

**CONFIRMED MINUTES OF FINANCE COMMITTEE  
HELD ON 29<sup>th</sup> MAY 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
Martin Driscoll	MD	Executive Director of Workforce and Organisational Development
Robert Chadwick	RC	Executive Director of Finance
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
Nicola Foreman	NF	Director of Corporate Governance
Ruth Walker	RW	Executive Nurse Director

<b>FC 19/053</b>	<b>WELCOME AND INTRODUCTIONS</b>	<b>ACTION</b>
	The Chair welcomed everyone to the meeting.	
<b>FC 19/054</b>	<b>APOLOGIES FOR ABSENCE</b>	
	Apologies for absence were noted.	
<b>FC 19/055</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 19/056</b>	<b>MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON</b>	

	<p><b>24<sup>th</sup> APRIL</b></p> <p>The minutes of the meeting held on 24<sup>th</sup> April 2019 were reviewed for accuracy.</p> <p><b>Resolved – that:</b></p> <p>The minutes of the meeting held on 24<sup>th</sup> April 2019 were approved by the Committee as an accurate record.</p>	
<p><b>FC 19/057</b></p>	<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>	<p>Executive Nurse Director</p>
<p><b>FC 19/058</b></p>	<p><b>CHAIRS ACTION SINCE THE LAST MEETING</b></p> <p>No action had been taken since the last meeting.</p>	
<p><b>FC 19/059</b></p>	<p><b>FINANCE REPORT AS AT MONTH 1</b></p> <p>The Deputy Director of Finance presented the UHB’s financial performance to month 1 and highlighted that the UHB had reported a deficit of £0.658m which was made up of £0.383m operational overspend and £0.275m RTT costs incurred at risk.</p> <p>In response to a query from the UHB’s Vice Chair (CJ) it was confirmed that the UHB and Welsh Government were continuing discussions over the level of additional funding that would be made available to the UHB to cover the additional costs of improving UHB performance. The UHB’s approach to delivering improvement against performance targets had previously been discussed by the Committee and the identification of costs incurred at risk at month 1 was consistent with the reporting requirement previously agreed. In this context the Independent Member - Finance (JU) asked for</p>	

clarification over the point in time when the UHB would need to reconsider operational plans in order to recover the excess costs of RTT by year end. The Director of Finance indicated that this was under continual review and added that discussions with Welsh Government indicated that an additional allocation for performance would be provided in 2019/20 and that the risk to be managed by the UHB lay around the actual level of funding that would be provided and whether this would provide adequate coverage for the excess costs incurred. The UHB Chair concurred and indicated that this was a common assumption held by Health Boards. The UHB Vice Chair (CJ) asked whether it was the UHBs intention that the excess costs of RTT would continue to be included in the UHB position and highlighted on a monthly basis. In response the Deputy Director of Finance confirmed that this principle had been adopted by the UHB and that the excess costs were also included and highlighted in the monthly financial monitoring return provided by the UHB to Welsh Government.

Moving onto the Finance Dashboard the Committee was informed that 4 measures had been RAG rated Red namely: remaining within revenue resource limits; the reduction in the underlying deficit to £4m; the delivery of the recurrent £16.345m 2% devolved target; the delivery of the £14.9m recurrent/non recurrent corporate target.

It was also confirmed that delivery of the 2019/20 plan would not enable the UHB to meet its statutory duty to ensure that its expenditure did not exceed the aggregate of the funding allotted to it over a period of 3 financial year; the rolling deficit reported by the UHB over the 3 year period from 2017/18 to 2019/20 would be £36.7m if the UHB delivered a balanced plan in 2019/20.

A surplus of £0.020m was reported against income budgets and it was noted that there were no discernible trends at month 1.

The Committee was informed that total pay budgets were broadly balanced at the end of month. The Deputy Director of Finance warned that the £0.320m overspend against nursing budgets at month 1 was a significant concern and added that if the adverse run rate on nursing budgets continued at the same rate an overspend of £3.840m could occur by the end of the year. It was noted that the projection excluded costs in relation to nurse overseas recruitment plans which were estimated at c13k per overseas nurse recruited. The Finance Committee Chair (JA) observed that the month 1 nursing overspend was a continuation of the trend recorded in 2018/19 and asked how the UHB planned to manage this position moving forwards. The Deputy Director of Finance confirmed that the nursing position had been escalated via the performance reviews; the UHB had not yet secured plans to remedy and recover the nursing position by year end, however it was noted that the overspend against nursing pay was broadly balanced at month 1 by pay underspends against other staff groups. The Chief Operating Officer confirmed that the nursing position was prioritised at performance review meetings and indicated that specific plans had been developed by the Medicine and Surgery

Clinical Boards to manage the pressures. It was also expected that the closure of winter beds and the reconfiguration of services would reduce the pressure on the UHB's nursing capacity. In response to a query from the UHB Chair (MB) around immediate actions, the Chief Operating Officer confirmed that best practice in respect of specialising and sickness management was shared with Clinical Boards for incorporation within action plans where required.

Turning to non pay, an overspend of £0.649m was reported at month 1. A large part of the overspend was due to the £0.275m of RTT costs incurred at risk; in addition the overspend due to pressures in Primary Care and Medicine drugs budgets were highlighted.

In respect of Clinical Board performance, the largest in month overspends had been incurred in the Medicine and Surgery where the overspends were primarily driven by nursing pressures.

At month 1 the UHB needed to identify a further £3.347m of cost reduction schemes to meet its £31.245m savings target. The Director of Finance stressed that the impact of any remaining CRP shortfall would be reflected in the month 3 position and that unidentified savings had not affected the month 1 position.

The committee was noted that the Public Sector Payment Compliance score had exceeded the 95% target in April.

The Finance Committee Chair (JA) observed that the month 1 position was concerning and indicated that the UHB would need to see how the position unfolded over the coming months before an assessment of any additional action required could be considered. The Director of Finance agreed and added that the flexibility available to the UHB to address pressures through investment slippage and the balance sheet was limited. On this theme the UHB vice chair (CJ) asked whether the UHB had undertaken any sensitivity analysis around the financial pressures facing the UHB and the Deputy Director of Finance confirmed that the UHB maintained a list of risk and opportunities that was re-assessed on a continuing basis to inform the year end forecast position.

**ASSURANCE** was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee and the UHBs intention to recover the year to date deficit and deliver a break even position by the year end as planned.

**Resolved – that:**

The Finance Committee **noted** that the UHB has an approved IMTP which includes a balanced Financial Plan for 2019/20;

The Finance Committee **noted** the £0.658m deficit at month 1 which includes a £0.383m overspend on operational budgets and £0.275m

	<p>costs for improvements in RTT performance;</p> <p>The Finance Committee <b>noted</b> the key concerns and actions being taken to manage risks</p>	
<p><b>FC19/060</b></p>	<p><b>COST REDUCTION PROGRAMME AND CROSS CUTTING THEME</b></p> <p>The Assistant 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 30<sup>th</sup> April 2019 £15.298m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m, leaving a gap of £1.047m. £13.528m of the identified schemes were 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 30<sup>th</sup> April 2019 leaving a shortfall of £2.300m to be identified. The recurrent effect of the identified schemes was £12.900m.</li> </ul> <p>The Committee was informed that the shortfall against the cost reduction target for the Surgery Clinical Board was a concern which had been escalated through the performance review process.</p> <p>The Director of Finance added that the gap against the recurrent savings target would have an impact on the reduction to the Underlying Deficit and would require review as the year progressed.</p> <p>The UHB Chair (MB) asked how the UHB was addressing the shortfall against the Corporate Target and the Director of Finance confirmed that the UHB was considering further efficiency, workforce and service changes and that this tied in with the themes explored with Canterbury Healthcare and Welsh Government Finance Delivery Unit. The Chief Operating Officer added that it was important that the UHB ensured that Clinical Boards remained on side in the delivery of corporate savings themes which cut across the organization and where the target is currently held centrally.</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>FC19/061</b></p>	<p><b>RISK REGISTER</b></p> <p>The Director of Finance presented the 2019/20 Risk Registers and highlighted to the Committee that 5 of the risks identified on the 2019/20 Risk Register were now categorized as extreme risks (Red) namely:</p> <ul style="list-style-type: none"> <li>• Reduction in the £36.3m underlying deficit b/f to 2019/20 to</li> </ul>	

	<p>the IMTP planned £4m c/f underlying deficit in 2020/21;</p> <ul style="list-style-type: none"> <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> <li>• Management of Budget pressures;</li> <li>• Management of Nursing overspend - £0.320m month 1.</li> </ul> <p>Turning to other risks, the Director of Finance indicated that new concerns around the containment of IT developments had emerged since the distribution of the Committee papers. The concerns centred around the availability of additional Welsh Government funding to cover the cost of extending software licences and developing clinical systems. The risk rating would be reviewed in light of the new concerns.</p> <p>It was noted that the UHB expected the risk around increased employer’s superannuation payments to be managed by Welsh Government.</p> <p>The UHB Vice Chair (CJ) asked whether the Committee thought that there current scoring of the delivery of RTT within resources available was adequate in light of discussions and the Committee agreed that the scoring at 12 was a fair reflection of the current risk.</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>FC 19/062</b></p>	<p><b>MONTH 1 FINANCIAL MONITORING RETURNS</b></p> <p>These were noted for information.</p>	
<p><b>FC 19/063</b></p>	<p><b>ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES</b></p> <p>The Director of Finance asked for the month 1 financial position and the additional red rated items on the Risk Register to be brought to the attention of the main Board.</p> <p><b>Resolved – that:</b></p> <p>The month 1 financial position and the additional red rated items added to the Risk Register were to be brought to the attention of the main Board.</p>	

<b>FC 19/064</b>	<b>DATE OF THE NEXT MEETING OF THE BOARD</b>  <b>Wednesday</b> 26th June; <b>2.00pm</b> ; Coed Y Nant Meeting Room, Ground Floor, HQ, Woodland House	
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