive Lead (Job title)</b>	Director of Finance and Information				
<b>Purpose of the Report</b>	<p>The purpose of this report is to set out the financial position for WHSSC for the 12th month of 2023-2024, prior to the establishment of the Joint Commissioning Committee on 1<sup>st</sup> April 2024.</p> <p>The financial position is reported against the 2023-2024 baselines following approval of the 2023-2026 WHSSC Integrated Commissioning Plan by the Joint Committee in February 2023.</p>				
<b>Specific Action Required</b>	RATIFY <input type="checkbox"/>	APPROVE <input type="checkbox"/>	SUPPORT <input type="checkbox"/>	ASSURE <input type="checkbox"/>	INFORM <input checked="" type="checkbox"/>
<b>Recommendation(s)</b>					
Members are asked to:					
<ul style="list-style-type: none"><li>• <b>Note</b> the year-end financial position</li></ul>					

# WHSSC FINANCIAL PERFORMANCE REPORT

## MONTH 12 2023-2024

### 1.0 SITUATION

The purpose of this report is to provide narrative to the yearend position of WHSSC for the 2023-2024 financial year.

This report will be shared with WHSSC Management Group on 25<sup>th</sup> April 2024.

### 2.0 BACKGROUND

The financial position is reported against the 2023/24 baselines following approval of the 2023-26 WHSSC Integrated Commissioning Plan by the Joint Committee of the 7 Health Boards in February 2023.

### 3.0 ASSESSMENT

The yearend financial position reported at Month 12 for WHSSC (excluding EASC) is a (£6.121m) underspend against the ICP financial plan. This position includes significant non-recurrent reserve releases (£17.439m) and performance savings (£9.601m).

Despite this material underspend, there are number of underlying cost pressures absorbed within the position such as Cardiac TAVI activity of £3.155m, English provider activity of £9.142m and Mental Health Eating Disorders patients £3.250m.

In light of the above and in development of the 2024/25 ICP, the baseline assessment has derived the recurrent underlying deficit carried forward as £21.110m. The 2024/25 ICP was approved by Joint Committee on 19<sup>th</sup> March 2024.

### 4.0 RECOMMENDATIONS

Members are asked to:

- **Note** the year-end financial position.

<b>Governance and Assurance</b>	
<b>Link to Strategic Objectives</b>	
<b>Strategic Objective(s)</b>	Governance and Assurance Development of the Plan
<b>Link to Integrated Commissioning Plan</b>	This document reports on the ongoing financial performance against the agreed IMTP
<b>Health and Care Standards</b>	Governance, Leadership and Accountability Choose an item. Choose an item.
<b>Principles of Prudent Healthcare</b>	Only do what is needed Choose an item. Choose an item.
<b>NHS Delivery Framework Quadruple Aim</b>	People in Wales have improved health and well-being with better prevention and self-management Wales has a higher value health and social care system that has demonstrated rapid improvement and innovation, enabled by data and focused on outcome Choose an item. Choose an item.
<b>Organisational Implications</b>	
<b>Quality, Safety &amp; Patient Experience</b>	
<b>Finance/Resource Implications</b>	This document reports on the ongoing financial performance against the agreed IMTP.
<b>Population Health</b>	
<b>Legal Implications (including equality &amp; diversity, socio economic duty etc)</b>	
<b>Long Term Implications (incl WCFG Act 2015)</b>	
<b>Report History (Meeting/Date/ Summary of Outcome)</b>	<b>Management Group 25 April 2024</b>
<b>Appendices</b>	

# FINANCE PERFORMANCE REPORT – MONTH 12

## 1.0 PURPOSE OF REPORT

The purpose of this report is to set out the financial position for WHSSC for 2023-2024 together with any corrective action required.

**The narrative of this report excludes the financial position for EASC, which includes WAST & EMRTS provider contracts, EASC and the NCCU team running costs, which are covered in separate Finance Report that is tabled at the EAS Committee. For information purposes, the consolidated position is summarised in the table below:**

	Annual Budget	Budgeted to Date	Actual to Date	Variance to Date	Movement in Var to date	Current EOYF	Movement in EOYF position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
WHSSC	854,630	854,630	848,509	(6,121)	(1,193)	(6,121)	592
EASC (WAST, EMRTS, NCCU)	254,398	254,398	254,424	26	412	26	447
Total as per Risk-share tables	1,109,028	1,109,028	1,102,933	(6,095)	(781)	(6,095)	1,039

Please note that as LHBs cover any WHSSC variances, any over/under spends are adjusted back out to LHBs. Therefore, although this document reports on the effective position to date, this value is actually reported through the LHB monthly positions, and the WHSSC position as reported to Welsh Government is a nil variance.

## 2.0 BACKGROUND/INTRODUCTION

The financial position is reported against the 2023/24 baselines following approval of the 2023-26 ICP by the Joint Committee in February 2023. The remit of WHSSC is to deliver a plan for Health Boards within an overall financially balanced position. However, the composite individual positions are important and are dealt with in this financial report together with consideration of corrective actions as the need arises.

NHS England is reported on contract baselines agreed within the post pandemic NHSE framework of 'aligned payments and incentives'. These are reported against the current ICP provision. WHSSC continues to commission in line with the contract intentions agreed as part of the ICP and historic standard PBR principles, and declines payment for activity that is not compliant with the business rules related to out of time activity.

## 3.0 GOVERNANCE & CONTRACTING

The Finance Sub Group has developed a risk sharing framework which has been agreed by Joint Committee and was implemented from April 2019. This is based predominantly on a 2-year average utilisation calculated on the latest available complete year's data. Due to the nature of highly specialist, high cost and low volume services, a number of areas will continue to be risk shared on a population basis to avoid volatility in individual commissioner's position.

Due to COVID and block contracting arrangements the current utilisation shares are based on a 2-year average of 2018/19 and 2019/20 activity. It was agreed by the Finance Sub group that to update utilisation for 2020/21 and 2021/22 activity would be too volatile given the downturn in activity, but the intention is to update these for 2024/25.

## **NHS Wales Contracting Framework**

The contracting framework for NHS Wales providers is reported as per the approved WHSSC ICP assumption of a return to pre COVID contracting terms, in that no provider tolerances are applied to contract underperformance and the extant marginal rates for performance are re-instated.

### **4.0 ACTUAL OVER / (UNDERSPEND) (SUMMARY)**

The reported position is based on the following:

- NHS Wales activity – provider contract monitoring returned to the extant contracting framework for 2023/24 as an agreed financial assumption included in the ICP approved by Joint Committee.
- NHS England activity – provider contract monitoring against agreed baselines based on the NHSE 'aligned payment and incentives' framework or bespoke local agreements with actual variances for drugs and devices applied and recognition of elective recovery where there is sustained recovery performance.
- Mental Health & IPFR – live patient data on agreed placements as at the end of the month, plus funding approvals and purchased block bed capacity.
- Developments – variety of bases, including agreed phasing of funding.

**Table 2 - Expenditure variance analysis**

Financial Summary (see Risk-sharing tables for further details)	Annual Budget	Budgeted to Date	Actual to Date	Variance to Date	Previous month Var to date	Current EOYF Variance	Previous month EOYF Var
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>NHS Wales</b>							
Cardiff & Vale University Health Board	295,049	295,049	303,575	8,526	6,791	8,526	7,450
Swansea Bay University Health Board	124,321	124,321	130,142	5,821	5,354	5,821	5,936
Cwm Taf Morgannwg University Health Board	11,546	11,546	11,546	0	0	0	0
Aneurin Bevan Health Board	11,914	11,914	12,701	787	669	787	729
Hywel Dda Health Board	2,110	2,110	2,110	0	0	0	0
Betsi Cadwaladr Univ Health Board Provider	48,118	48,118	48,925	808	784	808	856
Velindre NHS Trust	58,733	58,733	59,333	600	234	600	10
<b>Sub-total NHS Wales</b>	<b>551,789</b>	<b>551,789</b>	<b>568,332</b>	<b>16,542</b>	<b>13,831</b>	<b>16,542</b>	<b>14,981</b>
Non Welsh SLAs	132,236	132,236	141,378	9,142	7,903	9,142	8,556
IPFR	84,363	84,363	85,193	830	1,146	830	601
IVF	5,094	5,094	4,613	(481)	(215)	(481)	(217)
Mental Health	43,757	43,757	44,891	1,134	1,209	1,134	1,394
Renal	5,429	5,429	4,412	(1,017)	(736)	(1,017)	(795)
Plan Savings	(11,510)	(11,510)	(9,601)	1,909	1,673	1,909	1,827
Plan Developments & Provisions	36,128	36,128	19,598	(16,529)	(14,900)	(16,529)	(16,926)
Direct Running Costs	7,344	7,344	7,133	(211)	101	(211)	168
Reserves Releases 2022/23	0	0	(17,439)	(17,439)	(14,942)	(17,439)	(16,300)
<b>Total Expenditure</b>	<b>854,630</b>	<b>854,630</b>	<b>848,509</b>	<b>(6,121)</b>	<b>(4,928)</b>	<b>(6,121)</b>	<b>(6,712)</b>

## 5.0 FINANCIAL POSITION DETAIL

Provider positions can be summarised as follows:

### 5.1 NHS Wales Provider Summary

The **Welsh SLA** provider yearend position is an overspend of £16.542m, detailed below:

	Annual Budget	Variance
	£'000	£'000
Cardiff & Vale University Health Board	295,049	8,526
Swansea Bay University Health Board	124,321	5,821
Cwm Taf Morgannwg University Health Board	11,546	0
Aneurin Bevan Health Board	11,914	787
Hywel Dda Health Board	2,110	0
Betsi Cadwaladr University Health Board	48,118	808
Velindre NHS Trust	58,733	600
<b>Sub-total NHS Wales</b>	<b>551,789</b>	<b>16,542</b>

The performance reported at C&VUHB is largely due to: Haemophilia blood products (£3.080m), Clinical immunology (£1.955m), ALAS (£1.500m) and NICE/HCD (£1.266m).

The SBUHB performance is driven by Cardiac TAVI's (£3.523m) and Haemophilia (£0.640m). The ABUHB performance is driven by Cardiology (£0.772m) and BCUHB by Cardiology ICDs (£1.206m).

## **5.2 NHS England Providers**

The **NHS England SLAs** yearend overspend position of £9.142m is mainly driven by continued drug and device overspends, with elective activity absorbed within baselines and agreed block arrangements.

Material overspends are reported in Walton (£2.268m), Liverpool Heart & Chest (£1.813m) and Alder Hey (£0.776m). Some of the Walton variance relates to growth in secondary care Neurology drugs which pass through the WHSSC contract which require provision in the 24-25 plan, along with increased inpatients.

It is worth noting that numbers of inpatient episodes at English providers has recovered back to just 4% less in 2023/24 compared to 2019/20, which is reflected in the spend and resulting financial positions of BCU and Powys compared to the other Health Boards.

## **5.3 Individual Patient Commissioning & Non-Contract Activity**

The yearend overspend position of £0.830m is driven by overspends on ERT and HPN (£0.923m and £0.818m respectively), offset by an underspend on Eculizumab (£0.910m).

## **5.4 Specialised Mental Health**

The **Mental Health** overspend position of £1.134m is driven by an overspend relating to eating disorder patients (£3.250m), offset by underspend across various other areas including out of area CAMHS (£1.268m) and perinatal (£0.831m) patients and Gender (£0.391m).

## **5.5 Renal**

The Renal main budgets showed a yearend underspend position of £1.017m in total, across various elements of the budget.

## **5.6 Developments & Strategic Priorities**

The Developments budgets showed a yearend underspend position of £16.529m. This included Performance provisions of £2.9m to mitigate overspends in other areas, £2.7m against delayed CIAG schemes, £3.9m against various Strategy fundings and other strategic priorities and £3.5m for English Recovery forecasts.

## 5.7 WHSSC Direct Running Costs

The **WHSSC direct running costs** budget reports an underspend of (£0.211m), after achieving the 5% budget reduction of (£0.175m) agreed through the WHSSC ICP. This underspend relates primarily to staffing underspends from vacancies. Once the JCC staffing is progressed under the coming Tier 2 appointments, these vacancies are expected to be filled during 2024/25.

## 6.0 FINANCIAL POSITION DETAIL – BY COMMISSIONERS

The financial arrangements for WHSSC do not allow WHSSC to over or underspend, therefore variances are distributed based on a defined risk sharing mechanism. The following table provides details of how the yearend variances are allocated by LHB and the movement from last month's forecast position.

**Table 4 – End of Year Position by LHB**

	Allocation of Variance							
	Total £'000	Cardiff and Vale £'000	SB £'000	Cwm Taf Morgannwg £'000	Aneurin Bevan £'000	Hywel Dda £'000	Powys £'000	Betsi Cadwaladr £'000
EOY forecast M12	(6,121)	(2,057)	(446)	(1,636)	(1,327)	(988)	23	312
EOY forecast M11	(6,712)	(2,757)	(404)	(1,486)	(1,238)	(1,101)	242	31
EOY movement	592	699	(43)	(150)	(89)	113	(220)	281

## 7.0 PLAN SAVINGS AND ADDITIONAL 1% PATHWAY SAVINGS

The 2023-26 WHSSC ICP included a 1.2% commissioning budget savings target of £9.16m in order to contain the uplift required by commissioning Health Boards to 3.11%. This is in addition to prior year residual savings schemes rolled forward of £2.35m. At yearend, there is a £1.909m shortfall against the total planned savings of £11.51m due to higher activity within Cardiac and Plastic Surgery.

**Table 5 – Plan Savings Monitoring**

Prior Year Plan Savings Targets	Annual Budget £'000	Variance £'000
Existing Medicines Management Optimisation Schemes	(1,600)	142
Referral Management Schemes	(250)	250
Neonatal Out of Area Capacity Reduction	(500)	-
<b>Sub-total Prior Year Savings</b>	<b>(2,350)</b>	<b>392</b>

2023/24 ICP Re-commissioning Schemes	Annual Budget	Variance
23/24 Medicines Management Optimisation Schemes	(1,000)	680
Reduction in Neonatal OOA transfers due to SW capacity	(250)	(108)
Target Reduction in Forensic OOA Placements	(1,000)	(586)
Target Reduction in NW CAMHS OOA Placements	(250)	-



Target Reduction in SW CAMHS OOA Placements	(500)	-
Target Reduction in Eating Disorders OOA Placements	(500)	500
Paeds Contract Rebasing through Strategy Service Reviews	(250)	-
Device Optimisation C&V	(150)	(55)
Device Optimisation SB	(150)	(15)
Genetics - Repatriate send out tests to in house	(250)	31
WHSSC DRC Budget CRP 5%	(175)	11
<b>Sub Total 2022/23 Re-commissioning Schemes</b>	<b>(4,475)</b>	<b>458</b>

2023/24 Disinvestments	Annual Budget	Variance
Cardiac Surgery disinvestment C&V	(1,875)	532
Cardiac Surgery disinvestment SB	(1,395)	84
Paeds Surgery C&V	(150)	(378)
Plastics SB	(700)	700
Bariatrics SB	(90)	90
Thoracic SB	(125)	(319)
Thoracic C&V	(200)	200
Renal Activity	(150)	150
<b>Sub Total Disinvestments</b>	<b>(4,685)</b>	<b>1,059</b>

<b>Total Savings</b>	<b>(11,510)</b>	<b>1,909</b>
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**Table 6 – Schemes 1% Savings Target**

	Aneurin Bevan UHB	Betsi Cadwaladr UHB	Cardiff & Vale UHB	Cwm Taf Morgannwg UHB	Hywel Dda UHB	Powys THB	Swansea Bay UHB	2023/24 Target / Forecast Achievement
	£m	£m	£m	£m	£m	£m	£m	£m
<b>WHSSC &amp; HBs Shared 1% Savings Target</b>	<b>(1.444)</b>	<b>(1.583)</b>	<b>(1.312)</b>	<b>(1.105)</b>	<b>(0.860)</b>	<b>(0.314)</b>	<b>(0.951)</b>	<b>(7.569)</b>
<b>Cash releasing savings released through WHSSC</b>								
Intestinal Failure - Beddays Reduction	(0.065)	0.000	(0.128)	(0.104)	(0.038)	(0.006)	(0.008)	(0.350)
Intestinal Failure - Nursing support	(0.057)	(0.033)	(0.073)	(0.050)	(0.018)	(0.007)	(0.012)	(0.250)
Intestinal Failure - Saline reduction	(0.023)	(0.013)	(0.029)	(0.020)	(0.007)	(0.003)	(0.005)	(0.100)
ALAS - Static Seating Contract	(0.008)	(0.010)	(0.007)	(0.006)	(0.005)	(0.002)	(0.005)	(0.044)
Cystic Fibrosis - Reduction in attendances NHSE	(0.000)	(0.144)	(0.000)	(0.000)	(0.000)	(0.006)	(0.000)	(0.150)
Cystic Fibrosis - Home IV Service	(0.066)	(0.078)	(0.055)	(0.050)	(0.043)	(0.015)	(0.043)	(0.350)
Cochlear Service review	(0.070)	(0.000)	(0.059)	(0.053)	(0.045)	(0.008)	(0.045)	(0.280)
Additional Medicines Management discounts	(0.030)	(0.036)	(0.025)	(0.023)	(0.020)	(0.007)	(0.020)	(0.160)
WBS IVD regulation efficiency	(0.051)	(0.034)	(0.041)	(0.039)	(0.035)	(0.012)	(0.033)	(0.245)
Pause of Uncommitted Expenditure	(0.749)	(0.268)	(0.743)	(0.559)	(0.326)	(0.072)	(0.370)	(3.087)
IPFR Policy Review - HIPEC	(0.041)	(0.048)	(0.034)	(0.031)	(0.027)	(0.009)	(0.027)	(0.216)
<b>Total Schemes Identified through WHSSC</b>	<b>(1.160)</b>	<b>(0.664)</b>	<b>(1.194)</b>	<b>(0.936)</b>	<b>(0.563)</b>	<b>(0.147)</b>	<b>(0.569)</b>	<b>(5.232)</b>

During the plan development process, the Joint Committee requested WHSSC to work with the HBs in year to identify additional pathway savings equivalent to 1% of the required plan uplift.

The forecast assessment of additional savings that will be realised through the WHSSC position is £5.232m.

There are a number of further identified non-cash releasing inferred system efficiencies within non-specialised pathways to be considered in the achievement towards the 1% pathway target.

These include growth hormone rationalisation within GP prescribing budgets, cost avoidance in stroke rehabilitation due to increased thrombectomy provision and released secondary care beddays from intestinal failure reduced lengths of stay.

It is difficult to quantify the inferred system efficiencies but using standard costing assessments these are estimated to be equivalent to a further £1m of savings and efficiency gains within secondary and primary care pathways.

## **8.0 INCOME/EXPENDITURE ASSUMPTIONS**

### **8.1 Income from LHBs**

There are no notified disputes regarding the income assumptions related to the WHSSC IMTP.

Invoices over 11 weeks in age detailed to aid LHB's in clearing them before arbitration dates:

- None

## **9.0 OVERVIEW OF KEY RISKS / OPPORTUNITIES**

Please see the recently agreed ICP for a discussion of the key risks going in the coming financial year.

## **10.0 PUBLIC SECTOR PAYMENT COMPLIANCE Q4**

As at the end of Q4 WHSSC has achieved 98.3% compliance for NHS invoices paid within 30 days by value and 94.8% by number.

For non-NHS invoices WHSSC has achieved 97.3% in value for invoices paid within 30 days and 98.9% by number.

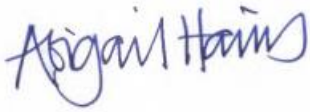
It should be noted that these figures are subject to change pending the final sign-off of the annual accounts.

This data is updated on a quarterly basis.

## **11.0 RESPONSES TO ACTION NOTES FROM WG MMR RESPONSES**

No action points.

## 12.0 CONFIRMATION OF POSITION REPORT BY THE INTERIM CHIEF COMMISSIONER AND DOF



**Abigail Harris**  
**Organisation lead**



**Stacey Taylor**  
**Director of Finance & Information**

Note: Sian Lewis was in post as the Chief officer during the term of this report (2023/24) but had left before publication. Abigail Harris came into post on April 4<sup>th</sup> 2024 and is signing to acknowledge the report contents.