

**CONFIRMED MINUTES OF FINANCE COMMITTEE
HELD ON 31st JULY 2019
COED Y NANT MEETING ROOM, WOODLAND HOUSE**

Present:

John Antoniazzi	JA	Chair, Independent Member – Estates
Charles Janczewski	CJ	Vice Chair (Board)
John Union	JU	Independent Member – Finance
Abigail Harris	AH	Executive Director of Planning
Andrew Gough	AG	Assistant Director of Finance
Chris Lewis	CL	Deputy Director of Finance
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:

Len Richards	LR	Chief Executive
Maria Battle	MB	UHB Chair
Martin Driscoll	MD	Executive Director of Workforce and Organisational Development

FC 19/078	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
FC 19/079	APOLOGIES FOR ABSENCE	
	Apologies for absence were noted.	
FC 19/080	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 19/081	MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON 26th JUNE 2019	
	The minutes of the meeting held on 26 th June 2019 were reviewed for	

	<p>accuracy.</p> <p>Resolved – that:</p> <p>The minutes of the meeting held on 26th June 2019 were approved by the Committee as an accurate record.</p>	
FC 19/082	<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 in July 2019.</p> <p>The Executive Nurse Director indicated had produced a written report on the impact of weekly pay for bank staff and the Finance Committee Chair agreed to receive the report as a separate agenda item.</p> <p>Action Complete.</p> <p>Resolved – that:</p> <p>The Finance Committee received the Action Log and noted the completed action.</p>	
FC 19/083	<p>CHAIRS ACTION SINCE THE LAST MEETING</p> <p>No action had been taken since the last meeting.</p>	
FC 19/084	<p>IMPACT OF WEEKLY PAY FOR BANK STAFF</p> <p>The Executive Nurse Director summarised the Report on the Impact Of Weekly Pay For Bank Staff. The Committee was informed that during 2017/18, the Chair and Chief Executive of the UHB had received feedback from staff that the inability to pay nurses weekly was a barrier to nurses working increased bank shifts and was a factor behind increased agency utilisation.</p> <p>Following a survey that identified that 161 members of staff had expressed an interest in being paid weekly, the Executive Team made the decision in December 2018 to allow nurses to be paid weekly for any bank shifts worked. This was highlighted as an incentive which could lead to an increase in the bank capacity and a reduction in the reliance on and use of premium agency.</p> <p>Following the decision to allow weekly pay, a communication and implementation plan was agreed and the option to receive weekly</p>	

	<p>bank pay commenced on the 3rd January 2019.</p> <p>Since the implementation, a relatively small number of queries had been lodged by staff about the revised arrangements.</p> <p>51 staff had changed to weekly pay, however there was no firm evidence to indicate that this had led to an increase in bank shift utilisation resulting in a decrease in agency utilisation.</p> <p>The Director of Finance asked if the promotion and option of the weekly bank payroll would continue. In response the Executive Nurse Director confirmed that the option would continue to be offered and promoted particularly around holiday periods.</p> <p>In response to a further query from the Director of Finance it was agreed that the Executive Nurse Director would share the results of the Review of the Impact of Weekly Pay for Bank staff with the Local Partnership Board.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the findings of the review of weekly bank pay.</p>	
<p>FC 19/085</p>	<p>FINANCE REPORT AS AT MONTH 3</p> <p>The Deputy Director of Finance presented the UHB’s financial performance to month 3 and highlighted that the UHB had reported a deficit of £1.808m and this position assumed that the UHB would receive an additional £6.1m performance funding from Welsh Government. This approach was different to reports for months 1 & 2 which assumed that RTT costs had been incurred at risk in lieu of Welsh Government confirmation of the additional Performance funding and this needed to be reflected when considering the trend in deficits reported over each of the first 3 months.</p> <p>Four measures 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 £12.8m recurrent/non recurrent corporate target. It was highlighted that whilst the UHB now has a fully identified savings plan that there were still a significant number of schemes which were rated amber. Ideally a greater proportion of schemes would be rated as Green at month 3.</p> <p>The Deputy Director of Finance indicated that the £1.808m overspend at month 3 reflected an emerging trend of budget overspends within Clinical Boards and this was cause for concern.</p> <p>Performance against Income targets to date was again broadly break even. It was noted that the position included some favourable variances in critical care and some under-recovery of income against PICU and NICU targets. It was also noted that LTA performance was broadly balanced which represented an improvement on the previous</p>	

year.

Total pay budgets were underspent by £0.514m at the end of month 3. The committee was informed that the pressures and overspends against nursing budgets remained although it was flagged that some of the overspend was a consequence of unfunded capacity.

An overspend of £2.316m was highlighted against non pay budgets primarily as a result of pressures against drug budgets, continuing healthcare and estates costs.

Moving on, the Deputy Director of Finance indicated that 6 Clinical Boards (including Capital Estates and Facilities) continued to report relatively large cumulative overspends.

The UHB Vice Chair (CJ) noted that the overspend reported against PCIC Clinical Board was a significant deterioration from performance over the last 2 years and asked if the position was expected to recover. The Director of Finance indicated that the additional funding allocated to the PCIC to cover growth in CHC & Prescribing in 2019/20 had been capped within available resources and that this had presented a budgetary challenge to the Clinical Board. However, the 2019/20 Clinical Board non recurrent savings requirement was 1% less than in the previous year and that this provided scope for the management of budgetary pressures as they arose and the planning expectation was that PCIC would deliver a balanced position in year. The Executive Director of Planning who is the Executive Lead for the PCIC Clinical Board had re-enforced this message at the last PCIC Board meeting and had emphasized that all options to balance the position including potentially contentious plans should be put forward for consideration. The Executive Team planned to meet with the Clinical Board so that the plans to recover the overspend could be scrutinized.

On a related point the Independent Member – Finance (JU) noted that Central Budgets were reporting a significant surplus at month 3 and questioned whether was likely to continue. In response the Deputy Director of Finance informed the Committee that a number of the risks and opportunities facing the UHB in 2019/20 were reflected in Central budgets and the trend established for the year to date was in part expected to continue. It was also noted that a number of the opportunities reflected centrally were non recurrent in nature.

The Finance Committee Chair (JA) suggested that if the current rate of overspend continued the UHB could report a year end overspend in the region of £7m and asked what action was being undertaken to arrest the trend. Further to this the UHB Vice Chair (CJ) asked when the UHB expected to see a reversal of this trend. In this context the Director of Finance informed the Committee that major budget holders where significant pressures had emerged had been asked to describe the drivers behind the pressures and identify the measures being taken to push expenditure back to a balanced position. The remedial plans were continually scrutinized by the UHB's Executive

	<p>Team and where necessary Clinical Boards are asked to look at further measures to move back towards a balanced position. There was an expectation that this process would lead to a risk adjusted financial profile for the remaining months of the year which would deliver a balanced position at the end of March 2020. In relation to this the Finance Committee Chair (JA) asked for a summary of the key remedial actions planned and the impact on Clinical Board performance to be shared at the next Finance Committee meeting.</p> <p>It was agreed that a list of actions alongside a comparison of actual Clinical Board performance against forecast performance would be reported to the next Finance Committee</p> <p>Moving on the Committee was informed that the UHB now had a fully identified savings plan. This had been achieved by reducing the target by £2.1m to £29.145m to reflect the release of the UHBs remaining investment reserve in line with Welsh Government instruction. It was noted that c £8.5m of the identified schemes were RAG rated as amber and this was a key risk to the achievement of a break even position until a switch to a green rating was confirmed.</p> <p>It was noted that the UHB's cumulative PSPP performance to the end of June was above the 95% target at 96.2%; cash plans were currently on target and there was some slippage against capital expenditure profiles at month 3 which was expected to be recovered by year-end.</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 £29.145m 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 £1.808m deficit at month 3;</p> <p>The Finance Committee noted the key concerns and actions being taken to manage risks</p>	<p>Executive Director of Finance</p>
<p>FC19/086</p>	<p>CLINICAL BOARDS IN ESCALATION</p>	

	<p>The Chief Operating Officer confirmed that the number of Clinical Boards in escalation has moved from 2 to 3 in month. There were concerns around the financial performance of the Medicine, PCIC and Surgery Clinical Boards.</p> <p>The areas of concern in PCIC revolved around the impact of the price of category M drugs and the level of CHC activity. It was uncertain whether the price and activity levels would fall back to historical levels over the course of the year and therefore the level of remedial action required would need to be reviewed as the year progressed.</p> <p>Pressures in nursing were the main concern in respect of both the Medicine and Surgery Clinical boards. It was noted that planned changes in bed numbers across the UHB which were beginning to be implemented were expected to reduce pressures on nursing going forward and that the nursing recovery plans implemented within the Medicine Clinical Board had been shared with the Surgery Clinical Board.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the actions being taken to manage financial performance</p>	
<p>FC19/087</p>	<p>COST REDUCTION PROGRAMME AND CROSS CUTTING THEME</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 30th June 2019 £15.996m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m, leaving a gap of £0.349m. £13.885m of the identified schemes were recurrent. • The Corporate savings target of £14.900m had been reduced by £2.100m to £12.800m to reflect the release of the UHBs remaining investment reserve. Schemes totalling £13.149m had been identified as Green or Amber against the £12.800m target as at 30th June 2019 leaving a surplus of £0.349m which covered the gap in delegated schemes. The recurrent effect of the identified schemes in 2020/21 was £11.500m. <p>The Committee was informed the main concerns were the level of schemes c£8.5m which needed to move from amber to green status; the shortfall against the 2% devolved CRP target of £0.349m which needed to be addressed as soon as possible and the level of recurrent schemes which needed to improve to ensure that the UHB started 2020/21 in the best possible position.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the progress against the £29.145m UHB savings requirement for 2019/20.</p>	

<p>FC19/088</p>	<p>RISK REGISTER</p> <p>The Assistant Director of Finance confirmed that one additional risk had been added to the 2019/20 Risk Register in month 3, namely a risk of up to £0.8m in agreeing a Research & Development expenditure plan that was compliant with the Welsh Government R & D Finance Policy.</p> <p>Four (4) risks remained categorized as extreme risks (Red) on the 2019/20 Risk Register 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 £12.8m to achieve year end break even position; • Management of Budget pressures; • Management of Nursing overspend - £0.960m month 3. <p>The Chief Operating Officer asked for clarification of the of the amber rating of the risk around RTT funding following confirmation of an additional £6.1m funding from Welsh Government. It was confirmed that the risk continued to be included as there was still some uncertainty attached to the delivery of targets levels of performance within the resource available.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the risks highlighted within the 2019/20 risk register.</p>	
<p>FC 19/089</p>	<p>COMMITTEE EFFECTIVENESS REVIEW – RESULTS AND ACTIONS</p> <p>The Director of Corporate Governance highlighted the results for the Committee Effectiveness review undertaken by Finance Committee Members and the Executive Director Lead for the Committee.</p> <p>In future years the annual questionnaire would also be sent to attendees of the Finance Committee to ensure that a broader view of the Committee is captured.</p> <p>It was explained that the review of the Finance Committee only had positive results and therefore no action plan for improvement had been developed.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the results of the Committee Effectiveness Review for 2019.</p>	

FC 19/090	MONTH 3 FINANCIAL MONITORING RETURNS These were noted for information.	
FC 19/091	ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES No other items to bring to the main Board.	
FC 19/092	DATE OF THE NEXT MEETING OF THE BOARD Wednesday 25th September; 2.00pm ; Executives Meeting Room, Floor 2 , HQ, Woodland House	