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Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Annual Report of the Finance Committee 2022/23

1.0 INTRODUCTION

In accordance with best practice and good governance, the Finance Committee (“the Committee”) produces an Annual Report to the Board setting out how the Committee has met its Terms of Reference during the financial year.

2.0 MEMBERSHIP

In addition to the Chair of the Committee, the Committee membership is a minimum of two other Independent Members. The meetings are also attended by the Executive Director of Finance (Executive Lead for the Committee), Chief Executive, Chief Operating Officer, Executive Director of Strategic Planning, Director of Corporate Governance, and Deputy Director of Finance. Other Directors and officers are required to attend, as well as any others from within or outside the organisation who the Committee considers should attend, considering the matters under consideration at each meeting.

3.0 MEETINGS AND ATTENDANCE

The Committee met 12 times (ie each month) during the period from 1st April 2022 to 31st March 2023. This is in line with its Terms of Reference.

At least two Independent Members must be present to ensure the quorum of the Committee, one of whom should be the Committee Chair or Vice Chair. In the interests of effective governance, it is also expected that a minimum of two Executive Directors will also be in attendance.

The Committee achieved an attendance rate of 89% during the period 1st April 2022 to 31st March 2023 as set out below:

	27.04. .22	25.05. 22	29.06. 22	27.07. 22	24.08. 22	28.09. 22	19.10. 22	16.11. 22	14.12. 22	18.01. 23	15.02. 23	29.03. 23	Attendance
Dr Rhian Thomas (CC)	✓	✓	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	92%
John Union (VC)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
David Edwards	x	✓	✓	✓	✓	✓	✓	✓	x	x	✓	✓	75%
Total	66%	100%	100%	100%	100%	100%	100%	100%	66%	33%	100%	100%	89%

4.0 TERMS OF REFERENCE

The Terms of Reference will be reviewed at the first Finance and Performance Committee meeting on the 19th of April 2023.

5.0 WORK UNDERTAKEN

As set out in its Terms of Reference, the purpose of the Committee is to advise and assure the Board in discharging its responsibilities with regard to the Health Board's current and forecast financial position, performance and delivery. That includes scrutinising the Health Board's performance in relation to:-

- Financial plans and monitoring, including delivery of savings programmes;
- Scrutiny and monitoring of financial monthly performance; and
- Business cases over £500,000.

During the financial year 2022/23, the following standing items were considered and reviewed at each Finance Committee:

Finance Report for previous month – at each meeting, the Committee was presented with, and discussed, a paper which set out a summary of the Health Board's financial position as at the preceding financial month. Matters discussed included the Health Board's actual financial performance measured against key financial measures, the financial forecast, overspend and/or the planned deficit, key financial risks, performance of the Clinical Boards, saving programmes and cost pressures (including exceptional cost pressures), together with details of the actions being taken to address the key financial risks.

Throughout the year, it was noted that this year the Health Board was facing an extremely challenging financial position.

At its October meeting, the Committee was advised of the very difficult financial challenges the Health Board was experiencing in order to meet its draft financial plan. Significantly, Committee Members were informed that, due to the Health Board's inability to produce a financially balanced plan, the Welsh Government had

moved the Health Board to the lowest level of escalation status and support, “enhanced monitoring”, as part of NHS Wales Escalation and Intervention arrangements.

At the meeting in February 2023, the Committee was advised that the Health Board had forecast a deficit of £26.9million for 2022-23. This was reflected in the Accountable Officer’s Letter which had been submitted to Welsh Government.

Finance Risk Register – This was routinely presented to the Committee for information and discussion. The Committee noted that the key financial risk continued to be the failure of the Health Board to deliver a breakeven position by 2022-23-year end.

An extract from the **Monthly Finance Monitoring Returns** submitted to Welsh Government was also noted at each Committee Meeting.

In addition, the following items were discussed at Finance Committee meetings:

April 2022

- **2022/23 Savings and Tracker** - The Health Board’s draft financial plan included a total savings requirement of £16m in 2022/23. The Tracker summarised the progress made against the 2022/23 target.
- **Escalation of Corporate Directorates and Clinical Boards** – The Committee was advised that the Executive Performance Reviews with the Clinical Boards (which formed an integral part of the Health Board’s Performance Management Framework) would be stood back up following the COVID-19 pandemic and that finance and operational delivery would be covered in those reviews. This item of business was also considered by the Committee at its meeting held in June, July, and August.

May 2022

- **NHS Long Term Agreements and Financial Approach 2022/23** - The Committee received a presentation from the Head of Finance. It related to the arrangements in place with respect to the provision of healthcare services by the Health Board to other NHS Bodies and the commissioning of healthcare services by the Health Board from other NHS Bodies.

- **Committee Effectiveness Survey Results 2021-2022** - The purpose of this report was to present the findings of the Annual Board Effectiveness Survey 2021-2022, which related to the Finance Committee. Committee Members noted that there were no areas identified for improvement

June 2022

Integrated Medium Term Plan (“IMTP”)- the Committee was advised the (i) in March 2022 the Health Board had submitted a draft IMTP plan to Welsh Government, (ii) the plan had a deficit forecast position for the end of the financial year and therefore the Welsh Government had allowed the Health Board an extra three months to undertake further work to explore, in detail, how the position could be improved, and (iii) the Health Board was in a position of not having an approvable IMTP and therefore work would be required with Welsh Government to understand the next steps. It was noted that the Health Board was not alone in trying to deliver a balanced plan and that other Health Boards were also struggling to deliver a financially balanced plan.

July 2022

Escalation of Corporate Directorates and Clinical Boards

August 2022

High Level Resource Map - The Committee received and discussed a presentation given in relation to High Level Resource Map. The purpose of the High-Level Resource Map was to provide an overview of the funding received by the Health Board (source of funding) over the past four financial years and how the funding was used (application of funding).

September 2022

- **BAF Risk – Financial Sustainability** - The Committee reviewed the Financial Sustainability Risk (that was, *the risk that the organisation would not be able to manage the impact of COVID 19 and other operational issues within the financial resources available*) which was registered on the Health Board’s Board Assurance Framework. The same position was also reported to the Committee in November.
- **Business Cases** – the Committee considered (i) the Velindre NHS Trust Business Cases for (a) Radiotherapy Solution IRS and (b) Radiotherapy Satellite Centre, and (ii) a new Fracture Clinic, and made certain recommendations to full Board.

October 2022

- **Financial performance of Clinical Boards** - The Committee received an analysis of each Clinical Board's financial performance. It was noted that some were experiencing operational overspends (ie Medicine Clinical Board and the Mental Health Clinical Board). That was due to continued trends, which included the pressure of recruiting nursing and medical staff, and delayed transfers of care. Committee Members requested more data, including more details with regards to the recovery plans to address those overspends.

November 2022

- **2022-23 Strategic Cash Request Submission** - subject to full Board approval, the Committee was advised that an application was to be submitted by the Health Board's Accountable Officer to Welsh Government for strategic cash support in line with the Health Board's forecast deficit.
- **Financial performance of Clinical Boards** – the Committee was advised that the Finance team met with each Clinical Board on a monthly basis to discuss how they could improve their respective expenditure profiles. A number of options were being considered by the Clinical Boards, including considering how the workforce could be better utilised, addressing high sickness rates, reducing high agency costs, considering whether procurement could help to make some savings, and working closely with Local Authority partners to discharge medically fit patients into the community and /or their own homes.
- **Operational Pressures** – the Committee noted that a number of cost pressures that had not been foreseen in the original financial plan, had emerged or increased in the year to date. Further, the Committee was advised of other potential cost issues which could also impact upon the Health Board's financial position. They included i) Winter pressure planning for additional bed capacity, and (ii) the Emergency Unit service whilst Covid-19 restricted the ability to efficiently discharge patients.
- **Business Cases** – Committee Members considered the (i) Tertiary Tower Long term solution – Business Case and (ii) Development of the Hybrid/Major Trauma theatres at UHW - Business Case. The Committee made a recommendation to Board to approve the submission of those Business Cases. to Welsh Government for capital funding support.

- **FNC Rate** - the Committee recommended that the Board approve the proposed uplift in the FNC rate in line with other Health Boards in Wales.

December 2022

- **Financial performance of Clinical Boards** – the Committee was advised that each Clinical Board had a programme of long-term actions and short-term actions they could take in order to address the financial deficit. It was noted that there were a number of costs pressures that the Health Board could not have foreseen and which had contributed to the overspend. At its meeting in December, the Committee discussed what could be learnt from that and what actions could be taken to avoid those circumstances arising again. Amongst those costs pressures that could not reasonably have been foreseen were (i) the level of additional capacity required – ie medically fit ready for discharge Patients had increased the costs incurred for temporary medical and nursing staff, and (ii) inflation caused by the war in Ukraine.

March 2023

Business Cases – Committee Members considered the following Business Cases:

- Velindre Cancer Centre Business Case
- Mortuary Business Case
- UHW Lift Refurbishment Scheme - Business Case
- Ockenden Business Case
- Critical Care Expansion and Part Team 24/7 Business Case
- Regional Health Protection Service Business Case

6.0 REPORTING RESPONSIBILITIES

The Committee has reported to each Board meeting by presenting a summary report of the key discussion items at the Finance Committee. The report is presented by the Chair of the Finance Committee. In addition, the finance dashboard which is reviewed at Committee meetings is included within the Performance Report which is submitted to each Board meeting.

7.0 OPINION

The Committee is of the opinion that the Finance Committee Report 2022/23 is consistent with its role as set out within the Terms of Reference and that there are no matters that the Committee is aware of at this time that have not been disclosed appropriately.

Dr Rhian Thomas
Committee Chair