

**CONFIRMED MINUTES OF THE MEETING OF THE FINANCE COMMITTEE  
HELD ON 24<sup>th</sup> MARCH 2021  
VIRTUAL MEETING via TEAMS**

**Present:**

Dr Rhian Thomas	RT	Chair, Independent Member – Capital and Estates
John Union	JU	Independent Member - Finance
Abigail Harris	AH	Executive Director of Strategic Planning
Catherine Phillips	CP	Executive Director of Finance
Chris Lewis	CL	Deputy Director of Finance
Len Richards	LR	Chief Executive
Nicola Foreman	NF	Director of Corporate Governance
Ruth Walker	RW	Executive Nurse Director

**In Attendance:**

**Secretariat:**

Paul Emmerson	PE	Finance Manager
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**Apologies:**

Andrew Gough	AG	Assistant Director of Finance
Charles Janczewski	CJ	Board Chair
Rachel Gidman	RG	Director of Workforce and Organisational Development
Steve Curry	SC	Chief Operating Officer

FC 21/03/007	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
FC 21/03/008	APOLOGIES FOR ABSENCE	ACTION
	Apologies for absence were noted.	
FC 21/03/009	DECLARATIONS OF INTEREST	ACTION
	The Chair invited members to declare any interests in proceedings on the Agenda. None were declared.	

<p><b>FC 21/03/010</b></p>	<p><b>MINUTES OF THE COMMITTEE MEETING HELD ON 27<sup>th</sup> JANUARY 2021</b></p> <p>The minutes of the meeting held on 24<sup>th</sup> February 2021 were reviewed and confirmed to be an accurate record.</p> <p><b>Resolved – that:</b></p> <p>The minutes of the meeting held on 24<sup>th</sup> February 2021 were approved by the Committee as an accurate record.</p>	
<p><b>FC 21/03/011</b></p>	<p><b>ACTION LOG FOLLOWING THE LAST MEETING</b></p> <p>There were no outstanding actions.</p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>noted</b> that there were no outstanding actions.</p>	
<p><b>FC 21/03/012</b></p>	<p><b>CHAIRS ACTION SINCE THE LAST MEETING</b></p> <p>There had been no Chairs action taken since the last meeting.</p>	
<p><b>FC 21/03/013</b></p>	<p><b>FINANCIAL PERFORMANCE MONTH 11</b></p> <p>The Deputy Director of Finance summarised the key points within the Month 11 Finance Report. The UHB had reported a year to date underspend of £0.502m. The reported position included net expenditure of £135.826m arising from the management of COVID 19 which was offset by an equal amount of Welsh Government COVID 19 funding.</p> <p>Six of the eight measures on the Finance Dashboard were RAG rated green. Two measures remained RAG rated red namely: the reduction in the underlying deficit to £4m and the delivery of the recurrent £25m 3% devolved savings target. Progress against the 2 measures was still impeded by the COVID pandemic and this had adversely affected the underlying deficit brought forward to the 2021/22 Financial plan.</p> <p>Moving onto performance against income, pay and non pay budgets the Committee was informed that the UHB had reported an in month operational underspend of £0.294m and that trends were broadly in line with the first 10 months of the year.</p> <p>At month 11 the year end forecast of net expenditure due to COVID 19 in 2020/21 was £161.179m and this was offset by confirmed additional COVID 19 funding of £161.179m.</p> <p>The key assumptions informing additional COVID allocations were unchanged in month and the key area of uncertainty was the cost estimate of the additional annual leave accrual which would be based upon the level of untaken annual leave carried forward from 2020/21. In response to a query from the Independent Member – Finance (JU), the Deputy Director of Finance confirmed that work was ongoing to assess the financial accrual required in</p>	

respect of untaken annual leave and that the collection of data to inform the accrual was continuing.

Turning to Clinical Board performance it was highlighted that the operational overspends in the Women & Children and in the Medicine Clinical Boards had both improved in month, although cumulative material overspends were still reported by both Boards.

The Finance Committee Chair (RT) asked if the operational overspend reported by both Clinical Boards was expected to continue in the new financial year and whether the position required further scrutiny by the Finance committee. In response, the Deputy Director of Finance advised that during the pandemic, the focus had been on the overall UHB position. However, when the UHB emerged from the direct impact of the pandemic it was expected that the focus would shift and that Clinical Board performance may require further scrutiny if significant overspends were reported.

The Committee was asked to note that the UHB had received a significant amount of additional capital allocations in later part of the year which in turn required additional operational attention on capital spending plans at the end of year to ensure that the UHB maximised the use of its available capital resource.

In this context the Independent Member – Finance (JU) asked for assurance that the UHB had a robust structure and process in place to manage its capital expenditure as it moved towards year end. The Deputy Director of Finance confirmed that the UHBs Capital Management Group monitored capital spend on a scheme by schemes basis and that agreed virements were actioned to ensure that the capital allocation was utilised. The UHB had also developed a prioritized list of additional capital expenditure that could be actioned if further Welsh Government Capital funding was provided.

There were no significant concerns around the UHBs balance sheet and the UHB remained on track to meet its PSCP and Cash targets.

In conclusion, the Deputy Director of Finance highlighted that at month 11, the key revenue financial risk remained managing the impact of COVID 19 within the additional resources provided.

**Resolved – that:**

The Finance Committee **noted** the month 11 financial impact of COVID 19 which is assessed at £135.826m;

The Finance Committee **noted** the additional Welsh Government funding of £135.826m assumed within the month 11 position;

The Finance Committee **noted** the month 11 reported financial position being a surplus of £0.502m;

The Finance Committee **noted** the breakeven position which assumes additional Welsh Government funding of £161.179m to manage the impact of COVID 19 in line with quarter 3&4 planning assumptions;

	<p>The Finance Committee <b>noted</b> the revised forecast 2020/21 carry forward Underlying Deficit is £25.3m and the risks identified that, if not managed, could increase this.</p>	
<p><b>FC 21/03/014</b></p>	<p><b>FINANCE RISK REGISTER</b></p> <p>The Deputy Director of Finance presented the Finance Risk register.</p> <p>The two remaining extreme risks were noted as being:</p> <p><b>Fin01/20</b> – Reducing underlying deficit from £11.5m to £4.0m in line with IMTP submission.  <b>Fin03/20</b> – Delivery of £29.0m (3.5%) CIP</p> <p>The Finance Committee noted that the COVID-19 financial plan risk (FIN10/20) including Surge capacity was shown in an appendix as a sub-set to the main risk register.</p> <p>The Deputy Director of Finance indicated that all risks had been reviewed in month.</p> <p>The Committee was asked to agree to the removal of the 1 risk below where Optimum controls were in place.</p> <ul style="list-style-type: none"> <li>• FIN06/20 – Nursing Position. Whilst there were pressures against nursing budgets which would continue into 2021/22 the position would not impact on the delivery of the 2020/21 financial plan. Therefore the risk was reported as low and the Committee was requested to approve removal of the risk from the risk register.</li> </ul> <p>The Independent Member – Finance (JU) asked whether the 2021/22 risk Register would be presented at the next Finance Committee and the Finance Committee Chair (RT) asked whether a separate register was still required for the Surge capacity. In response the Deputy Director of Finance indicated that the 2021/22 register was expected to be presented to the next Committee meeting and that it was not expected that the surge capacity would continue to be included as a sub set risk register.</p> <p>Referring to the inclusion of the nursing position on the Risk Register the Chief Executive indicated that budgets were set in accordance with Nursing standards and that controls on additional deployment of nursing input were in place. The Executive Nurse Director added that funding was now allocated in respect of Birth Rate plus and that there had been some success in the recruitment of additional nurses. In this context, it was suggested that the nursing position should be reported by exception in 2021/22 and should necessarily be included on the risk register if the absence of new risks emerging around nursing.</p>	

	<p><b>Resolved - that:</b></p> <p>The Finance Committee <b>noted</b> the risks highlighted in the 2020/21 risk register.</p> <p>The Finance Committee <b>agreed</b> that risks FIN06/20 could be removed from the risk register.</p> <p>The Finance Committee <b>noted</b> the risks highlighted in the Surge Capacity sub set risk register.</p>	
<p><b>FC 21/03/015</b></p>	<p><b>FINANCE COMMITTEE – ANNUAL REPORT</b></p> <p>A paper summarising how the Finance Committee has met its Terms of Reference during the financial year was introduced by the Director of Corporate Governance.</p> <p>The Finance Committee considered and agreed the report.</p> <p><b>Resolved – that:</b></p> <p>The Finance Committee <b>recommended</b> the report for Board <b>approval</b> subject to an amendment to reflect attendance at the February meeting.</p>	
<p><b>FC 21/03/016</b></p>	<p><b>MONTH 11 FINANCIAL MONITORING RETURNS</b></p> <p>These were noted for information.</p>	
<p><b>FC 21/03/017</b></p>	<p><b>ITEMS TO BRING TO THE ATTENTION OF THE BOARD</b></p> <p>There were no items to bring to the attention of the Board.</p>	
<p><b>FC 21/03/018</b></p>	<p><b>DATE OF THE NEXT MEETING OF THE COMMITTEE</b></p> <p><b>Wednesday 28<sup>th</sup> April 2.00pm; Virtual Meeting via Teams</b></p>	