

**CONFIRMED MINUTES OF FINANCE COMMITTEE
HELD ON 30th JANUARY 2019
LARGE MEETING ROOM, HQ, UHW**

Present:

John Antoniazzi	JA	Chair, Independent Member –Estates
Charles Janczewski	CJ	Vice Chair (Board)
John Union	JU	Independent Member – Finance
Maria Battle	MB	Chair
Abigail Harris	AH	Executive Director of Planning
Chris Lewis	CL	Deputy Director of Finance
Len Richards	LR	Chief Executive
Nicola Foreman	NF	Director of Corporate Governance
Robert Chadwick	RC	Director of Finance
Sharon Hopkins	SH	Deputy Chief Executive
Steve Curry	SC	Chief Operating Officer

Secretariat:

Paul Emmerson	PE	Finance Manager
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Apologies:

Andrew Gough	AG	Assistant Director of Finance
Martin Driscoll	MD	Director of Workforce and OD
Ruth Walker	RW	Executive Nurse Director

FC 19/001	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
FC 19/002	APOLOGIES FOR ABSENCE	
	Apologies for absence were noted.	
FC 19/003	DECLARATIONS OF INTEREST	
	The Chair invited members to declare any interests in proceedings on the Agenda. The UHB Vice Chair (CJ) stated that he was Chair of a WHSCC sub-committee and declared an interest in discussions in respect of WHSCC	
FC 19/004	MINUTES OF THE BOARD MEETING HELD ON 3 rd JANUARY 2019	
	The minutes of the meeting held on 3 rd January 2019 were reviewed and confirmed to be an accurate record. Resolved – that: The minutes of the meeting held on 3rd January 2019 were approved	

	by the Committee as an accurate record.	
FC 19/005	<p>ACTION LOG FOLLOWING THE LAST MEETING</p> <p>FC - 18/225 - The Nursing Productivity Group to be asked to explore the likely impact of introducing a weekly payroll for payment of bank staff - The Executive Nurse Director informed the Finance Committee meeting that a weekly payroll for the payment of bank staff had now been introduced. The availability of a weekly payment had been publicised through social media and over 160 staff had indicated an interest in joining the weekly bank and 22 staff had completed the required documentation to join the bank by Christmas Eve of 2018. Action Complete.</p> <p>FC18/259 – The Nursing Productivity Group to be asked to review the impact of introducing a weekly payroll for payment of bank staff – The Nursing Productivity Group will review the results of the initiative and the results will be reported back to the Finance Committee after the end of June 2019.</p> <p>The UHB Vice Chair (CJ) indicated that he had heard anecdotally that potential staff had difficulty in enrolling on the bank and asked if there was any substance to the suggestion. The Executive Nurse Director confirmed that the UHB’s recruitment to the bank was limited each month due to the governance requirement to ensure that staff had received all necessary mandatory training. The level of training required was dependent upon whether potential staff were external to the organization or changing roles and the number of training places available on a monthly basis was sometimes insufficient to meet the demand for training. The UHB Vice Chair (CJ) asked if the UHB had plans to increase the capacity of mandatory training available and the Executive Nurse Director agreed that the Nursing Productivity Group would need to make a case to increase capacity if the current capacity had a significant adverse impact on recruitment to the bank.</p> <p>It was agreed that following implementation of the weekly payroll the initiative would be reviewed after 6 months by the Nurse Productivity Group and the results reported back to the Finance Committee. Action Incomplete.</p> <p>FC - 18/236 – Report on the wider issues and actions around the nursing position to be provided to The Finance Committee – The Executive Nurse Director informed the Finance Committee meeting of January 3rd 2019 that the level of nursing vacancies within the UHB had led to an increased demand to use agency staff and that this was the main driver for the financial overspend against nursing. Action to reduce the financial pressures on nursing was a considerable concern for the Nursing Productivity Group and there was an expectation that opportunities arising from the IMTP and transformation programme would enable the UHB to manage down the level of nursing vacancies and reduce the pressures on nursing budgets. Action Complete.</p> <p>FC - 18/265 – No purchase order no payment policy-number of</p>	Executive Nurse Director (RW)

	<p>invoices with no PO number on hold to be reported back to the Committee in 3 months time so that the position could be re-assessed – It was reported to the January 2019 Finance Committee meeting that the number of Cardiff and Vale Health Board invoices on hold without a valid purchase order as at 14th January 2019 had fallen by approximately 50% from the reported position at the end of October 2018 from 1325 to 665 invoices. Over the same period as a percentage of the total invoices on hold across Wales the Cardiff and Vale UHB share had fallen from 34% to 16%. Action Complete.</p> <p>FC - 18/287 Confirmation That The Methodology Recommended By The All Wales Technical Accounting Sub Group for The Implementation of IFRS 9 And Treatment of Trade and Other Receivables Had Been Agreed By Welsh Audit Office (WAO). – WAO had confirmed that it was content with the approach recommended by the All Wales Technical Accounting Sub Group in the adoption of IFRS 9. Action Complete.</p> <p>Resolved – that:</p> <p>The Finance Committee received the Action Log.</p>	
<p>FC 19/006</p>	<p>2019/20 FINANCIAL PLAN</p> <p>The Deputy Director of Finance reminded the Committee that the UHB’s Draft Financial Plan had been shared and discussed at the previous 2 Finance Committee meetings. Attention was drawn to refinements to the plan which reflected:</p> <ul style="list-style-type: none"> • Comments received from the Finance Committee and others within the UHB; • Feedback from Welsh Government and the Finance Delivery Unit; • Clarification of a 2% uplift to be applied to LTA’s. <p>LTA inflation had now been agreed at 2% pass through with an additional discretionary 1% for further agreed investments. The net impact for the UHB was a £0.6m reduction in planned income and this was managed in the revised plan by a £0.5m reduction to the local cost provision and by moving from a planned surplus of £0.1m to a balanced position.</p> <p>In respect of presentation, the £2.9m of savings schemes in respect of ophthalmology drugs and Woodland House were now reported under Corporate and high value opportunities.</p> <p>In addition the 2019/20 increase to employer’s pension contributions were now flagged as a potential risk to the plan.</p> <p>It was noted that progress against the £14.9m of Corporate and high value opportunities target and the £16.4m recurrent delegated savings targets would formally be reported on a monthly basis to future Finance Committee meetings.</p> <p>The Committee was informed that progress in identifying the 3.8%</p>	<p>Assistant Director of Finance (AG)</p>

savings target was also a key focus for Welsh Government.

The Chief Executive informed the Committee that the plan assumed that RTT plans would be subject to a detailed review and that additional investment may be required to secure further improvements against Welsh Government performance measures. At this stage it was unclear whether the 1% additional funding provided under the heading of "A Healthier Wales" would be supplemented by additional Welsh Government performance funding through the year. It was noted that the Draft Financial Plan did not explicitly identify any additional investment reserves to support an improvement against RTT targets. The Director of Finance advised that the UHB needed to recognise that the plan assumed that RTT performance would be maintained and that an improvement in performance would require additional investment. The Chief Executive indicated that to date the UHB had no assurance from Welsh Government that further in year funding would be provided to improve RTT performance. However given the UHB's ambition to improve performance there was some scope to schedule activity to improve performance from the beginning of 2019/20 on the basis that the UHB would be able to recover its financial position if further in year funding was not provided by Welsh Government. The current estimate of improving compliance against the RTT targets to 92% was c £6.8m and the UHB would expect this additional cost to be incurred on a straight line basis during 2019/20 in order to improve compliance against the RTT targets to 92%.

The Chief Executive indicated that the UHB's investment reserve and the potential to improve performance through increased productivity provided some cover against Welsh Government not providing additional in year performance funding. The Chief Operating Officer added that the UHB had some scope to recover any investment by rescheduling activity in the latter part of the year and added that the UHB will explain the detail of the UHB's RTT plans to Welsh Government Officers so that there was a common understanding of the options available and the consequent impact on performance and financial measures.

In this context the Committee agreed that the UHB was in a position to commit additional resources to improve RTT performance in the early part of 2019/20 on the basis that the UHB would be able to recover the financial cost through internal action if additional Welsh Government RTT performance funding was not provided. The UHB Chair (MB) added that the proposed course of action with options to recover any financial overspend was reasonable given the additional in year performance monies provided by Welsh Government over recent years.

The Director of Finance indicated that the UHB could not assume additional Welsh Government funding unless there was reasonable assurance that this would be provided. Therefore the UHB would need to report any additional cost and resulting overspend incurred in improving RTT performance to Welsh Government through the Monthly Monitoring Returns. The Finance Committee would be

	<p>informed of any ongoing risk through the monthly finance report and it was noted that proceeding with the plans to improve performance against Welsh Government access targets in lieu of targeted funding presented some risk to the UHB which would need to be monitored and re-assessed on a monthly basis as the year progressed.</p> <p>The Deputy Director of Finance reminded the Committee that the key risks within the plan were:</p> <ul style="list-style-type: none"> • Achievement of the 3.8% savings target; • Management of operational pressures; • Delivering RTT and winter plans within the resources available; • Increased employer pension contributions. <p>The UHB Vice Chair (CJ) noted that the plan moved the UHB in a positive direction and presented a worthwhile challenge.</p> <p>The Deputy Director of Finance asked the Finance Committee to approve the Financial Plan and recommend its approval to the Board</p> <p>Resolved – that:</p> <p>The Finance Committee approved the Financial Plan and recommended its approval to the Board.</p>	<p>Deputy Director of Finance (CL)</p>
<p>FC 19/007</p>	<p>FINANCE REPORT AS AT MONTH 9</p> <p>The Deputy Director of Finance presented the UHB's financial performance to month 9 and highlighted that the UHB remained on track to deliver the £9.9m planned deficit and that a full savings programme was in place. The UHB had reported a deficit of £7.428m for the year to date which was made up of a planning deficit of £7.425m (9/12 of the £9.9m planned deficit) and a overspend against the plan of £0.003m. The overspend against the plan had fallen by £0.489m in month and the improvement was primarily due to a pay underspend arising from a seasonal downturn over Christmas.</p> <p>It was noted that the UHB's 2018/19 planned deficit of £9.9m meant that the UHB did not expect to remain within the revenue resource limit in 2018/19 and this remained RAG rated red. The assessed underlying deficit position was £36.3m and this was also RAG rated red along with the forecast year end cash deficit which had improved to a deficit of £2.418m but remained RAG rated red.</p> <p>An in month deficit of £0.283m and a cumulative deficit of £1.823m was reported against income and the Committee was informed that the most significant in month income shortfall concerned the Compensations Recovery Unit (CRU) where there was an in month deficit of £0.116m. The Deputy Director of Finance indicated that this may reflect seasonal issues and informed the Committee that there might be a recovery in the January figures.</p>	

In total pay budgets improved by £0.685m in month and the Deputy Director of Finance indicated that this was mainly due to seasonal reductions particularly in nursing bank and agency expenditure. The cumulative pay underspend for the year to date was £0.797m.

It was noted that the delegated budgetary position of the PCIC, Mental Health and Specialist Clinical Boards had improved in month. However a number the majority of Clinical Boards continued to report a cumulative overspend and in response to a query from the UHB Vice Chair (CJ) the Deputy Director of Finance indicated that Clinical Boards were expected to have plans in place to ensure that overspends incurred in 2018/19 had no recurrent impact moving into 2019/20.

The Committee was asked to note a reduction £2.8m reduction to recurrent baseline costs in respect of £1m of cost savings that are expected to arise from the reduction the cost of biosimilar drugs in 2019/20 and a £1.8m reduction in UHB liabilities arising from a planned capital purchased for WEQAS. This in turn had led to a £2.8m reduction the UHB's underlying deficit.

Moving onto the UHB's cashflow, the committee was informed that Welsh Government had now confirmed that it would support the UHB with an additional £4.3m cash in 2018/19 in respect of its Revenue Working Balance Cash balance and that this would enable the UHB to remain within its cash limit in 2018/19.

The Deputy Director of Finance indicated that the UHB's cumulative PSPP performance improved marginally in month to 95.4% at the end of December.

The key concerns around the plan remained managing within current budgets and reducing the UHB's underlying deficit.

In response to a query from the UHB Vice Chair (CJ) as to whether the pressure on continuing healthcare budgets due to the continuing growth in packages represented a risk in 2019/20 the Deputy Director of Finance indicated that the UHB expected Clinical Boards to cover any risks with the flexibility available within the 2019/20 planning and operational framework and totality of delegated budgets. The Director of Planning added that the UHB was also working with local authorities to determine how ICF funding could best be used to manage demands against continuing healthcare budgets.

LIMITED ASSURANCE was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 9 position which is broadly on line with the profiled deficit within the draft operational plan.

Resolved – that:

	<p>The Finance Committee noted that the UHB has an unapproved draft one year operational plan that has a planned deficit of £9.900m for the year;</p> <p>The Finance Committee noted the £7.428m deficit at month 9 which includes a planning deficit of £7.425m and an adverse variance against plan of £0.003m;</p> <p>The Finance Committee noted the key concerns and actions being taken to manage risks.</p>	
<p>FC19/008</p>	<p>NO PURCHASE ORDER NO PAYMENT UPDATE</p> <p>The Deputy Director of Finance reminded the Committee that the NHS Wales Shared Services Partnership, Health Boards and Trusts had fully implemented an all Wales no purchase order no pay policy from 1st September 2018. Progress on implementation was initially reported to the October 2018 Finance Committee and a request was made at this meeting for a further update after 6 months in respect on the number of invoices on hold. It was confirmed that the number of Cardiff and Vale Health Board invoices on hold without a valid purchase order as at 14th January 2019 had fallen by approximately 50% from the reported position at the end of October 2018 from 1325 to 665 invoices. Over the same period as a percentage of the total invoices on hold across Wales the Cardiff and Vale UHB share had fallen from 34% to 16%.</p> <p>The UHB's cumulative (Non-NHS) PSCP performance to the end of December was 95.4% which represented an improvement on the performance of 92.3% at the 2017/18 year-end.</p> <p>The Committee was advised that the UHB was actively monitoring and managing the No PO No Pay policy through a Local P2P group with representation from Finance and Procurement. This process enabled issues arising from the P2P process to be reviewed and resolved as appropriate. In addition to this group, representatives from the UHB's Finance Department meet with NWSSP (AP) on a monthly basis to discuss payment related issues.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the update</p>	
<p>FC19/009</p>	<p>CLINICAL BOARDS IN ESCALATION</p> <p>The Chief Operating Officer confirmed that there were currently 3 Clinical boards which had only achieved limited assurance in respect of either the quality, activity or financial performance of services. There were concerns around the activity performance of two Clinical Boards.</p> <p>Discussions were continuing with the Medicine Clinical Board which was in escalation because of financial performance and the Finance Committee was informed that some assurance had been gleaned</p>	

	<p>from planned actions to improve this year's financial performance and that the situation would be re-assessed over the following month.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the actions being taken to manage financial performance</p>	
FC19/010	<p>COST REDUCTION PROGRAMME</p> <p>The Deputy Director of Finance highlighted the following key points from the Cost Reduction Report:</p> <ul style="list-style-type: none"> • At the end of the month £33.157m of schemes had been identified as Green or Amber against the devolved 4% savings target of £33.780m, leaving a gap of £0.623m • £21.604m has been identified against the £25.335m recurrent 3% element of the devolved target. • £11.553m has been identified against the £8.445m non-recurrent 1% element of the devolved target. • As at month 9 £12.684m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target. <p>The Deputy Director of Finance highlighted the WTE tracker and the reduction in the demand for wtes arising from UHB savings schemes. The Committee was informed that Clinical Boards had now been asked to prioritize and concentrate on 2019/20 CRP plans.</p> <p>In this context it was agreed that progress against the 2019/20 savings plans would be brought to future Finance Committee meetings</p> <p>Resolved – that:</p> <p>The Finance Committee noted the progress against the £33.780m devolved 2018/19 CRP target and the Cross Cutting contribution.</p> <p>The Finance Committee noted that the £9.266m improvement target had been achieved without any adverse impact on service delivery.</p>	<p>Assistant Director of Finance (AG)</p>
FC19/011	<p>RISK REGISTER</p> <p>The Deputy Director of Finance presented the 2018/19 Risk Register and asked the Finance Committee to note that one additional risk had been added to the register in month.</p> <p>It was agreed that in general 2018/19 risks had diminished as the year progressed and that the future Finance Committee meetings would also need to focus 2019/20 Risk Register.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the risks highlighted within the risk</p>	<p>Assistant Director of Finance (AG)</p>

	register	
FC 19/012	ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES No other items to bring to the main Board.	
FC 18/013	DATE OF THE NEXT MEETING OF THE BOARD Wednesday 27th February; 2.00pm ; Large Meeting Room, HQ, UHW	