

NHS Wales Joint Commissioning Committee (JCC)

Financial Position Report

Financial Year

2024/25

Financial Month

2

Author: Acting Assistant Director of Finance & Information - Sandy Tallon

Executive Lead: Director of Finance & Information - Stacey Taylor

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Annual Budget £'000	Budget to date £'000	Spend to date £'000	Variance to date £'000	Forecast Outturn £'000	Forecast Variance £'000
£1,123,513	£187,252	£188,874	£1,621	£1,124,168	£655

The reported position is based on the following:

The financial position is reported against the 2024/25 baselines following approval of the 2024-27 Integrated Commissioning Plan (ICP) by the Joint Committee on 19th March 2024. The remit of the JCC is to deliver a plan for Health Boards within an overall financially balanced position. However, the composite individual positions are important and are dealt with in this financial report together with consideration of corrective actions as the need arises.

- NHS Wales Providers – based on month 1 and year-end forecast data received from Providers. Adjustments have been made to the position in relation to the 2024/25 inflation to return to the agreed NWJCC ICP, with the differences highlighted as Risks.
- NHS England Providers – based on 2/12ths of 2023/24 outturn positions against 2024/25 planned baselines and inflationary uplift provisions.
- Mental Health & IPFR – live patient data on agreed placements as at the end of the month, plus funding approvals and purchased block bed capacity.
- Developments – variety of bases, including agreed phasing of funding.

Risks to the position (see page 3 for further detail):

- A number of risks were identified in preparation of the Integrated Commissioning Plan including Gender and Fertility. These will be cleared into the position shortly if applicable.
- There are notable **differences in assumptions with regards to the inflationary uplifts** with the two main Welsh Providers - **Cardiff & Vale (£5.6m) & Swansea Bay (£2.6m)**.
- Data received for month 1 already indicates **in-year over performances** in certain areas, including ALAS and TAVI.
- There is also a risk with regards to **IPFR approvals**.

Governance & Contracting

The Finance Working Group (which reported to WHSSC) developed a risk sharing framework which was agreed by Joint Committee and implemented from April 2019. This is based predominantly on a 2-year average utilisation calculated on the latest available complete year's data. Due to the nature of highly specialist, high cost and low volume services, a number of areas will continue to be risk shared on a population basis to avoid volatility in individual commissioner's position. Due to COVID and block contracting arrangements the current utilisation shares are based on a 2-year average of 2018/19 and 2019/20 activity. It was agreed by the Finance Sub group that to update utilisation for 2020/21 and 2021/22 activity would be too volatile given the downturn in activity, but the intention is to update these during 2024/25.

LTA Agreements:

Contract values have been agreed in principle with Aneurin Bevan, Betsi Cadwaladr, Cwm Taf Morgannwg, Hywel Dda, Velindre and WAST. **Contract values have NOT been agreed with Cardiff & Vale and Swansea Bay**, due to differences in assumptions with regards to the inflator identified above.

JCC Finance Summary (Contracting)

Area	Annual Budget £'000	Budget to date £'000	Spend to date £'000	Variance to date £'000	Forecast Outturn £'000	Forecast Variance £'000
[-] NHS Wales	£849,930	£141,655	£142,514	£856	£850,996	£1,066
Cardiff & Vale	£302,163	£50,361	£50,917	£555	£302,862	£699
WAST	£275,646	£45,941	£45,941	-	£275,646	-
Swansea Bay	£135,277	£22,546	£22,796	£248	£135,328	£51
Velindre	£60,377	£10,063	£10,116	£53	£60,693	£316
Betsi Cadwaladr	£49,884	£8,314	£8,314	-	£49,884	-
Aneurin Bevan	£12,760	£2,127	£2,127	-	£12,760	-
Cwm Taf Morgannwg	£11,690	£1,948	£1,948	-	£11,690	-
Hywel Dda	£2,134	£356	£356	-	£2,134	-
[+] Non Welsh SLA	£139,804	£23,301	£24,155	£856	£139,804	-
[+] Mental Health	£42,896	£7,149	£7,260	£111	£41,560	(£1,336)
[+] IPFR	£42,415	£7,069	£8,609	£1,539	£44,560	£2,145
[+] Developments	£38,405	£6,401	£3,085	(£3,316)	£37,156	(£1,249)
[+] Direct Running Costs	£9,556	£1,593	£1,557	(£37)	£9,556	-
[+] IVF	£5,222	£870	£934	£63	£5,166	(£56)
[+] Renal	£5,065	£844	£735	(£109)	£5,150	£85
[+] Other	£221	£37	£27	(£10)	£221	-
[+] Savings	(£10,000)	(£1,667)	-	£1,668	-£10,000	-
JCC Total Expenditure	£1,123,513	£187,252	£188,874	£1,621	£1,124,168	£655

The overall year-to-date JCC position at month 2 is an **overspend of £1.621m**, with a forecast year end overspend of £0.655m.

For CVUHB & SBUHB, the reported position is based on April data but this has been amended for **differences in assumptions between the JCC and providers with regards to inflation uplifts** and other developments yet to be agreed. These differences are still to be worked through and the LTAs finalised. **Reconciling these differences pose a risk to the in-year position.**

For the **non-Welsh SLAs**, the reported position is based on 2/12^{ths} of the 2023/24 outturn position at this stage whilst we wait to receive 2024/25 data from providers.

To note, **no savings are reported to date** as most of these relate to other budgets and in most cases, there is only one month of data available at this point.

RISKS

Specific risks outlined in the preparation of the ICP include:

- Fertility – cryopreservation for pre-pubertal children not in Plan (to be reviewed in year) (c£0.5m)
- Gender – change of tariff in NHSE not funded in Plan (c£0.4m)

Additional risks include:

- Home Parenteral Nutrition - homecare contracts have been re-procured. **There is a risk of overspending if all patients were placed on the most expensive framework of £0.9m**, compared to an opportunity of savings if they were all places with the cheapest. A mixture of providers will be work towards, along with collaboration with the Cardiff & Vale service around Nursing costs. The commissioning team has been aske to develop a plan to mitigate risk and seek efficiency opportunities by the end of June.
- Lack of agreement around the **2024/25 inflator** for Welsh contracts. Contract values have been agreed in principle with Aneurin Bevan, Betsi Cadwaladr, Cwm Taf Morgannwg, Hywel Dda, Velindre and WAST. Contract values have NOT been agreed with Cardiff & Vale and Swansea Bay, due to differences in assumptions regarding inflationary uplifts (**Cardiff & Vale £5.9m & Swansea Bay £2.6m**). The JCC has requested proposals from Providers that is within the funding available, approved via the ICP; any additional requirements in funding will require in-year JCC approval and investment. Discussions are ongoing and will be updated for next month.
- Clinical trial treatment costs (£1m) relating to drugs costs for patients coming off trial periods
- Plastic Surgery costs (£1m) relating to treating patients currently waiting over 104 weeks, in line with recent WG correspondence
- Savings non-performance (£3m) relating to schemes to be identified in-year.

Other areas of risk to be closely monitored in-year are areas where there are notable year-end forecast variances:

Top 10 Forecast Overspends by Provider & Service	Sum of EOYF £'000
Cardiff & ValeATMPs - C&V Service	£3,562
Cardiff & ValeALAS	£2,495
Cardiff & ValeHospital Renal Dialysis	£2,150
Swansea BayTAVI	£2,144
ERT	£2,072
Cardiff & ValeHDU	£1,514
Adult Mental Health (excl ED)Gender	£1,230
Cardiff & ValeCardiac Surgery-TAVI	£1,154
Swansea BayPlastics	£1,084
Swansea BayIBD Haemophilia	£937
Total	£18,342

OPPORTUNITIES

Opportunities are being explored with regards to **product procurement/medicines management**. An update will be provided in future reports.

- Cystic Fibrosis modulators - Procurement / Medicines Management opportunity (£2m)

Commissioner Overview

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Budgeted Income £'000	ABUHB	BCUHB	CTMUHB	CVUHB	HDUHB	PTHB	SBUHB	Total
Income	£212,028	£247,851	£157,632	£180,953	£133,316	£55,048	£136,685	£1,123,514
Share of Forecast Year-end Variance by Area £'000	ABUHB	BCUHB	CTMUHB	CVUHB	HDUHB	PTHB	SBUHB	Total Forecast Variance
Developments	(£259)	(£162)	(£194)	(£252)	(£158)	(£44)	(£173)	(£1,249)
Direct Running Costs	-	-	-	-	-	-	-	-
IPFR	£407	£493	£301	£332	£260	£92	£262	£2,145
IVF	(£18)	£25	(£13)	(£26)	(£12)	£2	(£15)	(£56)
Mental Health	(£588)	£195	(£146)	(£118)	(£126)	(£245)	(£307)	(£1,336)
NHS Wales	£9	£331	£337	£159	(£180)	£45	£359	£1,066
Non Welsh SLA	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Renal	£16	£19	£12	£12	£9	£2	£9	£85
Savings	-	-	-	-	-	-	-	-
Total Share of Variance	(£433)	£901	£297	£107	(£207)	(£148)	£135	£655
2024/25	£211,595	£248,752	£157,929	£181,060	£133,109	£54,900	£136,820	£1,124,169

Current Month-end Position £000	ABUHB	BCUHB	CTMUHB	CVUHB	HDUHB	PTHB	SBUHB	Total
	£285	£418	£207	£226	£49	£218	£199	£1,621

This page provides a breakdown of how the JCC budget is funded by the seven Health Boards.

Any over/under performance is funded by/returned to Commissioners based on the risk sharing framework which was agreed by Joint Committee and implemented from April 2019. This is currently based predominantly on a 2-year average of **2018/19 and 2019/20 activity**. It was agreed by the Finance Sub group that to update utilisation for 2020/21 and 2021/22 activity would be too volatile given the downturn in activity due to COVID-19, but the intention is to **update these during 2024/25**.

This table highlights the risk to Commissioner positions, by area, based on current year-end forecasts.

Welsh Provider Overview

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Provider	Annual Budget £'000	Budget to date £'000	Spend to date £'000	Variance to date £'000	Forecast Year End Outturn £'000	Forecast Variance £'000
Aneurin Bevan	£12,760	£2,127	£2,127	-	£12,760	-
Betsi Cadwaladr	£49,884	£8,314	£8,314	-	£49,884	-
Cardiff & Vale	£302,163	£50,361	£50,917	£555	£302,862	£699
Cwm Taf Morgannwg	£11,690	£1,948	£1,948	-	£11,690	-
Hywel Dda	£2,134	£356	£356	-	£2,134	-
Swansea Bay	£135,277	£22,546	£22,796	£248	£135,328	£51
Velindre	£60,377	£10,063	£10,116	£53	£60,693	£316
WAST	£275,646	£45,941	£45,941	-	£275,646	-
Welsh Provider Total	£849,930	£141,655	£142,514	£856	£850,996	£1,066

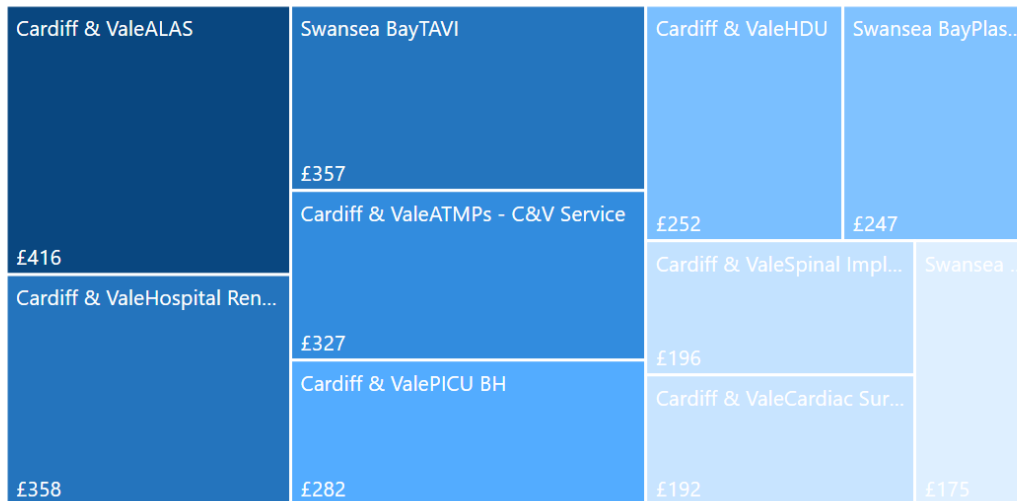
For ref: Total Welsh Provider prior year outturn (excl. WAST) £800,681

The **Welsh SLA** provider position at month 2 is an **overspend of £0.856m**, with a forecast year end variance of **£1.066m**.

For CVUHB & SBUHB, the reported position is based on April data but this has been amended for **differences in assumptions between the JCC and providers with regards to inflation uplifts** and other developments yet to be agreed. These differences are still be worked through prior to SLA sign-off.

Top 10 Drivers of Variance to date by Provider & Service £'000

- Cardiff & ValeALAS
- Cardiff & ValeHospital Renal Dialysis
- Swansea BayTAVI
- Cardiff & ValeATMPs - C&V Service
- Cardiff & ValePICU BH
- Cardiff & ValeHDU
- Swansea BayPlastics
- Cardiff & ValeSpinal Implants
- Cardiff & ValeCardiac Surgery-TAVI
- Swansea BayBurns



This visual highlights the **main drivers of the reported overperformance** to date by Provider and Service. This is only based on one month of data and will be reviewed as more data is received from providers to assess the risk to the position.

Provider Overview: Other

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Area	Annual Budget £'000	Budget to date £'000	Spend to date £'000	Variance to date £'000	Forecast Outturn £'000	Forecast Variance £'000
⊕ Non Welsh SLA	£139,804	£23,301	£24,155	£856	£139,804	-
⊕ Mental Health	£42,896	£7,149	£7,260	£111	£41,560	(£1,336)
⊕ IPFR	£42,415	£7,069	£8,609	£1,539	£44,560	£2,145
⊕ Developments	£38,405	£6,401	£3,085	(£3,316)	£37,156	(£1,249)
⊕ Direct Running Costs	£9,556	£1,593	£1,557	(£37)	£9,556	-
⊕ IVF	£5,222	£870	£934	£63	£5,166	(£56)
⊕ Renal	£5,065	£844	£735	(£109)	£5,150	£85
⊕ Other	£221	£37	£27	(£10)	£221	-
⊕ Savings	(£10,000)	(£1,667)	-	£1,668	-£10,000	-
Total Non-NHS Wales contracts	£273,584	£45,597	£46,360	£765	£273,173	(£411)

Non Welsh SLAs:

The **Non Welsh SLA** provider position at month 2 is an **overspend of £0.856m**, with a forecast year end variance of nil. The overspend to date is currently negated by provisions in Developments.

The reported position is based on 2/12ths of the 2023/24 outturn position, and actual figures for areas where possible. At this stage the forecast outturn is breakeven whilst we wait to receive 2024/25 data from providers.

To note, included in the ICP is a **£1m savings target relating to NHS England referral management** (see savings section).

Mental Health:

The **Mental Health** position at month 2 is an overspend of £0.206m, with a forecast year end underspend of £0.769m

The reported position is based on 2/12th of the 2023/24 outturn position so that any pressures are visible, and actual figures for areas where possible.

Included in the ICP is a **£1m savings target relating to the Mental Health strategy** (see savings section of report).

Direct Running Costs:

The DRC position at month 2 reports a year to date **underspend of £37k** with a forecast year end variance of nil. This area now includes the staffing teams that were part of EASC and the NCCU.

Heading	Annual Budget £'000	Budget to date £'000	Savings reported to date £'000	Variance to date £'000	Forecast Outturn £'000	Forecast Variance £'000
<input checked="" type="checkbox"/> Savings	(£10,000)	(£1,667)	-	£1,668	-£10,000	-
Additional schemes to be worked through	(£3,000)	(£500)	-	£500	-£3,000	-
24/25 Medicines Management	(£2,000)	(£333)	-	£333	-£2,000	-
Cardiac Surgery re-alignment South Wales	(£1,500)	(£250)	-	£250	-£1,500	-
Mental Health Strategy	(£1,000)	(£167)	-	£167	-£1,000	-
NHS E Referral Management	(£1,000)	(£167)	-	£167	-£1,000	-
BCU Cardiac contract Rebasing	(£700)	(£117)	-	£117	-£700	-
Cystic Fibrosis - New contract model S Wales	(£550)	(£92)	-	£92	-£550	-
Cystic Fibrosis - New contract model N Wales	(£150)	(£25)	-	£25	-£150	-
Genetics - Repatriate send out tests phase 2	(£100)	(£17)	-	£17	-£100	-
Total Savings as per ICP	(£10,000)	(£1,667)	-	£1,668	-£10,000	-
					-£9,601	

For ref: Prior year savings delivery

The ICP includes a **£10m savings target**, equivalent to **3%** of £330m influenceable cost base across drugs and devices, Independent Sector and NHS England referrals.

It should be noted that the expectation from Welsh Government set out in the funding allocation letter was a minimum of 2%.

At this stage, £7m has been identified with a **further £3m to be developed throughout the year.**

In addition, WAST are required to deliver a 2.2% savings target (c. £6.4m) to report a breakeven position against the funding provided (netted off against WAST contract baselines). This will be monitored closely and feedback will be provided to the Committee if there is any risk to delivery or required actions.

The forecast position at month 2 **assumes delivery of the entire JCC savings target**. As the details behind the £3m general savings line has not yet been determined, this has been highlighted as a Risk at this point, but will be worked through soon.

Work is ongoing with commissioning teams to develop robust processes to monitor delivery. To date, insufficient data is available to clarify the performance trajectory across these schemes to report actual savings delivered. This will be closely monitored with the JCC Director team and reported transparently to Health Board Commissioners.

INCOME/EXPENDITURE ASSUMPTIONS

There are no notified disputes regarding the income assumptions related to the JCC IMTP. Invoices over 11 weeks in age detailed to aid LHB's in clearing them before arbitration dates:

- None

PUBLIC SECTOR PAYMENT COMPLIANCE

As at the end of Q4 2023/24 WHSSC had achieved 98.3% compliance for NHS invoices paid within 30 days by value and 94.8% by number.

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

It should be noted that these figures are subject to change pending the final sign-off of the annual accounts. This data is updated on a quarterly basis; the next update will be provided following the end of Q1.

RESPONSES TO ACTION NOTES FROM WG MMR RESPONSES

1.1 - Please see the reconciliation of Health Board investments and financial positions on Page 4

1.2 - We can confirm we are only listing anticipated allocations for JCC

1.3 - As the NWJCC is still in the process of establishing its structure and the Tier 2 level is not yet fully confirmed, named deputies will be provided in future reports

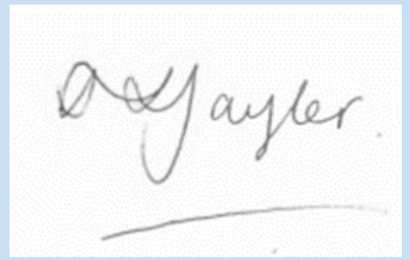
1.4 - We are aware that signed narratives are required as part of the Day 9 submission

1.5 - The latest MMR template will be used for submissions.

CONFIRMATION OF REPORT

Abigail Harris

Interim Chief Commissioner



Stacey Taylor

Director of Finance & Information

NWJCC / JCC - NHS Wales Joint Commissioning Committee
ALAS - Artificial Limbs and Appliances Services
CAMHS - Child and Adolescent Mental Health Services
DDRC - Diving Diseases Research Centre
DRC - Direct Running Costs
EASC - Emergency Ambulance Services Committee (now part of NWJCC)
ED - Eating Disorders
EMRTS - Emergency Medical Retrieval & Transfer Service
ICD - Interventional Cardiac Devices
ICP - Integrated Commissioning Plan
IPC/IPFR - Individual Patient Commissioning / Funding Request
IVF - In Vitro Fertilisation
NCCU - National Collaborative Commissioning Unit
NHSE - NHS England
OOA - Out of Area
PETIC - Positron Emission Tomography Imaging Centre
PSPP - Public Sector Payment Compliance
SLA - Service Level Agreement
WAST - Welsh Ambulance Services Trust
WHSSC - Welsh Health Specialised Services Committee (now part of NWJCC)