

**Minutes of the Public Finance and Performance Committee Meeting  
Held on 17 July 2024  
Via MS Teams**

<b>Chair:</b>		
John Union	JU	Independent Member – Finance
<b>Present:</b>		
Charles Janczewski	CJ	UHB Chair
Ceri Phillips	CP	UHB Vice Chair
<b>In Attendance:</b>		
Paul Bostock	PB	Chief Operating Officer
Adam Christian	AC	Clinical Board Director CD&T
Andrew Gough	AG	Deputy Director of Finance (Strategic)
Sarah Lloyd	SL	Director of Operations – CD&T
Robert Mahoney	RM	Deputy Director of Finance (Operational)
Catherine Phillips	CP	Executive Director of Finance
Matt Phillips	MP	Director of Corporate Governance
Jason Roberts	JR	Executive Nursing Director
Melanie Wilkey	MW	Deputy Director of Commissioning
<b>Secretariat:</b>		
Nathan Saunders	NS	Senior Corporate Governance Officer
Rachel Chilcott	RC	Corporate Governance Officer
<b>Apologies:</b>		
Suzanne Rankin	SR	Chief Executive Officer
Marie Davies	MD	Interim Executive Director of Strategic Planning

Item No	Agenda Item	Action
FPC 17/07/001	<b>Welcome &amp; Introduction</b> The Committee Chair (CC) welcomed everyone to the meeting.	
FPC 17/07/002	<b>Apologies for Absence</b> Apologies for Absence were noted.  <b>The Finance and Performance Committee resolved that:</b>  a) Apologies for Absence were noted.	
FPC 17/07/003	<b>Declarations of Interest</b> No Declarations of Interest were noted.	
FPC 17/07/004	<b>Minutes of the Finance and Performance Meeting held on 19 June 2024</b>  <i>To view the minute:</i> <a href="https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzAA7B9IVZC6mznqn8msCNnOV&amp;t=160">https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzAA7B9IVZC6mznqn8msCNnOV&amp;t=160</a>  The minutes of the meeting held on 19 June 2024 were received.  <b>The Finance Committee resolved that:</b>  a) The minutes of the Finance and Performance Committee meeting held on 19 June 2024, were held as a true and accurate record of the meeting.	
FPC 17/07/005	<b>Actions following the Finance and Performance Committee meeting on 19 June 2024</b>  <i>To view the minute:</i> <a href="https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzAA7B9IVZC6mznqn8msCNnOV&amp;t=216">https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzAA7B9IVZC6mznqn8msCNnOV&amp;t=216</a>	

	<p>The Action log was received.</p> <p><b>The Finance and Performance Committee resolved that:</b></p> <p>a) The Action Log for the Finance and Performance Committee was noted.</p>	
<p><b>FPC</b> <b>17/07/006</b></p>	<p><b>Chairs Action since previous meeting</b></p> <p>There had been no Chair's Actions taken since the last meeting</p>	
<p><b>FPC</b> <b>17/07/007</b></p>	<p><b>Financial Report – Month 3 Position &amp; Savings Plan Progress</b></p> <p><i>To view the minute:</i>  <a href="https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzmAA7B9IVZC6mznqn8msCNnOV&amp;t=257">https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzmAA7B9IVZC6mznqn8msCNnOV&amp;t=257</a></p> <p>The Financial Report – Month 3 was received.</p> <p>The Deputy Director of Finance Operational (DDFO) advised the Committee that he would take the report as read and summarised the key points which included:</p> <ul style="list-style-type: none"> <li>At month 3, the Health Board had reported an overspend to Welsh Government (WG) of £11.564m against the forecast year-end position / the 1-year plan that had been submitted to WG which anticipated at £15.9m overspend.</li> <li>Table 1 in the report provided information how the financial plan was arrived at and the Committee were advised that that position continued to be of concern as it had been at month 1 and 2 when reported.</li> </ul> <p>The UHB Chair noted that the report did not appear to be confident that the Health Board could correct the deficit as would normally be expected which would be a difficult position for the Board to consider so early on in the year.</p> <p>He asked how confident were the finance team that the position could be corrected and what sort of timeline would that entail as well as highlighting that a full discussion would be required at the August Board Development session to help the Board understand the financial position using month 4 data and to discuss difficult decisions if required.</p> <p>The DDFO responded that the actions identified in the paper would hopefully alleviate some concerns as to how the position could be presented to the Board which he would outline later in the meeting.</p> <ul style="list-style-type: none"> <li>The Committee received a summary financial position which analysed the £11.564m overspend at Month 3, between Income, Pay and Non-Pay and were provided with a graph outlining the Total Variance compared to a straight-line Projection of the Planned Deficit which showed the reported position at month 3 compared to the planned deficit.</li> </ul> <p>It was noted that the actual position was £7.589m above the planned deficit because of the combined operational deficit and savings gap and that the forecast position assumed that this would be recovered over the course of the year through management action to ensure that services operated within delegated budgets.</p> <ul style="list-style-type: none"> <li>Long Term Agreements (LTAs) – the Committee was reminded that there had been difficulties in finalising the LTAs with the commissioner bodies (other Health Boards in Wales and the Joint Commissioning Committee – formerly Welsh Health Specialised Services Committee) and it was noted that the Health Board had avoided going into arbitration and that some of the contracts had been reshaped although it did leave a performance risk for the Health Board that would need to be delivered to try and secure the requisite levels of income in the plan.</li> </ul> <p>The UHB Chair thanked the DDFO for managing to settle the LTAs without having to go into arbitration but noted his concern at the outcome in terms of what the Health Board would receive vs what it had expected to receive.</p>	

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He added that it was not acceptable that the Health Board carry the risk year on year and that the dispute should have resolved sooner.

- Financial Performance of Clinical Boards was received and it was noted that Clinical Boards were anticipating managing the operational financial risks that they faced within their delegated budgets. The most significant of those risks were outlined within the report.

It was noted that review meetings had been scheduled with the Clinical Boards to assess their Month 3 positions and the robustness of actions to improve the financial outlook.

The DDFO advised the Committee that there had also been high costs associated with additional mental health support needed in respect of complex behavioural patients on a number of medical wards across UHW and UHL.

The UHB Vice Chair asked to what extent were the mental health patients' residents of Cardiff and Vale.

The DDFO responded that the expectation would be that most of the medicine admissions would be Cardiff and Vale residents due to the way flows worked but some of the more elective specialities would be more of a mix.

The Chief Operating Officer (COO) reiterated that review meetings had been scheduled with the Clinical Boards to assess their Month 3 positions and the robustness of actions to improve the financial outlook which would include attendance from the Clinical Board Triumvirate.

The Executive Director of Finance (EDF) added that Clinical Boards would be undertaking Quality Impact Assessments (QIAs) on their red and ambers schemes identified within their savings trackers which would then be fed back to the Board as appropriate.

- The Committee were provided with a summary of Month 3 COVID 19 Net Expenditure where it was noted that funding for local response costs was allocated to Clinical Boards through the Health Boards Financial Plan.

It was noted that local response expenditure was no longer funded directly by WG and residual costs were reported within delegated clinical board positions and not included in summary provided.

- Savings Programme Update - at month 3, £28.750m of green and amber savings had been identified towards the £47.2m savings target. £15.199m of those schemes were recurrent and it represented an increase of £7.761m from Month1 and identified 61% of the annual target.

The progress in the identification of schemes during the year was shown in a graph to the Committee

It was noted that the draft financial plan required the Health Board to meet its £47.2m Recurrent Savings target and deliver a balanced recurrent operational position to reduce the brought forward underlying deficit (ULD) from £60.9m to £15.9m at the end of 2024/25.

The DDFO advised the Committee that a £2.438m operational overspend was reported at month 3 which would need to be managed to a balanced position at year end to meet the target ULD.

- Financial Risks – the Committee was advised that the risk register had been updated and revised and it was noted that the key risk which feed into the Health Board Corporate Risk Register was the failure of the Health Board to deliver a breakeven position by 2024-25-year end with a current planned deficit of £15.9m.

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	<ul style="list-style-type: none"> <li>• Cash Flow Forecast – the DDFO advised the Committee that cash flow would become a problem later in the year if the Health Board carried on the current trajectory which emphasised the need for escalation and new action.</li> <li>• Public Sector Payment Compliance - The Health Boards public sector payment compliance performance was above the target of 95% with the performance for the month to the end of June being 97.8%.  The DDFO noted that if the Health Board did move into cash flow difficulties because of the financial position, one of the first thing that would be a casualty to that would be the compliance rate.</li> <li>• Capital – it was noted that the Health Boards approved capital resource limit was in line with the latest CRL received from WG.</li> </ul> <p>The DDFO summarised that the finance team did hold concern, savings were not moving fast enough and there was further concern around operational blowouts being observed.</p> <p>He added that the Health Board were in a period of escalation and enhanced monitoring.</p> <p>The COO added that it was a very challenging year for the Health Board because the savings target was much higher than the previous year.</p> <p><b>The Finance and Performance Committee resolved:</b></p> <ol style="list-style-type: none"> <li>a) The reported year to date overspend of £11.564m and the forecast deficit of £15.900m was noted.</li> <li>b) The month 3 operational overspend against plan of £2.438m with a further £5.151m savings gap was noted.</li> <li>c) The progress against the savings target, with £28.750m (61%) of green and amber schemes identified at Month 3 against the £47.2m target was noted.</li> <li>d) It was noted that delivery of the forecast was predicated on the confirmation of all expected income streams including Welsh Government anticipated allocations and LTA performance income.</li> </ol>	
<p><b>FPC 17/07/009</b></p>	<p><b>Operational Performance</b></p> <p><i>To view the minute:</i>  <a href="https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzmAA7B9IVZC6mznqn8msCNnOV&amp;t=2611">https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzmAA7B9IVZC6mznqn8msCNnOV&amp;t=2611</a></p> <p>The Operational Performance update was received.</p> <p>The COO advised the Committee that he would take the report as read and noted that it had not changed much from the report received in the previous month.</p> <p>He added that he would highlight key points which included:</p> <ul style="list-style-type: none"> <li>• Urgent and Emergency Care – The Health Board were struggling to hold onto the performance delivered so far with the last few weeks being harder for the teams that expected.  It was noted that despite the challenges, the Health Board was still the best performing Health Board in Wales, and it had outlined an improvement trajectory to meet its own, and the Cabinet Secretary’s ambitions.</li> <li>• Hospital Flow and Discharge - it was noted that delayed pathways of care had reduced, and the Health Board had seen some reduction in length of stay for 7 and 21 days</li> <li>• Cancer – the Committee was reminded that WG had reset the bar and stated that they had wanted all Health Boards to achieve a 62-day single Cancer Pathway standard of 60% and it was noted that the Health Board had delivered against that in December to 70.2% but that recent months had seen a reduction to around the 60% mark.</li> </ul>	

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The COO advised the Committee that there were couple of hotspots within cancer which included:

- Pathology
- Microtomy backlog
- Reporting backlog

The COO added that although improvements had been observed, a deep dive would be undertaken with the Clinical Board and presented to the Executives to talk about what support may be required.

- Rapid Diagnostics Centre (RDC) – the COO advised the Committee that the RDC data had be included which had not been done before and was a “good news” story.
- Planned Care – it was noted that a more detailed update would be received by the Board at the private Board meeting being held in July which would outline what was driving some of the issues in planned care and how those could be addressed.

The COO added that it was known that planned care was moving in the wrong direction with a number of 104 week waits increasing, as well as 52 week waits and there were 100 patients waiting over 3 years for treatment and 4 patients waiting over 4 years.

It was noted that there was a commitment to getting those patients treated over the coming months and confidence that it would be achieved by September 2024.

Progress was made in overdue follow-ups with 175 patients who were 18 months past heir scheduled follow up appointment which was down from 500 at the beginning of April 2024.

The COO advised the Committee that overdue follow ups were monitored weekly through the operational delivery group (ODG).

- Diagnostics – it was noted that the waiting list position for Diagnostics had deteriorated in recent months, with particular challenges in Radiology and Endoscopy and that it was anticipated that the upcoming development of a Community Diagnostic Hub, and interim use of mobile facilities would address radiological backlogs.
- Mental Health – the COO advised the Committee that a Mental Health summit was held in June 2024 with attendance from Primary Care, Mental Health and Community colleagues.

He added that discussion were held around a new community model of care and a new model of care for ADHD with some working groups established to define those areas with a follow up summit being held later in the year.

It was noted that in relation to Mental Health Clinical Board, demand for adult and children’s Mental Health services remained significantly above pre-Covid levels, including an increased presentation of patients with complex mental health and behavioural needs.

The COO advised the Committee that performance was expected to remain low through the year and recover to compliance in Q4 2024/25

**The Finance and Performance Committee resolved:**

- a) The year-to-date position against key organisational performance indicators for 2023-24 and the update against the Operational Plan programmes were noted.

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17/07/010

**Business Cases:**

- Transforming Access to Medicine Business (TRAMS) Justification Case (Radiopharmacy)

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To view the minute:

<https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzmAA7B9IVZC6mznqn8msCNnOV&t=3575>

The Transforming Access to Medicine Business (TRAMS) Justification Case (Radiopharmacy) was received.

The Director of Operations – CD&T provided the Committee with detail around the business case and noted that from a financial perspective, the new arrangements were within the Health Boards current financial outlay and so there was no additional ask from a revenue perspective from the Health Board.

**The Finance and Performance Committee resolved:**

- a) The business model presented in the Business Justification Case prepared by Shared Services Partnership for the future provision of Radiopharmaceutical products to NHS Wales organisations including C&V UHB was noted.
- b) The fair shares financial risk share principle that underpins the funding model was noted.
- c) Recommendation to the Board that it approves and provides support for the BJC

- Pentyrch Business Justification Case

To view the minute:

<https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzmAA7B9IVZC6mznqn8msCNnOV&t=3835>

The Pentyrch Business Justification Case was received.

The Deputy Director of Commissioning provided the Committee with detail around the business case and noted that there was a revenue consequence which was non-recurrent to the Health Board of £53,000, which was the start-up costs to provide technology and infrastructure and to set up the new service.

She added that there would be ongoing recurrent revenue cost of £25K, but noted that those were in line with the existing revenue costs of running the service.

**The Finance and Performance Committee resolved:**

- a) The Pentyrch Branch Surgery Development - Business Justification Case was supported
- b) It was recommended to the Board that it:
  - approved the submission of the Pentyrch Branch Surgery Development – Business Justification Case to Welsh Government for capital funding support
  - Approved awarding of the construction contract, subject to Welsh Government approval of the BJC, at the cost of £3.908m (inclusive of VAT) under the terms and conditions of the NEC 4, Option B contract
  - Note the appointment of the Health Board’s Project Manager and Cost Advisor will be undertaken at a later date and that there is a fee allowance in the overall Business Case

- Digital Cellular Pathology Business Case

To view the minute:

<https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzmAA7B9IVZC6mznqn8msCNnOV&t=4254>

The Digital Cellular Pathology Business Case was received.

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	<p>The Clinical Board Director CD&amp;T (CBDCDT) provided the Committee with detail around the business case and noted that for 2025/26 the cost would be £75K for the procurement phase outlined within the paper and then the costs increased to £1m every year for the Health Board was were proportionate based on the volume of work that would be undertaken.</p> <p>It was noted that Digital Cellular Pathology had been running for around 8 or 9 years and the UHB Chair asked why the Health Board were so far behind in undertaking it.</p> <p>The CBDCDT responded that there had been issues with firewalls and getting the scanner connected to servers around Wales as well as staffing issues.</p> <p>The UHB Chair asked how confident the CBDCDT was that the Health Board could get up to speed in relation to resource to make the most of the investment.</p> <p>The CBDCDT responded that the money that WG had released included staff for scanning specifically.</p> <p><b>The Finance and Performance Committee resolved:</b></p> <p>a) The Business Justification Case for Digital Cellular Pathology Programme Phase 3 - National Scale Up was approved.</p>	
<p><b>FPC</b> <b>17/07/011</b></p>	<p><b>Draft Capital Plan</b></p> <p>To view the minute: <a href="https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzAA7B9IVZC6mznqn8msCNnOV&amp;t=5047">https://youtu.be/7zb1LEQrP2k?list=PLLVdfcKNzAA7B9IVZC6mznqn8msCNnOV&amp;t=5047</a></p> <p>The Draft Capital Plan was received.</p> <p>The EDF advised the Committee that she would take the report as read and apologised to the Committee because it should have formed part of the Annual Plan but noted that there had been some back and forth from WG around the allocation.</p> <p>Key points were highlighted which included:</p> <ul style="list-style-type: none"> <li>The desire to move Cardiothoracic and Cardiology around in the UHW and UHL sites meant that the Health Board were in a position at the current point of the year where there was limited (if not no) contingency which was not a comfortable position for the Health Board to be in.</li> </ul> <p>The EDF added that work was ongoing to try and manage with less resources</p> <ul style="list-style-type: none"> <li>The appendices received by the Committee were papers that the Health Board had sent to WG to ask them for a share of a £30m fund that they were holding and it was noted that some success had be found with those schemes for urgent IM&amp;T and medical equipment.</li> </ul> <p>The UHB Chair advised the Committee a slot would be held at the Board Development session in August 2024 to explore UHW in particular in terms of its estate condition and the risks posed by those conditions to patients and staff who work within the premises and the impact it had on performance.</p> <p><b>The Finance and Performance Committee resolved:</b></p> <p>a) The content of the paper and in particular the prioritisation process undertaken was noted.</p> <p>b) The draft capital plan 2024/25 was supported and it was recommended that the Board approve the plan, recognising the reported overcommitment and risk associated with the unavailability of contingency.</p> <p>c) The potential additional Welsh Government funding allocation to support items 4,5,6&amp;8 in table 3 of the report was noted.</p>	

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<b>FPC</b> <b>17/07/012</b>	<b>Any Other Business</b>  No other business was raised.	
	<b>Date &amp; time of next Meeting</b>  Wednesday 21 August 2024 via Teams	

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