

**CONFIRMED MINUTES OF FINANCE COMMITTEE
HELD ON 26th JUNE 2019
LARGE MEETING ROOM, HQ, UHW**

Present:

John Antoniazzi	JA	Chair, Independent Member – Estates
Charles Janczewski	CJ	Vice Chair (Board)
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:

Abigail Harris	AH	Executive Director of Planning
John Union	JU	Independent Member – Finance
Maria Battle	MB	UHB Chair
Martin Driscoll	MD	Executive Director of Workforce and Organisational Development
Andrew Gough	AG	Assistant Director of Finance

FC 19/065	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
FC 19/066	APOLOGIES FOR ABSENCE	
	Apologies for absence were noted.	
FC 19/067	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 WHSSC sub-committee and declared an interest in discussions in respect of WHSSC.	
FC 19/068	MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON 29th MAY 2019	

	<p>The minutes of the meeting held on 29th May 2019 were reviewed for accuracy.</p> <p>Resolved – that:</p> <p>The minutes of the meeting held on 29th May 2019 were approved by the Committee as an accurate record.</p>	
FC 19/069	<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 confirmed that there had been no significant changes since the previous update and that a report was expected to be back to the Committee in July 2019 as planned.</p> <p>Action Incomplete.</p> <p>Resolved – that:</p> <p>The Finance Committee received the Action Log.</p>	Executive Nurse Director
FC 19/070	<p>CHAIRS ACTION SINCE THE LAST MEETING</p> <p>No action had been taken since the last meeting.</p>	
FC 19/071	<p>FINANCE REPORT AS AT MONTH 2</p> <p>The Deputy Director of Finance presented the UHB's financial performance to month 2 and highlighted that the UHB had reported a deficit of £1.715m which was made up of a £1.134m operational overspend and £0.581m RTT costs incurred at risk.</p> <p>In respect of the RTT costs incurred at risk the Committee was informed that Welsh Government was shortly expected to confirm that an additional £6.1m performance funding would be provided to the UHB in 2018/19 which would cover the costs</p> <p>There were 4 measures that remained RAG rated Red on the Finance Dashboard 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.</p>	

Performance against Income targets to date was broadly break even.

Total pay budgets were underspent by £0.351m at the end of month 2. However, significant pressures and overspends against nursing budgets remained and whilst the rate of overspend had fallen in month, an extrapolation of the position at month 2 indicated that the year-end nursing overspend would reach c£3m if there was no improvement in performance.

Non pay budgets were overspent by £2.086m at the end of month 2 due to pressures against drug budgets and continuing healthcare. In addition it was indicated that the non pay overspend included RTT costs of £0.581m incurred at risk in lieu of confirmation of additional performance funding from Welsh Government.

It was noted that Healthcare agreements with other NHS organisations were broadly balanced from both the commissioner and provider perspective.

Moving on, the Deputy Director of Finance indicated 6 Clinical Boards (including Capital Estates and Facilities) were now reporting cumulative overspends in excess of £0.2m.

In response to a query from the Finance Committee Chair (JA) about the UHB's scope to manage and recover the overspend, the Director of Finance confirmed that Clinical Boards had been asked to look at areas of overspend in detail and develop plans to break even. Any remaining shortfalls would require supplementary measures which would need to be evaluated to determine if they could be actioned within acceptable levels of risk. The Director of Finance continued and indicated that if this process did not deliver a break even position the UHB's Executive Team would need to consider what further steps would be required. In this context the Chief Executive underlined that the performance management of Clinical Boards was key to delivering a sustainable break even position and that further measures required to address the operational overspend should be derived from Clinical Board proposals.

The Executive Nurse Director confirmed that the majority of the nursing overspend was a consequence of the cost of covering nursing vacancies so that the safety of services could be maintained. Opportunities to transfer good practice were being explored particularly in respect of the Surgery Clinical Board where a new Director of Nursing was in position. The Chief Operating Officer added that there was also some evidence that savings schemes were not delivering at the rate expected and that this was compounded by the failure of some of the 2017/18 schemes to deliver at expected levels in part due to external factors.

The UHB Vice Chair (CJ) asked whether the overspend on capital estates which had emerged early in the year was a concern and the Deputy Director of Finance indicated that part of the pressure was

	<p>expected to subside following the reinstatement of the UHB’s Combined Heat and Power Plant. In addition, the UHB was currently working through the implications of energy price inflation and budgets where there was discretion to reschedule works.</p> <p>A further query was raised by the UHB Vice Chair (CJ) who asked whether the contractual delay in the processing of payments for GP prescriptions could lead to variation in the levels of reported drug spend. The Deputy Director of Finance confirmed that the actual costs of GP prescribing were available 2 month in arrears and whilst the UHB used well established models to estimate costs it was acknowledged that swings in prescribing costs could arise due to the inherent uncertainty in the predicting GP prescribing costs.</p> <p>Moving on to savings plans the Committee was informed that the UHB had established schemes totalling £28.444m against the £31.245m target leaving a shortfall of £2.801m , The gap was expected to be bridged in the remaining 10 months of the year.</p> <p>It was noted that the UHB’s cumulative PSPP performance to the end of May was above the 95% target at 95.7% and that cash and capital plans were currently on target.</p> <p>In conclusion the Deputy Director of Finance highlighted that the key risks to the Plan were still managing within current budgets, delivery of the £31.245m efficiency plan target and delivering planned levels of performance within the current resources available.</p> <p>ASSURANCE was provided by:</p> <ul style="list-style-type: none"> • 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. <p>Resolved – that:</p> <p>The Finance Committee noted that the UHB has an approved IMTP which includes a balanced Financial Plan for 2019/20;</p> <p>The Finance Committee noted the £1.715m deficit at month 2 which includes a £1.134m overspend on operational budgets and £0.581m costs for improvements in RTT performance;</p> <p>The Finance Committee noted the key concerns and actions being taken to manage risks</p>	
<p>FC19/072</p>	<p>CLINICAL BOARDS IN ESCALATION</p>	

	<p>The Chief Operating Officer confirmed that there were currently 2 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 Surgery Clinical Boards and concerns around activity in the Specialist Clinical Board. Further consideration of plans to be provided by the Medicine Clinical Board was required before determining the level of assurance that could be provided.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the actions being taken to manage financial performance</p>	
<p>FC19/073</p>	<p>COST REDUCTION PROGRAMME AND CROSS CUTTING THEME</p> <p>The Deputy 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 31st May 2019 £15.844m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m, leaving a gap of £0.501m. £13.677m of the identified schemes were recurrent. • Schemes totalling £12.600m had been identified as Green or Amber against the £14.900m corporate and high value opportunities target as at 31st May 2019 leaving a shortfall of £2.300m to be identified. The recurrent effect of the identified schemes in 2020/21 was £10.750m. <p>The Committee was informed that the areas of concern were the Surgery Clinical Board which had a gap against green and amber schemes of £0.595m and the Corporate savings plan which had a gap against green and amber schemes of £2.300m and where there were no red pipeline schemes identified.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the progress against the £31.245m UHB savings requirement for 2019/20.</p>	
<p>FC19/074</p>	<p>RISK REGISTER</p> <p>The Director of Finance confirmed that no further risks had been added to the 2019/20 Risk Register and highlighted to the Committee that the 4 risks categorized as extreme risks (Red) on the 2019/20 Risk Register had already been discussed when considering the month 2 Finance report as follows:</p> <ul style="list-style-type: none"> • Reduction in the £36.3m underlying deficit b/f to 2019/20 to the IMTP planned £4m c/f underlying deficit in 2020/21; • Development and delivery of corporately led financial opportunities of £14.9m to achieve year end break even 	

	<p>position;</p> <ul style="list-style-type: none"> • Management of Budget pressures; • Management of Nursing overspend - £0.574m month 2. <p>Resolved – that:</p> <p>The Finance Committee noted the risks highlighted within the 2019/20 risk registers.</p>	
FC 19/075	<p>MONTH 2 FINANCIAL MONITORING RETURNS</p> <p>These were noted for information.</p>	
FC 19/076	<p>ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES</p> <p>No other items to bring to the main Board.</p>	
FC 19/077	<p>DATE OF THE NEXT MEETING OF THE BOARD</p> <p>Wednesday 31st July; 2.00pm; Coed Y Nant Meeting Room, Ground Floor, HQ, Woodland House</p>	