

**CONFIRMED MINUTES OF FINANCE COMMITTEE  
HELD ON 24<sup>th</sup> APRIL 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
Nicola Foreman	NF	Director of Corporate Governance
Robert Chadwick	RC	Executive Director of Finance
Ruth Walker	RW	Executive Nurse Director
Steve Curry	SC	Chief Operating Officer

**In Attendance:**

**Secretariat:**

Paul Emmerson	PE	Finance Manager
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**Apologies:**

Andrew Gough	AG	Assistant Director of Finance
Martin Driscoll	MD	Executive Director of Workforce and Organisational Development
Sharon Hopkins	SH	Deputy Chief Executive

<b>FC 19/040</b>	<b>WELCOME AND INTRODUCTIONS</b>	<b>ACTION</b>
	The Chair welcomed everyone to the meeting.	
<b>FC 19/041</b>	<b>APOLOGIES FOR ABSENCE</b>	
	Apologies for absence were noted.	
<b>FC 19/042</b>	<b>DECLARATIONS OF INTEREST</b>	
	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 WHSSC sub-committee and declared an interest in discussions in respect of WHSSC.	
<b>FC 19/043</b>	<b>MINUTES OF THE BOARD MEETING HELD ON 27<sup>th</sup> MARCH</b>	

	<p>The minutes of the meeting held on 27<sup>th</sup> March 2019 were reviewed for accuracy.</p> <p><b>Resolved – that:</b></p> <p>The minutes of the meeting held on 27<sup>th</sup> March 2019 were approved by the Committee as an accurate record.</p>	
<b>FC 19/044</b>	<p><b>ACTION LOG FOLLOWING THE LAST MEETING</b></p> <p><b>FC18/259</b> – 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 confirmed that there had been no significant changes since the previous update and that a report was expected to be back to the Committee after the end of June 2019 as planned.</p> <p><b>Action Incomplete.</b></p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>received</b> the Action Log.</p>	Executive Nurse Director
<b>FC 19/045</b>	<p><b>CHAIRS ACTION SINCE THE LAST MEETING</b></p> <p>No action had been taken since the last meeting.</p>	
<b>FC 19/046</b>	<p><b>INTEGRATED MEDIUM TERM PLAN (IMTP) 2019-22</b></p> <p>The Chief Executive confirmed that following Welsh Government approval of the IMTP that there was an expectation that progress against the plan would primarily be scrutinised through the Strategy and Delivery Committee. Performance against the Financial Plan within the IMTP would be monitored through the monthly Finance Report presented to the Finance Committee. In this context the Committee agreed that the IMTP would not be considered as a standing item on the agenda for future meetings</p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> the monitoring arrangements for performance against the IMTP.</p>	
<b>FC 19/047</b>	<p><b>FINANCE REPORT AS AT MONTH 12</b></p>	

The Deputy Director of Finance presented the UHB's financial performance to month 12 and highlighted that all the results were provisional as the draft accounts have not yet been finalized and would be subject to External Audit scrutiny.

The Committee was informed that the provisional outturn against the three key performance measures was as follows:

- The UHB's provisional draft year end revenue outturn was a deficit of £9.873m which is £0.027m better than the £9.900m forecast deficit;
- The UHB had remained within its Capital Resource limit;
- The UHB achieved its creditor payment compliance target.

It was also highlighted that the UHB had not met its duty under section 175 (1) of the National Health Service (Wales) Act to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years. The committee was informed that the rolling deficit reported by the UHB over the 3 year period from 2016/17 to 2018/19 was £65.969m.

It was noted that 7 out of the 9 performance measures on the Finance Dashboard had been rated Green. The measures to assess performance against revenue resource limits and the underlying deficit remained rated red.

A £2.6m under-recovery was reported against income targets and approximately £1.3m of this related to a decline in the level of patient activity provided to other Welsh Health Boards. The drop in reported activity was most significant in orthopaedic, haematology and urology services provided to Cwm Taf and Aneurin Bevan Health Boards.

A £1.9m year-end underspend was reported against pay budgets however it was noted that there were pressures against nursing and medical pay budgets.

There was little movement against non pay budgets in month although it was noted that a £3.2m overspend was reported against clinical services and supplies. Picking up on this issue the UHB Vice Chair (CJ) asked whether a more detailed report on the issues behind the overspend against Clinical Services and Supplies should be brought to a future Finance Committee meeting. In this context the Deputy Director of Finance suggested that the Committee should closely monitor financial performance in the first few months of 2019/20 with a view to requesting a more detailed report if the overspend continued to be a concern.

Moving onto delegated budget holders the committee was informed that the year end overspends reported by the CD&T, Medicine, Surgery and Children & Women Clinical Boards were areas of concern that would need to be monitored moving forwards.

In this context the Finance Committee Chair (JA) asked whether 2018/19 financial performance was a repeat of previous Clinical Board Performance and the UHB Chair (MB) asked whether there were opportunities for good practice to be share across Clinical Boards

The Director of Finance indicated to the Finance Committee that the UHB's Performance Review Process sought assurance from Clinical Boards that they were sighted on the issues which were driving overspends and that plans were progressed to remedy pressure points. The Cross Cutting Programme was established to support the delivery of the devolved CRP target across Clinical Boards so that common themes could be applied consistently across the UHB. In addition successful initiatives were communicated between finance teams and the Chief Operating Officer shared areas of good practice in his meetings with Clinical Boards.

The UHB Vice Chair (CJ) asked whether Clinical Board overspend and underspends would be carried forward into 2019/20. The Chief Operating Officer indicated that the challenges faced in year varied across Clinical Boards and that the final position of each Board was considered alongside the requirement to maintain levels of performance, quality and patient safety. The Director of Finance confirmed that in this context the UHB considered the financial performance of each Clinical Board alongside the overall position of the UHB and that areas of concern were resolved through the monthly Performance Review with each Clinical Board. The Director of Finance added that Clinical Board budgets would not be adjusted for 2018/19 financial performance moving into 2019/20 in the expectation that Clinical Boards would continue to address and manage the operational pressures and slippage against Savings Plans that had emerged in 2018/19.

The year-end cash balance of £1.2m was considered reasonable given that the UHB typically spent in excess of £3m a day.

Moving on the Deputy Director of Finance referred to the £36.261m Underlying Deficit that the UHB would carry forwards into 2019/20 which was in line with the IMTP.

It was noted that whilst the UHB had successfully delivered its PSPP target in the year, performance in month had fallen and that the UHB was working with colleagues in Procurement to address the drop in performance.

The UHB had successfully remained within its Capital Resource Limit (CRL) in 2018/19 with net capital expenditure reported at £48.413m. This was marginally (0.15%) below the approved CRL of £48.486m. It was emphasised that this performance reflected the forward planning undertaken by the UHB's Capital Management Group which alongside the work of the Procurement Department at year end had enabled the UHB to fully utilize capital allocations that were confirmed towards the end of the year.

	<p><b>LIMITED ASSURANCE</b> was provided by:</p> <ul style="list-style-type: none"> <li>• The scrutiny of financial performance undertaken by the Finance Committee;</li> <li>• The month 12 position which was lower than the planned deficit within the Annual Operational Plan.</li> </ul> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> that the provisional draft year end revenue deficit of £9.873m was £0.027m lower than the planned deficit of £9.900m;</p> <p>The Finance Committee <b>noted</b> the year end capital position was a spend of £48.413m against a CRL of £48.496m;</p> <p>The Finance Committee <b>noted</b> the UHB had achieved its creditor payment compliance target of 95%.</p>	
<p><b>FC19/048</b></p>	<p><b>COST REDUCTION PROGRAMME AND CROSS CUTTING THEME</b></p> <p>The 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"> <li>• At 5<sup>th</sup> April 2019 £14.111m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m, leaving a gap of £2.234m. £11.718m of the identified schemes were recurrent and £2.393m were non recurrent.</li> <li>• Schemes totalling £12.600m had been identified as Green or Amber against the £14.900m corporate and high value opportunities target as at 5<sup>th</sup> April 2019 leaving a shortfall of £2.300m to be identified. Of the £12.600m identified schemes, £5.400m was recurrent and £7.200m was non recurrent.</li> <li>• As at 5<sup>th</sup> April 2019 £5.145m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £16.345m devolved CRP target.</li> </ul> <p>It was confirmed that the gap against the cost reduction target would be reported to Welsh Government through the month 1 Monitoring Return.</p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> the progress against the £31.245m UHB savings requirement for 2019/20.</p>	
<p><b>FC19/049</b></p>	<p><b>RISK REGISTER</b></p> <p>The Deputy Director of Finance presented the 2019/20 Risk Registers and highlighted to the Committee that 3 of the risks identified on the 2019/20 Risk Register were still categorized as extreme risks (Red)</p>	

	<p>namely:</p> <ul style="list-style-type: none"> <li>• Reduction in the £36.3m underlying deficit b/f to 2019/20 to the IMTP planned £4m c/f underlying deficit in 2020/21.</li> <li>• Development and delivery of the 2% delegated recurrent CIP (£16.4m)</li> <li>• Development and delivery of corporately led financial opportunities of £14.9m to achieve year end break even position.</li> </ul> <p>Turning to the other risks, the Director of Finance indicated that new investments from the investment reserve were currently on hold until the gap in savings plans was bridged. The Director of Finance added that the UHB had been asked by Welsh Government to continue with additional work to meet Performance targets in the expectation that further resource would be provided to cover additional costs and that there was also an expectation that further resource would be available to meet winter pressures.</p> <p>In respect of commissioning risks the Director of Finance confirmed that the UHB was working with Aneurin Bevan Health Board to ensure that contracting currencies accurately reflected the substance and complexity of cross border patient flows into Cardiff and Vale. It was intended that the agreed contracting mechanism would be shared through the All Wales Finance Development Group with the intention of rolling out across Wales.</p> <p>The UHB Vice Chair (CJ) asked for clarification of the extent of risks around the containment of IT investment. The Director of Finance confirmed that the extent of the risk would depend on whether some developments e.g. Microsoft Licences were funded from central monies. The Chief Executive indicated that the UHB was working to align investment proposals with Welsh Government Policy wherever possible to ensure that central funding was accessed for investments when available.</p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> the risks highlighted within the 2019/20 risk registers.</p>	
<p><b>FC19/050</b></p>	<p><b>COSTING AND VALUE UPDATE</b></p> <p>The Director of Finance informed the Committee that the report on Costing and Value was presented to the Committee in part in response to recommendations from the WAO Structured Assessment and an Internal Audit Costing Audit Report.</p> <p>The report indicated that Welsh Health Boards had sourced, procured and implemented a new all-Wales costing system. This system had</p>	

	<p>been used to produce the 2017-18 Welsh Costing Returns (WCRs) and had the ability to cost individual patient pathways.</p> <p>Moving onto the WCRs the report indicated that the returns are a nationally mandated data submission which are submitted to Welsh Government on an annual basis. The returns are based on the annual accounts signed off by the Director of Finance and annual activity provided and signed off by the Head of Information.</p> <p>The Director of Finance indicated the WCR submissions in part are used to produce all-Wales cost efficiency index. The index ranked Cardiff &amp; Vale UHB in first place for financial efficiency in 2017-18. The UHB was ranked 4th and 3rd of the 7 health boards in the two previous years. Whilst Welsh Government acknowledge the rankings, the limitations in the relatively crude approach to cost comparison are also recognised. The returns suggested that the Health Board has some areas for improvement e.g. the indexed length of stay in which Cardiff &amp; Vale UHB was ranked 6th.</p> <p>The Committee was informed that the new costing system and WCRs provided data to inform both the national and local costing and value agendas which endeavoured to combine cost, activity and outcome data to assess value in decision-making. It was noted that the UHB currently had limited capacity to progress this workstream and further investment or redeployment would be necessary if the work in this area was prioritised and expanded.</p> <p><b>ASSURANCE</b> was provided by:</p> <ul style="list-style-type: none"> <li>• Compliance with the national costing standards and guidance from HFMA and Welsh Government applied by the professional finance function.</li> </ul> <p><b>Resolved – that:</b></p> <ul style="list-style-type: none"> <li>• The Finance Committee <b>noted</b> the progress on the implementation of the new Costing software within Wales and in the UHB.</li> <li>• The Finance Committee <b>noted</b> the formal submission of the 2017/18 WCRs which were Finance Delivery Unit, Welsh Government and published internally by the UHB.</li> <li>• The Finance Committee <b>noted</b> the UHB’s current support to the growing Costing and Value agenda within NHS Wales.</li> </ul>	
<p><b>FC 19/051</b></p>	<p><b>ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES</b></p> <p>No other items to bring to the main Board.</p>	
<p><b>FC 19/052</b></p>	<p><b>DATE OF THE NEXT MEETING OF THE BOARD</b></p>	

	<b>Wednesday</b> 29th May; <b>2.00pm</b> ; Coed Y Nant Meeting Room, Ground Floor, HQ, Woodland House	
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