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WELSH HEALTH CIRCULAR

Status:	**Compliance**
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Title:	**2024/25 LHB, SHA & Trust Monthly Financial Monitoring Return Guidance**
Date of Expiry / Review:	April 2025
Action by:	Chief Executives & Directors of Finance LHBS/SHAs/Trusts/NWSSP/JCC
Required by:	Refer to Annex 1 within Guidance
Sender:	Hywel Jones, Director of Finance NHS Wales, Health, Social Care & Early Years Group
Welsh Government Contacts:	Head / Deputy Head of NHS Financial Management, Finance Directorate, Health, Social Care & Early Years Group: nhsfinancialmanagement@gov.wales
Enclosures:	Covering Letter & Guidance

Mae'r ddogfen hon ar gael yn Gymraeg hefyd / This document is also available in Welsh
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg / We welcome correspondence and telephone calls in Welsh

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Our Ref: HJ/CLB/001

20th May 2024

Dear Colleague

Please find enclosed the 2024/25 LHB, SHA and Trust monthly financial monitoring return guidance and associated submission templates.

Organisations have been asked to develop robust plans that deliver against the priorities for 2024-25 set out in the NHS Planning Framework from within 2024/25 allocations. A clear expectation has been set that organisations will operate within core allocations. We know that, as in 2023/24, this financial year will present financial challenges, and it is essential that your monthly financial returns include a robust assessment of your forecast outturn and any risks to delivery, supported by high quality financial information which complies with the attached guidance.

Within that context, some areas of improvement have been made to the Monitoring Returns submission templates. Organisations are also reminded that the extant detailed savings guidance on the savings categories continues to apply.

I remind you that this information should form a key part of the financial governance of your Board, and the timeliness and quality of the information provided should reflect that.

The detailed guidance sets out the changes made this year to the data requirements and completion principles.

Yours sincerely

Hywel Jones
Cyfarwyddwr Cyllid - Director of Finance
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Dear Colleague,

LOCAL HEALTH BOARD, SPECIAL HEALTH AUTHORITY AND TRUST FINANCIAL MONITORING GUIDANCE 2024-25

Summary

1. This guidance refers to the monitoring return spreadsheet and accompanying narrative that all organisations (Local Health Boards (LHBs), Special Health Authorities (SHAs) and Trusts) will need to complete, to report their 2024/25 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. The 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, Social Care and Early Years Group (HSCEYG) in Welsh Government and the Financial Planning & Delivery Unit (FP&D) in the NHS Executive as the primary source for assessing performance and form the basis of reports to the Cabinet Secretaries and 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 be 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 HSCEYG should be consistent with that provided to the organisation'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 two templates (Main Day 9, and Day 5) to be provided and notes on their completion are set out in Annex 3.

7. **The robustness of financial forecasting is very important (i.e., spend profiles, savings plan delivery, income assumptions etc). Finance Directors are accountable for the content of the submission and the reliability of the data that constitutes the 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, a resubmission will be required.**

8. **Chief Executives are also personally accountable to the Accounting Officer NHS Wales, for the reliability of the forecasts submitted by their organisation.**

9. **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 of at least the Narrative, Table A and Tables C to C3) to provide the Committee with transparency on the submission made to Welsh Government.**

10. **When sending 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.**

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

12. Organisations **must** ensure that all items are appropriately phased i.e., Revenue Resource Limit (which must align to the profile of spend on the SoCNE/I, not internal budgets), Accountancy Gains, Release of

Previously Committed Reserves, to ensure that the year-to-date position is not distorted. **The tables must be completed on an accruals basis and therefore we would not expect material step up in spend to be phased into March.**

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.

13. All main monitoring returns will be required on the **9th** working day of each month, with the exception being Month 12 which will be submitted a few days before the Draft Accounts (date TBC). 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 A2 (Risks & Opps), Table B, B2 & B3 (Monthly Profiles), Tables C, C1, C2, & C3 (Savings), Table D (I & E Assumptions), Table E & E1 (Resource Limits & Invoiced Income), 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.**

14. An electronic version of **both the spreadsheet and the signed narrative for the full return** must be submitted via email (see 'points of contact' section) to the NHS Financial Management Team, Health, Social Care and Early Years Group and Financial Planning & Delivery Unit by **12.00pm** on the due date.

15. 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 the 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, Social Care and Early Years Group - Finance Directorate (& Financial Planning & Delivery Unit) by **5.00pm** on the due date. A hard copy is not required. **A schedule of submission dates is provided in Annex 1.**

16. In previous years there have been requirements to submit tables either monthly or quarterly. For 2024-25 all tables should be provided monthly except for: Table B1 (SoCNE/SoCNI Movements) from Month 2 onwards, Table H (PSPP) Quarterly, Table N (GMS) and Table O (Dental) Quarterly from Quarter 2, Table F (SoFP) monthly from Month 3 onwards, Table G (Cash Flow) monthly from Month 2 onwards, Tables I, J, & K (Capital)

monthly from Month 2 onwards, Table L (EFL) monthly from Month 3 onwards, Tables P (Ring-fenced) monthly from Month 3 onwards, and Q (IFRS 16 and CAME) monthly from Month 3 onwards. Organisations that continually submit inaccurate or incomplete information will be required to submit all tables monthly.

Principal Changes to Requirements

17. The following information draws your attention to the principal changes to the 2024/25 requirements. It is recommended however, that the full documentation is reviewed before completing the tables.

Movement from IMTP/AOP to Forecast Outturn (Table A)

Opening plan line descriptions have been revised to align more closely to the Plan Minimum Data Set (MDS). Further detail on these changes is included in the Technical Guidance section within this document.

Reminder - Fixing of Plan - the opening financial plan is fixed and from that point onwards, performance is recorded as an 'in-year' movement against that plan. Any movements to the savings plans, including new schemes on the Tracker are treated as 'in-year' items. The RRL Profile (line 7), or Provider Income Profile for Trusts (line 6), should be used to eliminate the uneven profile of planned savings or spend etc on the monthly position, so it is effectively smoothed to ensure that no inaccurate YTD surplus/deficits are reported. For organisations with a balanced plan, this will ensure the planned monthly positions are also balanced. For organisations with a planned deficit, the monthly profile becomes equally phased. Any deviation from this principle, must be agreed with the Head of NHS Financial Management.

Organisations are reminded that they must not include any non-finalised (aspiration) improvement values in Table A including improvements in the FYE column of Table A (underlying). Only finalised plans can be incorporated into the tables. Details of aspirational plans, including the FYE (underlying forecast), that are 'still to be finalised', should be described in the narrative only. Any deviation from this principle, must be agreed with the Head of NHS Financial Management.

Underlying Position (Table A1)

In line with the Plan MDS, the Service Areas in Table B on this worksheet have been standardised to fit both the Underlying Deficit schedule and the Savings schedule. In practice, this means that the Service Areas

within the Underlying Deficit table have been amended to remove the "Children's & Women's" expenditure category, and the "Support Services" category has been split into "Clinical Support" and "Non-Clinical Support".

SoCNE/I (Table B)

Completion of worksheet B 'Cost Total by Directorate' is not anticipated to be required during 2024/25 and so the cells have been shaded in grey and are not to be completed unless specifically requested.

Risks & Opportunities (Table A2)

Whilst this table itself has not been amended, further clarity is provided in both the Director of Finance Commentary section and the Technical Guidance section of this document. Organisations should **not** include minor risks and / or opportunities that can be managed by the organisation. Only risks and opportunities that are material by nature or could have a **material** impact on the forecast position of the organisation, and in the case of material financial risks, only those material risks that the organisation currently has no ability to mitigate, should be included.

Pay Expenditure Analysis (Table B2)

A new table, section D, has been introduced to capture the total spend on variable pay expenditure in addition to the spend on agency. The classification of variable pay will follow the treatment in the Plan MDS and should include additional payments made to staff via the payroll system for activity outside their substantive contract.

Queries have been raised in prior years regarding classification of certain types of pay spend. The expected classification of some previously queried pay spends is shown in the table below:

	Substantive	Variable	Agency	Not pay
Enhancements	✓			
Pay arrears	✓			
Medical Pay Out of Hours	✓			
Sickness/ maternity pay	✓			
Medical Pay Additional Sessions and Additional Standard Time		✓		
Payment for bank shifts		✓		
Invoice payments to agencies or individuals for time worked			✓	
Employee or agency expenses				✓

Covid-19 (Table B3)

Expenditure reported in this table must reflect funding provided in the 2024/25 allocation letter and any in year funding provided.

The first section of this table, A1, has been amended to collect information on Health Protection spend **including PPE**.

The third section of this table, A3, now **excludes PPE** spend, and simply requests data in relation to Long COVID costs, and 'other' costs that do not fit into any other specified categories in the overall table.

New Savings Categories (Table C-C3)

The 2023/24 table C3 has been removed and the Savings Tracker, previously table C4, has been renamed as C3.

The structure of the savings tracker in the Plan MDS and the MMR have been aligned. The new classifications support sharing of ideas and implementation issues through the Value and Sustainability (V&S) Group and its sub-committees.

The Service Areas are now the same Service Areas used in the Underlying Deficit split. A definition of the Service Areas is provided in Annex 4. It should be noted that in the case of Pathway Savings, the Service Area selected will have an impact on the available options for the field 'Scheme Type'.

The purpose of the 'MMR' category is to capture the impacted spend type. The Plan MDS seeks to streamline the data collection from the 2023/24 MMR by merging the two columns that were in use in the 2023/24 MMR (i.e. "MMR Category - Savings & AG" and "SOCNE/SOCNI Category - Savings & AG"). The pay heading has been split between "Pay – General and Substantive", "Pay – Variable" and "Pay – Agency". If the saving scheme is specifically aiming to deliver a reduction in variable pay or in agency, these categories should be used. If the saving scheme will deliver an overall reduction in pay and will involve general savings across substantive pay, variable pay and agency, the "Pay – General and Substantive" category should be used.

Organisations are then asked to choose the V&S Board category that most closely aligns to the scheme. The reason for capturing this is to promote sharing and consistency of opportunities across the agreed five workstreams of the V&S Board. Further detail to support completion can

be found in the Technical Guidance section of this document within Annex 3.

Cells with drop down lists should be completed from left to right to ensure that where the subsequent cell has a drop down list that is dependent on the previous cell, it provides the correct drop down list. If data must be amended or deleted once completed, firstly all drop down choices selected to the right of the amended / deleted cell should be deleted before any new choices are made, and the entries made from left to right again.

Ring-fenced (Table P)

New categories have been added to this Table to align with the 2024/25 allocation paper. The completion principles remain the same as the previous year. This table is only required from Month 3 onwards. The narrative must provide sufficient supporting details for uncommitted spend, including timeframe for finalisation. Any material forecast underspends must be discussed with the applicable Policy Lead; approval must be obtained to utilise these on other pressure areas, or they must be recorded as being returned to Welsh Government.

IFRS 16 & CAME (Table Q)

This is a new table to collect data organisations have submitted separately to the MMR in months 10 & 11 2023/24 and should be completed monthly from month 3 onwards.

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

Action

18. Directors of Finance are asked to submit their first set of returns via email by **12.00pm 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 Technical guidance.

Points of Contact

19. Comments or enquiries on technical issues should be directed to John Evans or Jackie Salmon, Financial Governance & Control at HSCEYG. Specific queries regarding completion and performance issues, should be directed to the Head / Deputy Head of NHS Financial Management.

Electronic versions to be submitted to the following email addresses:

Welsh Government: NHSFinancialManagement@gov.wales

NHS Executive: PHWFinance.DeliveryUnit@wales.nhs.uk

This guidance has been issued by:

Director of Finance, Health, Social Care & Early Years Group

Annex 1

Table: Schedule of monitoring dates:

For period ended	Day 5 Submission Date	Day 9 Submission Date
30th April	Not Required	14th May
31st May	7th June	13th June
30th June	5th July	11th July
31st July	7th August	13th August
31st August	6th September	12th September
30th September	7th October	11th October
31st October	7th November	13th November
30th November	6th December	12th December
31st December	8th January	14th January
31st January	7th February	13th February
29th February	7th March	13th March
31st March	7th April*#	25th April *

* Both the Month 12 Day 5 and Day 9 dates will be confirmed in March

The covering email for the Month 12 Day 5 submission should list any outstanding RRL adjustments (HBs and SHAs only); and the actual year to date and annual forecast values reported should be aligned (all organisations)

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 organisation's Board or Finance Committee. The narrative should provide supporting details in relation to expenditure and savings correlation. Responses to the previous month's WG Monitoring Return Action Points 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, Cabinet Secretaries and Ministers. It is important to ensure that the underlying commentary is comprehensive and accurate.

1) Actual Year to Date and Forecast Under / Overspend (Tables A, B, B1, B2 & B3)

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, 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 twelfths must be provided within the commentary to support the phasing of the Resource Limit.

Provide sufficient narrative to describe in year operational performance against the plan (IMTP/AOP), material gross items must be described and quantified separately, including details to support the profile. All recovery actions, required to bring the in year operational performance back to plan must be finalised, to be included in the forecast outturn.

To aid the below, the B1 Table highlights any material movements. As a minimum organisations must provide details for **all highlighted variances**, paying particular attention to:

- 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.
- Comment on material income and expenditure category movements between the current period actual and the previous month forecast.

Organisations are also required to detail any unconfirmed increases or decreases in allocations/income that have been assumed, as detailed in Table B, B1, B3, D (if Welsh NHS), E & E1. In addition, the organisation should comment on any unconfirmed income assumptions from sources other than WG, as reported in Table B.

Organisations must confirm within their detailed commentary, the total value of any uncommitted reserves/contingency (Line 24 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 G of Table B.

Comment on the current and forecast Accountancy Gains which are reported within the tables, including an explanation as to why the item is forecast but not yet reflected in the year-to-date position. The description used in the Tracker (Table C3) must adequately explain what they relate to.

Comment on the basis of the Energy forecast and the movements (increases and decreases) from Plan, including how these are being reported in the tables. Material reductions in Energy costs should not be recorded as a Saving (C3) but should be shown on Table A (Movements) on a free text line as a movement in planned spend.

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.

In relation to the Covid-19 table (B3), the narrative document must provide a reasonable level of detailed information to support profiles and assumptions. When applicable, this should also explain the methodology used for included pay award spend and the associated virement of funding.

2) Underlying Position (Table A1)

Provide supporting details to explain the value recorded within the FYE Recurring savings, which has been assigned to improving the underlying position.

Provide supporting details to explain any items recorded within the FYE of Recurring Allocations/Income column which have been assigned to improve the underlying position.

Provide supporting details to explain any new recurring cost pressures that are unmitigated (no recurring source of funding/no recurring mitigating action i.e., saving), which have the effect of deteriorating the underlying position.

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

3) Risk Management (Table A2)

The narrative should detail the **material** risks and/or the opportunity factors that are material by nature or would have a **material** impact on the forecast position of the organisations, and in the case of material financial risks, only those material risks the organisation currently has no plans to mitigate. Any new, removed or amended risks and opportunities from those reported in the previous month should be explained in the narrative. If risks and opportunities, that were included in the Plan, are no longer applicable, it is not necessary to continue to include these in future submissions (tables and narrative).

Please note that all **material** 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.

4) Ring Fenced Allocations (Tables B, N, O & P)

A statement is required to describe the financial position of each individual ring fenced allocation. For example, GMS (Table N), Dental (Table O), Ring Fenced Allocations listed in Table P, as shown in the 2024/25 Allocation Paper Table B1. Any forecast underspends should be disclosed (with a reasonable level of supporting detail) and quantified. **Policy Lead approval is required for the retention of any underspends.**

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) including monthly movements and assumptions to support future month expenditure trends. Provide details of action plans and progress being made to reduce expenditure.

6) Variable Pay Excluding Agency / Locum (Premium) Expenditure (Table B2 Section D)

Comment on the expenditure information provided in Table B2 (Section D) including monthly movements and assumptions to support future month expenditure trends. Provide details of action plans and progress being made to reduce expenditure.

7) Savings (inc Accountancy Gains and Income Generation) (Table C, C1, C2, & C3)

Organisations are required to provide details of delivery of opening (Month 1) 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 or to improve the forecast outturn.

Comments 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 Tracker (Table C3).

Amber schemes must move to the Green status within 3 months of first being included within the Tracker (Table C3). The 'Go Green' date must therefore fall within that requirement. In the event that the 'Go Green' date is not achieved, a detailed explanation will need to be provided in the narrative and the forecast scheme delivery values will need to be removed from the future profile (resulting in a pressure against the plan) and may only be reintroduced when the scheme meets the Green criteria. The original 'Go Green' date, must not be changed. The narrative must describe the alternative mitigating actions that have been introduced to replace the Amber scheme, to ensure the forecast outturn is delivered. Organisations are prohibited from reintroducing the scheme into the Tracker as a new Amber scheme (for example with a slightly amended description).

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

Accountancy Gains, assumed in the forecast outturn position, must be released into the year-to-date position by Month 6 (submission due in October). Therefore, forecast Accountancy Gains must not be profiled in Months 7 to 12. The only exception being, when the release of the Gain is dependent on a future event such as an Audit Committee. In such cases, this must be adequately described in the narrative and the profile of release matched to the timing of the event. Any new Accountancy Gains

identified after this deadline, must be released into the same period as when they are first reported as forming part of your outturn position. For example new Accountancy Gains reported in Table A at Month 9, must be phased into the December in-month position. If these are also dependent on a future event, such as an Audit Committee, then they should not form part of your outturn until that has taken place (instead, they should be recorded as opportunities in Table A2).

8) Income Assumptions (Tables D, E & E1)

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.

Comment on any income recorded within Table E1 (Trusts only), including confirmation invoices have been raised.

Comment on any supporting information for the items reported in the Covid analysis.

9) Health Care Agreements and Major Contracts

As outlined in the 2024/25 Health Board Allocation Circular issued by the Minister for Health and Social Services on 21st December 2023, the financial values of service agreements were expected to be confirmed promptly to enable organisations to agree the assumptions under-pinning organisations' plans for 2024/25. The deadline set for the signing of LTA/SLA documents was maintained in line with existing guidance as the **last working day of June**, however organisations were reminded that they are expected to reach agreement promptly without the need for arbitration.

Organisations should note that given the need to continue to make improvements in this area, the deadline for the next two financial years is as follows:

- *2025/26: deadline will match the date set to submit the Month 2, May, Monitoring Return*
- *2026/27: deadline will match the date set to submit the Month 1, April Monitoring Return*

Details should be provided to explain any emerging risks associated with the agreements and how the organisations are seeking to resolve them to avoid the need for arbitration processes to be invoked.

Confirm the position with regards to the sign off from individual contracts with English Providers. In the case of any delays or disputes, this should include details of the last correspondence/meeting date, what the issue preventing sign-off is and what actions are being taken to resolve and gain sign off.

10) Statement of Financial Position and Aged Welsh NHS Debtors (Tables F & 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 F.

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. Invoices which are 'Fully Agreed' as part of the Agreement of Balances Exercise must be paid within 4 weeks of the exercise, or when they reach the 17 week deadline – whichever is earlier.

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

11) Cash Flow Forecast (Table G)

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, organisations 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 and if the associated cash has been anticipated (via designated lines on Table E); otherwise, this will result in a shortfall of cash being reported in March (LHBs & SHAs only).

Provide comment on any requests for strategic cash support (LHBs and SHAs only).

Health Boards and Strategic Health Authorities must not draw down cash from Welsh Government in advance of need, therefore 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 draw down or to return surplus cash within the reporting period.

Health Boards and Strategic Health Authorities are reminded that Revenue and Capital Cash should be managed separately. If Revenue cash is used to support Capital payments or vice versa in a particular period, the alignment must be rectified in the following period. All IFRS 16 Capital Working Balances Cash must be drawn down by year end; this cannot be re-provided in future years.

12) Public Sector Payment Policy Compliance (Table H)

Organisations are accountable for achievement of this target and 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 I, J & K)

Organisations are required to achieve the CRL/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 I. A detailed explanation is required, to provide reasons for any variation in overall performance against the total CRL/CEL.

Comment on any significant variances between minimum and forecast and maximum and forecast expenditure, shown on Table J. This should then correlate to the risk assessment assigned (High, Medium & Low) of each scheme in Table J.

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

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

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

14) IFRS 16 & CAME (Table Q)

Comment on material movements from the prior month return, and any items currently being reported as unapproved.

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 (as a minimum consisting of the Narrative, Table A, and Tables C to C3) 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, Social Care and Early Years 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

General

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

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

All figures must be entered into the return as round thousands, except for Aged Debtors. The other exception is the Public Sector Payment Policy Compliance which is to be completed as a percentage to one decimal place. The movements table (B1) will automatically convert round thousands into 2 decimal places when the previous month's SoCNE/SoCNI date is pasted into the table – there is no need to convert the original data.

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 continues to be located beneath or 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. If these values differ from those reported on Day 5, this should be highlighted in the covering email of the submission, and an explanation must be included in the Commentary.

4. Movement from IMTP/AOP to Forecast Outturn (Table A)

This table shows the items that were assumed in the IMTP/AOP, the 'In Year' movements and the latest forecast, further analysed between Non Recurring, Recurring and Full Year Effect of Recurring items.

Organisations are <u>not</u> permitted to include items 'yet to be finalised' within the in-year section i.e., Red schemes, Unidentified Savings, FYE aspirations etc unless a specific agreement has been reached with WG.

The WG will be monitoring the financial performance against an opening plan that is fixed at Month 1: the movements to the plans, including new schemes on the Tracker are treated as 'in-year' items.

All saving plans and mitigating actions that were assumed in the IMTP/AOP, which remain unidentified at Month 1 are automatically removed from the forecast outturn. All additional actions after Month 1, will appear as 'in year' changes.

Data on 'Disinvestments', that was included in the Plan MDS, are to be included in the MMR as either finalised plans or plans yet to be finalised. Finalised plans will appear in the Tracker (C3) and the appropriate drop down selected in column U. All other mapping between the Plan MDS and the MMR should be self-explanatory.

4.1. Line 14 should agree to latest IMTP/AOP, although the analysis (lines 1 – 13) may have changed between the Planning Framework timeframe and the first Monitoring Return submission. The MMR narrative must provide sufficient details to support the changes to the data on lines 1-13, since the Plans were submitted at the end of March 24. No changes should be made to lines 1 – 14 after Month 1, unless correcting an error which has been pre-agreed by the Financial Planning & Delivery Unit.

4.2. All savings assumed in the forecast outturn must be finalised (i.e. meet the Amber/Green criteria) by Month 1, any amount that is not finalised is automatically removed (line 15) to ensure this assumption does not form part of the forecast outturn. All additional savings or actions after Month 1, will appear as 'in year' changes.

4.3. There is 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. The total of this column will therefore agree to the Underlying Position carried forward (Table A1). Only finalised values can be included in the FYE columns; the narrative (only) may refer to aspirations relating to non finalised plans.

4.4. Any items in the first column, where the corresponding profile cells are white, will be generated from their profile. These items must be described in sufficient detail within the supporting narrative.

4.5. Automation means a number of cells are populated from other tables including Covid-19 amounts, Savings, Accountancy Gains and Income Generation.

4.6. The Opening Plan section includes a separate line for 'RRL Profile – phasing only'. The Table A profiles both the planned and actual financial position, with the later aligning to the profile reported in the SoCNE/I (Table B). The RRL profile should be phased to align to the profile of corresponding spend (not internal budgets); therefore, the impact of the uneven profile of planned savings/income generation etc on the monthly position is effectively smoothed by the profile of the RRL to ensure that no inaccurate YTD surplus/deficits are reported.

4.7. Accountancy Gains cannot be relied upon to support Opening Plan positions and are therefore an in-year item only (see separate section on the finalisation and profile release requirements).

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 both sections **must** reflect the c/f underlying position reported in the previous year's Month 12 Table.

5.2. Sections A & B

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

5.2.2. 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.

5.2.3. At present, WG does not prescribe whether FYE of savings should be offset against the b/f position or In Year Recurring Pressures. However, it is expected that new WG funding will be used to fund new in-year

pressures in the first instance, before any balance is allocated to improving the underlying position. It is also envisaged that new savings, will in the first instance, offset new cost pressures; however, if the organisation chooses a different methodology then this should be explained in the narrative and a supporting calculation provided.

5.2.4. Section A requires organisations to report the key SoCNE/I expenditure areas which are directly contributing to the b/f underlying position and the corresponding in year category movements (i.e., recurring savings/recurring income/recurring unmitigated cost pressures) directly impacting on the reported c/f underlying position.

5.2.5. To ensure consistency, all organisations should report any CHC/FNC and Primary Care pressures on Line 21 'Healthcare Provided by Other Orgs – Private/Other'.

5.2.6. Section B requires organisations to report recurring expenditure pressures by Directorate which are directly contributing to the b/f underlying position and the corresponding in year category movements (i.e., recurring savings/recurring income/recurring unmitigated cost pressures) directly impacting on the reported c/f underlying position.

5.2.7. If there are any uncertainties around which category to use, please contact the WG NHS Financial Management Team for advice.

6. Risks & Opportunities (Table A2)

Summary of all **material** potential risks & opportunities that are material by nature or may affect the forecast outturn and in turn could produce two scenarios (worst case outturn and best case outturn).

6.1. This should include summary details of the main **material** risk areas and opportunities. 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.

6.2. Quantify each **material** risk and opportunity area that could impact on the scenarios. Only <u>one</u> assessed value can be entered per Risk/Opportunity. The assessment is <u>not</u> a worst- or best-case range value of each risk or opportunity.

6.3. 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 element used to calculate the worst-case outturn will be limited to balance of risks value. Only further opportunities in excess of those required to achieve the IMTP/AOP outturn, will form the best-case outturn.

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

7. Monthly Positions (Table B)

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

7.1. 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.

7.2. Only Health Boards and Strategic Health Authorities should report Capital Donation / Government Grant income within Line 2. A corresponding resource reduction is actioned by WG to restrict the drawing of resource equal to the income and asset received. Trusts retain the Capital Donation / Government Grant income; however, this is adjusted via the Accounts I&E performance reconciliations (ref note 2.1.1), hence why Trusts should not utilise Line 2.

7.3. Section B – This is not anticipated to require completion in 2024/25 and therefore cells have been protected so entries cannot be made.

7.4. Section D - 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. **The IFRS 16 Leases lines will include any on Balance Sheet historic Finance Leases which an organisation is now treating as coming under the scope of IFRS 16.** DEL/AME Depreciation & Impairments should include forecast charges (approved schemes only, including IFRS 16 Leases), funding for which may be anticipated and recorded in Table E & E1 (Resource Limits/Invoiced Income). Only the Revenue Recovery value can reflect leases that are pending approval.

7.5. Section F – Energy – This should reflect your latest actual/forecast values. Any material movements from the Plan must be described in the supporting narrative. Any material reductions in Energy costs must be recorded on Table A on a free text line and not as a savings scheme in the Tracker (C3).

7.6. Section G – 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 in Section A.

8. SoCNE/SoCNI Movements (Table B1)

This table requires the prior month SoCNE/I data to be inserted – the movements compared to the current month SoCNE/SoCNI will be automatically calculated. Those movements which are highlighted, and any not highlighted but considered material (>£0.5m), must be explained in the supporting narrative. The data should be pasted from the previous month's (submitted) SoCNE/SoCNI Table. There is no requirement to convert to decimal places, as the table will do this automatically when data is pasted into the white cells.

9. Pay Expenditure Analysis (Table B2)

9.1. Section A

9.1.1. 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 8.

9.2. Section B

9.2.1. 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.

<u>The following categories of expenditure should be included:</u>

- Staff not employed by the organisation and therefore not in receipt of payments through your organisation'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 organisation, and again are not in receipt of payments through your organisation's payroll for whom the work is being undertaken, which are paid at a premium.

<u>The following categories of expenditure should be excluded:</u>

- Staff that are employed by the organisation, who undertake additional work on a temporary basis for another department within the same organisation or at another hospital site within the same organisation.
- Any staff employed on a temporary basis or fixed term contract but who are in receipt of payment through an organisation's payroll, on terms and conditions defined by that organisation.

9.3. Section C

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

9.4. Section D

9.4.1. Actual and future month forecasted Agency / Locum (premium) Spend, analysed by type of staff (e.g. Healthcare Scientists).

10. Covid-19 Analysis (Table B3)

10.1. Expenditure

10.1.1. This table should reflect expenditure against funding provided via the 2024/25 allocation paper and via any in year additional allocations.

10.1.2. These table will capture additional Pay (staffing costs) and Non Pay items incurred and will include a monthly profile of actual YTD and forecast cost by activity area. Under each area, all spend should be analysed over the lines which correlate back to the SoCNE/I, with pay expenditure being analysed by A4C. Some specific issues are drawn out by repeating the SoCNE/I line with added narrative such as 'PPE'. It is acknowledged that not all spend categories are relevant to the particular programme area; however, the consistent layout assists with the central consolidation process.

10.1.3. The total planned expenditure for each section should be entered as per the Opening Plan and is fixed after Month 1.

10.1.4. The non pay expenditure is fed from the separate analysis section for A1 (Health Protection).

10.2. Funding

10.2.1. These sections should be populated with the profile of WG Funding for Covid-19 stated in the initial allocation and as per the Opening Plan, and with the latest **WG** Actual/Forecast total anticipated funding. The internal budget virement line should be used to reflect funding (received via other funding streams e.g. pay award) transferred to the Covid-19 Analysis (B3). The Total Actual/Forecast funding is the combined WG funding specifically directed to Covid-19 plus the internal discretionary budget virement. This enables a more meaningful correlation between the total expenditure incurred and the total funding, which is issued to the NHS via different funding streams.

11. Savings Schemes (Tables C, C1, C2, & C3)

Automatically populated analyses of Total Savings (C), Pay Savings (C1) V&S Savings (C2), These tables are automatically populated from the Tracker (C3) (details below).

11.1. 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).

12. Tracker (Table C3)

Full details of every Savings, Accountancy Gain & Income Generation scheme included in the outturn. All savings plans, at the most granular level of detail must be included in the table.

All tables must be completed on a gross basis.

Plan values are required for both Month 1 and In Year Schemes. 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). Every entry that has an Actual/Forecast value affects the financial outturn on Table A.

As stated in previous years, the savings tables should reflect all savings schemes where management action is required to deliver cash releasing savings. **Cost Avoidance Plans that do not require management action to deliver a saving, should be accounted for when calculating the organisation's 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.

12.1. This table populates all other tables with Savings, Accountancy Gains (the description used in the Tracker (Table C3) must adequately explain what they relate to) and Income Generation values, impacting the outturn position at plan and forecast. It is imperative that the information reported in this table is robust. Within the applicable columns where dates are required, please ensure that these are in the format DD/MM/YY, other formats cause consolidation issues, with descriptions such as 'TBC' also not acceptable.

12.2. A risk value representing the potential under delivery of an Amber (only) scheme, may be entered – this will auto populate the Risk of Non Delivery of Savings in Table A2 (Risks and Opportunities). Amber schemes must move to the Green status within 3 months of first being included within the Tracker (Table C3). The 'Go Green' date must therefore fall within that requirement. The original 'Go Green' date must not be changed. In the event that the 'Go Green' date is not achieved, a detailed explanation will need to be provided in the narrative and the forecast scheme delivery values will need to be removed from the future profile (resulting in a pressure against the plan) and may only be reintroduced when the scheme meets the Green criteria. The narrative must describe the alternative mitigating actions that have been introduced to replace the Amber scheme, to ensure the forecast outturn is delivered. Organisations are prohibited from reintroducing the scheme into the Tracker as a new Amber scheme (for example with a slightly amended description).

12.3. The following principles must be followed:

12.3.1. 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.

12.3.2. As Accountancy Gains cannot be relied upon in the Opening Plan, only classify Accountancy Gains schemes as 'In Year'.

12.3.3. Savings cannot be accrued in the year-to-date position.

12.3.4. 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.

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

12.3.6. Only schemes assessed as Green or Amber can be included in the Table. Schemes still described as a 'Target' or 'CIP %' etc at Month 1, do not

meet the Green and Amber criteria. The following table gives guidance on classifications (please contact the Financial Planning & Delivery Unit with any queries):

Table: Guidance on Green and Amber criteria

RAG Rating	Amber	Green
Project Plan/brief	Clear components of project plan in place with elements not fully confirmed and addressed	Complete, appropriate to complexity, project plan in place, brief available reflecting timescales, milestones, enablers, and risks considered
Accountable Lead	Appropriate lead accountable for delivery of the project in place Project approved and supported by relevant stakeholders	Appropriate lead accountable for delivery of the project in place
Financial & Activity Calculations	Financial assessment factors in all known financial implications Financial calculation reflects actual savings identified, not a target	Complete project brief provides clear base for financial assessment Financial calculation reflects actual savings identified, not a target
Financial Phasing	Financial saving phasing in line with confirmed plans and milestones	Financial savings phased in line with the milestones and timing identified within the project plan
Financial Code	Financial Code identified and confirmed	Financial code identified and confirmed
MMR Report	100% of identified deliverable value	100% of identified deliverable value

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

Table: Savings Definitions

Term	Definition
Cash-Releasing Saving	A form of cost reduction saving which 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.
Cost Avoidance	A form of cost reduction which specifically relates to elimination or preventing a future cost pressure arising. This should be as a result of management action to drive a reduction in costs, for expenditure which is yet to be incurred. A cost avoidance measure may involve some expenditure but at a lower level than predicted future costs.
Income Generation	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.

12.3.8. 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.

12.4. Organisations are asked to select the Value and Sustainability (V&S) category that most closely aligns to the scheme. The reason for capturing this is to promote sharing and consistency of opportunities across the agreed five workstreams of the V&S Board. The available categories are:

- **Workforce**: these are schemes that are aiming to reduce pay and workforce spend by implementing organisation wide changes to workforce such as increased organisational control on recruitment or agency, changed rota management and rostering or voluntary exit schemes. This category will not include schemes that reduce pay in specific service areas by changing services or reconfiguring pathways which should instead be classified as 'clinical variance & service reconfiguration (pathway)'.

- **Medicines Management**: these are schemes that are aiming to reduce prescribing or secondary care drug costs. This category should not include saving schemes that are procurement driven: those driven by national or local procurement teams should be captured under the next category, 'procurement & non-pay'.

- **Procurement & Non-Pay**: these are schemes that aim to reduce non-pay or cost reduction schemes driven by procurement initiatives.

- **CHC**: these are schemes that aim to reduce commissioned CHC spend.

- **Clinical Variation & Service Reconfiguration** (referred to in the Plan MDS as "Pathway"): these are schemes that aim to reconfigure pathways, transition from low value to high value interventions, streamline activities so that they are more efficient, incur less waste or require fewer resources.

- **Other – Commissioning**: this spend area is not one of the five areas of focus of the V&S Group. It has been included as an option for completeness. Where a saving is being realised because another Welsh NHS organisation is reducing its SLA or invoiced value for a service, the scheme type should be identified as "External – Welsh LHBs & Trusts".

- **Other – Primary Care**: this spend area is not one of the five areas of the V&S Group. It has been included as an option for completeness.

- **Income**: income generation is not one of the five areas of focus of the V&S Group. It has been included as an option for completeness.

12.5. The 'scheme type' field allows organisations to provide a more detailed classification of the saving scheme identified. Clicking on the cell enables a drop-down list with available choices aligning to the V&S Board category chosen. A full list of the available options is shown in Annex 5.

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

- All fields must be completed if an amount has been entered into the plan or forecast cells
- All schemes must have a unique Scheme Number
- Savings & Accountancy Gains schemes must have an MMR (C, C1, & C2) category selected
- Income Generation does not have an MMR (C, C1, & C2) category selection
- If the 'Go Green' date has passed for amber schemes (explanation is required in the narrative including the revised 'Go Green' date) – do not change the original date in the Tracker C3. Forecast delivery values should be removed if the 'Go Green' date has not been achieved and should only be reinstated when the scheme meets the Green criteria
- Plan values must be completed

- That FYE should be greater than or equal to the 'in year' effect (plan and forecast)
- No FYE can be included for a N/R scheme
- No Forecast FYE can be included on a scheme where the In Year forecast amount is zero.
- Risk values can only be entered against Amber schemes.

13. Income/Expenditure Assumptions (Table D)

Statement of annual income and expenditure assumptions for Welsh NHS organisations analysed by Contracted and Non Contracted.

13.1. Data should be entered for each Welsh NHS organisation. Cells for NWSSP and the NHS Executive have been shaded as these organisations are hosted by Velindre University NHS Trust and Public Health Wales NHS Trust respectively and therefore any assumptions should be included in the line for the relevant hosting 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.

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

13.3. The WRP risk sharing values are not to be reported in Table D (See Table E/E1).

14. Resource Limits (Table E LHBs/SHAs only) & Invoiced Income (Table E1 Trusts only)

Statements of confirmed and anticipated allocations: only LHBs and SHAs will use Table E and only Trusts will use Table E1.

In relation to any in-year movements on the WRP risk sharing values compared to the Plan that are considered minor, organisations may choose to temporarily report the change as a risk (A2) until later in the year – this must be explained in the narrative. Consistent with previous years' adjustment, the LHBs & SHAs are to record an RRL adjustment (Table E) representing the funding transfer back to the WG, and NWSSP will anticipate the funding from WG (Table E1).

14.1. Only items that have been agreed should be included and explanations of their phasing (in Table B) should be included in your narrative. The only exception is Revenue Recovery for IFRS 16 Leases –this should include a full forecast value (i.e. existing leases, in-year approved leases and in-year pending approval leases). This ensures that the financial position of the organisation considers the full forecast revenue recovery values for that year. Where year end adjustments were made in the previous year to IFRS 16 Revenue Recovery

values that could affect the new financial year, these should be discussed with the NHS Financial Management team by the end of month 2 so that any current year impact can be reflected early in the year.

14.2. The breakdown of WG Income for Covid-19 should be included in the table below the total Income table.

15. Statement of Financial Position (SoFP) (Table F)

SoFP for the current month and forecast year end, analysis of Provisions, Welsh NHS payables, Trade and Other Payables.

15.1. Opening Balance – For organisations wishing to complete this table earlier than Month 3, this should be completed using your Draft Annual Accounts. This should be updated as soon as the Audited Accounts are available.

15.2. 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 resulting from movements in working balances (LHBs and SHAs only).

16. Cash Flow (Table G)

Cash position showing cash balances and future monthly forecasts.

16.1. Any projected cash pressures must be reflected as a shortfall within the period. Any requests for Working Balances Cash, can now be anticipated in Table E, leaving any future requests for Repayable Strategic Cash Assistance (LHBs and SHAs only) being supported by the Cash Flow shortfall, SoFP and narrative. IFRS 16 Leases are cash funded annually via IFRS 16 Capital Working Balances Cash (inflow) and therefore the expenditure should be recorded on the Capital line (outflow).

17. PSPP (Table H)

Public sector payment policy table for 30 day & 10 day compliance.

Performance for each individual quarter is to be recorded, in addition to the YTD and forecast position (this should be updated each quarter to reflect the impact of the performance achieved to date).

17.1. If performance during the quarter is not at the target level and / or has deteriorated, provide an explanation in the narrative.

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

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

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

18. Capital Resource/Expenditure Limit Management (Table I)

Year to date and End of Year Forecast position for capital expenditure against the Capital Resource/Expenditure Limit.

18.1. 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/Expenditure Limit is not exceeded.

18.2. New IFRS16 Lease Capital should be reported within the 'Other' section of Table I.

18.3. CAME for IFRS 16 Dilapidations should be reflected on the technical adjustment line, on initial recognition of the ROU provision. When the ROU provision crystalises and the provision is paid to the lessor, this then becomes DEL Capital spend.

19. In Year Capital Schemes (Table J)

Monthly scheme profiles of capital expenditure for current year.

19.1. Min & Max – correlating to the Risk Level, is the minimum amount of spend on that scheme (no lower than YTD and no higher than current forecast) and the maximum amount of spend on that scheme (must be higher than current forecast)

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

19.2.1. 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.

19.2.2. 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.

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

20. Capital Disposals (Table K)

Analysis of in year and future year disposals.

20.1. Ensure dates of Cabinet Secretary / Ministerial authorisation are included in the applicable columns.

21. EFL (Table L) TRUST ONLY

Forecast performance against latest target.

21.1 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. IFRS 16 lease expenditure should be shown on line 11.

22. Aged Debtors Template (Table M)

Outstanding Invoices 11 weeks and over

22.1. 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.

22.2. 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.

22.3. 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, to provide the latest position on debt recovery. Please provide details relating to escalation, dispute warnings, confirmed payment dates etc and please ensure the information provided provides clear detail (eg as opposed to mirroring system notes).

23. General Medical Services (Table N) LHBs ONLY

Summary of Income & Expenditure for GMS

23.1. Any items recorded within the free text on 'other' categories, should be supported with further detail within the narrative submission.

23.2. GP Locum superannuation should be included in LHB Administration 'Other', line 108. The analysis shown under lines 110 to 127 should clearly identify this as Locum Superannuation and not GP Superannuation, which should be shown under Line 1.

23.3. Managed practices costs should be entered in the relevant lines, with Excess costs associated with Managed Practices entered under line 13 LHB

Administered, with a breakdown of these costs within line 108 LHB Administered – Other.

24. Dental (Table O) LHBs ONLY

Summary of Income & Expenditure for Dental

24.1. 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.

24.2. 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.

24.3. 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.

25. Ring-fenced Table (Table P)

The table monitors spend against all ringfenced allocations issued to Health Boards in the 24/25 Allocation Paper.

Definition of uncommitted - these are costs where the option to amend plans or delay spend is still available.

Any material underspends must be discussed at an early stage with the applicable Policy Lead. Approval must be obtained to retain these underspends, otherwise the surplus should be anticipated as being returned to WG.

The current plan column reflects the WG ring-fenced funding plus any internal budget virements e.g. pay award, which is provided by WG via a separate funding stream.

26. IFRS 16 and CAME Dilapidations (Table Q)

The table is to be completed monthly from month 3 onwards. The value of lease payments to be repaid to WG for approved schemes (cell C9) must agree to the value entered on Table E Column G Line 14 / Table E1 Column T Line 12.

Annex 4

Service Area Definitions

Section 1: Clinical Services

Services involved in the direct provision of care to patients. In the main, these will be services staffed to provide direct service provision as defined by costing activity currencies. Services commissioned from other providers, including Primary Care, are included in sections 3 & 2 respectively.

This section is further split into the following service areas:

- Scheduled / Planned Care *(including Inpatient Elective care, Regular Day Attenders Outpatients and Day care exc. Mental Health)*
- Unscheduled Care *(including Inpatient Non-Elective, Critical Care and Emergency Care exc. Mental Health)*
- Community Services *(A detailed breakdown of community activities is provided within the Welsh Costing Return WCR1. This service area excludes Mental Health – see below)*
- Mental Health (*support for psychiatric specialties within Secondary Care and Community settings*)

Section 2: Primary Care

This section includes the costs identified in note 3.1 of LHB Annual Financial Statements and relate to the LHBs commissioning of Primary Care services for their population. This section is only completed by LHBs.

It includes spend on GMS, Primary Care Pharmaceutical Services, General Dental Services, General Ophthalmic Services, and Prescribed drugs.

Section 3: Commissioning

Similar to section 2, this section is aligned to note 3.2 of the LHB Annual Financial Statements. Where contracted costs are related specifically to other classifications, adjustments should be made to move costs and minimise the cost inclusions of Section 3.

This section is further split:

- Continuing Health Care – the provision of Continuing NHS Healthcare (CHC) defined by the 2014 National Framework in Wales including mental health cases.
- Specialised Care – the contracted expenditure with the Joint Commissioning Committee (JCC).
- Other Commissioned Services – All other patient care services commissioned from other organisations including from other NHS Wales Health Boards, NHS England Providers and Private Providers.

Section 4: Clinical Support Services

This section should generally (barring the exception of Medical Staff in Theatre) reflect the full costs of services that support the delivery of Clinical Services to patients, both pay and non-pay. As set out in the Costing Return it includes the costs of Radiology, Pathology and Pharmacy.

Section 5: Non-Clinical Support Services

The full costs (pay and non-pay) relating to the provision of various non-clinical services that support the delivery of Clinical Services to patients.

Support services are provided in direct support of the clinical function, rather than in support of the infrastructure or 'business' of healthcare provision (included in Section 6).

It includes the costs of Catering, Domestic, Cleaning, Laundry, Linen, Portering, District Transport, Security, Patient Transport Services, Sterile Services, Medical Records, Clinical Coding.

This section includes non-clinical support services that are contracted out.

Section 6: Executive / Corporate Areas

The full costs separated between pay and non-pay of those services and departments that provide indirect support to the delivery of patient care. These services are provided in support of the infrastructure, staff resources and business elements of healthcare provision.

A number of corporate services are provided on a Wales-wide or regional basis by the NHS Wales Shared Services Partnership (NWSSP).

The section includes Estates Maintenance, Finance/Procurement, Information Management & Technology, Employee Services, Other Corporate Overheads.

Annex 5

Saving Scheme Type

The schedules below set out the possible saving type options that will be available for selection, depending on the V&S Board Category selected by the organisation.

1. Workforce

Workforce - Pay - General & Substantive

- Enhanced Recruitment Controls
- Optimised Workforce roles / models / teams / skill mix
- Enhanced rota management and rostering
- Structural changes with planned formal employee consultations
- Voluntary Exit Scheme
- Administration and Management Efficiencies
- Digital Developments that enable workforce efficiencies
- Maximising opportunities for regional working
- Other

Workforce - Pay – Variable

- Enhanced Variable Pay Controls
- Enhanced rota management and rostering
- Absence management improvements
- Recruitment activities that improve NHS workforce supply (with reduced Variable Pay requirement)
- Maximising opportunities for regional working
- Other Variable Pay

Workforce Pay – Agency

- Improved Agency Control Framework
- Enhanced rota management and rostering
- Absence management improvements
- Recruitment activities that improve NHS workforce supply (with reduced Variable Pay requirement)
- Maximising opportunities for regional working
- Other Agency

2. Medicines Management

- Product switching to cheaper alternatives and biosimilars
- Procurement efficiencies including maximising drugs rebates and loss of exclusivity
- Digital driven efficiencies such as prescribing software usage
- Optimising medicine prescribing within clinical pathways
- Increased use of NWSSP production unit
- Reduced non-necessary usage
- Administration and Management Efficiencies
- Other Medicines

3) Procurement & Non-pay

- Product rationalisation
- Improved contract management - driving reduced prices and rebates (includes schemes identified as ‘category / contract management’ or ‘opportunity – rebates / benchmarking / destock’)
- Estate and facilities – efficiency improvements (includes schemes identified as ‘maintenance opportunity’)
- Improved management of non-pay, including both traditional procurement and value based procurement (includes schemes identified as ‘competitive tendering’, ‘contract renewals’ or ‘transactional’)
- Administration and Management Efficiencies (includes efficiencies to administration / management of contracts)
- Other Procurement and Non-pay (includes schemes relating to income generation or VAT savings)

4) CHC

- Review of high-cost packages
- Repatriation of external packages to in-house provision
- Maximising effective care provision and utilisation of capacity e.g., Discharge to Assess, step-down facilities, repatriations
- Maximising opportunities for regional working
- Other CHC

5) Pathways

Pathways – All Service Areas / Scheduled Care / Unscheduled Care

- Bed utilisation - Improved management of elective and non-elective patient flow and clinical productivity enabling reduced beds while maintaining performance
- Administration and Management Efficiencies
- Demand Management - Reduced low value interventions
- Demand Management - Enhanced Prevention

- Demand Management - Reduced Follow up rates
- Demand Management - Initiatives to reduce Delayed Transfers of Care
- Facility utilisation - Reconfiguration to rationalise service provision to reduced sites
- Facility utilisation -Theatre utilisation and productivity
- Facility utilisation - Virtual Wards
- Session utilisation improvement (e.g. reduced cancellations or DNAs)
- Long term condition management - Improved value
- Workforce optimisation - Ward nursing
- Workforce optimisation - Medical staff management
- Planned care pathway optimisation
- Other

Pathways – Mental Health

- Administration and Management Efficiencies
- Adult acute - pathways, workforce models, productivity
- OPMH - pathways, workforce models, productivity
- CAMHS - pathways, workforce models, productivity
- Other

Pathways – Community Services

- Administration and Management Efficiencies
- Community staff productivity
- Other Community Care

Pathways – Primary Care

- Administration and Management Efficiencies
- Better management of primary care costs outside contractor services (e.g. GPOOH, Managed practice surplus/deficits, PCSUs)
- Other Primary Care

Pathways – Commissioned Services

- Internal - from In House Provided Services
- External - from other LHBs & Trusts
- Service Repatriation
- Service Rationalisation & Consolidation
- Administration and Management Efficiencies
- Other

Pathways – Clinical Support

- Radiology - pathways, workforce models, productivity
- Therapies - pathways, workforce models, productivity
- Pathology - pathways, workforce models, productivity
- Administration and Management Efficiencies
- Other

Pathways – Non-Clinical Support

- Digital Developments that enable workforce efficiencies
- Administration and Management Efficiencies
- Non Clinical Support - pathways, workforce models, productivity

Pathways – Corporate Areas

- Administration and Management Efficiencies
- Estate and facilities - efficiency improvements
- Digital Developments that enable workforce efficiencies
- Other Corporate directorate savings

5) Income Generation

- Income from Other NHS Wales organisations
- Income from Other Welsh Public Sector
- Other Income