

**CONFIRMED MINUTES OF FINANCE COMMITTEE
HELD ON 27th MARCH 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	UHB Chair
Abigail Harris	AH	Executive Director of Planning
Andrew Gough	AG	Assistant Director of Finance
Chris Lewis	CL	Deputy Director of Finance
Len Richards	LR	Chief Executive
Martin Driscoll	MD	Executive Director of Workforce and Organisational Development
Nicola Foreman	NF	Director of Corporate Governance
Robert Chadwick	RC	Executive Director of Finance
Ruth Walker	RW	Executive Nurse Director
Sharon Hopkins	SH	Deputy Chief Executive
Steve Curry	SC	Chief Operating Officer

In Attendance:

Secretariat:

Paul Emmerson	PE	Finance Manager
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Apologies:

Len Richards	LR	Chief Executive
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FC 19/028	WELCOME AND INTRODUCTIONS The Chair welcomed everyone to the meeting.	ACTION
FC 19/029	APOLOGIES FOR ABSENCE Apologies for absence were noted.	
FC 19/030	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 19/031	<p>MINUTES OF THE BOARD MEETING HELD ON 27th FEBRUARY 2019</p> <p>The minutes of the meeting held on 27th February 2019 were reviewed and confirmed to be an accurate record subject to an amendment to minute FC - 19/020 where the reference to the UHB Chair is to be amended to the UHB Vice Chair.</p> <p>Resolved – that:</p> <p>Subject to an amendment to minute FC - 19/020 where the reference to the UHB Chair is to be amended to the UHB Vice Chair, the minutes of the meeting held on 27th February 2019 were approved by the Committee as an accurate record.</p>	
FC 19/032	<p>ACTION LOG FOLLOWING THE LAST MEETING</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>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.</p> <p>The Executive Nurse Director provided the Committee with an update and indicated that around 100 people initially expressed an interest in the weekly bank payment and that approximately quarter of this number followed up on the initial expression of interest. Around 6 of the 100 people who originally expressed an interest were currently active on the bank.</p> <p>Action Incomplete.</p> <p>FC - 19/011– 2019/20 Finance Risk Register to be considered by Finance Committee – 2019/20 Risk Register included on the agenda for the Finance Committee meeting of 27th March 2018/19. Action Complete.</p> <p>FC - 19/020– Progress in gaining Welsh Government approval for the Integrated Medium Term Plan 2019-22 to be reported to the Finance Committee meeting scheduled for 27th March 2018/19 – Integrated Medium Term Plan 2019-22 included on the agenda for the Finance Committee meeting of 27th March 2018/19. Action Complete.</p> <p>Resolved – that:</p> <p>The Finance Committee received the Action Log.</p>	Executive Nurse Director
FC 19/033	INTEGRATED MEDIUM TERM PLAN (IMTP) 2019-22	

	<p>The Director of Finance confirmed to the Committee that following the provision further assurance from the UHB that Welsh Government had now approved the UHB's IMTP. This was a step towards achieving financial balance and in this context the UHB was now required to focus on complying with the plan to deliver 2019/20 targets. The Finance Committee Chair (JA) emphasised that the level of recurrent savings required in the first year of the plan was particularly challenging and the Committee noted that the delivery of recurrent savings in 2019/20 was also key to the execution of 2020/21 and 2021/22 planning objectives.</p> <p>Resolved – that:</p> <p>The Finance Committee noted Welsh Government had approved the UHB's IMTP submission.</p>	
FC 19/034	<p>FINANCE REPORT AS AT MONTH 11</p> <p>The Deputy Director of Finance presented the UHB's financial performance to month 11 and indicated that in month performance was largely in line with the plan. The UHB had reported a deficit of £8.792m for the year to date which was made up of a planning deficit of £9.075m (11/12 of the £9.9m planned deficit) and an underspend against the plan of £0.283m following a £0.015m in month surplus against the plan.</p> <p>The UHB Vice Chair (CJ) asked whether the UHB was likely to report a surplus against the plan at year end and the Deputy Director of Finance informed the Committee that the UHB had already included a number of risks and opportunities in the reported position and expected year end outturn to be delivered in line with the forecast 9.9m deficit.</p> <p>The UHB Chair (MB) noted that the UHB's year end forecast of a £9.9m deficit was a significant improvement on the planned deficit of £29.2m identified within the UHB's initial plan. In this context the Director of Finance confirmed that the improvement followed confirmation of an additional £10m Annual Operating Framework funding and the UHB's decision to accept a £9.3m Financial Improvement Target. The Deputy Director of Finance indicated that the large part of the £9.3m Financial Improvement Target was delivered through non recurrent opportunities.</p> <p>In this context the Director of Finance indicated that the reliance on non recurrent opportunities had limited the improvement in the UHB's underlying deficit and stressed the importance of identifying and implementing recurrent saving programmes at the earliest opportunity.</p> <p>The Deputy Chief Executive concurred that the UHB needed to continue the joint focus on both savings plans to reduce the deficit</p>	

and daily operational issues if it is to continue to deliver performance improvement.

The Deputy Director of Finance moved on to highlight the cumulative underperformance of £2.416m reported against income budgets and the overspend of £2.421m in clinical services and supplies non pay budgets.

The UHB Vice Chair confirmed that the attention drawn to pressure points was helpful and asked whether plans were in place to manage the pressures. The Director of Finance indicated that where there were underlying deficits being carried forward to 2019/20 by Clinical Boards that these were relatively small and therefore there was an expectation that pressure points that had developed in 2018/19 would be managed. It was also noted that some of savings schemes identified for 2019/20 focussed on income opportunities and managing stock to control product and price variation.

It was noted that overall Clinical Board financial performance at the end of month 11 was £1.2m better than the forecast profile. The Finance Committee Chair (JA) indicated that there was variation in the financial performance of Clinical Boards and asked for clarification of the controls and processes in place to improve financial performance. The Deputy Director of Finance confirmed that the speed of reporting and depth of financial intelligence was good and the Director of Finance indicated that the appropriate framework and structure for performance review was in place. In this context the Executive Team and Clinical Boards were well placed to recognise issues and were able to identify remedial actions at an early stage. The UHB Chair (MB) asked whether the UHB incentivized Clinical Boards to manage their underlying financial position and the Deputy Director of Finance confirmed that Clinical Board underlying position was carried forward to the following year.

Finally the Committee was asked to note that the UHB had received a significant amount of additional capital allocations in month which in turn required additional operational attention on spending plans at the end of year to ensure that the UHB maximised the use of its available capital resource.

LIMITED ASSURANCE was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 11 position which is broadly on line with the profiled deficit within the draft operational plan.

Resolved – that:

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>The Finance Committee noted the £8.792m deficit at month 11 which includes a planning deficit of £9.075m and budget underspends of £0.283m;</p> <p>The Finance Committee noted the key concern and action being taken to manage risks.</p>	
FC19/035	<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 financial performance of the Medicine Clinical Board as it was not expected to meet its month 5 forecast although the Clinical Board was currently meeting its revised forecast.</p> <p>The Director of Finance informed the Committee that the next round of performance meetings would focus on 2019/20 and therefore it was unlikely that escalation would be reviewed again before month 3 in the new year.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the actions being taken to manage financial performance</p>	
FC19/036	<p>COST REDUCTION PROGRAMME</p> <p>The Assistant Director of Finance asked the Finance Committee to note the 2019/20 Cost Reduction Report which included the following key points:</p> <ul style="list-style-type: none"> • At 19th March 2019 £13.507m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m, leaving a gap of £2.838m. £11.567m of the identified schemes were recurrent and £1.940m were non recurrent. • Schemes totalling £12.600m had been identified as Green or Amber against the £14.900m corporate and high value opportunities target as at 19th March 2019 leaving a shortfall of £2.300m to be identified. • As at 19th March 2019 £5.058m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £16.345m devolved CRP target. <p>Resolved – that:</p> <p>The Finance Committee noted the progress against the £31.245m UHB savings requirement for 2019/20.</p>	
FC19/037	RISK REGISTER	

	<p>The Assistant Director of Finance presented the 2018/19 & 2019/20 Risk Registers.</p> <p>In respect of the 2018/19 Risk Register no risks had been added in month and the Committee was advised that 3 risks around the management of budget pressures of £12.8m, management of internal investments within £3.3m envelope and the management of the R&D income reduction had been removed where optimum controls were now in place.</p> <p>The Assistant Director of Finance highlighted to the Committee that 3 of the risks identified on the 2019/20 Risk Register were currently categorized as extreme risks (Red) namely:</p> <ul style="list-style-type: none"> • Reduction in the £36.3m underlying deficit b/f 19/20 to the IMTP planned £4m c/f underlying deficit in 2020/21. • Development and delivery of the 2% delegated recurrent CIP (£16.4m) • Development and delivery of corporately led financial opportunities of £14.9m to achieve year end break even position. <p>Resolved – that:</p> <p>The Finance Committee noted the risks highlighted within the 2018/19 and 2019/20 risk registers.</p> <p>The Finance Committee endorsed the removal of highlighted low level risks from the risk register.</p>	
FC 19/038	ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES No other items to bring to the main Board.	
FC 19/039	DATE OF THE NEXT MEETING OF THE BOARD Wednesday 24th April; 2.00pm; Large Meeting Room, HQ, UHW	