

**Confirmed Minutes of the Public Finance and Performance Committee Meeting
Held on 20 September 2023 at 2pm
Via MS Teams**

Chair:		
John Union	JU	Independent Member – Finance (IM-F)
Present:		
David Edwards	DE	Independent Member – Information Communication & Technology (IM-ICT)
In Attendance:		
Paul Bostock	PB	Chief Operating Officer (COO)
Catherine Phillips	CP	Executive Director of Finance (EDF)
Matt Phillips	MP	Director of Corporate Governance (DCG)
Charles Janczewski	CJ	UHB Chair
Abigail Harris	AH	Executive Director of Strategic Planning (EDSP)
Ceri Phillips	CP	UHB Vice Chair
Andrew Gough	AG	Deputy Director of Finance – Strategy (DDFS)
Rob Mahoney	RM	Deputy Director of Finance – Operational (DDFO)
Angela Hughes	AH	Assistant Director of Patient Experience (ADPE)
Calum Shaw	CS	Environmental Sustainability Improvement Manager (ESIM)
Matt Temby	MT	Managing Director Planned Care (MDPC)
Secretariat:		
Rachel Chilcott	RC	Corporate Governance Officer
Apologies:		
Suzanne Rankin	SR	Chief Executive (CE)
Keith Harding	KH	Independent Member – University (IM-U)
Jason Roberts	JR	Executive Nursing Director (END)

Item No	Agenda Item	Action
FPC 23/09/001	Welcome & Introduction The Committee Chair (CC) welcomed everyone to the meeting.	
FPC 23/09/002	Apologies for Absence Apologies for Absence were noted. The Finance and Performance Committee resolved that: a) Apologies for Absence were noted.	
FPC 23/09/003	Declarations of Interest No Declarations of Interest were noted.	
FPC 23/09/004	Minutes of the Finance and Performance Meeting held on 23 August 2023 The minutes of the meeting held on 23 August 2023 were received. The Finance Committee resolved that: a) The minutes of the Finance and Performance Committee meeting held on 23 August 2023, were held as a true and accurate record of the meeting.	

<p>FPC 23/09/005</p>	<p>Action Log following the Finance and Performance Committee meeting on 19 July 2023</p> <p>The Action Log was received.</p> <p>The Finance and Performance Committee resolved that:</p> <p>a) The Action Log for the Finance and Performance Committee was noted.</p>	
<p>FPC 23/09/006</p>	<p>Chairs Action since previous meeting</p> <p>There had been no Chair's Actions taken since the last meeting.</p>	
<p>Items for Review and Assurance</p>		
<p>FPC 23/09/007</p>	<p>Financial Report – Month 5</p> <p>The Deputy Director of Finance for Strategy (DDFS) presented the Financial Report – month 5 and highlighted the following:</p> <ul style="list-style-type: none"> - They had an overspend of £42.827m; - This comprised of £4.667m unidentified savings, £1.327m of operational overspend, and the planned deficit of £36.833m (five twelfths of the annual planned deficit of £88.4m set out in the 2023/24 financial plan); - The Financial Plan approved by Board and submitted to Welsh Government (WG) was not accepted, but it was noted by WG. The components of the plan had resulted in a planned deficit of £88.4m; - They were on a trajectory currently above the £88.4m. <p>The UHB Chair noted concern around the £5.994m gap, and highlighted that no clear timeframe had been identified.</p> <p><u>Table 3 – Finance – Key Performance Indicator Dashboard at August 2023</u></p> <p>It was highlighted that:</p> <ul style="list-style-type: none"> - The KPIs were on red in terms of the planned deficit by the end of the financial year; - They anticipated they would remain within the capital resource limits; - Regarding the delivery of the recurrent £32m savings target – while the number of schemes identified had increased, the recurrence of some schemes was in doubt; - Their creditor compliance payments were at 97.47% at the end of August; - The UHB's working capital requirement would be discussed with WG in around November, following the finalisation of the draft plan at Q1; - They had a positive cash balance at present. <p>The EDF suggested that it would be useful to incorporate the recurrent position into the savings section of the paper.</p> <p><u>Financial Performance of Clinical Boards</u></p> <p>The reasons for the change in the deficit were highlighted:</p> <ul style="list-style-type: none"> - Clinical Boards were still dealing with the COVID footprint and pressures within Mental Health. However, some progress had been made within Mental Health; - WHSSC had decided not to follow the national Director of Finance Agreement around how the LTA performance would be treated, which had a £3m impact on the Health Board. 	

COVID Expenditure

- They continued to receive financial support from WG for Health Protection, PPE, Long-COVID, Nosocomial, and Anti-Viral activities;
- They had forecasted £13m funding from WG, of which they relied on the full total due to uncertainty around the increased uptake of COVID around the UK, and the request from WG to use these monies for other initiatives (e.g. vaccination);
- Last year the Health Board had received more support from WG, and so it had been incorporated into the UHB's savings plans that they would continue to spend £34.2m on COVID local response measures. However, they had assessed that they would be at least £3m lower than the £34.2m, which would contribute to their savings programme.

The IM-F asked if there were any risks in this not being delivered. The DFFS provided reassurance that they were in a reasonably robust place to bank that.

Risks

The DFFS outlined the following risks:

- They could not get the three-year approved plan from WG due to their deficit position;
- They would breach their revenue funding limit;
- They were confident they could stay within their capital resource limits, despite the fairly limited capital resource allocation. This would be reviewed towards the year end;
- The big risk would be not delivering the 2023/24 savings programme, as the £88.4m target was contingent on the Health Board delivering a minimum of £32m savings;
- How their performance would operate within the one-year LTA framework. They had forecasted how the DoFs LTA agreement would work, and they had 5% leeway this year.

Savings Programme

It was highlighted that:

- In month 5 there had been an improvement in the number of green, amber and red savings against the £32m savings target;
- WG had asked organisations to identify 10%, 20% and 30% savings beyond their forecast plans – CAVUHB had identified a risk of non-achieved CRPs just to hit the £88.4m;
- They had to find another £16m of savings to safely achieve the £32m - this has had some momentum;
- £13.7m remained as red schemes, and they would need to focus on moving these schemes into green and amber.

The UHB Chair asked what progress was being made against other initiatives totalling the £16m, and explained that the Committee would need to be assured by seeing evidence of achievement in the form of a report.

The DFFS responded that actions had been taken, and that they were soon due to the progress materialised in the financial positions.

The UHB Vice Chair queried if CAVUHB were being unrealistic in achieving their savings targets compared to other Health Boards. The DFFS responded that there

were risks, but that there was a genuine culture of commitment from the organisation.

The IM-ICT asked if the Board had considered measures/precautions that they might have to take towards the end of the financial year if they did not hit the £88m.

The EDF responded that their current plan was their best and focus was needed on delivering this. The COO added that the only other plan would be to stand down Planned Care, however it would require difficult conversations.

The DDFS talked through the graphs in the report which illustrated the progress made on the savings schemes throughout the year. Regarding the Total Variance Forecast, they forecasted that if the planned schemes delivered, the reported deficit would peak at month 6 before turning the curve on a trajectory to hit the £88.4m planned deficit.

Cash Flow Forecast

The DDFS summarised that:

- They would assess the movements in working capital later in the year;
- They accounted for £11.5m in expenditure terms the previous year, which had been paid out in cash this year. At present, they would need approx. £100m from WG.

The IM-F asked if there was a timeframe. The DDFS responded that this usually would be drawn down in the last month, but that they would firm this with WG in around November/December.

The EDF explained that they were expecting to receive the cash, but that it was not without risk. She suggested bringing this back to the Finance Committee in the next few months for further clarity.

Public Sector Payment Compliance – the DDFS confirmed that they were consistently above the target.

Capital

It was highlighted that:

- Next month they would bring back a more detailed list of the capital schemes in the process with bids;
- They have expended 17% of the capital resource limit to date – this would accelerate as the year went on;
- They had £11m of discretionary capital and the balance of £18m for approved projects by WG - they were in line to spend within the resource limit.

The Finance and Performance Committee resolved that at Month 5:

- a) The reported year to date overspends of £42.827m and the forecast deficit of £88.4m was noted;
- b) The financial impact of forecast COVID-19 costs which is assessed at £44.264m was noted;
- c) The month 5 operational overspend against the plan of £1.327m was noted;
- d) The progress against the savings target, with £36.481m (114%) of schemes identified at month 5 against the £32m target was noted.

It was highlighted that:

- The graphs indicated that since April 2022, they had seen a change in their position. However, they had not gone as far as they would have liked, and teams were working towards moving this in the right direction of the ministerial ambitions (97% reduction in waiting lists by December 2023, and 99% reduction by March 2024);
- New patient activity was at 100% of their pre-COVID activity levels;
- Follow-up activity was at 67% due to elective inpatient activities only being at 57% of pre-COVID levels

The COO added that the Major Trauma Centre (MTC) arrived in the middle of the pandemic which took some of their theatre capacity (particularly spinal capacity).

The MDPC provided reassurance that the job planning exercise undertaken by the entire Orthopaedics Department was robust.

The MDPC continued:

- They had a high degree of confidence that the Orthopaedic component of the 97% organisational target would be met in December. The March target of 99% still needed further discussion on how to prioritise activity;
- They had a process for reallocating theatre capacity, predominantly for spinal surgery. This was a decision being taken amongst Clinical Boards;
- On a monthly basis, the Directorate Management team looked at the GIRFT and Audit Wales recommendations to track the actions which had been implemented.

The MDPC provided a summary of the Rehabilitation Programme, which supported people at every stage on the MSK Osteoarthritis Knee (OAK) pathway and Orthopaedic surgical pathway:

- There were a number of checkpoints along the pathway, including a number of community-based activities;
- This work was linked to Keepingmewell.com strategy;
- Living Well was the banner under which the teams work to give patients the best opportunity through education and access to community based-activities. They were undertaking a lot of evaluations under the Living Well programme, with CEDAR support;
- Within the Living Well programme, there was a specific Prepare Well programme for Orthopaedics, with resources dedicated to the waiting list. They had undertaken a review which showed that they had 1104 patients on the orthopaedic waiting list go right the way through the programme, and there was a social return on investments (for every £1 spent gives them £2.86 on return).

The COO stated that whilst the overall waiting list size for the Health Board was increasing, the Ortho waiting list was reducing.

The UHB Vice Chair noted that more work could be done on social investments, e.g. how prehab has improved returns to work. He asked whether this work could be rolled out to other areas in the Health Board.

The MDPC responded that this was already underway, and that the Optimisation Delivery Group were looking at how this work could be spread across other pathways within the organisation. He added that WG were adopting CAVUHB's charter on a national basis.

	<p>The MDPC highlighted confidence in the Orthopaedics validation of waiting lists due to a regular process and cycle of validation. He stated that he was undertaking investigations into the validation process in other pathways.</p> <p>The Finance Committee noted that:</p> <p>a) The current position of the Orthopaedic waiting list and the work both to reduce the waits and support patients was noted.</p>	
<p>FPC 23/09/009</p>	<p>Interventional Radiology</p> <p>The MDPC summarised that:</p> <ul style="list-style-type: none"> - Within two interventional rooms in UHW, there was found to be significant corrosion on the machines. It was established that from March 2024, they would not have continued support from the suppliers in the maintenance of the machines; - Teams had undertaken work with WG who afforded the Health Board £7.2m specifically for this programme to go through the procurement process of replacing both machines; - There was a programme including meteorological testing to understand why the corrosion had happened – early indications suggested that it was a combination of humidity and cleaning processes, which had since been adjusted. They would ensure revised air handling and cleaning processes were in place in the future; - They had a full programme team to ensure they procured the right equipment going forward and that the right processes were in place. <p>The Committee was requested to support the business case to proceed with the implementation of exchanging the machines, which would then go to Board for approval.</p> <p>The Finance Committee noted that:</p> <p>a) The Committee supported the proposal to replace the Biplane Interventional Neuroradiology Equipment.</p>	
<p>FPC 23/09/010</p>	<p>Regional Integration Funds</p> <p>The EDSP summarised that:</p> <ul style="list-style-type: none"> - The report demonstrated how the funding had been allocated across all of the projects, and provided assurance that there was a mechanism in place to track the detail in terms of the £19m spend; - The Regional Partnership Board (RPB) had committed expenditure which would have given them an overspend this financial year – conversations had been had with the two statutory partners in the Local Authorities, where it was asked as an absolute minimum for there to be no overspend against it; - There was an expectation of the RPB to identify a contribution to the Finance Recovery Plan of £0.5m – to achieve this saving, £1m was required to be identified from the programme. They were nowhere near this in terms of current spend, and the implications of this needed to be understood; - For every area of investment, they had a good system of tracking outcomes – some schemes were not delivering the value of money expected, and so it would form part of the upcoming conversations; <p>The IM-F asked how confident they were that they would not overspend.</p> <p>The EDSP responded that they were very confident that there would not be an overspend, however they were less confident that they would be able to identify</p>	

	<p>savings from their current programme of work in line with what has been identified in the current financial recovery plan as things currently stand. Difficult conversations around initiatives would be required.</p> <p>The Finance Committee noted:</p> <ul style="list-style-type: none"> a) The information on the Q1 report; and b) The partner-wide financial review of the RIF. 	
<p>FPC 23/09/011</p>	<p>Decarbonisation Update</p> <p>The ESIM shared a presentation with the Committee which summarised the three papers for the Decarbonisation Update.</p> <p>The EDSP commented that:</p> <ul style="list-style-type: none"> - Conversations had been ongoing to bring work from the decarbonisation and financial agendas closer together (e.g. around Procurement); - Shared Services were looking at whether things could be sourced more locally, and were analysing company's manufacturing processes. However, it was acknowledged that it would be hard to use emissions as criteria when there was a lack of competition. <p>The Finance Committee noted that:</p> <ul style="list-style-type: none"> a) The Committee noted the three reports. 	
<p>FPC 23/09/012</p>	<p>Operational Performance Report</p> <p>The COO presented the Operational Performance Report and highlighted the following:</p> <ul style="list-style-type: none"> - <u>Urgent care</u> – they had expected difficulties due to changes being made to their real estate in mid-July. They had started to see an improvement - ambulance handover performances and 4hr performances were better than anticipated, however 12hr trolley waits continued to be of concern. They hoped to soon see the benefits of the moves; - <u>Planned Care</u> – they were on track to deliver the 104-week plan by December. They had around 350 patients waiting over 3 years, and they were in the process of producing an ambitious trajectory to clear this. Diagnostic waits had increased, but the Regional Diagnostic Hub had been approved and they were waiting for a mobile solution as an interim solution to be implemented by the end of Q3/4, which would supply significant additional capacity for diagnostics; - <u>Cancer</u> – performance was steady at 65%. The backlog had increased, partly due to endoscopy delays. Therefore, they should soon start to see a reduction in the time for endoscopy on the cancer pathways. - <u>Risks</u> – risks included the potential strike action, and the published rate card for consultants pay which had resulted in some specialties stating that they were not prepared to do additional work; - <u>CAMHS</u> –performance for treatment was poor (0 patients were treated within 28 days) due to a large amount of capacity being moved into assessment to clear the backlog. They had a plan to achieve 65% of CAMHS patients starting their treatment within 28 days by the end of March. Assurance was provided that assessments had started within 28 days, and that the median wait for treatment was 35 days; - <u>Dental Activity</u> - they had around 50% of new patients being seen, they had a plan to get to 90% by the end of March. <p>The UHB Chair asked for some assurance around the volatility of the cancer pathway. The COO responded that there would always be a bit of movement, but</p>	

	<p>that he understood the reasons behind the numbers. He did not accept that there were validation issues.</p> <p>The Finance and Performance Committee resolved:</p> <p>a) The Committee noted the year to date position against key organisational performance indicators for 2023-24 and the update against the Operational Plan programmes.</p>	
<p>FPC 23/09/013</p>	<p>Winter Plan</p> <p>The COO summarised that:</p> <ul style="list-style-type: none"> - The plan worked in the currency of beds; - They hoped to use more of the money recurrently, and for a more programmed approach to Business As Usual (BAU) in the winter; - They needed to get to a position where they close capacity in the summer, and reopen in the winter; - Whilst there was a bit more physical capacity than the previous year, initiatives and programmes around efficiencies had started to be embedded which had helped to close the bed gap from around 150 to 90 beds; - Length of stay was not where it should be - the general rule of thumb should be that no more than 20% of the bed base should be occupied by patients waiting over 21 days (CAVUHB was around 32%), and no more than 40% of the bed base should be occupied by patients waiting over 7 days (CAVUHB was around 56%); - They had an opportunity to use money more recurrently with the space they created in the Emergency Units by moving out the assessment units, to put in place a Clinical Decision Unit. There were also plans with the Health Inclusion Service (CAVHIS), which would be brought to Board in November for an update; - If only 80% of the plan was delivered, then they should still be in a reasonably good position. <p>The IM-F clarified that the £1.5m was in budget for this year.</p> <p>The EDF asked if they did not shut down the extra winter acute beds in the summer, whether this would stretch the £1.5m. The COO responded that the risk would lie with himself and the Ops team to deliver the plan, and that they needed to bring a more detailed benefits plan to the Investment Group to secure the investment. The COO noted that he had informed the EU that if they did not see the benefits of some of the programmes, some of the schemes could be reversed.</p> <p>Action – CP to take the benefits realisation piece through the Investment Group to decide as part of the Annual Plan.</p> <p>The Finance and Performance Committee resolved that:</p> <p>a) The Committee noted the UHB Winter Plan 23/24;</p> <p>b) The Committee recommended a revised approach to seasonal planning, including the recurrent allocation of the £1.5m winter reserve, to be taken to Board.</p>	
	<p>Items for Approval/Ratification</p>	
<p>FPC 23/09/014</p>	<p>Interventional Radiology Case</p> <p>This item was discussed during the Items for Review and Assurance section of the meeting, with the Item No: FPC - 23/09/009</p>	

	<p>The Finance and Performance Committee resolved that:</p> <p>a) The Committee noted the extract from the UHBs Monthly Financial Monitoring Return.</p>	
Items for Information and Noting		
<p>FPC 23/09/015</p>	<p>Monthly Monitoring Returns – Month 5</p> <p>The Month 5 Monitoring Returns were received.</p> <p>The Finance and Performance Committee resolved that:</p> <p>a) The Committee noted the extract from the UHBs Monthly Financial Monitoring Return.</p>	
<p>FPC 23/09/016</p>	<p>Any Other Business</p> <p>No Other Business was discussed.</p>	
Review and Final Closure		
<p>FPC 23/09/017</p>	<p>Items to be referred to Board / Committee</p> <p>Action – The UHB Chair asked if more time could be spent at Board on this item.</p>	
	<p>Date & time of next Meeting</p> <p>Wednesday 18th October 2023 at 2pm via MS Teams</p>	