

**CONFIRMED MINUTES OF FINANCE COMMITTEE
HELD ON 30th OCTOBER 2019
CEFN MABLY MEETING ROOM, WOODLAND HOUSE**

Present:

John Union	JU	Chair, Independent Member – Finance
Charles Janczewski	CJ	Vice Chair (Board)
Michael Imperato	MI	Independent Member – Legal
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:

Aaron Fowler	AF	Head Of Governance
Daniela Bridgeman	DB	Project Manager Improvement Implementation

Secretariat:

Paul Emmerson	PE	Finance Manager
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Apologies:

John Antoniazzi	JA	Independent Member – Estates
Abigail Harris	AH	Executive Director of Planning
Len Richards	LR	Chief Executive
Martin Driscoll	MD	Executive Director of Workforce and Organisational Development

FC 19/107	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
FC 19/108	APOLOGIES FOR ABSENCE	
	Apologies for absence were noted.	
FC 19/109	DECLARATIONS OF INTEREST	
	The Chair invited members to declare any interests in proceedings on the Agenda. None were declared.	
FC 19/110	MINUTES OF THE FINANCE COMMITTEE MEETING HELD ON 25th SEPTEMBER 2019	
	The minutes of the meeting held on 25 th September 2019 were	

	<p>reviewed for accuracy and were agreed as a true and accurate record.</p> <p>Resolved – that:</p> <p>The minutes of the meeting held on 25th September 2019 were approved by the Committee as an accurate record.</p>	
FC 19/111	<p>ACTION LOG FOLLOWING THE LAST MEETING</p> <p>The Finance Committee reviewed the Action Log and noted the following:</p> <p>FC19/099 – Financial position reporting against planned profile. A comparison of actual performance against the forecast recovery profile was now incorporated within the Monthly Finance Report provided to Finance Committee.</p> <p>Action Complete.</p> <p>FC19/100 - Profile of UHB plans to deliver a break even position. The expected financial position profile had been revised for the updated financial breakeven plan and included within the Monthly Finance Report provided to the Finance Committee of the 30th October 2019.</p> <p>Action Complete</p> <p>FC19/100 - Updated financial forecast. A presentation on Plans to Deliver a Break Even Position was considered as part of the agenda of the Finance Committee held on the 25th September 2019 and is included as a standing item on the agenda for the remainder of the year.</p> <p>Action Complete</p> <p>Resolved – that:</p> <p>The Finance Committee received the Action Log and noted the completed action.</p>	
FC 19/112	<p>CHAIRS ACTION SINCE THE LAST MEETING</p> <p>There had been no Chairs action taken since the last meeting.</p>	
FC 19/113	<p>FINANCE REPORT AS AT MONTH 6</p> <p>The Deputy Director of Finance presented the UHB's financial performance to month 6 and highlighted that the UHB had reported an in month underspend of £0.291m and a year to date deficit of £2.525m. It was noted that the in month underspend was in part a result of the release of a £0.800m provision which was no longer required.</p>	

The year to date deficit was expected to be recovered by year end through the delivery of identified remedial actions. However there were some risks in the delivery of the remedial actions and these had been quantified at £4m excluding any financial risks associated with overspends against the Welsh Risk Pool.

The forecast trajectory in order to achieve break-even was amended at month 6 to reflect the updated financial breakeven plan and in response to a question from the UHB Vice Chair (CJ) the Deputy Director of Finance confirmed that the updated trajectory had assumed the release of the £0.800m provision at month 6.

It was noted that delegated budgets had reported an in month overspend in month 6 and that this was expected to continue until the final month of the year. The position against delegated budgets was expected to be more than offset by the delivery of corporate opportunities leading to a balanced year end position.

The Finance Committee Chair (JU) asked whether the UHB's revised recovery profile has been shared with Welsh Government and in response the Deputy Director of Finance confirmed that the profile had been provided as part of the monthly financial monitoring return to Welsh Government.

Moving on, the Committee was informed that income was broadly balanced in month and there was a small in month overspend against pay as a result of nursing pressures partly due to supernumerary posts. Non pay budgets had reported an underspend in the month due to the release of the provision and a non recurring re-assessment of Continuing Health Care (CHC) liabilities, however the underlying pressures against drugs, premises and CHC had continued.

Further Comments were received as follows:

- The UHB Vice Chair asked what influence the UHB had over drugs spend and in response the Chief Operating Officer pointed towards the UHB's Medicines Management Group which had an agreed workstream focussing on the evaluation and communication of value based prescribing practice to prescribing clinicians. The Executive Director of Finance added that other Health Boards had also reported pressures against prescribing budgets due to price increases.
- In answer to a query from the UHB vice chair (CJ) as to whether there were any new pressures against premises the Deputy Director of Finance indicated that the overspend was caused by a continuation of additional security costs although it was noted that some of the pressures around securing the Whitchurch and Lansdowne sites were non recurrent in nature. The Lansdowne site was expected to be sold in 2019/20 however the disposal plans for the Whitchurch site were dependent on the plans to develop Velindre Hospital and not within the discretion of the UHB.

- The UHB vice chair (CJ) queried the pressures driving the overspend on CHC and enquired if the shift towards providing more care in the community would add further pressure. In response the Chief Operating Officer stated that the UHB had observed a net increase in CHC clients in year as the number of entrants to the service outstripped the numbers leaving the service. It was also acknowledged that some packages were particularly complex and that this could lead to pressures. Turning towards the push from hospital to community and home based care the Chief Operating Officer stated that partnership working with the local authorities was key to the UHB's future plans and these would need to reflect the financial impact of changes.

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 indicated that greater assurance of delivery against the 4 red rated measures was expected to be gained as the UHB moved into the second half of the year.

It was noted that the UHB's PSPP performance continued to exceed the 95% target; cash plans were currently on target with the UHB not expecting to request additional cash support in 2019/20 and that there was some slippage against capital expenditure profiles at month 6 which was expected to be recovered by year-end.

In conclusion the Deputy Director of Finance highlighted that the key risk to the Plan was the management of budgets to deliver a balanced financial position by year end and this risk was assessed as being up to £4m. In addition it was noted that a recent risk had emerged relating to the Welsh Risk Pool where costs across NHS Wales are now predicted to exceed the budget available. The risk to the UHB had been reassessed by NWSSP as being up to £1.4m.

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 £2.525m deficit at month 6;

The Finance Committee **noted** the key concerns and actions being taken to manage risks

<p>FC 19/114</p>	<p>PLANS TO DELIVER A BREAK EVEN POSITION (presentation)</p> <p>The Deputy Director of Finance presented an update on the Plans To Deliver A Break Even Position stating that plans had been adjusted for issues which had emerged in September as follows:</p> <ul style="list-style-type: none"> • The UHB position had improved by £0.292m in September, however a number of significant overspends had been reported by Clinical Boards in month. • A full savings programme was in place to meet the £29.145m target. £5.5m of savings schemes remained RAG rated amber and the Committee was informed that Welsh Government was pressing the UHB to expedite the remaining amber schemes to green status. • At month 6 Clinical Boards were reporting a cumulative overspend of £7.705m which was £0.459m higher than the original forecast. Five Clinical Boards had recorded cumulative overspends in excess of their forecast profile. Clinical Board Recovery actions are back loaded and there was a straight line risk of £6.3m if Clinical Board performance continued at the rate established in the first 6 months of the year. • In recognition of the deterioration in Clinical Board overspends at month 6 the Risk Adjusted Forecast had been increased by £0.6m. A further increase of £0.3m in respect of IT pressures and the TACU initiative to improve patient flows was also recognised. The increase was offset by slippage on corporate reserves and a reduction in forecast premises costs following the receipt of professional advice. • Moving forwards, the overall UHB overspend was expected to show a gradual improvement each month before finally reaching a breakeven position in March. The forecast was sensitive to the following factors: the management of the risk adjusted position across a number of areas; turning amber savings schemes to green as soon as possible; maintaining expenditure restraints; unexpected events as the UHB is not holding a contingency; closing down the residual £1m risk; Clinical Board improvement plans; and the Welsh Risk Pool • A further risk which had recently emerged in respect of a potential year end overspend against the Welsh Risk Pool. If there was a requirement for Health Boards to cover the cost of the overspend Cardiff and Vale UHBs share was expected to be c £1.4m. <p>Comments were received as follows:</p> <ul style="list-style-type: none"> • The UHB Vice Chair (CJ) asked what confidence the UHB had in the likely success of the remaining amber schemes. In reply the Deputy Director of Finance stated that the UHB had some assurance and that generally the schemes had a 80% success rate of delivery. • The Finance Committee Chair (JU) asked whether savings 	

	<p>were profiled to deliver on a monthly basis and the Deputy Director of Finance confirmed that this was the case and that some savings remained to be deliver over the second half of the year.</p> <ul style="list-style-type: none"> • A further question was raised by the Finance Committee Chair (JU) who asked whether the UHB had an impression of the month 7 financial position and any impact that this may have on the forecast position. The Deputy Director of Finance confirmed that the monthly position is normally confirmed on the fourth working day following month end and at this stage nothing had emerged to suggest a change to the UHB's forecast year end position. <p>Resolved – that:</p> <p>The Finance Committee noted the plans and actions required to deliver a break even position in 2019/20.</p>	
<p>FC19/115</p>	<p>CLINICAL BOARDS IN ESCALATION</p> <p>The Chief Operating Officer confirmed that the number of Clinical Boards in escalation remained at 3. The Medicine Clinical Board was in escalation as a consequence of financial performance particularly around nursing. The other two Boards were in escalation as a result of activity performance.</p> <p>In the context of the pressures faced by the Medicine Clinical Board the Chief Operating Officer stated that pressures in unscheduled care had been reported across the UK and that the UHB had observed a significant increase in the numbers attending A & E in 2019/20. In response to a query from the Finance Committee Chair (JU) the Chief Operating Officer indicated that the increase in A & E numbers did not appear to be correlated to an increase in specific health conditions.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the actions being taken to manage financial performance</p>	
<p>FC19/116</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 September 2019 £15.777m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m, leaving a gap of £0.568m. £14.771m of the identified schemes were recurrent. • Schemes totalling £13.368m had been identified as Green or Amber against the corporate savings target of £12.800m target as at 30th September 2019 leaving a surplus of £0.568m which covered the gap in delegated schemes. The recurrent effect of the identified schemes in 2020/21 was £3.332m. The recurrent 	

	<p>position of corporate schemers was being reviewed on a scheme by scheme basis.</p> <p>The Committee was informed the main concerns were the shortfall against the 2% devolved CRP target of £0.568m 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>	
FC19/117	<p>RISK REGISTER</p> <p>The Assistant Director of Finance asked the Finance Committee to endorse the removal of a low level risk from the risk register, namely Increased employers pension contributions where optimum controls were now in place.</p> <p>Three (3) 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; • Management of Budget pressures; • Management of Nursing overspend - £1.741m month 6. <p>Resolved – that:</p> <p>The Finance Committee noted the risks highlighted within the 2019/20 risk register.</p> <p>The Finance Committee endorsed the removal of the highlighted low level risk from the risk register.</p>	
FC 19/118	<p>MONTH 6 FINANCIAL MONITORING RETURNS</p> <p>These were noted for information.</p>	
FC 19/119	<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 19/120	<p>DATE OF THE NEXT MEETING OF THE BOARD</p> <p>Wednesday 27th November; 2.00pm; Cefn Mably, Meeting Room, Ground Floor, HQ, Woodland House</p>	