WELSH HEALTH CIRCULAR

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STATUS: COMPLIANCE
CATEGORY: FINANCE

Title: 2019/20 LHB & Trust Monthly Financial Monitoring Return Guidance

Date of Expiry / Review: April 2020

For Action by: Chief Executives & Directors of Finance
LHBs/Trusts/NWIS/NWSSP/WHSSC/HEIW

Action required by: Refer to Annex 1 within Guidance

Sender: Alan Brace, Director of Finance NHS Wales, Health & Social Services Group

DHSS Welsh Government Contact(s):
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Enclosure(s): Covering Letter and Guidance
WHC Distribution List:

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Deputy Director of Finance NHS Wales
HSSG Head of NHS Financial Management
HSSG Head of Financial Control & Governance
HSSG Operations Team
HSSG Comms Team

Other

Technical Manager CG & NHS Sector – Wales Audit Office
Director Finance Delivery Unit
Dear Colleague,

Please find enclosed the 2019/20 LHB and Trust monthly financial monitoring return guidance and associated submission templates.

A key area of concern has been the lack of fully identified savings plans being in place from the start of a new financial year and the significant variation in plan values reported during the year, leading to uncertainty and risk. This year, the earlier Planning Framework timeframe has provided the opportunity for organisations to progress the development of robust savings plans sooner. Therefore, the previous deadline of the end of June has been removed and all savings plans assumed in the Opening Plan Position will need to be finalised at Month 1. I would hope that your individual Boards are also driving this approach on the basis of achieving this position as agreed best practice. Financial performance will be measured against a plan that is fixed at Month 1, with all additional actions being reported as ‘in year’ changes. To improve the robustness of the plans, a criteria for savings schemes has been included within this guidance; only those schemes meeting the Green and Amber classification are to be included within your position.

The importance of providing transparency on financial information to the Boards, has led to the introduction of a new requirement to make a statement each month, to clarify the date and main Committee of the Board that will receive the Monitoring Return which has been submitted to the Welsh Government.

I would like to re-iterate the importance of robust forecasting and ensuring that identified improvements to control totals which must not be exceeded, are reported at the earliest opportunity.
It is pleasing to note the improvements by a number of organisations, to reduce the scale of the reported underlying deficit positions. Given the level of growth funding that is now being made available to the NHS in Wales, demonstrating financial sustainability across the healthcare system will be an obvious requirement.

Yours sincerely

Professor Alan Brace
Cyfarwyddwr Cyllid | Director of Finance
ENC
Summary

1. This guidance refers to the monitoring return spreadsheet and accompanying narrative that Local Health Boards (LHBs) and the Special Health Authority (SHA) will need to complete, to report their 2019/20 financial performance. There are a number of changes to the format of the returns from those issued previously. Colleagues are asked to review this guidance in full to refresh and confirm their understanding.

Importance of Monitoring Returns

2. Together with the NHS Trusts financial returns, the Local Health Board (LHB) financial returns are an essential element in monitoring the financial position of individual organisations and the overall financial health of NHS Wales. They are used by the Health and Social Services Group (HSSG) and the Finance Delivery Unit (FDU) as the primary source of assessing performance and form the basis of reports to Ministers.

3. It is essential that the monitoring returns are accurate and that they are submitted in accordance with the timescales outlined in Annex 1. Your organisation will be held to account for the information submitted within the returns. It is essential that you ensure that your forecasts within the tables are based on a balanced view of your anticipated outturn and that your commentary correctly outlines the major issues affecting your forecast. The data reported within the tables must correlate and support the outturn position being reported and is accurately supported by internal detailed plans.

4. All monitoring returns must be supported by a detailed commentary. A minimum content format is mandatory and is set out in Annex 2.

5. All information made available to the HSSG should be consistent with that provided to the LHB’s Board. The detailed commentary must include a statement confirming that the financial information reported in the monitoring return aligns to the financial details included within the internal Board papers.

6. There are a number of tables to be provided and notes on their completion are set out in Annex 3.

7. Concerns continue regarding the robustness of financial forecasting within the NHS in Wales. Finance Directors are
accountable for the content of the submission and the reliability of their forecasts; performance will continue to be reviewed on this issue on an individual basis. All tables must be fully completed and a comprehensive narrative, providing a detailed explanation of all key issues must be provided. Should the return not meet this requirement, it will be returned, and a resubmission will be required.

8. Chief Executives are also personally accountable to the Accounting Officer for the reliability of the forecasts submitted by their LHB.

9. To ensure that the information on expected end of year out-turns is consistent across NHS bodies; LHBs are required to ensure that in their reporting they must strike a balance between optimism/pessimism resulting in a realistic assessment of the challenge when forecasting their financial position.

10. Organisations must ensure that items are appropriately phased (Revenue Resource Limit, Accountancy Gains, Release of Previously Committed Reserves, Savings, Mitigating Actions etc) to ensure that the year to date position is not distorted.

Timetable for completion

All Financial Position data, provided electronically to the WG, must be cleared by the Director of Finance and Chief Executive Officer before submission.

11. All main monitoring returns will be required on the 9th working day of each month, with the exception of Month 12. There continues to be a requirement to complete a Month 1 submission. The full template should be submitted with the following tables completed: Table A (Movement), Table A1 (Underlying Position), Table B, B1 & B2 (Monthly Profiles), Table C, C1, C2 & C3 (Savings), Table D (I & E Assumptions), Table E (Resource Limits), Table F (Risks) and the Aged Debtors Template (Table M), along with a supporting Director of Finance narrative. A schedule of monitoring dates is provided in Annex 1.

12. An electronic version of both the spreadsheet and the narrative must be submitted via email (address at page 7), to the NHS Financial Management Team, Health and Social Services Group and Financial Delivery Unit by 5.00 pm on the due date.

13. Organisations are required to submit their year to date and forecast financial position information of the 5th working day, for Months 2 to 12. A separate template table is provided. A brief explanation should be provided on the template, for any movement in your year end outturn since the previous month. An electronic version of the template should be submitted via email (addresses below) to the NHS Financial
Management Team, Health and Social Services Group - Finance Directorate (& FDU) by **5.00 pm** on the due date. A hard copy is not required. **A schedule of submission dates is provided in Annex 1.**

14. In previous years there have been requirements to submit tables either monthly or quarterly. For 2019-20 all tables should be provided monthly except for, Table I (PSPP) Quarterly, Table N (GMS) Quarterly and Table O (Dental) Quarterly, Table G (SoFP) monthly from Month 3 onwards, Table H (Cash Flow) from Month 2 onwards and Tables J, K & L (Capital) from Month 2 onwards. Organisations that continually submit inaccurate or incomplete information will be required to submit tables on a monthly basis.

**Principle Changes to Requirements**

15. The following information draws your attention to the principle changes to the 2019/20 requirements. It is recommended however, that the full documentation is reviewed before completing the tables.

- **The Day 9 submission must be agreed and the narrative signed by both the Director of Finance and Chief Executive before the submission is made to the Welsh Government.** Organisations must build in sufficient time into the monthly process to ensure the submission deadline is achieved. The Board governance, regarding the arrangements for when the Director of Finance and/or Chief Executive is not available, should be set out at the start of the year and shared with the Head of NHS Financial Management within the Month 1 narrative. An additional statement must be included in the narrative each month to clarify the date and main Committee of the Board which will receive that month’s Financial Monitoring Return (consisting the Narrative, Table A, Tables C,C1,C2,C3 and Table F) in order to provide the Committee with transparency on the submission made to Welsh Government.

When sending the both the Day 5 and Day 9 submissions to the Welsh Government, the Director of Finance and Chief Executive must be included as email recipients. Failure to comply with this requirement will result in the submission not being accepted.

- **Movement of Opening Financial Plan to Forecast Outturn (Table A & other supporting analysis)**

A number of changes have been made to Table A to provide greater clarity on how items impact both the delivery of the current position and the underlying position. The “In Year” column is now required to be analysed between recurring and non-recurring items. There is also a requirement to evaluate the Full Year Effect of all recurring items.

A profile of the items materially affecting the forecast, is now required. A number of fields are now populated automatically from other tables (details below).
Due to the recently revised planning framework timeframe, it is acknowledged that the summary of the opening plan in Table A may have changed by the first month’s monitoring submission. Whilst the total outturn of the opening plan must agree to the latest IMTP (or AOP), the breakdown in lines 1 – 10 may have changed due to the organisation finalising a robust plan by the start of the year.

Also due to revised planning framework timeframe, the Returns for 2019/20 will therefore be monitoring the financial performance against a plan that is fixed at Month 1. All saving plans and mitigating actions that were assumed in the opening plan outturn, which remain unidentified at Month 1 are automatically removed from the forecast outturn in the first submission. All additional actions after Month 1, will appear as ‘in year’ changes.

- **Underlying Position (Table A1)**
  New validations have been introduced following the changes made to Table A, mentioned above, as well as further automation from other tables (details below).

- **Monthly Profiles (Table B)**
  The Accountancy Gains (Section D) are now automatically populated from other tables (details below).

- **Net Expenditure Profile Analysis (Table B1)**
  The plan values for spend should not be changed after Month 1 (including profile), unless there is new externally funded spend being forecast for the year. Therefore, new unfunded spend should not affect plan values and instead will be shown in the actual/forecast lines and will create a variance.

  To improve understanding of fluctuation in spend trends, the Accountancy Gains Plan & Actual/Forecast now need to be analysed over the six spend sections.

- **Savings Schemes Analysis (Tables C, C1 & C2)**
  These tables are now automatically populated from Table C3 (details below). The plan values will reflect those reported Month 1 and must not be changed.

- **Savings Scheme tracker (Table C3)**
  All savings plans, at the most granular level of detail must be included in the table.

  This new table replaces the Top 20 Schemes. This table requires all savings, costs avoidance, accountancy gains and income generation schemes to be detailed, with a profile of plan and forecast. Every entry
that has an Actual/Forecast value affects the financial outturn on Table A.

Schemes will need to be classified as being identified at “Month 1” or “In Year”; only the “Month 1” schemes will form the fixed opening plan values in Table A and Tables C, C1 & C2. Once entered, plan values (total and profile) must not be changed whether they are classed as ‘Month 1’ or ‘In Year’.

Only Green & Amber rated schemes should be included (definitions below). Schemes still described as a ‘Target’ or ‘CIP %’ etc at Month 1, do not meet the Green and Amber criteria.

<table>
<thead>
<tr>
<th>RAG Rating</th>
<th>Amber</th>
<th>Green</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Plan/brief</td>
<td>Clear components of project plan in place with elements not fully confirmed and addressed</td>
<td>Complete/appropriate to complexity project plan in place, brief available reflecting timescales, milestones, enablers and risk considered</td>
</tr>
<tr>
<td>Accountable Lead</td>
<td>Appropriate lead accountable for delivery of the project in place</td>
<td>Appropriate lead accountable for delivery of the project</td>
</tr>
<tr>
<td>Financial &amp; Activity Calculations</td>
<td>Financial assessment factors in all known financial implications</td>
<td>Complete project brief provides clear base for financial assessment</td>
</tr>
<tr>
<td>Financial Phasing</td>
<td>Financial saving phasing in line with confirmed plans and milestones</td>
<td>Financial savings phased in line with the milestones and timing identified within the project plan</td>
</tr>
<tr>
<td>Financial Code</td>
<td>Financial Code identified and confirmed</td>
<td>Financial code identified and confirmed</td>
</tr>
<tr>
<td>MMR Report</td>
<td>100% of identified deliverable value</td>
<td>100% of identified deliverable value</td>
</tr>
</tbody>
</table>

- As stated in previous years, the savings tables should reflect all savings schemes where management action is required in order to deliver cash releasing savings. **Cost Avoidance Plans that do not require management action in order to deliver a saving, should be accounted for when calculating the organisations net Opening Cost Pressure Value**; therefore ensuring that both the Opening Cost Pressure and the Savings Plans are not over inflated at the start of the year. The following definitions may assist:
GMS & Dental (Tables N & O)

A number of minor changes have been made of some of the line descriptions.

It should be noted that additional requirements may be introduced during the financial year, which may result in new/amended tables. For example:

- Introduction of monitoring arrangements in respect of future year financial plans.

Action

16. Directors of Finance are asked to submit their first set of returns via email by 5.00pm on the 14th May. For the Month 2 submission, both the April and May columns should be completed separately on the applicable tables that were not submitted at Month 1. Full details are given in the attached guidance.

Points of Contact

17. Comments or enquiries on technical issues should be directed to Jackie Salmon, Financial Governance & Control (03000 25 9001) at HSSG. Specific queries regarding completion and performance issues, should be directed to Andrea Hughes, Head of NHS Financial Management (0300 062 5558).

Electronic versions to be submitted to the following email address:

NHSFinancialManagement@gov.wales
PHWFinance.DeliveryUnit@wales.nhs.uk

This guidance has been issued by:

Director of Finance, Health and Social Services Group
Annex 1

Schedule of monitoring dates:

<table>
<thead>
<tr>
<th>For period ended</th>
<th>Day 5 Submission Date</th>
<th>Day 9 Submission Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>30th April</td>
<td>Not Required</td>
<td>14th May</td>
</tr>
<tr>
<td>31st May</td>
<td>7th June</td>
<td>13th June</td>
</tr>
<tr>
<td>30th June</td>
<td>5th July</td>
<td>11th July</td>
</tr>
<tr>
<td>31st July</td>
<td>7th August</td>
<td>13th August</td>
</tr>
<tr>
<td>31st August</td>
<td>6th September</td>
<td>12th September</td>
</tr>
<tr>
<td>30th September</td>
<td>7th October</td>
<td>11th October</td>
</tr>
<tr>
<td>31st October</td>
<td>7th November</td>
<td>13th November</td>
</tr>
<tr>
<td>30th November</td>
<td>6th December</td>
<td>12th December</td>
</tr>
<tr>
<td>31st December</td>
<td>8th January</td>
<td>14th January</td>
</tr>
<tr>
<td>31st January</td>
<td>7th February</td>
<td>13th February</td>
</tr>
<tr>
<td>28th February</td>
<td>6th March</td>
<td>12th March</td>
</tr>
<tr>
<td>31st March</td>
<td>7th April</td>
<td>24th April *</td>
</tr>
</tbody>
</table>

* TBC subject to Draft Accounts deadline
Annex 2

DIRECTOR OF FINANCE COMMENTARY

Organisations will continue to be required to follow the prescribed narrative layout detailed below. Each section must be reflected within the narrative report and in the order prescribed. Additional appendices can be provided; however, these must be referenced in the relevant section. The commentary can be supplemented with copies of Finance reports submitted to the LHB Board. The narrative should provide supporting details in relation to expenditure and savings correlation. Responses to the previous month’s WG Monitoring Return reply letter must be included within the relevant section or as a separate appendix.

Directors of Finance should be aware that the monitoring returns and their associated commentary form an important part of the management of NHS Wales and the information is provided to various Groups and Ministers. It is important to ensure that the underlying commentary is comprehensive and accurate.

1. Actual Year to Date and Forecast Under / Overspend 2019/20 (Tables A & B, B2)

Comment on and provide reasons for, any changes in the material movements reported between the opening financial plan and the forecast outturn position.

Comment on the actual surplus/deficit reported as at the period end. Details should be provided to explain any movements between the year to date and forecast positions reported at Day 5, and the main Day 9 submission. A reconciliation should be provided to explain any material changes from the previous month’s forecast position for the current month.

End of Year Forecasts should be based on the best assessment of the most likely year end outturn. These must strike a balance between optimism/pessimism thus providing a realistic assessment of the challenge. Any Accountancy Gains, Release of Previously Committed Reserves, Savings, Mitigating Actions etc should be appropriately phased to ensure that the year to date position is not distorted. An analysis of items which are not phased in equal twelves should be provided within the commentary to support the phasing of the Resource Limit.

Comment on the projected surplus/deficit for the year end. A reconciliation should be provided to explain any changes from the previous month’s reported projected position. For all individual lines, detailed explanations should be provided for material movements in monthly values. This should include details of material movements in previously reported values.
Comment on the reasons for significant movements between the actual year to date position and the forecast year end position. Details should be provided to explain the actions being undertaken to facilitate improvements.

LHBs are also required to detail any unconfirmed increases or decreases in allocations that have been assumed, as detailed in Table B & E. In addition, the LHB should comment on any unconfirmed income assumptions from sources other than WG, as detailed in Table B and D (if Welsh NHS).

LHBs must confirm within their detailed commentary, the total value of any unallocated reserves\unallocated contingency (Line 17 Table B) and the amount that has been released from this line into the reported year to date position. The detailed commentary should include additional supporting explanations for all committed expenditure held within reserves\contingencies as reported in section E of Table B.

Comment on the current and forecast Accountancy Gains which are reported within the tables. This should include an explanation of what they relate to and why an Accountancy Gain is forecast but not yet reflected in the year to date position.

Organisations should also provide comments on the financial positions of Hosted Bodies.

Key actual/forecast monthly movements reported in the Pay Expenditure A4C Analysis (Table B2 – Section A) must be explained in the commentary.

2. Underlying Position (Table A1)

Comment on the FYE of recurring actions (both savings and allocations) which reduce the b/f underlying position.

Comment on any new in year recurring pressures, which are unmitigated and increase the underlying position.

The commentary must explain the cause of all movements from the previous submission.

Provide detailed analysis in the commentary when using the lines in the Table, which state require a breakdown.

3. Ring Fenced Allocations (Tables B, N & O)

A statement is required to describe the financial position of each individual ring fenced allocation. For example, GMS (Table N), Dental (Table O), Mental Health, Depreciation (inc. Impairments), Learning Disabilities, Renal Services and Palliative Care as shown in the 2019/20 Allocation Paper Table B1. Any forecast underspends should be disclosed and quantified.
4. Net Expenditure Profile Analysis (Table B1)
Comment on any allowed changes to the expenditure plan (i.e. due to new in year externally funded spend).

Comment on and provide reasons for any material deviations from equal twelfths phasing (e.g. savings plans stepping up in future months, impact of targeted improvements in performance (RTT etc), Winter Pressures etc).

Provide explanations for movements in the current month and future months values by category (Sections A – F) and individual lines from those projected in the applicable previous month (e.g. new unplanned cost pressures or costs being materially higher or lower than anticipated etc).

5. Agency/Locum (Premium) Expenditure (Table B2 – Sections B & C)
Comment on the Agency/Locum (paid at a premium) Expenditure information provided in Table B2 (Sections B & C). Provide details of action plans and progress being made to reduce expenditure.

6. Saving Plans (Table C, C1, C2 and C3)
LHBs are required to provide details of delivery of opening plans, with explanations for any under achievement and planned mitigation.

Provide commentary on the performance of any new ‘in year’ schemes, required to mitigate the underperformance of the opening plan schemes or to internally fund new in year cost pressures.

Unidentified savings supporting the opening plan position are automatically removed from the forecast at Month 1 and become ‘non identification of Savings\Mitigating yet to be identified in opening Plan’. In order to maintain the plan value, alternative mitigation actions (potentially new ‘in year’ savings plans) will be required, the performance of which should be detailed in the narrative.

Comment must be given on any category total that has a material variance between plan & forecast. Provide explanations when forecast values have changed materially in month and to support unusual profiling (e.g. profiles in March, or profiling not commencing until after the mid year point etc).

Supporting narrative should also be provided on performance, recovery issues and any scheme changes, for material individual schemes in the Savings Tracker (Table C3).

LHBs are required to provide explanations for any material re-phasing of forecasts (plans are fixed) into future months.

7. Income Assumptions 2019/20 (Tables D & E)
Comment on any income assumptions included within the reported year to date and forecast financial positions in Table B.

Provide details of the basis of the assumptions used to complete the values reported in Table D, by organisation.

Comment on any agreed resource limit adjustments for both capital and revenue, reported within Table E.

Comment on any cash only (Drawing Limit) assumptions for both capital and revenue, reported within Table E.

8. **Health Care Agreements and Major Contracts**

Confirm the position with regard to the sign off (deadline last working day of May) of agreed contract values shown within the Health Care Agreements and Major Contracts.

For each unsigned Agreement and Contract, details should be provided to explain actions (including timescales), being undertaken to eliminate risk. Confirmation should be provided if WG arbitration is being sought (WHC 2019/014).

Details should also be provided to explain any risks associated with the agreed values in signed LTAs, due to for example, a change in activity levels from both a commissioner and provider perspective.

9. **Risk Management (Table F)**

The narrative should detail the material risks and/or the opportunity factors that would result in a worst or best case outturn. This should include details of action plans to mitigate risks. Details should be provided to support the likelihood assessment of each risk and opportunity occurring. Any new, removed or amended risks and opportunities from those reported in the previous month should be explained in the narrative.

Please note that all risks and opportunities discussed within the narrative must be reported within the table, even if the quantification is yet unknown (TBC to be reported in table). The narrative however, should provide a timeframe for when quantification will be known.

10. **Statement of Financial Position and Aged Welsh NHS Debtors (Tables G & M)**

Comment on any significant month on month Statement of Financial Position movements.

Details should be provided to support the additional analysis of provisions, as reported on Table G.
Details should also be included to support aged receivables/payables (over 11 weeks old) and disputed invoice information. This is supported on a monthly basis with the completion of the Aged Debtors template (Table M). Invoices which have exceeded 17 weeks must not form part of the financial position and should be cancelled, unless they are being arbitrated on by the WG.

Provide supporting explanations for material movements on the trade and other payables analysis.

11. **Cash Flow Forecast (Table H)**

The cash flow forecast is a planning tool to enable the WG to have an early understanding of any cash flow difficulties organisations may face. As such, LHBs should report their most likely scenario (& consistent with the approach taken for the equivalent resource if applicable) regarding cash receipts and payments on a monthly basis. For future months, as the year progresses, the entries relating to the previous month’s forecast should be replaced with actual figures.

Confirmation should be provided if the outflows resulting from movements in Working Balances have been factored into the cash position; resulting in a shortfall of cash being reported in March.

Provide comment on any requests for repayable strategic cash support.

Unreasonable levels of cash balances held should be explained within the narrative. Organisations should include explanations when the need has arisen to request an emergency cash drawn down or to return surplus cash within the month.

12. **Public Sector Payment Compliance (Table I)**

LHBs are accountable for achievement of this target. LHBs are required to provide a commentary on creditor payment compliance (NHS and Non NHS) together with detailed plans and progress towards achieving full compliance.

WG will continue to measure payments within 10 days as required by Parliament. The same principles adopted for measuring the 30 day payment rules apply.

13. **Capital Schemes and Other Developments (Tables J, K & L)**

LHBs are required to achieve the CRL financial target.

Organisations will also be required to operate within a tolerance of a £0.5m underspend.
Comment on capital expenditure compared with the plan. Give reasons for any significant variances per scheme reported in Table J. A detailed explanation is required, to provide reasons for any variation in overall performance against the total CRL.

Comment on any significant variances between minimum and maximum expenditure shown on Table K against the allocated funding.

The risk assessment of each scheme should be discussed for schemes identified as high or medium risk in Table K.

Comment on any changes to the in month expenditure profiles detailed in Table K.

Provide details of any further issues relating to capital projects, which may impact on your financial position or the achievement of the Capital Resource Limit. This should include any planned asset transfers between other Welsh NHS organisations.

Hosting organisations should also provide comments on the Capital performance of Agency Bodies, where applicable.

14. Other Issues

The narrative must include a statement confirming that the financial information reported in the monitoring return aligns to the financial details included within the internal Board papers.

A statement must be included in the narrative each month to clarify the date and the main Committee of the Board which will receive that month’s Financial Monitoring Return (consisting of the Narrative, Table A, Tables C,C1,C2 & C3 and Table F) in order to provide the Committee with transparency on the submission made to the Welsh Government.

Please comment on any other issues which need to be drawn to the attention of the Health and Social Services Group – NHS Financial Management.

15. Authorisation

The submission must be agreed and the narrative signed by both the Director of Finance and Chief Executive before the submission is made to the Welsh Government. Organisations must build in sufficient time into the monthly process to ensure the submission deadline is achieved.

The Board governance, regarding the arrangements for when the Director of Finance and/or Chief Executive is not available, should be set out at the start of the year and shared with the Head of NHS Financial Management within the Month 1 narrative.
Annex 3

TECHNICAL GUIDANCE – LOCAL HEALTH BOARDS

General
All worksheets are included within the one spreadsheet, except for the Day 5 financial position table which has been provided as a separate excel worksheet.

The financial projections should be prepared in accordance with IFRS. The accounting treatment should be consistent with that in the current Manual of Accounts.

All figures must be entered into the return as round thousands, with the exception of Aged Debtors. The other exception is Creditor Compliance which is to be completed to one decimal place.

Some cells contain pre-determined formulae that calculate based on data entered in other cells – these are shown in blue and are protected. Due to increased automation, a number of cells that would traditionally have been typed in have also been locked and are shown in light grey.

Completion: All worksheets should be fully completed as per the guidance provided. Any incomplete or reformatted submissions will not be accepted and will need to be re-submitted. Please note that some basic instructions are also included as comments (indicated by red arrows on individual cells) within the Tables.

1. Day 5 Table (separate schedule)
A brief overview of YTD performance & year end forecast.

1.1. Actual YTD – This should reflect the year to date position.
1.2. Annual Forecast – This should reflect the forecast year end out-turn position.
1.3. Explanation Required for Movement in Annual Forecast from Previous Month – Provide a brief explanation for the cause of the movement in annual forecast since the previous month’s Day 9 submission. If this relates to a number of issues please separately identify and quantify them.

2. Validation system
A quality validation checklist was first introduced in 2011/12 and for 2019/20 the validations continue to be located to the right of the applicable individual tables. These checks are included to assist organisations who have various staff completing specific tables. The first tab of the spreadsheet only provides
a summary position of the individual table validations i.e. the number of validation errors.

3. Summary Sheet

An automated summary of main financial performance.

4. Movement from Opening Plan/Position to Forecast Outturn (Table A)

A table showing the items that contributed to the opening plan, the ‘In Year’ movements and latest forecast, further analysed between Non Recurring, Recurring and Full Year Effect of Recurring items.

4.1. Line 11 should agree to latest IMTP, although the analysis (lines 4 – 10) may have changed between the Planning Framework timeframe deadline and the first Monitoring Return submission. No changes should be made to lines 1 – 11 after Month 1.

4.2. All savings in the opening plan must be identified by the first monitoring return submission, any amount that remains ‘unidentified’ at Month 1 is automatically removed and shown as an ‘In Year’ pressure (via a linked cell on Line 17 in forecast). All references to unidentified savings have been removed from all other tables.

4.3. Historically, this table only included the first column, ‘In Year’. There is now a requirement to analyse all In Year items between Non Recurring & Recurring columns in the second & third columns, respectively. The fourth column enables organisations to uplift Recurring items to show the Full Year Effect of recurring items. The total of this column will therefore agree to the Underlying Position carried forward (Table A1).

4.4. Any items to be included in lines 18 to 37 have to be generated from their profile, to be provided in the new section to the right of the main table. These items must also be fully explained in the narrative.

4.5. Increased automation means a number of cells are populated from other tables including Underlying Position b/f, Savings, Accountancy Gains and Income Generation.

5. Underlying Position (Table A1)

Annual Movement in Underlying Position. Within this table, any deficit positions should be reflected as negative values and surpluses should be reported as positive values.

5.1. The ‘IMTP Underlying Position b/f’ column of all three sections should reflect the c/f underlying position reported in the previous year’s Month 12 Table.

5.2. Section A
5.2.1. It will be unusual for organisations to have Non Recurring New Cost Avoidance (line 8 of Section A); however, this relates to the cost avoidance that has not been included in your Savings Plans, as it did not require management action and which was accounted for in the net new cost pressures, but was non-recurring. This item must also be fully explained in the narrative.

5.2.2. Items reported on lines 11 & 12 (Other Non-Recurring factors) which are having either a favourable or adverse impact on the underlying position (b/f or c/f) should be explained in the supporting narrative.

5.3. Sections B/C

5.3.1. The Full Year Effect (FYE) Actions in Sections B/C - quantify the full year effect of current year recurring savings/recurring allocations which will have a direct positive impact on the b/f underlying position (by designated category).

5.3.2. New In Year Unmitigated Recurring Pressures – should reflect the FYE of in year emerging pressures (by designated category) that have not been mitigated and which will have an adverse annual impact on the reported underlying position.

5.3.3. At present, WG does not prescribe whether FYE of savings should be offset against the b/f position or In Year Recurring Pressures.

5.3.4. Section B requires organisations to report the key SoCNE expenditure areas which are directly contributing to the b/f underlying position and the corresponding in year category movements (e.g. saving areas) directly impacting on the reported c/f underlying position.

5.3.5. In order to ensure consistency all organisations should report any CHC/FNC and Primary Care pressures on Line 21 ‘Healthcare Provided by Other Orgs – Private/Other’.

5.3.6. Section C requires organisation to report recurring expenditure pressures by Directorate which are directly contributing to the b/f underlying position and/or the corresponding in year category movements (e.g. saving areas/new pressures) directly impacting on the reported c/f underlying position. If there are any uncertainties around which category to use, please contact the NHS Financial Management Team for advice.

6. Monthly Positions (Table B)

Monthly profile of actual YTD income and expenditure & forecast income and expenditure for future months

6.1. Monthly Analysis (April to March) should reflect the actual monthly data up to, and including, the current month submission and the forecast monthly data for future months.

6.2. Section A - lines 15-16 - DEL & AME Depreciation is the amount charged to the income and expenditure account for the year, in respect
of the depreciation of both donated and non-donated assets. It includes the amortisation of any intangible assets, such as deferred development expenditure and deferred assets arising from PFI schemes. The depreciation, accelerated depreciation and impairment expenditure should be separated and recorded on either the DEL or AME line.

6.3. Section C - DEL/AME Depreciation & Impairments should include forecast charges, funding for which is still anticipated, this should be recorded in Table E (Resource Limits).

6.4. Section E – Committed Reserves - These values represent the committed expenditure which is still held in Reserves/Contingencies and which forms part of the forecast position. A reference should be included for each item to confirm which expenditure line they have been included on Section A.

7. Net Expenditure Profile Analysis (Table B1)

Monthly profile of Gross expenditure by category, Committed Reserves and Savings (linked to Table C), agreeing back to Net Profiles in Table B. This table aims to analyse the items affecting the monthly net run rate, reported as the net expenditure profile by category (Sections A-F) within Table B.

7.1. The monthly gross plans should not be amended (including profile) unless there is new externally funded spend being forecast for the year. New unfunded spend should not affect plan values and instead will be shown in the actual/forecast lines and will create a variance. The annual plans should always be based on and support the planned financial outturn reported within the organisation’s latest Integrated Medium Term Plan or Annual Operating Plan. Any movements in reported annual plan values by category should be explained within the supporting narrative.

7.2. The reasons for any material reported YTD and Annual forecast variances by category should also be provided within the narrative. It should also be referenced how these variances are being reported on Table A.

7.3. Note: The Plan value is not a reflection of your internal budget as organisations in financial deficit will have a higher forecast planned spend value than their available internal budget value. Organisations who are forecasting financial balance are unlikely to see absolute correlation between their planned forecast expenditure profiles and their internal budget values.

7.4. The Gross Expenditure lines (plan & actual/forecast) should be expenditure before Savings or Accountancy Gains.
7.5. It should be noted that there should be no values reported on the ‘Committed Reserves’ line of each section for current and previous months. Consumed reserves will then be part of the gross expenditure.

7.6. Savings details are automatically populated from Table C3. Accountancy Gains must agree to the forecast profile in Table B, Section D.

8. Pay Expenditure Analysis (Table B2)

8.1. Section A
8.1.1. Monthly profile of actual YTD and forecast pay expenditure by A4C. The total pay is representative of the Provider Pay (from Table B) and the Other Services (incl. Primary Care) – Pay which reflects the actual/forecast monthly pay expenditure on areas other than LHB Provided Services. For example, reported within the Primary Care Contractor line on Table B line 5.

8.2. Section B
8.2.1. Monthly profile of actual and forecast Agency/Locum (paid at a premium) expenditure by staff group. Locums ‘paid at a premium’ are those paid above the rate of the substantive post holder.

The following categories of expenditure should be included
- Staff not employed by the LHB and therefore not in receipt of payments through your LHB’s payroll. This would include staff employed through Agencies, Self Employed Individuals etc.
- Staff employed by another NHS organisation who are undertaking sessional work within your LHB, and again are not in receipt of payments through your LHB’s payroll for whom the work is being undertaken, which are paid at a premium.

The following categories of expenditure should be excluded
- Staff that are employed by the LHB, who undertake additional work on a temporary basis for another department within the same LHB or at another hospital site within the same LHB.
- Any staff employed on a temporary basis or fixed term contract but who are in receipt of payment through a LHB’s payroll, on terms and conditions defined by that LHB.

8.3. Section C
8.3.1. Actual and future month forecasted Agency / Locum (premium) Spend, analysed by reason (e.g. Vacancy).

9. Savings Schemes (Tables C, C1 & C2)
Automatically populated analyses of Total Savings (C), Pay Savings (C1) and Agency Savings (C2).
9.1. Plan values in these tables are a summation of all schemes identified as “Month 1” from Table C3 and do not change in year (total and profile).

10. Savings Schemes Tracker (Table C3)
Full details of every Savings, Accountancy Gain & Income Generation scheme included in the outturn.

All tables must be completed on a gross basis.

All “Plan” values should be fixed once entered (this refers to both ‘Month 1’ and ‘In Year’ schemes and both the scheme total and profile).

10.1. This table populates all other tables with Savings, Accountancy Gains (with the exception of Table B1) and Income Generation values, impacting the outturn position at plan and forecast. It is imperative that the information reported in this table is robust.

10.2. The following principles must be followed:
10.2.1. Plan values must not be altered once entered (this relates to both ‘Month 1’ and ‘In year’ schemes and both the total and profile). Only schemes marked as “Month 1” will affect plan values in other tables.

10.2.2. Savings cannot be accrued in the year to date position.

10.2.3. Schemes that have been used to assist the underlying position b/fwd (i.e. reported as recurring in previous years) should not be included as current year schemes.

10.2.4. Drug cost savings generated by dispensing practices should be shown in the Medicines Management category.

10.2.5. Only schemes assessed as Green or Amber can be included in the Table. The following table gives guidance on classifications:

<table>
<thead>
<tr>
<th>RAG Rating</th>
<th>Amber</th>
<th>Green</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Clear components of project plan in place with elements not fully confirmed and addressed</td>
<td>Complete/appropriate to complexity project plan in place, brief available reflecting timescales, milestones, enablers and risk considered</td>
</tr>
<tr>
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<td>Appropriate lead accountable for delivery of the project in place</td>
<td>Appropriate lead accountable for delivery of the project</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Financial &amp; Activity Calculations</strong></td>
<td>Financial assessment factors in all known financial implications</td>
<td>Complete project brief provides clear base for financial assessment</td>
</tr>
<tr>
<td><strong>Financial Phasing</strong></td>
<td>Financial saving phasing in line with confirmed plans and milestones</td>
<td>Financial savings phased in line with the milestones and timing identified within the project plan</td>
</tr>
<tr>
<td><strong>Financial Code</strong></td>
<td>Financial Code identified and confirmed</td>
<td>Financial code identified and confirmed</td>
</tr>
<tr>
<td><strong>MMR Report</strong></td>
<td>100% of identified deliverable value</td>
<td>100% of identified deliverable value</td>
</tr>
</tbody>
</table>

10.2.6. Every scheme is to be attributed one of the following definitions:

<table>
<thead>
<tr>
<th><strong>Term</strong></th>
<th><strong>Definition</strong></th>
<th><strong>Monitoring Returns Classification</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash-Releasing Saving (Pay)</td>
<td>A form of cost reduction saving which is workforce related, and specifically relates to providing a service at the same or better quality, for a lower cost, through new ways of working, that reduce cost on an ongoing recurrent basis.</td>
<td>Expenditure Savings Schemes</td>
</tr>
<tr>
<td>Cash-Releasing Saving (Non-Pay)</td>
<td>A form of cost reduction saving which is non-pay related, and specifically relates to providing a service at the same or better quality, for a lower cost, through new ways of working or reduced prices, that reduce cost on an ongoing recurrent basis.</td>
<td>Expenditure Savings Schemes</td>
</tr>
<tr>
<td>Cost Avoidance</td>
<td>A form of cost reduction which specifically relates to eliminating or preventing future costs arising. This should be as a result of management action to drive a reduction in costs, for expenditure which is yet to be incurred. Cost avoidance measures may involve some expenditure but at a lower level than predicted future costs.</td>
<td>Expenditure Savings Schemes</td>
</tr>
<tr>
<td>Income Generation</td>
<td>A form of cost efficiency where an increased contribution to an organisation is generated that can be used for improving services. Income is typically recovered through providing more output from the same cost base, or charging for services provided. Schemes are typically cash generating and not cash releasing schemes.</td>
<td>Income Generation</td>
</tr>
<tr>
<td>Accountancy Gain</td>
<td>A form of cost reduction which is typically technical in nature, relating to changes in the balance sheet position, or changes in actual expenditure in comparison to previous years estimates or provisions. Savings are typically non-recurrent in nature.</td>
<td>Accountancy Gain</td>
</tr>
</tbody>
</table>

10.2.7. Every scheme must be designated as either Recurrent or Non-Recurrent. As Recurrent schemes will affect the underlying position, an assessment of Full Year Effect of plan and forecast, must be made.

10.3. The following validations have been included on each scheme:
• All fields completed if an amount has been entered into plan or forecast
• All schemes have a unique Scheme Number
• Savings schemes have a MMR (C, C1 & C2) category selected
• Accountancy Gains & Income Generation to not have a MMR (C, C1 & C2) category selection
• Go green date has not passed for amber schemes
• That FYE is greater than or equal to the ‘in year’ effect.

11. **Income/Expenditure Assumptions (Table D)**
Statement of annual income and expenditure assumptions for Welsh NHS organisations.

11.1. Data should be entered for each Welsh NHS organisation. All material income and expenditure should be included. However, any exclusions considered immaterial must be agreed between both parties to ensure consistent reporting and where the risk of non-receipt will not impact on an organisation's financial outturn. As a minimum, the actual income & expenditure to date must be reported for non-contracted items. The inclusion of forecast figures should again be agreed between both parties.

11.2. Upon consolidation of NHS Wales’s data, NHS Financial Management may request urgent responses to differences in assumptions between organisations.

12. **Resource Limits (Table E)**
Statement of confirmed and anticipated allocations.

12.1. Only items that have been agreed should be included and explanations of their phasing (in Table B) should be included in your narrative.

13. **Risks & Opportunities (Table F)**
Summary of all potential risks & opportunities that may affect the forecast outturn.

13.1. This should include summary details of the main risk areas and opportunities affecting the forecast outturn. The narrative should provide additional commentary where necessary. **No risk should be mentioned in the narrative without also being included in this table.** If financial implications are unknown, a zero or “TBC” should be entered under the amount.

13.2. Quantify each risk and opportunity area, that would result in either a deteriorated (worst case) outturn, or improved (best case) outturn. Only one assessed value can be entered per Risk/Opportunity. The
assessment is not a worst or best case range value of each risk or opportunity.

13.3. The worst case position cannot be an improvement upon the current forecast i.e. opportunities cannot outweigh worst case risks. If more opportunities are available, the total worst case opportunities value should be limited to the total worst case risks; however the best case opportunities values should reflect all potential opportunities.

13.4. An assessment is required of the likelihood of the risk or opportunity materialising using the high, medium or low options from the drop-down tab.

13.5. Only opportunities will affect the best case outturn. The worst case position however, may be a combination of risks offset with potential opportunities.

14. Statement of Financial Position (SoFP) (Table G)
SoFP for the current month and forecast year end, analysis of Provisions, Welsh NHS payables, Trade and Other Payables.

14.1. 2019-20 Opening Balance – For organisations wishing to complete this table earlier than Month 3, this should be completed using your Draft Annual Accounts for 2018/19. This should be updated in subsequent months using your 2018/19 Audited Final Accounts.

14.2. Forecast Closing Balance – This will reflect your forecast SoFP (and supporting analysis) at the end of the Financial Year. This information will be used in support of any cash requests as a result of movements in working balances.

15. Cash Flow (Table H)
Cash position showing cash balances and future monthly forecasts.

15.1. Any projected cash pressures must be reflected as a shortfall within the period. Any requests for Working Balances or Repayable Strategic Cash Assistance must be supported by the Cash Flow, SoFP and narrative.

16. PSPP (Table I)
Public sector payment policy table for 30 day & 10 day compliance

16.1. If current performance is under 95% then an explanation must be provided in the commentary of why target has not been met and what remedial action is being taken to achieve compliance by March.

16.2. The performance target is based on the number of bills paid.

16.3. Data to be entered to 1 decimal place only
17. **Capital Resource Limit Management (Table J)**  
Year to date and End of Year Forecast position for capital expenditure against the Capital Resource Limit.

17.1. Any expenditure incurred on schemes that are currently without approval, should be shown as a variance against the approved plan; with a corresponding under spend variance, shown against discretionary capital; or if authorised, against another scheme. This is to ensure that organisations have coverage for the expenditure incurred at risk, and that the Capital Resource Limit is not exceeded.

18. **In Year Capital Schemes (Table K)**  
Monthly scheme profiles of capital expenditure for current year

18.1. Risk Level – Using the drop down menu this should reflect the risk assessment of the achievement of the plan in year.
  18.1.1. High Risk – Schemes which are considered highly unlikely to achieve the WG allocation plan and for which contingency arrangements will need to be put in place to ensure achievement of the CRL.
  18.1.2. Medium Risk – Schemes which may achieve the WG allocation plan, but for which there are factors yet to be fully assessed which may prevent this, which if they materialise will result in the requirement to implement contingency plans to achieve the CRL.
  18.1.3. Low Risk – The scheme will achieve the WG allocation plan based on the current month’s available information.

19. **Capital Disposals (Table L)**  
Analysis of in year and future year disposals.

19.1. Ensure dates of Ministerial authorisation are included in the applicable columns.

20. **Aged Debtors Template (Table M)**  
Outstanding Invoices 11 weeks and over

20.1. Invoices which have exceeded the 17 week deadline and which have not been submitted for arbitration must be cancelled and must not form part of the submission or the organisation’s financial position.

20.2. Enter the details of each outstanding Debtor, using the comments column to provide any additional details. This should agree to the analysis on the SoFP.

20.3. Due to timing differences, there is an opportunity to record payments which have been received after month end, but before the submission
of the Monitoring Return, in order to provide the latest position on debt recovery. Please provide details relating to escalation, dispute warnings, confirmed payment dates etc.

21. General Medical Services (Table N)
Summary of Income & Expenditure for GMS

21.1. Any items recorded within the free text on ‘other’ categories, should be support with further detail within the narrative submission

21.2. GP Locum superannuation should be included in LHB Administration ‘Other’, line 113. The analysis shown under lines 115 to 134 should clearly identify this as Locum Superannuation and not GP Superannuation, which should be shown under Line 1.

21.3. Managed practices costs should be entered in the relevant lines, with Excess costs associated with Managed Practices entered under line 11 LHB Administered, with a breakdown of these costs within line 114 LHB Administered – Other.

22. Dental (Table O)
Summary of Income & Expenditure for Dental

22.1. Analysis of Other items – Utilise the set text lines where applicable and for all other items use the free text lines. This is for expenditure not included in a GDS contract and/or PDS agreement. This includes payments made under other arrangements e.g. GA under an SLA, D2S, plus other or one off payments.

22.2. The budget for the Community Dental Service (CDS) is within the overall Hospital & Community Health Services and Prescribing (HCHSP) Revenue allocation, therefore the expenditure against that budget should not be recorded here.

22.3. Any additional expenditure for CDS services against the dental contract budget that may have arisen, for example, due to an under spend in the ring-fenced revenue allocation may be recoded here.
Summary

1. This guidance refers to the monitoring return spreadsheet and accompanying narrative that NHS Trusts will need to complete, to report their 2019/20 financial performance. There are a number of changes to the format of the returns from those issued previously. Colleagues are asked to review this guidance in full to refresh and confirm their understanding.

Importance of Monitoring Returns

2. Together with the Local Health Board (LHB) financial returns, the NHS Trust financial returns are an essential element in monitoring the financial position of individual organisations and the overall financial health of NHS Wales. They are used by the Health and Social Services Group and the Finance Delivery Unit (FDU) as the primary source of assessing performance and form the basis of reports to Ministers.

3. **It is essential that the monitoring returns are accurate and that they are submitted in accordance with the timescales outlined in Annex 1.** Your organisation will be held to account for the information submitted within the returns. It is essential that you ensure that your forecasts within the tables are based on a balanced view of your anticipated outturn and that your commentary correctly outlines the major issues affecting your forecast.

4. All monitoring returns **must be supported by a detailed commentary.** A minimum content format is mandatory and is set out in Annex 2.

5. All information made available to the Department should be consistent with that provided to Trust Boards. The detailed commentary **must** include a statement confirming that the financial information reported in the monitoring return aligns to the financial details included within the internal Board papers.

6. There are a number of tables to be provided and notes on their completion are set out in Annex 3.

7. **Concerns continue regarding the robustness of financial forecasting within the NHS in Wales.** Finance Directors are accountable for the content of the submission and the reliability of their forecasts; performance will continue to be reviewed on this issue on an individual basis. All tables must be fully completed and a comprehensive narrative, providing a detailed explanation of all key issues must be provided. Should the return not meet this requirement, it will be returned and a resubmission will be required.
8. Chief Executives are also personally accountable to the Accounting Officer for the reliability of the forecasts submitted by their Trust.

9. To ensure that the information on expected end of year outturns is consistent across NHS bodies, Trusts are required to ensure that in their reporting they must strike a balance between optimism/pessimism resulting in a realistic assessment of the challenge when forecasting their financial position.

10. Organisations must ensure that items are appropriately phased (Income, Accountancy Gains, Release of Previously Committed Reserves, Savings, Mitigating Actions etc) to ensure that the year to date position is not distorted.

Timetable for completion

All Financial Position data, provided electronically to the WG, must be cleared by the Director of Finance and Chief Executive Officer before submission.

11. All main monitoring returns will be required on the 9th working day of each month, with the exception of Month 12. There continues to be a requirement to complete a Month 1 submission. The full template should be submitted with the following tables completed: Table A (Movement), Table A1 (Underlying Position), Table B, B1 & B2 (Monthly Profiles), Table C, C1, C2 & C3 (Savings), Table D (I & E Assumptions), Table E (Anticipated Income), Table F (Risks) and the Aged Debtors Template (Table N), along with a supporting Director of Finance narrative. A schedule of monitoring dates is provided in Annex 1.

12. An electronic version of the full submission, both the spreadsheet and the narrative, must be submitted via email (address below), to the NHS Financial Management Team, Health and Social Services Group and Financial Delivery Unit by 5.00p.m on the due date.

13. Organisations are required to submit their year to date and forecast financial position information of the 5th working day, for Months 2 to 12. A separate template table is provided. A brief explanation should be provided on the template, for any movement in your year end outturn since the previous month. An electronic version of the template should be submitted via email (address on page 6), to the NHS Financial Management Team, Health and Social Services Group (& FDU) by 5.00p.m on the due date. A hard copy is not required. A schedule of submission dates is provided in Annex 1.

14. In previous years there have been requirements to submit tables either monthly or quarterly. For 2019-20 all tables should be provided monthly except for, Table I (PSPP) Quarterly, Table G (SoFP) monthly from
Month 3 onwards, Table H monthly from Month 2 onwards, Tables J, K & L (Capital) monthly from Month 2 onwards and Table M (EFL) monthly from Month 3 onwards. Organisations that continually submit inaccurate or incomplete information will be required to submit tables on a monthly basis.

**Principle Changes to Requirements**

15. Following the following information draws your attention to the principle changes to the 2019/20 requirements. It is recommended however, that the full documentation is reviewed before completing the tables.

- **The Day 9 submission must be agreed and the narrative signed by both the Director of Finance and Chief Executive before the submission is made to the Welsh Government.** Organisations must build in sufficient time into the monthly process to ensure the submission deadline is achieved. The Board governance, regarding the arrangements for when the Director of Finance and/or Chief Executive is not available, should be set out at the start of the year and shared with the Head of NHS Financial Management within the Month 1 narrative. An additional statement must be included in the narrative each month to clarify the date and main Committee of the Board which will receive that month’s Financial Monitoring Return (consisting the Narrative, Table A, Tables C, C1, C2, C3 and Table F), in order to provide the Committee with transparency on the submission made to Welsh Government.

When sending the both the Day 5 and Day 9 submissions to the Welsh Government, the Director of Finance and Chief Executive must be included as email recipients. Failure to comply with this requirement will result in the submission not being accepted.

- **Movement of Opening Financial Plan to Forecast Outturn (Table A & other supporting analysis)**

A number of changes have been made to Table A to provide greater clarity on how items impact both the delivery of the current position and the underlying position. The “In Year” column is now required to be analysed between recurring and non-recurring items. There is also a requirement to evaluate the Full Year Effect of all recurring items.

A profile of the items materially affecting the forecast, is now required. A number of fields are now populated automatically from other tables (details below).

Due to the recently revised planning framework timeframe, it is acknowledged that the summary of the opening plan in Table A may have changed by the first month’s monitoring submission. Whilst the total outturn of the opening plan must agree to the latest IMTP (or AOP), the breakdown in lines 1 – 10 may have changed due to the organisation finalising a robust plan by the start of the year.
Also due to revised planning framework timeframe, the Returns for 2019/20 will therefore be monitoring the financial performance against a plan that is fixed at Month 1. All saving plans and mitigating actions that were assumed in the opening plan outturn, which remain unidentified at Month 1 are automatically removed from the forecast outturn in the first submission. All additional actions after Month 1, will appear as ‘in year’ changes.

- **Underlying Position (Table A1)**
  New validations have been introduced following the changes made to Table A, mentioned above, as well as further automation from other tables (details below).

- **Monthly Profiles (Table B)**
  The Accountancy Gains (Section D) are now automatically populated from other tables (details below).

- **Net Expenditure Profile Analysis (Table B1)**
  The plan values for spend should not be changed after Month 1 (including profile), unless there is new externally funded spend being forecast for the year. Therefore, new unfunded spend should not affect plan values and instead will be shown in the actual/forecast lines and will create a variance.

  To improve understanding of fluctuation in spend trends, the Accountancy Gains Plan & Actual/Forecast now need to be analysed over the six spend sections

- **Savings Schemes Analysis (Tables C, C1 & C2)**
  These tables are now automatically populated from Table C3 (details below). The plan values will reflect those reported Month 1 and must not be changed.

- **Savings Scheme tracker (Table C3)**
  All savings plans, at the most granular level of detail must be included in the table.

  This new table replaces the Top 20 Schemes. This table requires all savings, costs avoidance, accountancy gains and income generation schemes to be detailed, with a profile of plan and forecast. Every entry that has an Actual/Forecast value affects the financial outturn on Table A.

  Schemes will need to be classified as being identified at “Month 1” or “In Year”; only the “Month 1” schemes will form the fixed opening plan values in Table A and Tables C, C1 & C2. Once entered, plan values (total and profile) must not be changed whether they are classed as ‘Month 1’ or ‘In Year’.
Only Green & Amber rated schemes should be included (definitions below). Schemes still described as a ‘Target’ or ‘CIP %’ etc at Month 1, do not meet the Green and Amber criteria.

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<td>MMR Report</td>
<td>100% of identified deliverable value</td>
<td>100% of identified deliverable value</td>
</tr>
</tbody>
</table>

- As stated in previous years, the savings tables should reflect all savings schemes where management action is required in order to deliver cash releasing savings. **Cost Avoidance Plans that do not require management action in order to deliver a saving, should be accounted for when calculating the organisations net Opening Cost Pressure Value;** therefore ensuring that both the Opening Cost Pressure and the Savings Plans are not over inflated at the start of the year. The following definitions may assist:
It should be noted that additional requirements may be introduced during the financial year, which may result in new/amended tables. For example:
- Introduction of monitoring arrangements in respect of future year financial plans.

**Action**

16. Directors of Finance are asked to submit their first set of returns via email by 5.00pm on the 14th May. For the Month 2 submission, both the April and May columns should be completed separately on the applicable tables that were not submitted at Month 1. Full details are given in the attached guidance.

**Points of Contact**

17. Comments or enquiries on technical issues should be directed to Jackie Salmon, Financial Governance & Control (03000 25 9001) at HSSG. Specific queries regarding completion and performance issues, should be directed to Andrea Hughes, Head of NHS Financial Management (0300 062 5558).

Electronic versions to be submitted to the following email address:

- NHSFinancialManagement@gov.wales
- PHWFinance.DeliveryUnit@wales.nhs.uk

This guidance has been issued by:

**Director of Finance, Health and Social Services Group**

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### Cost Reduction & Efficiency Savings Definitions

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<td>A form of cost reduction which is typically technical in nature, relating to changes in the balance sheet position, or changes in actual expenditure in comparison to previous years estimates or provisions. Savings are typically non-recurrent in nature.</td>
<td>Accountancy Gain</td>
</tr>
</tbody>
</table>
### Schedule of monitoring dates:

<table>
<thead>
<tr>
<th>For period ended</th>
<th>Day 5 Submission Date</th>
<th>Day 9 Submission Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>30&lt;sup&gt;th&lt;/sup&gt; April</td>
<td>Not Required</td>
<td>14&lt;sup&gt;th&lt;/sup&gt; May</td>
</tr>
<tr>
<td>31&lt;sup&gt;st&lt;/sup&gt; May</td>
<td>7&lt;sup&gt;th&lt;/sup&gt; June</td>
<td>13&lt;sup&gt;th&lt;/sup&gt; June</td>
</tr>
<tr>
<td>30&lt;sup&gt;th&lt;/sup&gt; June</td>
<td>5&lt;sup&gt;th&lt;/sup&gt; July</td>
<td>11&lt;sup&gt;th&lt;/sup&gt; July</td>
</tr>
<tr>
<td>31&lt;sup&gt;st&lt;/sup&gt; July</td>
<td>7&lt;sup&gt;th&lt;/sup&gt; August</td>
<td>13&lt;sup&gt;th&lt;/sup&gt; August</td>
</tr>
<tr>
<td>31&lt;sup&gt;st&lt;/sup&gt; August</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; September</td>
<td>12&lt;sup&gt;th&lt;/sup&gt; September</td>
</tr>
<tr>
<td>30&lt;sup&gt;th&lt;/sup&gt; September</td>
<td>7&lt;sup&gt;th&lt;/sup&gt; October</td>
<td>11&lt;sup&gt;th&lt;/sup&gt; October</td>
</tr>
<tr>
<td>31&lt;sup&gt;st&lt;/sup&gt; October</td>
<td>7&lt;sup&gt;th&lt;/sup&gt; November</td>
<td>13&lt;sup&gt;th&lt;/sup&gt; November</td>
</tr>
<tr>
<td>30&lt;sup&gt;th&lt;/sup&gt; November</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; December</td>
<td>12&lt;sup&gt;th&lt;/sup&gt; December</td>
</tr>
<tr>
<td>31&lt;sup&gt;st&lt;/sup&gt; December</td>
<td>8&lt;sup&gt;th&lt;/sup&gt; January</td>
<td>14&lt;sup&gt;th&lt;/sup&gt; January</td>
</tr>
<tr>
<td>31&lt;sup&gt;st&lt;/sup&gt; January</td>
<td>7&lt;sup&gt;th&lt;/sup&gt; February</td>
<td>13&lt;sup&gt;th&lt;/sup&gt; February</td>
</tr>
<tr>
<td>29&lt;sup&gt;th&lt;/sup&gt; February</td>
<td>6&lt;sup&gt;th&lt;/sup&gt; March</td>
<td>12&lt;sup&gt;th&lt;/sup&gt; March</td>
</tr>
<tr>
<td>31&lt;sup&gt;st&lt;/sup&gt; March</td>
<td>7&lt;sup&gt;th&lt;/sup&gt; April</td>
<td>24&lt;sup&gt;th&lt;/sup&gt; April *</td>
</tr>
</tbody>
</table>

* TBC subject to Draft Accounts deadline
DIRECTOR OF FINANCE COMMENTARY

Organisations will continue to be required to follow the prescribed narrative layout detailed below. Each section must be reflected within the narrative report and in the order prescribed. Additional appendices can be provided; however, these must be referenced in the relevant section. The commentary can be supplemented with copies of Finance reports submitted to the Trust Board. The narrative should provide supporting details in relation to expenditure and savings correlation. Responses to the previous month’s WG Monitoring Return reply letter must be included within the relevant section or in a separate appendix.

Directors of Finance should be aware that the monitoring returns and their associated commentary form an important part of the management of NHS Wales and the information is provided to various Groups and Ministers. It is important to ensure that the underlying commentary is comprehensive and accurate.

1. Actual Year to Date and Forecast Under / Overspend 2019/20 (Tables A, B & B2)

Comment on and provide reasons for, any changes in the material movements reported between the opening financial plan and the forecast out-turn position.

Comment on the actual surplus/deficit reported as at the period end. Details should be provided to explain any movements between the year to date and forecast positions reported at Day 5, and the main Day 9 submission. A reconciliation should be provided to explain any material changes from the previous month’s forecast position for the current month.

End of Year Forecasts should be based on the best assessment of the most likely year end outturn. These must strike a balance between optimism/pessimism thus providing a realistic assessment of the challenge. Any Accountancy Gains, Release of Previously Committed Reserves, Savings, Mitigating Actions etc should be appropriately phased to ensure that the year to date position is not distorted. An analysis of items which are not phased in equal twelves should be provided within the commentary to support the phasing of the Income.

Comment on the projected surplus/deficit for the year end. A reconciliation should be provided to explain any changes from the previous month’s reported projected position. For all individual lines, detailed explanations should be provided for material movements in monthly values. This should include details of material movements in previously reported values.
Comment on the reasons for significant movements between the actual year to date position and the forecast year end position. Details should be provided to explain the actions being undertaken to facilitate improvements.

Trusts are also required to detail any unconfirmed increases or decreases in funding that have been assumed in the plans and implied forecast position, as detailed in Table B. In addition, the Trust should comment on any unconfirmed income assumptions from sources other than WG.

Trusts must confirm within their detailed commentary, the total value of any unallocated reserves/unallocated contingency (Line 15 Table B) and the amount that has been released from this line into the reported year to date position. The detailed commentary should include additional supporting explanations for all committed expenditure held in reserves/contingencies as reported in section E of Table B.

Comment on the current and forecast Accountancy Gains which are reported within the tables. This should include an explanation of what they relate to and why an Accountancy Gain is forecast but not yet reflected in the year to date position.

Organisations should also provide comments on the financial positions of any Hosted Bodies.

Key actual/forecast monthly movements reported in the Pay Expenditure A4C Analysis (Table B2 – Section A) must be explained in the commentary.

2. Underlying Position (Table A1)

Comment on the FYE of recurring actions (both savings and allocations) which reduce the b/f underlying position.

Comment on any new in year recurring pressures, which are unmitigated and increase the underlying position.

The commentary must explain the cause of all movements from the previous submission.

Provide detailed analysis in the commentary when using the lines in the Table, which state require a breakdown.

3. Ring Fenced Funding (Table B)

A statement is required to describe the financial position of the ring fenced funding (e.g. Depreciation (inc. Impairments)). Any forecast under spends should be disclosed and quantified.

4. Net Expenditure Profile Analysis (Table B1)
Comment on any allowed changes to the expenditure plan (i.e. due to new in year externally funded spend).
Comment on and provide reasons for any material deviations from equal twelfths phasing (e.g. savings plans stepping up in future months, impact of targeted improvements in performance (RTT etc), Winter Pressures etc.)

Provide explanations for movements in the current month and future months values by category (Sections A – B) and individual lines from those projected in the applicable previous month (e.g. new unplanned cost pressures or costs being materially higher or lower than expected etc).

5. **Agency/Locum (premium) Expenditure (Table B2 Section B/C)**

Comment on the Agency/Locum (paid at a premium) Expenditure information provided in Table B2 (Sections B/C). Provide details of action plans and progress being made to reduce expenditure.

6. **Saving Plans (Table C, C1, C2 and C3)**

Trusts are required to provide details of delivery of opening plans, with explanations for any under achievement and planned mitigation.

Provide commentary on the performance of any new ‘in year’ schemes, required to mitigate the underperformance of the opening plan schemes or to internally fund new in year cost pressures.

Unidentified savings supporting the opening plan position are automatically removed from the forecast at Month 1 and become ‘non identification of Savings\Mitigating yet to be identified in opening Plan’. In order to maintain the plan value, alternative mitigation actions (potentially new ‘in year’ savings plans) will be required, the performance of which should be detailed in the narrative.

Comment must be given on any category total that has a material variance between plan & forecast. Provide explanations when forecast values have changed materially in month and to support unusual profiling (e.g. profiles in March, or profiling not commencing until after the mid-year point etc).

Supporting narrative should also be provided on performance, recovery issues and any scheme changes, for material individual schemes in the Savings Tracker (Table C3).

Trusts are required to provide explanations for any material re-phasing of forecasts (plans are fixed) into future months.

7. **Income Assumptions 2019/20 (Tables D & E)**

Comment on any income assumptions included within the reported year to date and forecast financial positions in Table B.
Provide details of the basis of the assumptions used to complete the values reported in Table D, by organisation.

Comment on any agreed income assumptions for revenue, reported in Table E.

**8. Health Care Agreements and Major Contracts**

Confirm the position with regard to the sign off (deadline last working day of May) of agreed contract values shown within the Health Care Agreements and Major Contracts.

For each unsigned Agreement and Contract, details should be provided to explain actions (including timescales), being undertaken to eliminate risk. Confirmation should be provided if WG arbitration is being sought (see WHC 2019/014).

Details should also be provided to explain any risks associated with the agreed values in signed LTA’s, due to for example, a change in activity levels from a provider perspective.

**9. Risk Management (Table F)**

The narrative should detail the material risks and/or the opportunity factors that would result in a worst or best case outturn. This should include details of action plans to mitigate risks. Details should be provided to support the likelihood assessment of each risk and opportunity occurring. Any new, removed or amended risks and opportunities from those reported in the previous month should be explained in the narrative.

Please note that all risks and opportunities discussed within the narrative must be reported within the table, even if the quantification is yet unknown (TBC to be reported in table). The narrative however, should provide a timeframe for when quantification will be known.

**10. Statement of Financial Position and Aged Welsh NHS Debtors (Table’s G & N)**

Comment on any significant month on month Statement of Financial Position movements.

Details should be provided to support the additional analysis of provisions, as reported on Table G.

Details should also be included to support aged receivables/payables (over 11 weeks old) and disputed invoice information. This is supported on a monthly basis with the completion of the Aged Debtors template (Table N). -Invoices
which have exceeded 17 weeks must not form part of the financial position and should be cancelled, unless they are being arbitrated on by the WG.

Provide supporting explanations for material movements on the trade and other payables analysis.

11. **Cash Flow Forecast (Table H)**

The cash flow forecast is a planning tool to enable the WG to have an early understanding of any cash flow difficulties organisations may face. As such, Trusts should report their most likely scenario regarding cash receipts and payments on a monthly basis. For future months, as the year progresses, the entries relating to the previous month’s forecast should be replaced with actual figures.

12. **Public Sector Payment Compliance (Table I)**

Trusts are accountable for achievement of this target. Trusts are required to provide a commentary on creditor payment compliance (NHS and Non NHS) together with detailed plans and progress towards achieving full compliance.

WG will continue to measure payments within 10 days as required by Parliament. The same principles adopted for measuring the 30 day payment rules apply.

13. **Capital Schemes and Other Developments (Tables J, K & L)**

Trusts are required to achieve the CEL financial target.

Organisations will also be required to operate within a tolerance of a £0.5m underspend.

Comment on capital expenditure compared with the plan. Give reasons for any significant variances per scheme reported in Table J. A detailed explanation is required, to provide reasons for any variation in overall performance against the total CEL.

Comment on any significant variances between minimum and maximum expenditure shown on Table K against the allocated funding.

The risk assessment of each scheme should be discussed for schemes identified as high or medium risk in Table K.

Comment on any changes to the in month expenditure profiles detailed in Table K.

Provide details of any further issues relating to capital projects, which may impact on your financial position or the achievement of the Capital
Expenditure Limit. This should include any planned asset transfers between other Welsh NHS organisations.

Hosting organisations should also provide comments on the Capital performance of Agency Bodies, where applicable.

14. **EFL (Table M)**

Detail any issues that could affect achievement of the EFL. Ensure that requested changes to the latest notified EFL are highlighted.

15. **Other Issues**

The narrative must include a statement confirming that the financial information reported in the monitoring return aligns to the financial details included within the internal Board papers.

A statement must be included in the narrative each month to clarify the date and the main Committee of the Board which will receive that month’s Financial Monitoring Return (consisting of the Narrative, Table A, Tables C,C1,C2 & C3 and Table F), in order to provide the Committee with transparency on the submission made to the Welsh Government.

Please comment on any other issues which need to be drawn to the attention of the Health and Social Services Group – NHS Financial Management.

16. **Authorisation**

The submission must be agreed and the narrative signed by both the Director of Finance and Chief Executive before the submission is made to the Welsh Government. Organisations must build in sufficient time into the monthly process to ensure the submission deadline is achieved.

The Board governance, regarding the arrangements for when the Director of Finance and/or Chief Executive is not available, should be set out at the start of the year and shared with the Head of NHS Financial Management within the Month 1 narrative.
Annex 3

TECHNICAL GUIDANCE – NHS TRUSTS

General
All worksheets are included within the one spreadsheet, except for the Day 5 financial position table which has been provided as a separate Excel worksheet.

The financial projections should be prepared in accordance with IFRS. The accounting treatment should be consistent with that in the current Manual of Accounts.

All figures must be entered into the return as round thousands, with the exception of Aged Debtors. The other exception is Creditor Compliance which is to be completed to one decimal place.

Some cells contain pre-determined formulae that calculate based on data entered in other cells – these are shown in blue and are protected. Due to increased automation, a number of cells that would traditionally have been typed in have also been locked and are shown in light grey.

Completion: All worksheets should be fully completed as per the guidance provided. Any incomplete or reformatted submissions will not be accepted and will need to be re-submitted. Please note that some basic instructions are also included as comments (indicated by red arrows on individual cells) within the Tables.

1. Day 5 Table (separate schedule)

A brief overview of YTD performance & year end forecast.

   a. Actual YTD – This should reflect the year to date position.
   b. Annual Forecast – This should reflect the forecast year end out-turn position.
   c. Explanation Required for Movement in Annual Forecast from Previous Month – Provide a brief explanation for the cause of the movement in annual forecast since the previous month’s Day 9 submission. If this relates to a number of issues please separately identify and quantify them.

2. Validation system

A quality validation checklist was first introduced in 2011/12 and for 2019/20 the validations continue to be located to the right of the applicable individual tables. These checks are included to assist organisations who have various staff completing specific tables. The first tab of the spreadsheet only provides
a summary position of the individual table validations i.e. the number of validation errors.

3. Summary Sheet

An automated summary of main financial performance.

4. Movement from Opening Plan/Position to Forecast Outturn (Table A)

A table showing the items that contributed to the opening plan, the ‘in year’ movements and latest forecast, further analysed between Non Recurring, Recurring and Full Year Effect of Recurring items.

a. Line 11 should agree to latest IMTP, although the analysis (lines 4 – 10) may have changed between the Planning Framework timeframe deadline and the first monitoring return submission. No changes should be made to lines 1 – 11 after Month 1.

b. All savings in the opening plan must be identified by the first monitoring return submission, any amount that remains ‘unidentified’ at Month 1 is automatically removed and shown as an ‘In Year’ pressure (via a linked cell in the forecast). All references to unidentified savings have been removed from all other tables.

c. Historically, this table only included the first column, ‘In Year’. There is now a requirement to analyse all ‘In Year’ items between Non Recurring & Recurring columns in the second & third columns, respectively. The fourth column enables organisations to uplift Recurring items to show the Full Year Effect of recurring items. The total of this column will therefore agree to the Underlying Position carried forward (Table A1).

d. Any items to be included in lines 18 to 37 have to be generated from their profile, to be provided in the new section to the right of the main table. These items must also be fully explained in the narrative.

e. Increased automation means a number of cells are populated from other tables including Underlying Position b/f, Savings, Accountancy Gains and Income Generation.

5. Underlying Position (Table A1)

Annual Movement in Underlying Position. Within this table, any deficit positions should be reflected as negative values and surpluses should be reported as positive values.

a. The ‘IMTP Underlying Position b/f’ column of all three sections should reflect the c/f underlying position reported in the previous year’s Month 12 Table.

b. Section A
i. It will be unusual for organisations to have Non Recurring New Cost Avoidance (line 8 of Section A); however, this relates to the cost avoidance that has not been included in your Savings Plans, as it did not require management action and which was accounted for in the net new cost pressures, but was non-recurring. This item must be fully explained in the narrative.

ii. Items reported on lines 11 & 12 (Other Non-Recurring factors) which are having either a favourable or adverse impact on the underlying position (b/f or c/f) should be explained in the supporting narrative.

c. **Sections B/C**

i. The Full Year Effect (FYE) Actions in Sections B/C - quantify the full year effect of current year recurring savings/recurring allocations which will have a direct positive impact on the b/f underlying position (by designated category).

ii. New in Year Unmitigated Recurring Pressures – should reflect the FYE of in year emerging pressures (by designated category) that have not been mitigated and which will have an adverse annual impact on the reported underlying position.

iii. At present, WG does not prescribe whether FYE of savings should be offset against the b/f position or In Year Recurring Pressures.

iv. Section B requires organisations to report the key SoCNI expenditure areas which are directly contributing to the b/f underlying position and the corresponding in year category movements (e.g. saving areas) directly impacting on the reported c/f underlying position.

v. Section C requires organisation to report recurring expenditure pressures by Directorate which are directly contributing to the b/f underlying position and/or the corresponding in year category movements (e.g. saving areas/new pressures) directly impacting on the reported c/f underlying position. If there are any uncertainties around which category to use, please contact the NHS Financial Management Team for advice.

6. **Monthly Positions (Table B)**

Monthly profile of actual YTD income and expenditure & forecast income and expenditure for future months

a. Monthly Analysis (April to March) should reflect the actual monthly data up to, and including, the current month submission and the forecast monthly data for future months.
b. Section A – lines 13-14 - DEL & AME Depreciation is the amount charged to the income and expenditure account for the year, in respect of the depreciation of both donated and non-donated assets. It includes the amortisation of any intangible assets, such as deferred development expenditure and deferred assets arising from PFI schemes. The depreciation, accelerated depreciation and impairment expenditure should be separated and recorded on either the DEL or AME line.

c. Section C - DEL/AME Depreciation & Impairments should include anticipated income if this has been recorded in Table E (Income Anticipated).

d. Section E – Committed Reserves - These values represent the committed expenditure which is still held in Reserves\Contingencies and which forms part of the forecast position. A reference should be included for each item to confirm which expenditure line they have been included on Section A.

7. Net Expenditure Profile Analysis (Table B1)

Monthly profile of Gross expenditure by category, Committed Reserves and Savings (linked to Table C), agreeing back to Net Profiles in Table B. This table aims to analyse the items affecting the monthly net run rate, reported as the net expenditure profile by category (Sections A&B) within Table B.

a. The monthly gross plans should not be amended (including profile) unless there is new externally funded spend being forecast for the year. New unfunded spend should not affect plan values and instead will be shown in the actual/forecast lines and will create a variance. The annual plans should always be based on and support the planned financial outturn reported within the organisations latest Integrated Medium Term Plan or Annual Operating Plan. Any movements in reported annual plan values by category should be explained within the supporting narrative.

b. The reasons for any material reported YTD and Annual forecast variances by category should also be provided within the narrative. It should also be referenced how these variances are being reported on Table A.

c. Note: The Plan value is not a reflection of your internal budget as organisations in financial deficit will have a higher forecast planned spend value than their available internal budget value. Organisations who are forecasting financial balance are unlikely to see absolute correlation between their planned forecast expenditure profiles and their internal budget values.

d. The Gross Expenditure lines (plan & actual/forecast) should be expenditure before Savings or Accountancy Gains.
e. It should be noted that there should be no values reported on the ‘Committed Reserves’ line of each section for current and previous months. Consumed reserves will then be part of the gross expenditure.

f. Savings details are automatically populated from Table C3. Accountancy Gains must agree to the forecast profile in Table B, Section D.

8. Pay Expenditure Analysis (Table B2)
   a. Section A
      i. Monthly profile of actual YTD and forecast pay expenditure by A4C.

   b. Section B
      i. Monthly profile of actual and forecast Agency/Locum (paid at a premium) expenditure by staff group. Locums ‘paid at a premium’ are those paid above the rate of the substantive post holder.

   The following categories of expenditure should be included
   o Staff not employed by the Trust and therefore not in receipt of payments through your Trust’s payroll. This would include staff employed through Agencies, Self Employed Individuals etc.
   o Staff employed by another NHS organisation who are undertaking sessional work within your Trust, and again are not in receipt of payments through your Trust’s payroll for whom the work is being undertaken, which are paid at a premium.

   The following categories of expenditure should be excluded
   o Staff that are employed by the Trusts, who undertake additional work on a temporary basis for another department within the same Trust or at another hospital site within the same Trust.
   o Any staff employed on a temporary basis or fixed term contract but who are in receipt of payment through a Trust’s payroll, on terms and conditions defined by that Trusts.

   c. Section C
      i. Actual and future month forecasted Agency / Locum (premium) Spend, analysed by reason (e.g. Vacancy).

9. Savings Schemes (Tables C, C1 & C2)
   Automatically populated analyses of Total Savings (C), Pay Savings (C1) and Agency Savings (C2).

   a. Plan values are summation of all schemes identified as “Month 1” from Table C3 and do not change in year (total and phasing).
10. **Savings Schemes Tracker (Table C3)**

Full details of every Savings, Accountancy Gain & Income Generation scheme included in the outturn.

All tables must be completed on a gross basis.

All “Plan” values should be fixed once entered (this refers to both ‘Month 1’ and ‘In Year’ schemes and both the scheme total and profile).

a. This table populates all other tables with Savings, Accountancy Gains (with the exception of Table B1) and Income Generation values, impacting the outturn position at plan and forecast. It is imperative that the information reported in this table is robust.

b. The following principles must be followed:
   i. Plan values are not altered once entered (this relates to ‘Month 1’ and ‘In year’ and both total and profile). Only schemes marked as “Month 1” will affect plan values in other tables.
   ii. Savings cannot be accrued in the year to date position.
   iii. Schemes that have been used to assist the underlying position b/fwd (i.e. reported as recurring in previous years) should not be included as current year schemes.
   iv. Drug cost savings generated by dispensing practices should be shown in the Medicines Management category.
   v. Only schemes assessed as Green or Amber can be included in the Table. The following table gives guidance on classifications:

<table>
<thead>
<tr>
<th>RAG Rating</th>
<th>Amber</th>
<th>Green</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Plan/brief</strong></td>
<td>Clear components of project plan in place with elements not fully confirmed and addressed</td>
<td>Complete/appropriate to complexity project plan in place, brief available reflecting timescales, milestones, enablers and risk considered</td>
</tr>
<tr>
<td><strong>Accountable Lead</strong></td>
<td>Appropriate lead accountable for delivery of the project in place</td>
<td>Appropriate lead accountable for delivery of the project</td>
</tr>
<tr>
<td>Financial &amp; Activity Calculations</td>
<td>Financial assessment factors in all known financial implications</td>
<td>Complete project brief provides clear base for financial assessment</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-----------------------------------------------------------------</td>
<td>-----------------------------------------------------------------</td>
</tr>
<tr>
<td>Financial Phasing</td>
<td>Financial saving phasing in line with confirmed plans and milestones</td>
<td>Financial savings phased in line with the milestones and timing identified within the project plan</td>
</tr>
<tr>
<td>Financial Code</td>
<td>Financial Code identified and confirmed</td>
<td>Financial code identified and confirmed</td>
</tr>
<tr>
<td>MMR Report</td>
<td>100% of identified deliverable value</td>
<td>100% of identified deliverable value</td>
</tr>
</tbody>
</table>

vi. Every scheme is to be attributed one of the following definitions:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
<th>Monitoring Returns Classification</th>
</tr>
</thead>
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<td>Accountancy Gain</td>
</tr>
</tbody>
</table>

vii. Every scheme must be designated as either Recurrent or Non-Recurrent. As Recurrent schemes will affect the underlying position, an assessment of all Full Year Effect of plan and forecast, must be made.

c. The following validations have been included on each scheme:

- All fields completed if an amount has been entered into plan or forecast
• All schemes have a unique Scheme Number
• Savings schemes have a MMR (C, C1 & C2) category selected
• Accountancy Gains & Income Generation to not have a MMR (C, C1 & C2) category selection
• Go green date has not passed for amber schemes
• That FYE is greater than or equal to the ‘in year’ effect

11. Income/Expenditure Assumptions (Table D)
Statement of annual income and expenditure assumptions for Welsh NHS organisations.

a. Data should be entered for each Welsh NHS organisation. All material income and expenditure should be included. However, any exclusions considered immaterial must be agreed between both parties to ensure consistent reporting and where the risk of non-receipt will not impact on an organisation’s financial outturn. As a minimum, the actual income & expenditure to date must be reported for non-contracted items. The inclusion of forecast figures should again be agreed between both parties.

b. Upon consolidation of NHS Wales’s data, NHS Financial Management may request urgent responses to differences in assumptions between organisations.

12. Revenue Anticipated (Table E)
Statement of confirmed and anticipated allocations.

a. Only items that have been agreed should be included and explanations of their phasing (in Table B) should be included in your narrative.

13. Risks & Opportunities (Table F)
Summary of all potential risks & opportunities that may affect the forecast outturn.

a. This should include summary details of the main risk areas and opportunities affecting the forecast outturn. The narrative should provide additional commentary where necessary. **No risk should be mentioned in the narrative without also being included in this table.** If financial implications are unknown, a zero or “TBC” should be entered under the amount.

b. Quantify each risk and opportunity area, that would result in either a deteriorated (worst case) outturn, or improved (best case) outturn. Only one assessed value can be entered per Risk\Opportunity. The assessment is not a worst or best case range value of each risk or opportunity.

c. The worst case position cannot be an improvement upon the current forecast i.e. opportunities cannot outweigh worst case risks. If more
opportunities are available, the total worst case opportunities value should be limited to the total worst case risks; however the best case opportunities values should reflect all potential opportunities.

d. An assessment is required of the likelihood of the risk or opportunity materialising using the high, medium or low options from the drop-down tab.

e. Only opportunities will affect the best case outturn. The worst case position however, may be a combination of risks offset with potential opportunities.

14. Statement of Financial Position (SoFP) (Table G)
SoFP for the current month and forecast year end, analysis of Provisions, Welsh NHS payables, Trade and Other Payables.

a. 2019-20 Opening Balance – For organisations wishing to complete this table earlier than Month 3, this should be completed using your Draft Annual Accounts for 2018/19. This should be updated in subsequent months using your 2018/19 Audited Final Accounts.

b. Forecast Closing Balance – This will reflect your forecast SoFP (and supporting analysis) at the end of the Financial Year. This information will be used in support of any cash requests as a result of movements in working balances

15. Cash Flow (Table H)
Cash position showing cash balances and future monthly forecasts.

a. Any projected cash pressures must be reflected as a shortfall within the period.

16. PSPP (Table I)
Public sector payment policy table for 30 day & 10 day compliance

a. If current performance is under 95% then an explanation must be provided in the commentary of why target has not been met and what remedial action is being taken to achieve compliance by March.

b. The performance target is based on the number of bills paid.

c. Data to be entered to 1 decimal place only.

17. Capital Expenditure Limit Management (Table J)
Year to date and End of Year Forecast position for capital expenditure against the Capital Expenditure Limit.

a. Any expenditure incurred on schemes that are currently without approval, should be shown as a variance against the approved plan; with a corresponding under spend variance, shown against discretionary
capital; or if authorised, against another scheme. This is to ensure that organisations have coverage for the expenditure incurred at risk, and that the Capital Expenditure Limit is not exceeded.

18. **In Year Capital Schemes (Table K)**
Monthly scheme profiles of capital expenditure for current year

a. Risk Level – Using the drop down menu this should reflect the risk assessment of the achievement of the plan in year.

i. High Risk – Schemes which are considered highly unlikely to achieve the WG allocation plan and for which contingency arrangements will need to be put in place to ensure achievement of the CEL.

ii. Medium Risk – Schemes which may achieve the WG allocation plan, but for which there are factors yet to be fully assessed which may prevent this, which if they materialise will result in the requirement to implement contingency plans to achieve the CEL.

iii. Low Risk – The scheme will achieve the WG allocation plan based on the current month’s available information.

19. **Capital Disposals (Table L)**
Analysis of in year and future year disposals.

a. Ensure dates of Ministerial authorisation are included in the applicable columns.

20. **External Financing Limit (Table M)**
Forecast performance against latest target.

a. This table shows in summary form the requirement for a positive or negative external financing limit arising from the proposed income, expenditure, and the SoFP plans. Lines 19 to 22 indicate how the Trust is keeping within its external financing limit. The total at lines 18 and 23 should be equal and opposite.

21. **Aged Debtors Template (Table N)**
Outstanding Invoices 11 weeks and over

a. Invoices which have exceeded the 17 week deadline and which have not been submitted for arbitration must be cancelled and must not form part of the submission or the organisation’s financial position.

b. Enter the details of each outstanding Debtor, using the comments column to provide any additional details. This should agree to the analysis on the SoFP.
c. Due to timing differences, there is an opportunity to record payments which have been received after month end, but before the submission of the Monitoring Return, in order to provide the latest position on debt recovery. Please provide details relating to escalation, dispute warnings, confirmed payment dates etc.