

Bundle Finance Committee 29 August 2018

Agenda attachments

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FINANCE COMMITTEE MEETING
2.00pm on 29th August 2018
Large Meeting Room, Headquarters, UHW

AGENDA

PART 1: ITEMS FOR ACTION		
1	Welcome and Introductions	<i>Oral - Chair</i>
2	Apologies for Absence	<i>Oral - Chair</i>
3	Declarations of Interest	<i>Oral – Chair</i>
4	Minutes of the meeting held on 25th July 2018	<i>Chair</i>
5	Action Log	<i>Chair</i>
6	Finance Report as at Month 4	<i>Chris Lewis</i>
7	Clinical Boards in Escalation	<i>Oral – Steve Curry</i>
8	8a No Purchase Order No Pay Policy 8b No PO No Pay Policy	<i>Chris Lewis</i>
9	Cost Reduction Programme and Cross Cutting Themes	<i>Chris Lewis</i>
10	10a Finance Risk Register 10b Finance Risk Register	<i>Chris Lewis</i>
PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD		
11	Items to bring to the attention of the Board / other Committees	<i>Oral - Chair</i>
12	Date, time and venue of the next meeting of the Finance Committee: 2.00pm on Wednesday 26 th September 2018, Large Meeting Room, HQ, UHW	<i>Oral - Chair</i>

UNCONFIRMED MINUTES OF THE FINANCE COMMITTEE

HELD ON 25th JULY 2018

LARGE MEETING ROOM, HQ, UHW

Present:

John Union	Chair (Finance Committee)
Charles Janczewski (part)	Vice Chair (Board)
Maria Battle	Chair (Board)
Abigail Harris (part)	Director of Strategic Planning
Andrew Gough	Assistant Director of Finance
Dr Sharon Hopkins	Deputy Chief Executive
Martin Driscoll	Director of Workforce
Robert Chadwick	Director of Finance
Steve Curry	Chief Operating Officer

In Attendance:

Urvisha Perez	Welsh Audit Office
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Secretariat:

Paul Emmerson	Finance Manager
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FC – 18/219 WELCOME AND PURPOSE OF THE COMMITTEE

The Chair welcomed everyone to the meeting.

FC – 18/220 APOLOGIES FOR ABSENCE

Apologies were received from John Antoniazzi, Christopher Lewis and Ruth Walker.

FC – 18/221 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 WHSCC sub-committee and declared an interest in discussions in respect of WHSCC.

FC – 18/222 MINUTES OF THE FINANCE COMMITTEE HELD ON 27th JUNE 2018

The Committee **RECEIVED** and **APPROVED** minutes of the meeting held on 27th June 2018 subject to an amendment to minute FC - 18/214 where the reference to the Resource and Delivery Committee is to be amended to the Strategy and Delivery Committee.

FC - 18/223 ACTION LOG FOLLOWING THE LAST MEETING

The Committee **RECEIVED** the Action Log from the meeting of 27th June 2018 and **NOTED** the following:

FC - 18/189 – PUBLIC SECTOR PAYMENT POLICY COMPLIANCE - Report on impact of No Purchase Order No Payment Policy to be shared with Finance Committee following All Wales implementation in June 2018. **Incomplete** - Recommended that a report is brought back to the October 2018 Finance Committee post June 2018 All Wales implementation.

FC - 18/200 REVISED TERMS OF REFERENCE FINANCE COMMITTEE - Revised TOR to be taken to the Board for approval. **Incomplete** –This is being progressed through the Board secretary with the intention that the revised TOR are taken to the Board meeting scheduled for 27th September 2018 for ratification.

ACTION: Committee Secretariat

FC - 18/201 PROGRESS AGAINST THE £9.3M 2018/19 IMPROVEMENT TARGET
-Progress against this is detailed within the Finance Report – **Complete**

FC - 18/213 Performance Funding - Complete – Risk of a clawback on the £6.1m Performance Funding received from Welsh Government following review in December is recorded and monitored through the Risk Register

FC - 18/213 Clinical Boards in Escalation - Complete – Clinical Boards in escalation is now a Standing Item on the Finance Committee Agenda.

FC - 18/213 Aneurin Bevan LTA- Complete – the Aneurin Bevan Health Board Income risk is now included on the risk register.

FC - 18/224 FINANCIAL PLANS 2018/19. The Director of Finance confirmed that the UHB's 2018/19 operational plan had been shared with Welsh Government and that progress against the plan was reported to Welsh Government on a monthly basis through the Monthly Monitoring Returns (MMR). The Chief Executive told the committee that progress against the plan was also picked up through the Targeted Intervention meetings with Welsh Government.

The Director of Finance indicated that going forwards that the 2018/19 Financial Plan would not be reported through a separate agenda item and that progress against the plan would be reported to the Finance Committee through the monthly Finance Report that was a standing item on the agenda.

The Finance Committee:

- **NOTED** that progress against the unapproved draft one year operational plan with a planning deficit of £19.900m would be reported to future meetings within the monthly Finance report;

FC - 18/225 FINANCE REPORT AS AT MONTH 3

The Director of Finance presented the UHB's financial performance to month 3 and drew the Committee's attention towards the key Financial Indicators reported through the Finance Dashboard within the written report:

- £5.573m deficit at month 3 and a £0.598m adverse variance was recorded against plan.
- The UHB expected to remain within the current annual capital resource limit of £36.099m.
- The UHB had reduced its assessed underlying deficit position to £39.1m at month 3.
- The UHB had declared a fully developed savings programme at month 3. There was currently a gap of £4.6m against the delegated £33.780m savings target however this was covered by corporate schemes at month 3 and the development of schemes to date provided the UHB with enough confidence to assume that Clinical Boards would meet their delegated savings targets in 2018/19.
- Schemes totalling £7.775m had been identified against the £9.266m financial improvement target leaving a further £1.491m to be identified.
- Creditor payments compliance against the 30 day Non NHS target had improved to 94.2% at the end of June.
- The UHB had maintained a positive cash balance in month and forecasted a year end cash deficit of £26.935m which is strongly correlated to the forecast deficit.

A query was raised by the UHB Chair who asked if the UHB was confident of recovering the £0.598m overspend that had been incurred to date. The Director of Finance informed the committee that the most significant driver behind the overspend was the level of vacancies, sickness and specialising within the nursing position. The main pressures were within the Medicine Clinical Board where the levels of vacancies and sickness required remedial action and in the Mental Health Clinical Board where plans to manage the cost implications of a number of highly complex cases were to be considered. In this context the UHB was sighted on the underlying pressures and looking at all options to curtail nursing expenditure and the year to date overspend against plan was not considered material as the UHB had both time and opportunities to effect remedial action. The Director of Finance stressed the importance of early action as the situation may not be recoverable if income and expenditure run rates did not level off until later in the year.

In order to add additional assurance the Director of Finance told the Committee that the UHB will formally review the forecast year end position at Clinical Board level following confirmation of month 4 expenditure. The review would be incorporated within the month 5 report to Finance Committee.

ACTION: Deputy Director of Finance

In respect of the nursing position, the Director of Workforce indicated to the committee that absence levels within the Medicine Clinical Board were generally at expected levels however there were some areas where sickness levels were exceptionally high. In response the Clinical Board was being encouraged to engineer greater flexibility within its workforce so that pressure points could be covered more efficiently to best manage risks.

The Committee Chair asked whether the implications of the Nursing Safe Standards Act had been fully costed and the Director of Finance confirmed that plans had been fully funded. In the context of nursing the UHB Chair (MB) asked whether the delay in payment associated with monthly pay and the absence of a weekly payroll to pay bank staff was limiting the number of nursing staff registered and available on the UHB nursing bank. The Assistant Director of Finance indicated that the timing of tax deductions might reduce the appeal of weekly payments to staff and agreed to ask the Nursing Productivity Group to explore the respective benefits for the UHB and bank staff of weekly vs monthly salary payments.

ACTION: Assistant Director of Finance

LIMITED ASSURANCE was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 3 position which is broadly on line with the profiled deficit within the draft operational plan.

The Finance Committee:

- **NOTED** that the UHB has an unapproved draft one year operational plan that has a planned deficit of £19.900m for the year;
- **NOTED** the £5.573m deficit at month 3 which includes a planning deficit of £4.975m and is an adverse variance against plan of £0.598m;
- **NOTED** the key concerns and actions being taken to manage risks.

FC - 18/226 CLINICAL BOARDS IN ESCALATION

The Director of Finance indicated that the Medicine, Surgery, Women & Children and Clinical Diagnostics and Therapies (CD&T) Clinical Boards were in escalation at the time of the meeting.

The main concerns around the Medicines and Surgery Clinical Boards related to operational pressures particularly in nursing. The Women & Children Clinical Board had a significant shortfall against its savings target and the CD&T Clinical Board had been put into escalation due to the risks around a significant savings scheme which had not yet moved beyond the red pipeline rating.

The Boards would remain subject to increased levels of scrutiny until the Director of Finance, Chief Executive and Chief Operating Officer were provided with sufficient assurance that both savings targets and balanced plans would be achieved in 2018/19.

FC - 18/227 COST REDUCTION PROGRAMME

The Assistant Director of Finance highlighted the following key points from the Cost Reduction Report:

- At the end of the month, £29.165m of opportunities had been identified as Green or Amber against the devolved 4% savings target of £33.780m leaving a gap of £4.615m
- £20.167m has been identified against the £25.335m recurrent 3% element of the devolved target.
- £8.998m has been identified against the £8.445m non-recurrent 1% element of the devolved target.
- As at month 3 £11.681m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target.

The Assistant Director of Finance confirmed that the £4.615m gap against the overall delegated 2018/19 CRP target was covered by the identification of additional corporate opportunities, however he stressed that Clinical Boards were still required to reach their delegated targets in 2018/19.

The Committee was reminded that in addition to the delegated savings programme that the UHB also had a £9.266m improvement target. This was profiled into the last quarter of the financial year and as at 30th June, £7.775m of recurrent opportunities had been identified leaving a gap of £1.491m.

The Committee members had been provided with a list of the UHB's top 20 savings schemes by value and the Assistant Director of Finance noted that the majority of schemes either related to medicines management, continuing healthcare or non-recurrent opportunities.

The Chief Operating Officer noted that the full year effect of recurrent savings schemes within the Medicine Clinical Board had met the 2018/19 savings target leaving the Board to manage the in-year operational pressures.

The Finance Committee:

- **NOTED** the progress against the £33.780m devolved 2018/19 CRP target and the Cross Cutting contribution
- **NOTED** the progress against the £9.266m improvement target.

FC - 18/228 RISK REGISTER

The Assistant Director of Finance presented the 2018/19 Risk Register to the Finance Committee and highlighted that the risk of a clawback of funding on the £6.1m Welsh Government Performance allocation and the Aneurin Bevan Health Board Income risk are now included on the risk register.

The Finance Committee:

- **NOTED** the risks highlighted within the risk register.

FC - 18/229 ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES

No other items to bring to the main Board.

FC - 18/218 DATE AND TIME OF NEXT MEETING

Wednesday 29th August; 2.00pm; Large Meeting Room, HQ, UHW

FINANCE COMMITTEE
ACTION LOG FROM 25th JULY 2018

MINUTE	DATE	SUBJECT	AGREED ACTION	ACTIONED TO	STATUS
FC - 18/189	25.04.18	Public Sector Payment Policy Compliance	Report on impact of No Purchase Order No payment Policy to be shared with Finance Committee following All Wales implementation in June 2018.	Deputy Director of Finance	Incomplete – Report to be brought back to future Finance Committee post June 2018 All Wales implementation. It is recommended that this as agenda item for October 2018 meeting.
FC - 18/200	27.06.18	Finance Committee Terms of Reference (TOR)	Revised TOR to be taken to the Board for approval.	Committee Secretariat	Incomplete – This is being progressed through the Board secretary with the intention of seeking ratification of the revised TOR at the Board meeting scheduled for the 27 TH September 2018
FC - 18/225	25.07.18	2018/19 year end forecast outturn	Detailed review of the forecast year end position at Clinical Board level to be undertaken after the confirmation of the month 4 position.	Deputy Director of Finance	Incomplete – Update to be provided in the month 5 Finance report.
FC - 18/225	25.07.18	The impact of weekly vs monthly payroll on the availability of bank staff	The Nursing Productivity Group to be asked to explore the likely impact of introducing a weekly payroll for payment of bank staff	Assistant Director of Finance	Raised with the Nursing Productivity Group. Future progress will be reported back to the Finance Committee.

FINANCE REPORT FOR THE PERIOD ENDED 31 st JULY 2018	
Name of Meeting : Finance Committee	Date: 29 th August 2018
Executive Lead : Executive Director of Finance	
Author : Deputy Director of Finance 02920 743555	
Caring for People, Keeping People Well: This report details performance against the annual financial plan supporting the UHB to deliver service priorities, maximise patient outcomes whilst maintaining the sustainability of services.	
Financial impact: The UHB financial position at the end of July 2018 is a deficit of £3.861m comprised of the following: <ul style="list-style-type: none"> • £3.300m planned deficit (4/12th of £9.900m); • £0.561m adverse variance against plan. 	
Quality, Safety, Patient Experience impact: This report details financial performance against the one year operational plan which supports improvements in quality, safety and patient / carer experience.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not applicable	

ASSURANCE AND RECOMMENDATION

LIMITED ASSURANCE is provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 4 position which is broadly on line with the profiled deficit within the Annual Operational Plan.

The Committee is asked to:

- **NOTE** that the UHB has an accepted one year operational plan that has a revised planned deficit of £9.900m for the year;
- **NOTE** that the UHB planned deficit improved from £19.9m to £9.9m in month following the confirmation of an additional £10m Annual Operating Plan funding from Welsh Government.
- **NOTE** the £3.861m deficit at month 4 which includes a planning deficit of £3.300m and budget overspends of £0.561m;
- **NOTE** the key concerns and actions being taken to manage risks.

SITUATION

The UHB's 2018/19 operational plan includes a £9.9m planned deficit. This is dependent upon managing the following key challenges:

- identifying and delivering a £33.780m savings target;
- identifying and delivering a further £9.266m of financial improvement;

- the management of operational cost pressures and financial risks within delegated budgets.

Following the identification of £0.7m non recurrent reserve slippage and other non-recurrent financial opportunities in month 4 the UHB now has a full savings programme and financial improvement plan in place. The adverse variance reported against the operational plan improved by £0.037m to £0.561m at month 4 and the UHB expects to recover this overspend as the year progresses.

BACKGROUND

The UHB considered a draft IMTP at its January 2018 Board Meeting. This was submitted to Welsh Government by the end of January 2018 and was not acceptable due to assumptions around additional funding. The UHB then revised its financial plan and was not in a position to submit an IMTP to Welsh Government for approval as the revised plan was some way from being financially balanced.

Consequently the UHB was required to agree an acceptable one year Operational Plan with Welsh Government and the UHB wrote to Welsh Government setting out a revised 2018/19 planning deficit of £29.2m. This was discussed at Targeted Intervention meetings and was not acceptable to Welsh Government.

The Health Board reconsidered its position at its March 2018 Board Meeting and following dialogue with Welsh Government reduced its projected deficit to £19.9m. The Board accepted that it would need to work throughout the year to deliver this £9.3m financial improvement target. This decision was shared with Welsh Government and on the 10th July the UHB submitted its one year operational plan to Welsh Government. This position has been accepted and the UHB has received £10m additional annual operating plan funding and consequently the UHB has reduced its forecast deficit to £9.9m. A summary of this plan and how it has changed from the draft submitted in January 2018 is provided in Table 1.

Table 1: Operational Plan 2018/19

	Jan Plan £m	Final Plan £m	Var £m	Notes
b/f underlying deficit	(49.0)	(49.0)	0.0	
Non Recurrent Cost Improvement Plans	8.4	8.4	0.0	
Net allocation uplift (inc LTA inflation)	20.0	20.0	0.0	
Cost pressures	(33.3)	(31.1)	2.2	Reduction in FNC costs
Cost Pressures due to population growth	(4.5)	(3.5)	1.0	Reduction for RTT
Investments	(4.3)	(3.3)	1.0	Reduction for RTT
Recurrent cost improvement plans	25.3	25.3	0.0	
Additional funding assumed	15.5	0.0	(15.5)	No income assumed
In year Financial Plan	27.2	15.9	(11.3)	
Planned Surplus/(Deficit)	(21.9)	(33.2)	(11.3)	
Planned c/f from 2017/18 (non recurrent)	0.0	4.0	4.0	17/18 under plan c/f assumed
Financial Improvement Target	0.0	9.3	9.3	
Revised Planned Surplus/(Deficit) March 2018	(21.9)	(19.9)	2.0	
Additional Annual Operating Plan Funding July 2018		10.0	(10.0)	
Revised Planned Surplus/Deficit July 2018	(21.9)	(9.9)	(12.0)	

The actual and forecast performance against the 3 year break even duty on revenue is shown in Table 2 below.

Table 2: Performance against 3 year financial break even duty










	Actual / forecast year end position surplus/(deficit) £m	Rolling 3 year break even duty surplus/(deficit) £m	Pass or fail financial duty
2014/15	(21.364)	n/a	n/a
2015/16	0.068	n/a	n/a
2016/17	(29.243)	(50.539)	Fail
2017/18	(26.853)	(56.028)	Fail
2018/19	(19.900)	(75.996)	Fail

The three year break even duty came into effect in 2014/15 and the first measurement of it was in 2016/17. **The above table shows that the UHB breached its statutory financial duty in both 2016/17 and 2017/18 and the plan current approved by the Board will also result in a breach of Financial duty at the end of 2018/19.**

ASSESSMENT AND ASSURANCE

The Finance Dashboard outlined in Table 3 reports actual and forecast financial performance against key financial performance measures.

Table 3: Finance Dashboard @ July 2018

Measure	n	STATUS REPORT				
		July 2018	RAG Rating	Latest Trend	Target	Time Period
Financial balance: remain within revenue resource limits	36	£3.861m deficit at month 4. £0.561m adverse variance against plan	R		↑	2018/19 planned deficit £9.9m
Remain within capital resource limits.	37	Expenditure at the end of July was £5.848m against a plan of £5.843m.	G		9	Approved planned expenditure £33.008m
Reduction in Underlying deficit	36a	£39.1m assessed underlying deficit position at month 4	R		9	If 2018/19 plan achieved reduce underlying deficit to £39.1m
Delivery of recurrent 3% savings target	36b	Fully identified by UHB at Month 4 but not by all budget holders	G		9	£25.335m
Delivery of non recurrent 1% savings target	36c	Fully identified by UHB at Month 4 but not by all budget holders	G		↑	£8.445m
Delivery of financial improvement target	36d	£9.3m identified at month 4	G		↑	£9.3m
Creditor payments compliance 30 day Non NHS	37a	94.9% in July	A		↑	95% of invoices paid within 30 days
Remain within Cash Limit	37b	forecast cash deficit of £24.793m	R		9	To remain within Cash Limit
Maintain Positive Cash Balance	37c	Cash balance = £2.040	G		9	To Maintain Positive Cash Balance

Month 4 Cumulative Financial Position

The UHB reported a deficit of £3.861m at month 4 as follows:

- £3.300m planned deficit (4/12th of £19.900m);
- £0.561m adverse variance against plan.

The £0.561m adverse variance which is not considered material is profiled to be recovered over the final 8 months of the year.

Table 4 analyses the operating variance between income, pay, non pay and planned deficit.

Table 4: Summary Financial Position for the period ended 31st July 2018

Income/Pay/Non Pay	In Month			Year to Date			Full Year		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv	Budget	Forecast	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income	(116.865)	(117.116)	(0.251)	(437.708)	(437.034)	0.674	(1,330.096)	(1,330.096)	0.000
Pay	49.639	49.438	(0.201)	197.491	197.362	(0.130)	586.827	586.827	0.000
Non Pay	65.551	65.966	0.415	243.517	243.534	0.016	753.169	753.169	0.000
Variance to Draft Plan £m	(1.675)	(1.712)	(0.037)	3.300	3.861	0.561	9.900	9.900	0.000
Planned Deficit	1.675	0.000	(1.675)	(3.300)	0.000	3.300	(9.900)	0.000	9.900
Total £m	0.000	(1.712)	(1.712)	(0.000)	3.861	3.861	(0.000)	9.900	9.900

Income

The year to date and in month financial position for income is shown in Table 5.

Table 5: Income Variance @ July 2018

Income	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Revenue Resource Limit	(76.962)	(76.962)	0.000	(292.424)	(292.424)	0.000
Non Cash Limited Expenditure	(1.615)	(1.615)	0.000	(6.460)	(6.460)	0.000
Accommodation & Catering	(0.223)	(0.284)	(0.061)	(0.880)	(0.923)	(0.042)
Education & Training	(3.134)	(3.123)	0.011	(12.562)	(12.569)	(0.007)
Injury Cost Recovery Scheme (CRU)	(0.214)	(0.214)	(0.000)	(0.855)	(0.764)	0.091
NHS Patient Related Income	(22.720)	(22.897)	(0.177)	(96.696)	(96.368)	0.328
Other Operating Income	(11.033)	(11.019)	0.014	(24.302)	(23.970)	0.332
Overseas Patient Income	(0.005)	(0.018)	(0.013)	(0.021)	(0.063)	(0.043)
Private Patient Income	(0.095)	(0.078)	0.017	(0.403)	(0.282)	0.121
Research & Development	(0.864)	(0.906)	(0.042)	(3.105)	(3.211)	(0.106)
Total £m	(116.865)	(117.116)	(0.251)	(437.708)	(437.034)	0.674

An in month surplus of £0.251m and a cumulative deficit of £0.674m is reported against income budgets. The two main adverse variances to note are:

- £0.328m variance on NHS patient related income where the position has improved by £0.177m in month;
- £0.332m variance on other operating income due to underperformance against activity targets in level 3 critical care, PICU and NICU.

LTA Provider Performance

The UHB receives circa £265m income from its contracts with WHSSC and LHBs in addition to 'non-LTA' income for IPFRs/SLAs and English income. In-month reporting reflects an estimate based on the prior month's activity, given the timeline for receipt of coded contract information.

The Month 4 reported position is summarised in Table 6 and continues to reflect the deterioration in the Aneurin Bevan position. The first two months saw a lower than

expected level of activity across the LHB LTAs, most notably Aneurin Bevan and Cwm Taf, but Month 3 has seen an expected improvement in contract performance that is anticipated to continue. The WHSSC LTA position does not show a material variance, as this is managed predominantly at a Clinical Board level. However, the contract continues to significantly over deliver against baseline, with notable areas including Cardiology, Renal Dialysis, Adult Critical Care and Paediatric Oncology.

Table 6: Month 4 LTA Provider Position

	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	(210.061)	(71.435)	(71.435)	0.000
Aneurin Bevan	(29.166)	(9.703)	(9.406)	0.297
Other LHBs	(38.324)	(12.832)	(12.077)	0.119
Non-Welsh	(3.063)	(1.469)	(2.225)	(0.120)
	(280.613)	(95.438)	(95.142)	0.296

Pay

In total pay budgets are showing a cumulative underspend of £0.130m as reported in Table 7.

Table 7: Analysis of fixed and variable pay costs

	2017/18 Total Spend £m	2017/18 Month 1 to Month 3 £m	2018/19 Month 1 to Month 3 £m	2017/18 Month 4 £m	2018/19 Month 4 £m	2017/18 Cum. to Month 4 £m	2018/19 Cum. to Month 4 £m
Basic	515.377	126.502	127.942	42.422	42.719	168.924	170.662
Enhancements	24.533	6.246	6.317	1.959	2.194	8.205	8.512
Maternity	4.088	1.089	0.971	0.329	0.307	1.417	1.278
Protection	0.676	0.171	0.166	0.052	0.053	0.223	0.218
Total Fixed Pay	544.674	134.008	135.396	44.763	45.274	178.770	180.669
Agency (mainly registered Nursing)	8.767	1.956	2.707	0.732	0.745	2.689	3.452
Nursing Bank (mainly Nursing)	14.439	3.470	2.805	1.116	1.194	4.586	4.000
Internal locum (Medical & Dental)	4.306	1.110	1.245	0.323	0.445	1.433	1.690
External locum (Medical & Dental)	7.118	1.565	1.772	0.565	0.668	2.130	2.440
On Call	2.224	0.512	0.586	0.172	0.208	0.684	0.794
Overtime	5.758	1.494	1.832	0.439	0.331	1.933	2.163
WLI's & extra sessions (Medical)	5.111	0.998	1.581	0.390	0.572	1.388	2.153
Total Variable Pay	47.722	11.106	12.528	3.737	4.164	14.842	16.692
Total Pay	592.396	145.113	147.924	48.499	49.438	193.613	197.362
Pay Budget	594.938	145.857	147.853	48.330	49.639	194.186	197.491
Budget Variance (Fav)/Adv £m	(2.541)	(0.744)	0.072	0.170	(0.201)	(0.574)	(0.130)

The 2018/19 pay levels do not yet reflect the additional cost of the 2018/19 annual pay award. The UHB has set aside a reserve to cover the initial 1% planning assumption and expects the cost of any additional uplift agreed to be met by additional Welsh Government funding.

An analysis of pay expenditure by staff group is shown in Table 8.

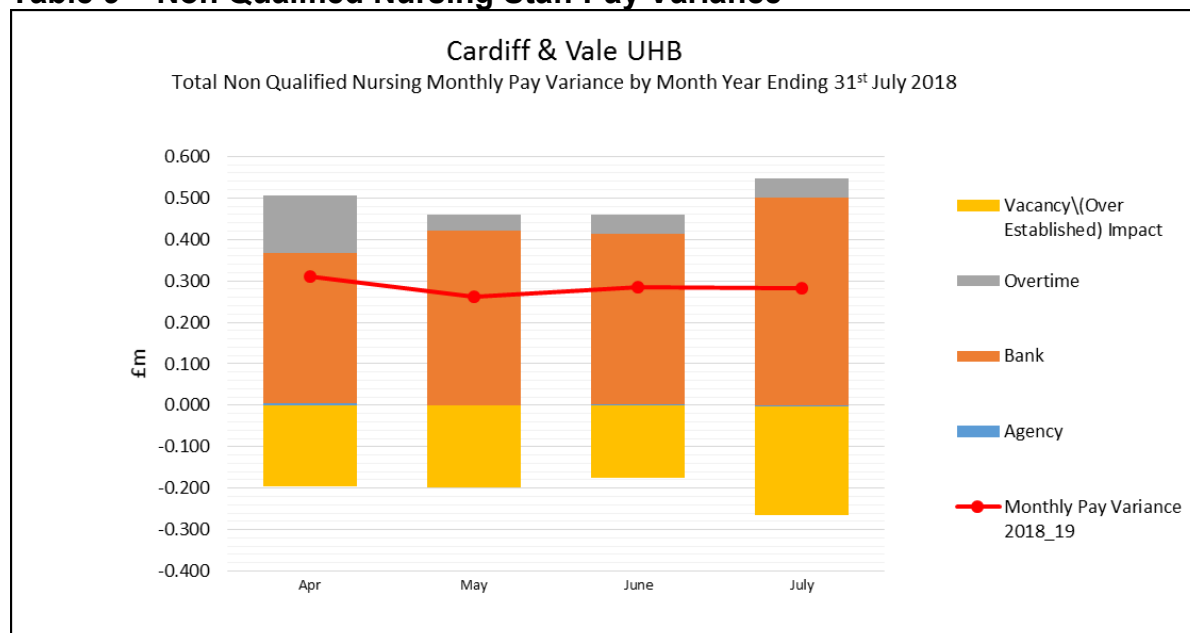
Table 8: Analysis of pay expenditure by staff group @ July 2018

Pay	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Additional clinical services	1.948	1.882	(0.066)	7.765	7.441	(0.323)
Management, admin & clerical	5.779	5.731	(0.048)	22.779	22.778	(0.001)
Medical and Dental	12.755	12.894	0.139	50.974	51.202	0.228
Nursing (registered)	15.040	14.892	(0.148)	59.518	59.272	(0.247)
Nursing (unregistered)	3.984	4.266	0.282	15.820	16.960	1.139
Other staff groups	7.286	7.060	(0.227)	29.299	28.965	(0.334)
Scientific, prof & technical	2.847	2.714	(0.133)	11.336	10.745	(0.591)
Total £m	49.639	49.438	(0.201)	197.491	197.362	(0.130)

In total pay budgets improved in month to an underspend for the year to date of £0.130m. The rate of overspend against nursing budgets fell in July, however, the in year overspend still increased by a further £0.134m to £0.892m and the overspend in this area is driven by vacancies, sickness and specialing remains a key concern. Increased management attention is being directed to curtail nursing expenditure.

An in month overspend of £0.139m against Medical and Dental Budgets was incurred in July primarily due to overspends in the Women & Children services and diagnostics. The overspend in Women and Children services is due to covering staffing gaps and the overspend against Diagnostics posts is linked to the provision of additional sessions to meet additional demand for radiology and cellular pathology tests.

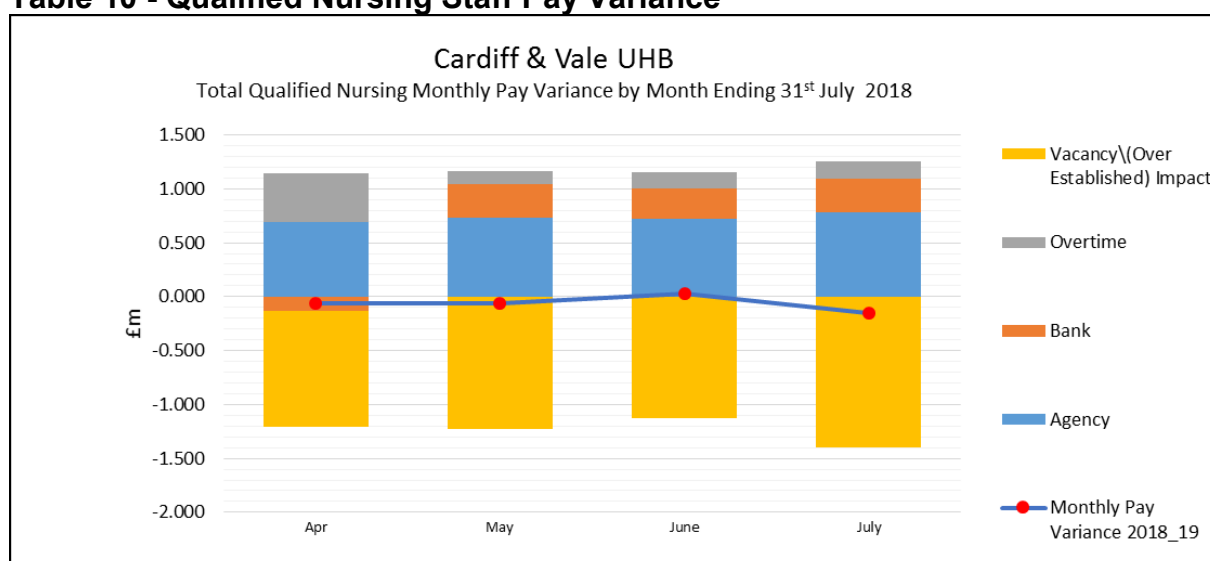
Table 9 – Non Qualified Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	(0.002)	0.004
Bank	0.501	1.696
Overtime	0.045	0.271
Adverse Impact	0.544	1.971
Vacancy\((Over Established) Impact	(0.263)	(0.832)
Total Pay Variance - Unqualified Nursing (Fav)/Adv £m	0.282	1.139

Table 9 indicates that the adverse variance against non-qualified nursing assistants is due to overspends of £1.696m on bank staff and £0.271m on overtime which is partly offset by an underspend against established posts.

Table 10 - Qualified Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.779	2.920
Bank	0.314	0.787
Overtime	0.161	0.884
Adverse Impact	1.254	4.591
Vacancy\((Over Established) Impact	(1.402)	(4.838)
Total Pay Variance - Qualified Nursing (Fav)/Adv £m	(0.148)	(0.247)

Table 10 confirms that expenditure on established qualified nursing posts is significantly less than budget and that the UHB is covering vacancies through additional spend on temporary staffing.

Table 11 - Total Nursing Staff Pay Variance

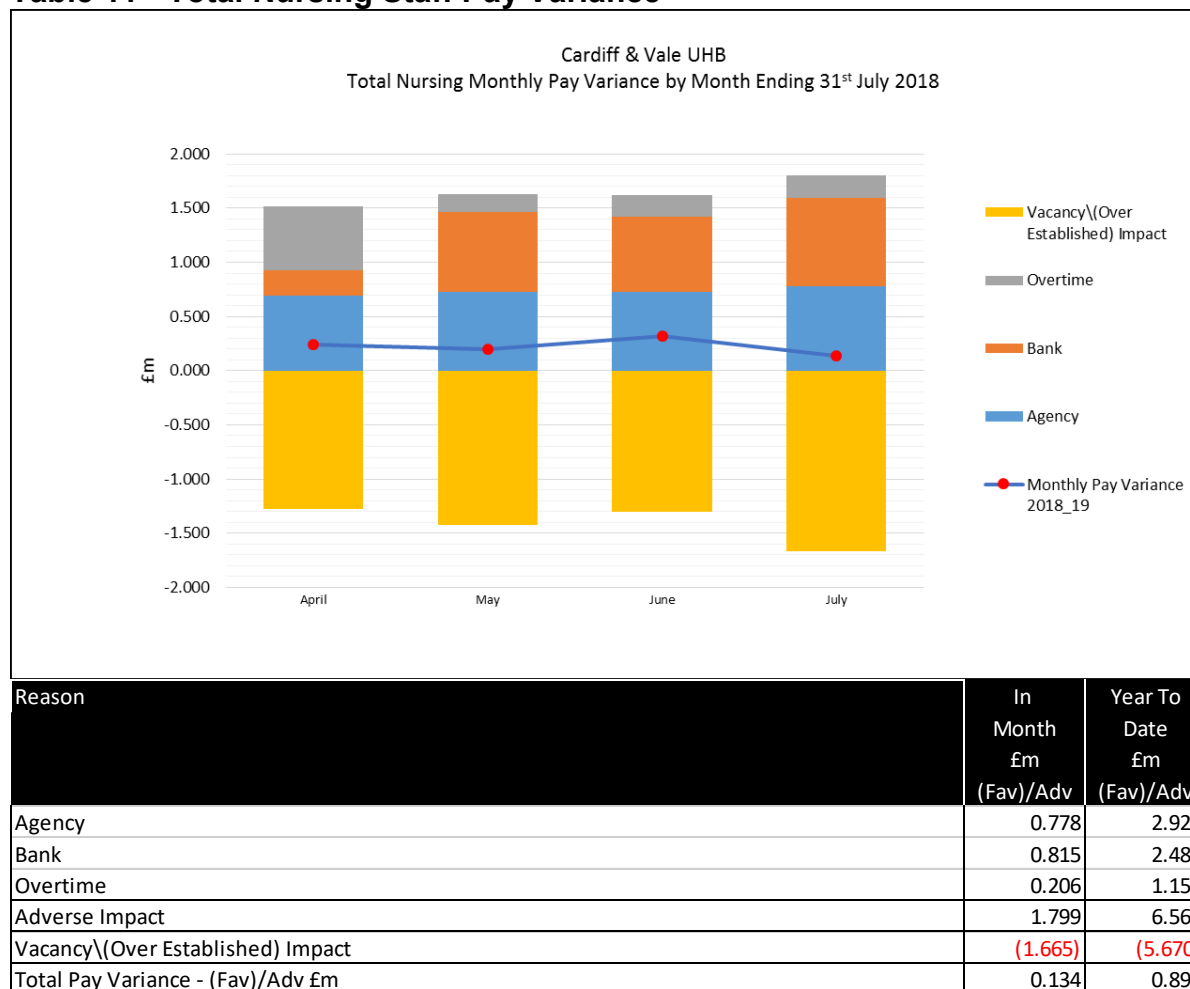
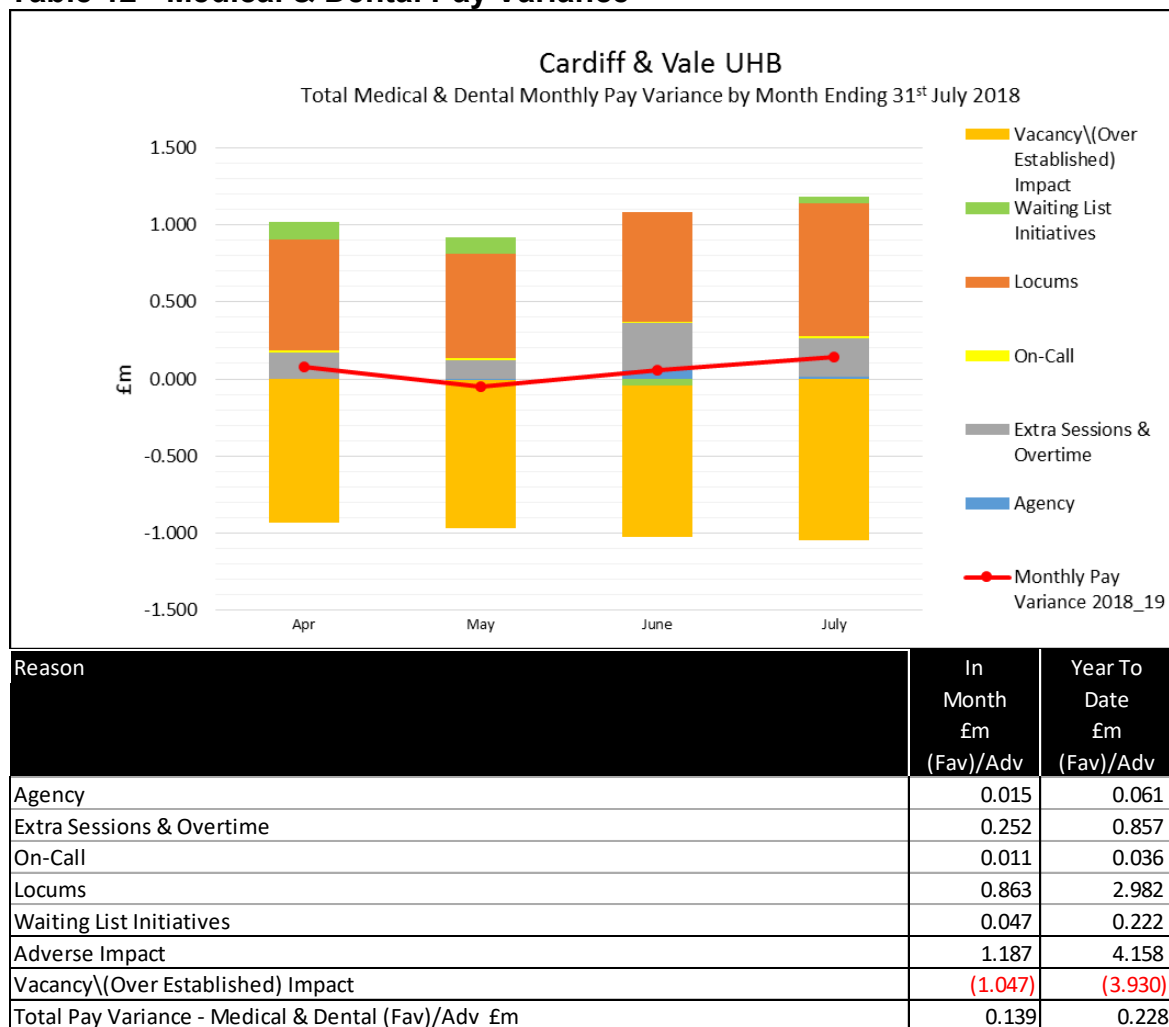


Table 11 identifies expenditure against substantive nursing posts for the year to date which is £0.892m more than budget. The £5.670m surplus against established posts is offset by a £6.563m overspend on agency, bank and overtime leading to an overall overspend against nursing budgets. Performance on nursing budgets remains a concern and features on the risk register for 2018/19.

Table 12 shows financial performance against medical and dental pay budgets. This identifies that the favourable variance against established posts is partially offset by expenditure on locums, waiting list initiatives and extra sessions leaving an overspend of £0.228m at month 4.

Table 12 - Medical & Dental Pay Variance



The key areas of concern are a £0.088m in month overspend and a £0.289m cumulative overspend within the Women and Children Clinical Board and in month £0.069m overspend and a cumulative £0.196m overspend in the CD&T Clinical Board. These are offset by underspends elsewhere.

Non Pay

Table 13 highlights an in month overspend of £0.415m and a £0.016m cumulative overspend against non pay budgets. The key pressure area is in clinical services and supplies with the majority of the in month variance due to an overspend in theatres and orthopaedic services. Further work and a stock take is being undertaken to fully understand the driver for this.

Table 13: Non Pay Variance @ July 2018

Non Pay	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Clinical services & supplies	8.052	8.463	0.411	31.806	32.409	0.603
Commissioned Services	13.664	13.618	(0.047)	55.743	55.479	(0.264)
Continuing healthcare	5.306	5.347	0.041	19.930	20.044	0.114
Drugs / Prescribing	12.269	11.840	(0.429)	49.896	49.563	(0.333)
Establishment expenses	0.890	0.858	(0.033)	3.449	3.288	(0.160)
General supplies & services	0.653	0.673	0.020	2.605	2.793	0.188
Other non pay	4.018	4.337	0.318	17.457	17.296	(0.161)
Premises & fixed plant	2.326	2.476	0.150	10.524	10.566	0.042
Primary Care Contractors	18.371	18.355	(0.016)	52.108	52.096	(0.012)
Total £m	65.551	65.966	0.415	243.517	243.534	0.016

LTA Commissioner Performance

The UHB spends circa £160m commissioning healthcare services for its population through contracts with WHSSC, LHBs and Velindre. A favourable Month 4 variance of £0.462m is shown in Table 14 and is largely driven by the UHBs performance on contracts, including:

- Underspend and slippage on investments within the WHSSC ICP provision, although there are a number of recognised risks alongside the specialised commissioning plan that may present in-year, including the impact of ongoing negotiations between WHSSC and NHSE over the impact of HRGv4+. A significant over performance on the C&V UHB provider contract has deteriorated the commissioner position in-month, where the Health Board's relative share of performance is running at over 30%. However, the movement is still within the range of planning assumptions and is expected to stabilise.
- Continuation of lower than anticipated NICE cancer drugs expenditure with Velindre, although, subject to implementation timelines, this is projected to grow through 2018/19;
- Continued under performance in ABMU recovered at an enhanced marginal rate, and a higher than expected level of underperformance on the Cwm Taf contract. There are ongoing discussions around this through LTA meetings.

Table 14: Month 4 LTA Commissioner Position

	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	120.413	39.913	39.862	(0.051)
Velindre	16.406	5.266	5.266	(0.221)
LHBs	22.829	7.706	7.153	(0.332)
Other / NCAs	1.290	0.430	0.572	0.142
	160.938	53.315	52.853	(0.462)

The overall position on commissioned services is £0.2m worse than the LTA position however mainly due to out of area placements in Mental Health.

Financial Performance of Clinical Boards

Budgets are set to ensure that there is sufficient resource available to deliver the UHB's plan. Financial performance for the four months to 31st July 2018 by Clinical Board is shown in Table 15.

Table 15: Financial Performance for the period ended 31st July 2018

Clinical Board	M3 Budget Variance £m	M4 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.043	0.094	0.051	0.27%
Children & Women	0.279	0.491	0.212	1.50%
Capital Estates & Facilities	0.173	0.137	(0.036)	0.68%
Dental	(0.016)	0.043	0.058	0.65%
Executives	(0.105)	(0.202)	(0.097)	(1.67%)
Medicine	0.386	0.468	0.082	1.23%
Mental Health	0.263	0.482	0.219	1.97%
PCIC	(0.033)	(0.428)	(0.395)	(0.40%)
Specialist	0.054	0.050	(0.004)	0.09%
Surgery	0.185	0.445	0.260	1.05%
Central Budgets	(0.632)	(1.019)	(0.387)	(1.55%)
SubTotal	0.599	0.562	(0.037)	0.13%
Planned Deficit	3.300	3.300	0.000	0.75%
Total	5.574	3.862	(1.712)	0.88%

A number of Clinical Boards continued to overspend against budgets at month 4. The largest in month overspend was in Surgery due to pressures on clinical supplies in theatres and orthopaedics. In Women & Children there are pressures against the drug and medical staff budgets. The in month overspend in mental health is largely due to a £0.109m overspend on nursing and a further £0.057m overspend on high cost out of area placements. The rate of overspend in Medicine fell in month primarily due to a slowdown in the rate of overspend against nursing budgets where the in month overspend was £0.099m compared to an average monthly overspend of £0.161m in the first three months of the year.

Savings Programme

The UHB has agreed a 3% recurrent savings target of £25.3m and a further 1% non-recurrent savings targets of £8.4m for delegated budget holders.

At month 4 the UHB has fully identified schemes to deliver against the £33.780m savings target as summarised in Table 16. This includes income generation schemes of £2.289m and accounting gains of £5.463m. Clinical Boards that have not yet achieved their target are still required to prioritise the identification and

implementation of savings schemes as a matter of urgency to ensure that Clinical Boards meet their delegated targets.

Table 16: Progress against the 2018/19 Savings Programme at Month 4

	Total Savings Target £m	Total Savings Identified £m	Total Savings (Unidentified) £m
Total £m	33.780	33.780	0.000

In addition a further £1.491m of non-recurrent opportunities have been identified in month to fully establish the £9.266m financial improvement plan. Full details of the financial improvements identified to deliver this target are provided in the CRP report.

Underlying Financial Position

A key risk to the UHB is its c/f deficit from 2018/19 into 2019/20. The recurrent underlying deficit in 2017/18 b/f into 2018/19 was £49.0m. If the 2018/19 plan is successfully delivered this would reduce to £39.1m by the year end. This is shown in Table 17.

Table 17: Summary of Underlying Financial Position

	2018/19 Plan £m	Forecast Position @ Month 4	
		Non Recurrent £m	Recurrent Position £m
Opening Underlying Deficit £m	49.000	0.000	49.000
Income	(33.958)	14.000	(19.958)
Cost pressures less mitigating actions	37.904		37.904
Less CIPs (includes £3.517m income generation & NR technical opportunities)	(33.780)	8.445	(25.335)
Unallocated Reserves (Positive Value)	(3.545)	0.995	(2.550)
Other mitigating actions required to deliver the financial improvement target	(5.721)	5.721	0.000
Deficit £m	9.900	29.161	39.061

Key points to note in the forecast underlying position are:

- The UHB has received £4m non recurrent income from Welsh Government in recognition of 2017/18 financial performance;
- Welsh Government confirmed an additional £10m of non-recurrent Annual Operating Plan funding in July 2018.
- The 1% non-recurrent savings target included in the plan of £8.445m;

- Of the £9.266m Financial Improvement Target, £3.545m has been identified through unallocated reserves of which £2.550m has been identified recurrently being the Welsh Risk Pool (£0.550m) and curtailing spend on investments (£2.000m) and £0.995m non recurrently through curtailing investments (£0.700m) and cost pressure funding (£0.295m). An additional £5.721m non recurrent opportunities have been identified to fully deliver the financial improvement target.

Balance Sheet

The in year decrease in the carrying value of property, plant & equipment is due to in year depreciation charges being higher than in year spend on capital projects.

The increase in the carrying value of Inventory held is due to a bulk stock order to take advantage of a significant supplier discount. The stock will be utilised over the remainder of the financial year.

Overall trade debtors have fallen by £6.3m since the start of the year largely as a result of monies received in July from the Welsh Risk Pool to reimburse the UHB for clinical negligence settlements and also due to a re-assessment of a significant case where the likelihood of success has moved from probable to possible. These issues have also led to a reduction to the levels of provisions held during the month.

The value of Trade and other payables has fallen by around £38.7m since the start of the year due to a £13m reduction in capital creditors and the cash settlement of clinical negligence claims and year end commissioner risk sharing liabilities with WHSCC and other LHB's. The reduction in the number of creditors held has made a positive impacted on the UHB's public sector payment compliance performance.

Cash Flow Forecast

The closing cash balance for the month is lower than anticipated largely due to accounts payable spend being higher than expected.

Amounts shown on the sale of assets line in Appendix 3 reflect the full value of anticipated in year sale proceeds. The UHB expects to reinvest £1.403m of these receipts in the purchase of property, plant & equipment.

The UHB estimates that it will require the following level of cash support in 2018/19:

- (i) Strategic Cash Assistance £9.900m
- (ii) Capital Working Balance Cash £13.050m
- (iii) Revenue Working Balance Cash £3.699m

The Strategic Cash Assistance figure has reduced in month in line with the reduction in the forecast deficit.

The working balances cash requirements reflect resource that was allocated to the UHB in 2017/18 that was not drawn down as cash.

The UHB's anticipated capital cash assistance has increased in month primarily because the UHB's opening capital creditors were more than 50% of the UHB's approved CRL for the year. Given the UHB's anticipated monthly capital expenditure profile it will be difficult for the UHB to maintain a closing capital creditor in March which is much higher than £4m. Hence the UHB requires £13m cash support to manage this working balance movement.

A reconciliation of the opening and closing cash position reported is shown below in Table 18.

Table 18: Forecast movement in cash position 2018/19

Description	£m
Opening Cash balance	1.856
Working balances arising	(16.749)
Management Actions (managing suppliers)	tbc
Forecast Deficit	(9.900)
Approved Cash Assistance & Working Balances Cash	tbc
Forecast Cash Deficit £m	(24.793)

Public Sector Payment Compliance

The UHB's cumulative performance to the end of June is 94.9%. This is an improvement of 0.7% in month and is also significantly better than the cumulative rate achieved for the same period in 2017/18 (90.3%). The in- month compliance rate was 96.9% in July 2018.

Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of July 2018 is summarised in Table 19.

Table 19: Progress against Capital Resource Limit @ July 2018

	£m
Planned Capital Expenditure at month 4	5.843
Actual net expenditure against CRL at month 4	5.848
Variance against planned Capital Expenditure at month 4	0.005

Capital progress to date remains slow, with net spend to the end of July accounting for 18% of the UHB's approved CRL. The reported net spend to the end of July is £0.005m above the planned spend profile and year end expenditure is expected to be within the Capital Resource Limit. Planned spends for the year reflect the latest CRL received from Welsh Government dated 12th July 2018.

Financial Risks

The UHB's forecast year end position of a £9.900m deficit and the key risks to be managed in delivery of the plan are management of budget pressures and delivering identified savings.

These risks are diminishing as further progress is being made on the plan.

Key Concerns and Recovery Actions

At month 4, the key concerns and challenges are set out below:

1. Concern - Delivery of a 3% recurrent and a 1% non-recurrent savings target of £25.3m and £8.4m respectively.

Action - The UHB has identified corporate opportunities to cover the gap against the devolved saving target. In addition, all budget holders are still required to prioritise the identification and implementation of schemes as a matter of urgency to ensure that Clinical Boards meet their delegated targets. Until this is achieved, measures to curtail expenditure to ensure a balanced budget position each month need to be actioned.

2. Concern - Delivery of the £9.3m financial improvement target;

Action – the UHB has identified a further £1.5m of opportunities in month to deliver this target in full.

3. Concern - Managing within current budgets.

Action – Net operational overspends remained largely unchanged at month 4 at £0.6m. Overspending Clinical Boards will need to provide robust recovery action plans as part of the Clinical Board Performance Review escalation process.

4. Concern - Managing down the underlying deficit.

Action - a greater focus on recurrent savings supporting the continued reduction in the underlying deficit.

CONCLUSION

The UHB is committed to achieving in year and recurrent financial balance as soon as possible. Following the confirmation of an additional £10m annual operating plan funding in July the UHB currently has a one year financial plan for 2018/19 which delivers a deficit of £9.9m. To deliver this the UHB needs to deliver £33.8m savings and deliver the further £9.3m financial improvement. The UHB has made further progress and now has a fully identified financial improvement plan and fully identified

savings plans. The management of operational pressures is now the key risk in the delivery of the financial plan and will remain an area of focus throughout the year

The reported financial position for the first three months is a deficit of £3.861m. This is made up of a budget plan deficit of £3.300m and an adverse variance against plan of £0.561m.

Appendix 1

Month 4 In-Year Effect

Clinical Board	18-19 4% Target	Granular Identified Green	Identified Amber	Total Green & Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	%	£'000	£'000
PCIC	6,600	6,634	292	6,926	4.20	150	-326
Capital Estates and Facilities	2,580	1,770	758	2,528	3.92	133	52
Specialist Services	4,038	2,959	945	3,904	3.87	643	134
Medicine	3,754	2,144	1,366	3,509	3.74	531	245
Surgery	4,714	3,626	520	4,146	3.52	1,395	569
CD&T	3,442	1,918	976	2,894	3.36	866	548
Children & Women	3,550	1,462	1,428	2,891	3.26	760	659
Mental Health	2,940	1,918	409	2,327	3.17	212	613
Corporate Execs	1,362	883	23	906	2.66	457	456
Dental	800	211	22	233	1.17	84	567
Total	33,780	23,525	6,738	30,263	3.58	5,230	3,517

2018-19 Full Year Effect

Clinical Board	18-19 3% Target	Granular Identified Green	Identified Amber	Total Green & Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	%	£'000	£'000
PCIC	4,950	5,534	352	5,886	3.57	424	-936
Capital Estates and Facilities	1,935	864	1,145	2,009	3.11	380	-74
Specialist Services	3,029	1,847	1,002	2,849	2.82	853	180
Medicine	2,816	1,601	2,261	3,862	4.12	724	-1,047
Surgery	3,536	2,823	674	3,497	2.97	2,660	39
CD&T	2,582	933	1,733	2,666	3.10	1,053	-84
Children & Women	2,663	976	1,630	2,606	2.94	880	56
Mental Health	2,205	1,321	329	1,650	2.24	212	555
Corporate Execs	1,022	495	13	507	1.49	491	514
Dental	600	94	0	94	0.47	110	506
Total	25,335	16,488	9,138	25,626	3.03	7,787	-291

Appendix 2

BALANCE SHEET AS AT 31st JULY 2018

	Opening Balance 1 st April 2018	Closing Balance 31 st July 2018
	£'000	£'000
Non-Current Assets		
Property, plant and equipment	657,424	656,375
Intangible assets	2,245	1,953
Trade and other receivables	57,469	44,565
Other financial assets		
Non-Current Assets sub total	717,138	702,893
Current Assets		
Inventories	15,697	17,647
Trade and other receivables	166,189	172,784
Other financial assets	0	0
Cash and cash equivalents	1,856	2,041
Non-current assets classified as held for sale	0	0
Current Assets sub total	183,742	192,472
TOTAL ASSETS	900,880	895,365
Current Liabilities		
Trade and other payables	180,290	141,828
Other financial liabilities	0	0
Provisions	120,512	130,049
Current Liabilities sub total	300,802	271,877
NET ASSETS LESS CURRENT LIABILITIES	600,078	623,488
Non-Current Liabilities		
Trade and other payables	9,635	9,444
Other financial liabilities	0	0
Provisions	60,471	41,558
Non-Current Liabilities sub total	70,106	51,002
TOTAL ASSETS EMPLOYED	529,972	572,486
FINANCED BY:		
Taxpayers' Equity		
General Fund	417,207	457,812
Revaluation Reserve	112,765	114,674
Total Taxpayers' Equity	529,972	572,486

Appendix 3

CASH FLOW FORECAST AS AT 31st JULY 2018

	April £'000	May £'000	June £'000	July £'000	Aug £'000	Sept £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £,000	Total £,000
RECEIPTS													
WG Revenue Funding - Cash Limit (excluding NCL)	86,045	81,620	90,750	61,720	82,480	66,170	67,985	81,985	79,785	64,986	76,185	43,033	882,744
WG Revenue Funding - Non Cash Limited (NCL)	1,600	1,590	1,380	1,540	1,650	1,560	1,560	1,560	1,560	1,560	1,560	2,258	19,378
WG Revenue Funding - Other (e.g. invoices)	3,850	3,165	2,366	2,378	2,378	2,378	2,378	2,378	2,378	4,549	2,378	4,549	35,125
WG Capital Funding - Cash Limit	8,000	6,000	1,500	1,600	7,200	4,300	3,200	1,208	0	0	0	0	33,008
Sale of Assets	0	0	0	170	0	0	0	0	270	0	1,300	120	1,860
Income from other Welsh NHS Organisations	32,230	31,149	46,893	34,472	37,820	29,293	34,733	37,964	32,640	27,230	30,343	35,786	410,553
Other - (Specify in narrative)	8,139	5,359	5,198	14,605	7,264	6,115	7,281	5,879	5,002	5,902	5,867	7,589	84,200
TOTAL RECEIPTS	139,864	128,883	148,087	116,485	138,792	109,816	117,137	130,974	121,635	104,227	117,633	93,335	1,466,868
PAYMENTS													
Primary Care Services : General Medical Services	5,267	4,164	8,167	4,908	4,136	6,891	4,158	4,158	6,891	4,158	4,154	6,891	63,943
Primary Care Services : Pharmacy Services	134	135	123	106	128	125	125	125	250	500	250	250	2,251
Primary Care Services : Prescribed Drugs & Appliances	7,008	7,632	15,311	3	15,429	0	7,600	15,200	7,600	0	7,600	7,600	90,983
Primary Care Services : General Dental Services	1,755	1,800	1,766	1,974	1,684	1,795	1,795	1,795	1,795	1,795	1,795	1,795	21,544
Non Cash Limited Payments	1,958	2,086	2,111	2,093	2,040	2,065	2,065	2,065	2,065	2,065	2,065	2,065	24,743
Salaries and Wages	47,471	47,804	47,732	47,215	47,466	47,332	47,506	47,823	47,585	47,794	48,262	48,080	572,070
Non Pay Expenditure	54,604	51,324	57,727	54,191	43,759	43,488	41,655	41,716	42,121	42,276	42,232	40,660	555,753
Capital Payment	12,496	1,679	1,935	2,308	6,862	3,589	3,343	3,178	2,774	2,722	2,341	4,233	47,460
Other items (Specify in narrative)	8,721	8,960	17,124	3,343	15,233	4,563	8,925	14,925	10,563	2,925	8,925	10,563	114,770
TOTAL PAYMENTS	139,414	125,584	151,996	116,141	136,737	109,848	117,172	130,985	121,644	104,235	117,624	122,137	1,493,517
Net cash inflow/outflow	450	3,299	(3,909)	344	2,055	(32)	(35)	(11)	(9)	(8)	9	(28,802)	
Balance b/f	1,856	2,306	5,605	1,696	2,040	4,095	4,063	4,028	4,017	4,008	4,000	4,009	
Balance c/f	2,306	5,605	1,696	2,040	4,095	4,063	4,028	4,017	4,008	4,000	4,009	(24,793)	

Appendix 4

PROGRESS AGAINST CRL AS AT 31st JULY 2018

Approved CRL issued July 12 th 2018 £'000s	33,008
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Performance against CRL	Year To Date			Forecast		
	Plan £'000	Actual £'000	Var. £'000	Plan £'000	F'cast £'000	Var. £'000
All Wales Capital Programme:						
Relocation of the Central Processing Unit	0	0	0	0	0	0
Neonatal BJC 2	1,525	1,664	139	13,990	13,990	0
CRI Safeguarding	548	440	(108)	548	519	(29)
Rookwood Emergency Works	0	109	109	499	499	0
Anti Ligature Works	100	115	15	100	124	24
UHW Interventional Radiology Suite	500	292	(208)	500	1,069	569
Acceleration and implementation of National Clinical Systems	0	18	18	250	250	0
Reurbishment of the Renal Facilities at UHW	4	3	(1)	1,197	1,149	(48)
Purchase of Woodland House	0	0	0	2,950	4,210	1,260
Sub Total	2,677	2,641	(36)	20,034	21,810	1,776
Discretionary:						
I.T.	202	136	(66)	916	916	0
Equipment	226	106	(120)	2,045	2,045	0
Statutory Compliance	472	606	134	2,800	2,800	0
Estates	2,522	2,615	93	10,310	8,534	(1,776)
Sub Total	3,422	3,463	41	16,071	14,295	(1,776)
Donations:						
Charitable Funds Equipment	86	86	0	1,694	1,694	0
Sub Total	86	86	0	1,694	1,694	0
Asset Disposals:						
Carbon Reduction Emissions Surrendered	170	170	0	170	170	0
Amy Evans	0	0	0	206	206	0
Colcott Clinic	0	0	0	116	116	0
Iorweth Jones	0	0	0	911	911	0
Sub Total	170	170	0	1,403	1,403	0
CHARGE AGAINST CRL	5,843	5,848	5	33,008	33,008	0
PERFORMANCE AGAINST CRL (Under)/Over £'000s		(27,160)			0	

No Purchase Order No Payment (No PO no Pay) Policy	
Name of Meeting : Finance Committee	Date of Meeting: 29 th August 2018
Executive Lead: Executive Director of Finance	
Author : Deputy Director of Finance	
Caring for People, Keeping People Well: This report strengthens financial governance which supports the values of the UHB.	
Financial impact : Cost Control is re-enforced though the authorisation hierarchy within the UHB's Oracle Purchase Order (PO) system.	
Quality, Safety, Patient Experience impact : N/A	
Health and Care Standard Number: Governance, leadership and accountability Standard 7.1 Workforce	
CRAF Reference Number: 8 and 9	
Equality and Health Impact Assessment Completed: No anticipated impact assessment to be completed at a national level.	

ASSURANCE AND RECOMMENDATION

ASSURANCE is provided by:

- The development of a standard policy for NHS Wales for which the UHB had an input;
- The pilot project within corporate departments which tested the practicalities of application of the No PO No pay Policy;
- Monthly reporting of the UHBs public sector payment compliance to the Finance Committee.

RECOMMENDATIONS

The Finance Committee is asked to:

- **APPROVE** the adoption of the All Wales No PO No Pay Policy.

SITUATION

The NHS Wales Shared Services Partnership have been working with Health Boards and Trusts to implement an all Wales no Purchase order no pay policy. Whilst in practice this was implemented from 1st June 2018, to comply with governance requirements the Finance Committee is formally asked to adopt the all Wales policy.

BACKGROUND

The UHB has a responsibility to control the ordering of goods and services and an associated financial target (not statutory) to pay 95% of non NHS bodies within 30 days of receipt of a valid invoice. To strengthen both of these NHS Wales organisations have been working with NWSSP to develop a no purchase order no pay policy.

A No PO/No Pay policy is where invoices arriving in the system without an order number are to be returned to the supplier unpaid until an official purchase order is given.

ASSESSMENT AND ASSURANCE

The aims of the policy are:

- That goods and services are ordered appropriately via an official Purchase Orders;
- That efficient processes are put in place so that goods are delivered when required;
- To assist in cost control
 - That all non-pay expenditure incurred by the Health Board is valid and appropriately authorized;
 - Minimising transactional costs associated with payment for goods;
- To ensure that invoices to suppliers are paid within targeted deadlines.

Successful adoption of the policy will have the following benefits:

- Better control environment;
- Catalogue compliance;
- Better procurement intelligence;
- More accurate financial reporting;
- Improved Public Sector Payment Compliance;
- Maximisation of early payment discounts;
- More efficient processing of payments.

The All Wales No Po No Pay Policy is attached and the Finance Committee is asked to adopt this on behalf of the Board.

NHS Wales Shared Services Partnership

NHS Wales No PO No Pay (No Purchase Order No Payment) Policy

*To be adopted by Each Health Board and Trust in
NHS Wales*

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1 Introduction/Overview

The P2P - the Procure to Pay process – encompasses the end to end process from sourcing goods and services through to delivery and receipt of goods and payment to the supplier. A No PO/No Pay policy is where invoices arriving in the system without an order number are returned to the supplier unpaid. The supplier will then be instructed to seek an order number from the relevant department and manager that was supplied before payment is made. The aim is to drive up compliance with the Standing Financial Instructions as well as the standard order management process.

2 Policy Statement

The implementation of a national policy of 'No Purchase Order/No Pay' is to be an essential and fundamental building block from which the efficiency and effectiveness of the P2P process can be developed.

3 Aims/Purpose

To ensure:

- That all goods and services are ordered appropriately and are supported by official Purchase Orders in line with LHB and Trust Standing Financial Instructions.
- Efficient processes are put in place so that goods are delivered when required.
- Control costs - in respect of
 - All non-pay expenditure incurred by the Health Board or Trust is valid and appropriately authorised in advance of the goods/services being received.
 - Minimising transactional costs associated with payment for goods.
 - Invoices to suppliers are paid within deadlines set by Welsh Government requirements.
 - Financial incentives for early payment offered by suppliers are maximised.

4 Objectives

This policy ensures that NHS Wales only pays for goods, services and works which have been properly ordered and authorised in accordance with the NHS Wales Procurement rules and Standing Financial Instructions **BEFORE**

receiving an invoice. It also ensures invoices received by the NHS Wales Accounts Payable teams can be processed efficiently to minimise delay to suppliers and contractors. Invoices received by the NHS Wales Accounts Payable Team without a valid PO number will severely delay payment to the suppliers. Successful adoption of this policy will lead to the following benefits:

- Better control environment – the right people authorising, in advance of expenditure being incurred.
- Catalogue compliance will be improved leading to less off catalogue purchasing and lead to revenue savings.
- More comprehensive procurement intelligence is captured through the system about what and where goods and services are purchased allowing for better sourcing decisions.
- Costs are more accurately accrued by the system reducing management accounting and Accounts Payable (AP) team workload.
- Public Sector Payment Policy compliance will improve because process times reduce.
- Early payment discounts can be maximised.
- Overall processing costs in NWSSP P2P will reduce releasing resources for NHS Wales.

5 Scope

This policy is relevant to the following groups of staff within NHS Wales- Health Boards, Trusts and NHS Wales Shared Services Partnership:

- ***Requisitioners***
Those staff that process requisitions for goods and services in departments and directorates within NHS Wales.
- ***Approvers/Budget Holders***
Those staff that approve requisitions for goods and services in departments and directorates within NHS Wales.
- ***Staff that Receive Goods/Services***
Those staff that indicate within the Oracle or other ordering systems that the goods/services ordered have been received.
- ***Procurement Staff***
All staff in the Procurement department.
- ***Accounts Payable Staff***
All staff involved in the invoice payment process.

- ***Finance Departments***

All staff involved in financial management.

6 Roles and Responsibilities

6.1 All Staff with Responsibility for Ordering

It is the responsibility of all staff, designated under the local scheme of delegation, that order goods and services to ensure that a Purchase Order number is provided to a supplier in advance of the goods or services being supplied.

6.2 Requisitioners

All staff that raise requisitions for goods and services must ensure a Purchase Order number is provided to a supplier in advance of the goods or services being supplied.

6.3 Requisition Approvers/Budget Holders

All managers and budget holders designated to approve requisitions for goods and services must ensure a Purchase Order number is provided to a supplier in advance of the goods or services being supplied.

6.4 Staff That 'Receipt' Goods and Services

All staff that work in central stores, receipt and distribution points and local departments where goods are delivered or services are received must ensure that the Purchase Order is marked as 'received' as soon as possible within the Oracle system but no later than within 2 working days of the delivery of goods or provision of the service.

6.5 Procurement Staff

All staff working within NWSSP Procurement Services must ensure that this policy is adopted and adhered to by all staff and that local operational procedures for supporting the No PO/No Pay Policy are observed at all times.

6.6 Accounts Payable Staff

All staff that process the payment of invoices within NWSSP Accounts payable must ensure that no invoice is paid (unless it is identified as an exception in Appendix 1) if a Purchase Order number is not quoted on the invoice. All invoices received with no Purchase Order number must be recorded within the Oracle system and the supplier notified in accordance with the communications shown in Section 8.

6.7 Finance Staff

Senior Finance and procurement staff must lead the implementation of this policy within their respective organisation. All Finance staff must be aware of this policy and promote it in relevant discussions with budget holders.

Finance staff must ensure there are processes in place to capture data on invoices received but unpaid that have no Purchase Order so that expenditure is accrued on the assumption that the invoice will eventually be paid.

7 Main Body

7.1 How does No PO/No Pay Work?

No PO/No Pay works by requiring all invoices submitted by suppliers and contractors to contain an official PO number. In all but agreed exceptional circumstances the PO number will be:

- Generated from NHS Wales Oracle Ordering system
- Generated from other local ordering systems e.g. pharmacy
- Given to the supplier or contractor BEFORE making any commitment to spend NHS Wales's monies.
- There are a number of categories of expenditure that are excluded from the policy which are shown in Appendix 1.

Any invoice received by the Accounts Payable Team that does not quote a valid PO number will delay its processing and approval which could result in severe delays to supplier invoice payment unless covered by an exception shown in Appendix 1. Exceptions will be reviewed and amended from time to time and users notified of the amendments accordingly.

7.2 What constitutes a Valid PO?

All suppliers will be notified by NHS Wales Procurement Services as part of the implementation of the policy of the No PO/No Pay Policy that they must not, under any circumstances, accept any verbal or written order from NHS staff unless a valid PO number is given or there is an agreed exception as set out in Appendix 1.

Any invoice received that does not quote a valid PO number will be subject to a non-compliance escalation procedure as detailed below.

7.3 What is a Valid PO number?

Valid PO's are Purchase Orders from NHS Wales ordering systems which are the following:-

- Oracle Financial and Procurement System
 - Oracle is the standard financial system used by NHS LHB's / Trusts in Wales.
- Oracle via Basware
 - This is an electronic exchange linked to Oracle for the electronic transmission of purchase orders.
- Oracle EBS via GHX
 - This is an electronic exchange linked to Oracle for the electronic transmission of purchase orders.
- The Pharmacy system used for generating pharmaceutical orders.

7.4 Submission of invoice

The Purchase Order will confirm which address invoices need to be submitted for payment. Some invoices will be submitted through the electronic exchanges or via the OCR process.

7.5 Public Sector Payment Policy

Provided a supplier has quoted a valid Purchase Order number which has been obtained in advance of supply, NHS Wales commits to paying invoices in line with the Public Sector Payment Policy i.e. within 30 days from receipt of a valid invoice [not the invoice date], or receipt of the goods or service, whichever is later.

7.6 Notification to Supplier of No PO on Invoice

If a supplier sends an Invoice with No PO and it does not sit within the agreed exception list then the first standard letter will be sent **[see Appendix 2]** explaining the No Po No Pay policy and what do next.

Subsequent failure to quote a valid PO will result in a second letter shown in **Appendix 2(a)**.

7.7 Notification to NHS staff of No PO raised

If a member of NHS Wales's staff requests goods or services from a supplier that does not sit within the agreed exception list then the a standard letter (see **Appendix 3**) will be sent to the member of staff.

8 Non Compliance Policy

To ensure the implementation of the is policy is effective it is important that there is a clear policy of dealing with non-compliance, whether that is in relation to internal staff within NHS Wales or suppliers. The following escalation process will therefore apply:

Supplier

Level	Response	Action
Level 0	Communication to Suppliers of NHS Wales policy	NWSSP standard communication
Level 1	First reminders to non-compliant suppliers – Appendix 1	Appendix 2 letter – payment made
Level 2	Final reminders to non-compliant suppliers – Appendix 1a	Appendix 2a letter – payment NOT made until a valid purchase order number is quoted

NHS staff

Level	Response	Action
Level 0	Communication to NHS staff of NHS Wales policy	NWSSP and LHB / Trust communication
Level 1	First reminders to non-compliant NHS staff – Appendix 3	Appendix 3 letter
Level 2	Communication with individual / line manager	LHB / Trust to deem if a training need etc. Option is available to remove Oracle responsibility.

9 Training

Training resources aimed at the key staff affected by this policy have been developed and will be communicated to all relevant staff in advance of the implementation date.

10 Implementation

The No PO No Pay policy has already been adopted by some NHS LHB's in Wales but will be implemented as one standard policy from the 1st June 2018 with notifications to suppliers and staff then commencing. Invoice payments will not be withheld for a period of a further three months until 1st September 2018. It will apply to all orders for goods, services or works placed with NHS Wales subject to the agreed exceptions in Appendix 1. The policy is a national NHS Wales policy but responsibility for implementation will be for local Health Board's and Trusts following and agreed national implementation plan.

11 Audit

This policy will be subject to internal audit review from time to time.

12 Review

This policy will be reviewed every 3 years.

13 Appendices

Appendix 1	PO Exceptions List
Appendix 2	Letter to Supplier template
Appendix 2a	Letter to Supplier Template
Appendix 3	Letter to staff template

APPENDIX 1

Exceptions to the No PO/No Pay Policy

The following areas do not require a valid PO number. This list is currently under review. The Exceptions List currently covers:

- CHC/Nursing Home Payments
- Pharmacy
- NHS Organisations including NCA/IPC
- Nurse bank agency invoices
- Leased car repairs
- Primary Care Contracts including Out of Hours, Low Vision, Collaborative Fees, Blue Badges
- Orthotics
- Study Leave
- Business Rates
- Eye Tests
- Mobile Phone Charges
- Reimbursements to Patients including Patients travelling
- Telephone Call Charges
- Telephone Line Rental
- Utilities
- Work Permits
- Bunkered Fuel & Fuel Cards
- Purchase Card
- Taxis
- TV Licences

Technical list of Exceptions:-

- Payment of Salary deductions
- Tax, NI & Superannuation
- Petty cash
- Losses & Compensation including Redress

Appendix 2

Letter to Supplier template ACCOUNTS PAYABLE DEPARTMENT

Dear Supplier

Date: _____

YOUR INVOICE NO: _____

In accordance with our No PO No Pay Policy and as part of ongoing efforts to improve efficiency we are currently monitoring the level of purchasing taking place outside the organisations standard Purchase Order system processes.

We have recently received the above quoted invoice from yourselves and a valid purchase order number was not quoted. Please be advised that use of valid PO numbers is mandatory for this category of supplies. On this occasion the invoice concerned will be passed for retrospective authorisation. We must however advise you that this process is discretionary and release of your payment may be delayed as a result. If you wish to secure prompt payment in future please do not accept orders for this category of supplies without first receiving a valid PO number which then must be quoted on your invoice. If you wish to discuss this matter further, please contact:-

Name: _____

Tel No: _____

We are continuing to monitor the level of compliance with this policy, and reserve the right to return invoices, suspend payment or review your contract if instances of non-compliance with our payment policy continue to occur.

Many thanks for your help in resolving this matter

Yours faithfully

Appendix 2a

Letter to Supplier Template

ACCOUNTS PAYABLE DEPARTMENT

Dear Supplier

Date: _____

YOUR INVOICE NO: _____

In accordance with our No PO No Pay Policy and as part of ongoing efforts to improve efficiency we are currently monitoring the level of purchasing taking place outside the organisations standard Purchase Order system processes.

We have recently received the above quoted invoice from yourselves and a valid purchase order number was not quoted. Please be advised that use of valid PO numbers is mandatory for this category of supplies. You have previously received a letter outlining this policy and stating that any further invoices received without a PO will not be paid.

We therefore advise you that until a Purchase Order Number is quoted this invoice will not be paid.

If you wish to discuss this matter further, please contact:-

Name: _____

Tel No: _____

Yours faithfully

Appendix 3

Letter to staff template

ACCOUNTS PAYABLE DEPARTMENT

Dear Colleague

Date: _____

No PO No Pay Policy

In accordance with the above Policy and as part of ongoing efforts to improve efficiency we are currently monitoring the level of purchasing taking place outside the Oracle PO system.

The following invoice has been received and a Purchase Order Number has not been quoted, but your name has been stated by the Supplier as the ordering point of contact:-

Name: _____

Department: _____

Supplier Name:

Invoice No: _____

Invoice Value: _____

Brief description of goods/services invoiced:

Please be advised that in accordance with the above Policy, use of Oracle PO numbers is mandatory for this category of supplies.

If you did make this purchase through the Oracle system can you please contact me [details below], to advise the Supplier of the PO Number.

Name: _____

Tel No: _____

If you did not make this purchase through the Oracle system please ensure in future that orders of this type are only ordered through the Oracle system. Failure to use the Oracle system with an associated valid PO delays the invoice payment process and risks interrupting supplies and

is a contravention of the LHB's / Trusts Standing Financial Instructions.
Non-compliance could result in further communication with yourself and
your line manager and impact your ability to raise orders in future.
Many thanks for your help in resolving this matter.

Yours faithfully

2018-19 Cost Reduction Programme	
Name of Meeting : Finance Committee	29 th August 2018
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance	
Caring for People, Keeping People Well: This report details performance against the UHB's savings target in its operational plan that helps to deliver service priorities, maximise patient outcomes whilst maintaining the sustainability of services.	
Financial impact: Delivery of £33.780m delegated CRP Target (3% recurrent and 1% non-recurrent), and £9.266m improvement target to achieve 2018/19 £9.9m forecast deficit position.	
Quality, Safety, Patient Experience impact: The financial plan aims to support the delivery of high quality and safe services.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not Applicable	

ASSURANCE AND RECOMMENDATION

The Finance Committee is asked to:-

- **NOTE** the progress against the £33.780m devolved 2018/19 CRP target and the Cross Cutting contribution.
- **NOTE** the £9.266m financial improvement target has been achieved without any adverse impact on service delivery.

INTRODUCTION

This report summarises progress against the UHB devolved savings programme of £33.780m and the Cross Cutting contribution. The report also summarises progress against the £9.266m improvement target in supporting delivery of the 2018/19 £9.9m forecast deficit position.

PROGRESS AGAINST DEVOLVED CRP REQUIREMENT 2018-19

As at month 4 £30.263m of schemes had been identified as Green or Amber against the devolved 4% savings target of £33.780m. There is a therefore a shortfall of £3.517m to be identified by delegated budget holders. Whilst sufficient non recurrent corporate

opportunities have been identified to bridge this gap, budget holders are still expected to deliver their target.

Of the £30.263m identified schemes:

- £20.764m has been identified against the £25.335m recurrent in year 3% element of the devolved target;
- £9.499m has been identified against the £8.445m non-recurrent 1% element of the devolved target.

The top 20 savings schemes by value are shown in Appendix 1.

PROGRESS AGAINST CROSS CUTTING THEMES 2018-19

The Cross Cutting Programme was established to support the delivery of the devolved CRP target.

As at month 4 £12.022m of opportunities have been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target.

PROGRESS AGAINST CRP IMPROVEMENT TARGET 2018-19

An additional £9.266m improvement target is required in order to achieve a year end forecast £9.9m deficit position

At the end of month 4 the UHB now has a full financial improvement plan in place following the identification of a further £1.5m opportunities through non recurrent reserve slippage and the identification of other non recurrent financial opportunities. Details of this are shown below.

	Financial Improvement Plan £'000
Target	9,266
Investment slippage - population growth	(2,200)
Investment slippage - district nurses and cyber security	(500)
Release of Welsh Risk Pool budget	(550)
GRNI - change in practice	(2,000)
Reduce c/f annual leave	(130)
Cost avoidance in planned care	(1,500)
Forecast budget underspends (weqas)	(1,000)
Cost pressure reserve	(295)
Potential balance sheet opportunities	(1,091)
Total Month 4	0

The Finance Committee is asked to note that none of these measures has a detrimental impact upon service delivery.

SUMMARY

To date the value of Green and Amber schemes identified totals £30.263m against the 2018/19 devolved CRP £33.780m target.

Schemes have now been fully identified against the additional £9.266m improvement target.

There remains a gap in the devolved CIP programme of £3.517m. Completion of the CIP programme will need to be prioritised as a matter of urgency.



GIG
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NHS
WALES

Bwrdd Iechyd Prifysgol
Caerdydd a'r Fro
Cardiff and Vale
University Health Board

Savings Tracker Summary

Month 4 In-Year Effect

Clinical Board	18-19 4% Target	Granular Identified Green	Identified Amber	Total Green & Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	%	£'000	£'000
PCIC	6,600	6,634	292	6,926	4.20	150	-326
Capital Estates and Facilities	2,580	1,770	758	2,528	3.92	133	52
Specialist Services	4,038	2,959	945	3,904	3.87	643	134
Medicine	3,754	2,144	1,366	3,509	3.74	531	245
Surgery	4,714	3,626	520	4,146	3.52	1,395	569
CD&T	3,442	1,918	976	2,894	3.36	866	548
Children & Women	3,550	1,462	1,428	2,891	3.26	760	659
Mental Health	2,940	1,918	409	2,327	3.17	212	613
Corporate Execs	1,362	883	23	906	2.66	457	456
Dental	800	211	22	233	1.17	84	567
Total	33,780	23,525	6,738	30,263	3.58	5,230	3,517

2018-19 Full Year Effect

Clinical Board	18-19 3% Target	Granular Identified Green	Identified Amber	Total Green & Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	%	£'000	£'000
PCIC	4,950	5,534	352	5,886	3.57	424	-936
Capital Estates and Facilities	1,935	864	1,145	2,009	3.11	380	-74
Specialist Services	3,029	1,847	1,002	2,849	2.82	853	180
Medicine	2,816	1,601	2,261	3,862	4.12	724	-1,047
Surgery	3,536	2,823	674	3,497	2.97	2,660	39
CD&T	2,582	933	1,733	2,666	3.10	1,053	-84
Children & Women	2,663	976	1,630	2,606	2.94	880	56
Mental Health	2,205	1,321	329	1,650	2.24	212	555
Corporate Execs	1,022	495	13	507	1.49	491	514
Dental	600	94	0	94	0.47	110	506
Total	25,335	16,488	9,138	25,626	3.03	7,787	-291

WTE Tracker Summary

Month 4 In-Year Effect

Clinical Board	Green	Amber	Total Green & Amber	Pipeline Red
	WTE	WTE	WTE	WTE
PCIC	2.11	0.00	2.11	2.00
Capital Estates and Facilities	4.50	1.00	5.50	2.00
Specialist Services	1.90	1.00	2.90	0.00
Medicine	11.13	3.37	14.50	10.23
Surgery	46.97	3.20	50.17	0.00
Children & Women	4.80	4.00	8.80	4.00
CD&T	12.94	2.17	15.11	0.03
Mental Health	3.22	0.00	3.22	0.00
Corporate Execs	0.00	0.00	0.00	0.00
Dental	2.11	0.00	2.11	0.00
Total	89.68	14.74	104.42	18.26

2018-19 Full Year Effect

Clinical Board	Green	Amber	Total Green & Amber	Pipeline Red
	WTE	WTE	WTE	WTE
PCIC	2.11	0.00	2.11	2.50
Capital Estates and Facilities	4.50	1.00	5.50	2.00
Specialist Services	0.40	0.00	0.40	0.00
Medicine	11.13	3.37	14.50	10.23
Surgery	45.17	5.00	50.17	0.00
Children & Women	4.80	4.00	8.80	4.00
CD&T	6.94	2.17	9.11	0.03
Mental Health	3.22	0.00	3.22	0.00
Corporate Execs	0.00	0.00	0.00	0.00
Dental	2.11	0.00	2.11	0.00
Total	80.38	15.54	95.92	18.76

Progress against 2018-19 Devolved Recurrent and Non Recurrent Targets Month 4

Clinical Board	Recurrent			Non-Recurrent		
	18-19 3% recurrent	Identified Green & Amber	Identified Green & Amber	18-19 1% non-recurrent	Identified Green & Amber	Identified Green & Amber
	£'000	£'000	%	£'000	£'000	%
PCIC	4,950	5,248	106%	1,650	1,678	102%
Capital Estates and Facilities	1,935	1,194	62%	645	1,334	207%
Specialist Services	3,029	2,575	85%	1,010	1,329	132%
Medicine	2,816	2,403	85%	939	1,107	118%
Surgery	3,536	3,006	85%	1,179	1,140	97%
CD&T	2,582	1,846	72%	861	1,048	122%
Children & Women	2,663	2,268	85%	888	623	70%
Mental Health	2,205	1,630	74%	735	697	95%
Corporate Execs	1,022	501	49%	341	404	119%
Dental	600	94	16%	200	139	70%
Total	25,335	20,764	82%	8,445	9,499	112%

Cross Cutting Tracker Weekly Summary 2018-19

PYE

Clinical Group	2018-19	Identified Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£'000)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	793	366	243	1,159	841
Medicines Management	2,000	5,296	1,664	1,621	6,961	-4,961
Nursing Productivity	1,000	566	804	242	1,369	-369
Procurement	2,000	1,604	409	201	2,013	-13
Workforce Productivity	2,000	500	20	0	520	1,480
Total	9,000	8,759	3,263	2,307	12,022	-3,022

FYE

Clinical Group	2019-20	Identified Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	713	397	260	1,110	890
Medicines Management	2,000	6,072	2,711	3,150	8,783	-6,783
Nursing Productivity	1,000	540	1,467	372	2,007	-1,007
Procurement	2,000	1,423	580	268	2,004	-4
Workforce Productivity	2,000	442	0	0	442	1,558
Total	9,000	9,190	5,155	4,050	14,345	-5,345

Appendix B – CRP RAG Rating

	Red Pipeline	Amber	Green
Project plan/brief	<ul style="list-style-type: none"> ▶ Evidence of project planning (project brief, milestones with timescales etc.) appears incomplete considering level of complexity / risk 	<ul style="list-style-type: none"> ▶ Non complex project ▶ Evidence of some important elements of a project plan (project brief, milestones with timescales etc.), however some key areas are not sufficiently addressed ▶ Project planning not deemed sufficiently specific / comprehensive 	<ul style="list-style-type: none"> ▶ Appropriate degree of project planning (project brief, milestones with timescales etc.) evidenced considering the level of complexity / risk
Lead responsible & support	<ul style="list-style-type: none"> ▶ Lead to be identified 	<ul style="list-style-type: none"> ▶ Project lead identified, however indication that roles & responsibilities are not entirely clear ▶ Inappropriate lead assigned to project ▶ Indication that not all the necessary individuals are involved in supporting the delivery of the project 	<ul style="list-style-type: none"> ▶ Appropriate individual identified and actively leading the project ▶ The appropriate individuals appear to be included within the delivery team
Financial & activity calculation	<ul style="list-style-type: none"> ▶ Calculation of savings ongoing ▶ Significant factors to be worked through ▶ Savings to be fully quantified 	<ul style="list-style-type: none"> ▶ Evidence that the majority of the key financial implications have been factored into calculations, some specific factors have been omitted / are yet to be clarified ▶ Number represents actual savings identified, not a target 	<ul style="list-style-type: none"> ▶ Simple project, limited financial planning deemed sufficient ▶ All elements of the saving adequately identified and incorporated into the calculation ▶ Number represents actual savings identified, not a target
Financial phasing	<ul style="list-style-type: none"> ▶ Rationale for financial phasing outstanding 	<ul style="list-style-type: none"> ▶ Rationale deemed appropriate ▶ Financial savings phased according to timing of plans and milestones 	<ul style="list-style-type: none"> ▶ Financial savings phased according to timing of plans and milestones

Finance Risk Register	
Name of Meeting : Finance Committee	29 th August 2018
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance	
Caring for People, Keeping People Well: This report sets out the financial risks to be managed to support delivery of the financial plan which supports the one year operational plan.	
Financial impact: The UHB will need to manage the risks set out in the Finance Risk Register in order to achieve its forecast financial deficit of £9.9m.	
Quality, Safety, Patient Experience impact: The financial plan aims to support the delivery of high quality and safe services.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not Applicable	

ASSURANCE AND RECOMMENDATION

The Finance Committee is asked to:-

- **NOTE** the risks highlighted within the risk register

INTRODUCTION

This report highlights the Finance Risk Register risk categorisation by severity of risk as at 22nd August 2018. The detailed risk register is shown in Appendix 1.

ASSESSMENT

Following the most recent review the number of risks identified is nineteen with two new risks being added this month. These are:

- Critical care investment in advance of approved funding from the Critical care Network;
- Additional winter plan investment in advance of Welsh Government funding.

The risks in each in risk category are shown in the following table.

UHB Financial Risks at 22nd August 2018

Risk Category	Risk Score	Number of Risks as at 22 August 2018
Extreme Risk	20 - 25	2
High Risk	12 - 16	4
Moderate Risk	4 - 10	13
Low Risk	1 - 3	0

RECOMMENDATION

The Finance Committee are asked to note the risks highlighted.

SUMMARY

The Finance Committee will be kept up to date regarding any additions to the Risk Register or any change in risk assessment.

					Current Risk Rating					Target Risk Rating if Controls in Place								
Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Impact / Consequence	Likelihood	Score	Adequacy Existing Controls	Summary of Additional Controls Required	Impact / Consequence	Likelihood	Score	Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee
Finance	Fin01/18	Mar-18	Underlying deficit c/f into 2019/20. The opening underlying deficit in 18/19 is £49.0m and this needs to be materially reduced in year.	Governance reporting and monitoring arrangements through the Finance Committee and Board. At month 3 ULD is £39.1m if the plan is fully delivered. This needs further identification of recurrent CIPs.	5	4	20	Adequate but more Action Required	Progress against the underlying deficit is to be managed by Management Executive supported by the Transformation Board.	4	4	16	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin02/18	Mar-18	Manage Budget pressures of £12.8m	The requirement to manage budget pressures clearly communicated to primary budget holders. Standing Financial Instructions set spending limits. Progress to be reviewed through Executive Performance Reviews with Clinical Boards. At month 4 budgets hvae an operational overspend of £0.5m.	4	3	12	Adequate but more Action Required	Escalation process under review by the Executive team. Budget manager training programme to be rolled out across the organisation.	4	2	8	Aug-18	Assistant Director of Finance	Sep-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin03/18	Mar-18	Deliver 3% Recurrent CIP (£25.3m)	3% recurrent CIP target clearly communicated to budget holders. CIP tracker in place to monitor weekly progress across the organisation. Project Management Office in place to support the identification of cross cutting CIPs. Executive lead identified for each cross cutting theme. Monthly Financial Clearance Meeting. Executive / Clinical Board Performance Reviews. At month 4 the UHB is £4.6m short of delivering the in year devolved target.	5	4	20	Adequate but more Action Required		2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin04/18	Mar-18	Deliver 1% non recurrent CIP (£8.4m)	1% non-recurrent CIP target clearly communicated to budget holders. CIP tracker in place to monitor weekly progress across the organisation. Project Management Office in place to support the identification of cross cutting CIPs. Executive lead identified for each cross cutting theme. Monthly Financial Clearance Meeting. Executive / Clinical Board Performance Reviews. At month 4 the UHB has exceeded the delegated non recurrent target by £1.1m.	2	2	4	Adequate but more Action Required		2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin05/18	Mar-18	Develop and deliver financial opportunities of £9.3m to achieve £19.9m year end position	At month 4 opportunitiers have been identified to fully deliver the financial improvement target.	3	2	6	Adequate but more Action Required	None	2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin06/18	Mar-18	Deliver recurrent 10% Exec Director budgets management cost savings (£2.3m)	Plans developed by Executive leads with progress monitored through the Management Executive.	3	4	12	Adequate but more Action Required	None	3	3	9	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Workforce & OD	Finance Committee
Finance	Fin07/18	Mar-18	Manage internal investments within £3.3m envelope	Internal investment plan agreed with business cases to be approved through the Business Case Approval Group (BCAG)	3	2	6	Adequate but more Action Required	None	2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin08/18	Mar-18	Deliver RTT within resources available (£10.5m 18/19)	The UHB is proceeding at pace against the RTT plan with an additional £6.1m being made available on a non recurrent basis from WG.	4	3	12	Adequate but more Action Required	Monthly meetings with the COO, progress report to be received through performance review meetings and regular dialogue with WG.	3	2	6	Aug-18	Assistant Director of Finance	Sep-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin09/18	Mar-18	Winter pressures managed within resources available (£1.5m 18/19)	Winter plan for 2018/19 being developed for sign off by Management Executive.	3	3	9	Adequate but more Action Required	Progress report to be received through performance review meetings.	3	2	6	Aug-18	Assistant Director of Finance	Sep-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin10/18	Mar-18	Commissioning Risks	Regular performance/LTA meetings with other providers/WHSSC and internal commissioning group.	3	3	9	Adequate but more Action Required	None	2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin11/18	Mar-18	Management of Nursing overspend (£2.7m 2017/18)	Progress to be monitored through Nursing Productivity Group and Executive / Clinical Board Performance Reviews. At month 4 the nursing overspend was £0.892m.	4	3	12	Adequate but more Action Required	None	2	3	6	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Nursing	Finance Committee
Finance	Fin12/18	Mar-18	Containment of IT developments	Internal investment plan agreed with business cases to be approved through the Business Case Approval Group (BCAG) / Capital Management Group.	3	3	9	Adequate but more Action Required	None	2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Therapies	Finance Committee
Finance	Fin13/18	Mar-18	Management of retrospective CHC costs (£1.5m)	Costs to be managed over two financial years	3	3	9	Adequate but more Action Required	None	2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin14/18	Mar-18	Management of R&D income reduction	R&D position being taken forward by Medical Director with WG.	2	3	6	Adequate but more Action Required	None	2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Medical Director	Finance Committee
Finance	Fin15/18	May-18	Velindre drugs	NICE / HCD actuals differ to those assessed in the collective meeting	3	3	9	Adequate but more Action Required	None	2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin16/18	May-18	WHSSC services	Current sustainability concerns that are not provided for in the WHSSC financial plan present in year	3	3	9	Adequate but more Action Required	None	2	2	4	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin17/18	Jul-18	Deliver RTT within resources available (non recurrent £6.1m 18/19)	The RTT spend profile is being cloely monitored against the activity plan.	3	3	9	Adequate but more Action Required	Monthly meetings with the COO, progress report to be received through performance review meetings and regular dialogue with WG.	3	2	6	Aug-18	Assistant Director of Finance	Sep-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin18/18	Jul-18	AB LTA forecast underperformance £1.9m in 2018/19. Underperformance in 2017/18 was £1.4m	Ongoing commication with AB regarding contract rebasing in 2019/20.	3	3	9	Adequate but more Action Required	None	3	2	6	Aug-18	Assistant Director of Finance	Sep-18	The Board	Director of Finance	Finance Committee
Finance	Fin19/18	Aug-18	Critical Care investment in advance of Critical Care Network decision to provide added resilience for winter (£2m)	Critical Care Network bid being progressed and discussed with WG.	3	3	9	Adequate but more Action Required	None	3	2	6	Aug-18	Assistant Director of Finance	Sep-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin20/18	Aug-18	Additional winter plan investment in advance WG funding (£1.8m)	Risk mitigated on staff recruitment due to current level of vacancies.	3	3	9	Adequate but more Action Required	None	3	2	6	Aug-18	Assistant Director of Finance	Sep-18	The Board	Chief Operating Officer	Finance Committee

Guidance Notes to assist completing the risk register

Remember all risks must have undergone a risk assessment, prior to them being added to the Risk Register

UHB Reference No:- This number will be allocated by the Risk Management Department. Once added this will be communicated back to the Divisions.

Divisional / Directorate Reference No:- Each Division / Directorate should have a unique numbering system for the risks that they enter onto the register. It should contain the initials of the Division, a consecutive number and the year e.g. Mental Health = MH, Children's and Women's = CW, Primary, Community & Intermediate & Older Persons = PCIO, Dental = Den, Diagnostics & Therapeutics = DT, Medicine = M, Surgical Services = SS, Specialist Services = SpS. MH 01/10, SPS 01/10 etc. (Note - as this register is in the developmental stage please advise Melanie Westlake if there are alternative initials to be used).

Previous Reference No:- Whilst the UHB is in the process of consolidating and updating registers it will be necessary to include the previous reference number for audit purposes. This will be populated by the Risk Management Department.

Date entered onto original Register:- as above

Risk / Issue (Including Impact):- The Risk or Issue is the event that could cause an incident or hinder the achievement of objectives. A risk is something that may happen. An issue is already occurring. The impact is the effect that the Risk or Issue will have on the UHB.

Link to UHB Core Objectives:- List here, the main Strategic Goal that links to the risk being assessed.

Existing Controls:- Summarise in bullet form the existing controls to prevent the risk / issue occurring or reduce the impact.

Current Risk Rating:- Assess the current impact on the UHB using Tables 1,2 & 3.

Ranking:- This is the ranking of the risk e.g. The highest risk will score 25 and be ranked at 1, those that score 20 will be ranked at 2 etc.

Adequacy of existing controls:- Indicate how well controlled you feel the risk / issue is i.e. No control, Inadequate controls, Adequate but more action required and Optimum / NFA required.

Summary of Additional Controls Required:- Summarise in bullet form the controls that you know should be introduced to reduce the risk together with resources required.

Target Risk Rating if Controls in Place:- What will be the risk be if the actions proposed to further reduce / eliminate the risk are taken.

Date of Last Review:- When was the Risk Assessment / Control measures last reviewed.

Review completed by:- This should be a senior member of staff for high / medium risk on the register e.g. Divisional Manager / Nurse.

Date of Next Review:- This should be determined by the adequacy of controls and risk score e.g. risks scoring 25 with Inadequate control = monthly, risk scoring 12 with adequate controls but more action required = 6 monthly.

Risk Owner:- Who is the lead for taking the actions proposed relating to this risk. This should be Divisional Director, Board Secretary, Assistant Director etc.

Director Lead:- Who is the lead Director for this risk.

Assuring Committee:- This is the Committee that will monitor / manage the risk on behalf of the UHB Board or the UHB itself e.g. Quality & Safety Committee, Performance Committee.

	Consequence score (severity levels) and examples of descriptors				
	1	2	3	4	5
Domains	Negligible	Minor	Moderate	Major	Catastrophic
Impact on the safety of patients, staff or public (physical/psychological harm)	Minimal injury requiring no/minimal intervention or treatment. No time off work	Minor injury or illness, requiring minor intervention Requiring time off work for >3 days Increase in length of hospital stay by 1-3 days	Moderate injury requiring professional intervention Requiring time off work for 4-14 days Increase in length of hospital stay by 4-15 days RIDDOR/agency reportable incident An event which impacts on a small number of patients	Major injury leading to long-term incapacity/disability Requiring time off work for >14 days Increase in length of hospital stay by >15 days Mismanagement of patient care with long-term effects	Incident leading to death Multiple permanent injuries or irreversible health effects An event which impacts on a large number of patients
Quality/complaints/audit	Peripheral element of treatment or service suboptimal Informal complaint/inquiry	Overall treatment or service suboptimal Formal complaint/ Local resolution Single failure to meet internal standards Minor implications for patient safety if unresolved Reduced performance rating if unresolved	Treatment or service has significantly reduced effectiveness Formal complaint / Local resolution (with potential to go to independent review) Repeated failure to meet internal standards Major patient safety implications if findings are not acted on	Non-compliance with national standards with significant risk to patients if unresolved Multiple complaints/ independent review Critical report	Totally unacceptable level or quality of treatment/service Inquest/ombudsman inquiry Gross failure of patient safety if findings not acted on Gross failure to meet national standards
Human resources/ organisational development/staffing / competence	Short-term low staffing level that temporarily reduces service quality (< 1 day)	Low staffing level that reduces the service quality	Late delivery of key objective/ service due to lack of staff Unsafe staffing level or competence (>1 day) Low staff morale Poor staff attendance for mandatory/key professional training	Uncertain delivery of key objective/service due to lack of staff Unsafe staffing level or competence (>5 days) Loss of key staff Very low staff morale No staff attending mandatory/ key professional training	Non-delivery of key objective/service due to lack of staff Ongoing unsafe staffing levels or competence Loss of several key staff No staff attending mandatory training /key professional training on an ongoing basis
Statutory duty/ inspections	No or minimal impact or breach of guidance/ statutory duty	Breach of statutory legislation	Single breach in statutory duty Challenging external recommendations/ improvement notice	Enforcement action Multiple breaches in statutory duty Improvement prohibition notices Critical report	Multiple breaches in statutory duty Prosecution Complete systems change required Severely critical report

Adverse publicity/ reputation	Rumours Potential for public concern	Local media coverage – short-term reduction in public confidence Elements of public expectation not being met	Local media coverage – long-term reduction in public confidence	National media coverage with <3 days service well below reasonable public expectation	National media coverage with >3 days service well below reasonable public expectation. MP/AM concerned (questions in the House/Assembly) Total loss of public confidence
Business objectives/ projects	Insignificant cost increase/ schedule slippage	<5 per cent over project budget Schedule slippage	5–10 per cent over project budget Schedule slippage	Non-compliance with national 10–25 per cent over project budget Schedule slippage Key objectives not met	Incident leading >25 per cent over project budget Schedule slippage Key objectives not met
Finance including claims	Small loss Risk of claim remote	Loss of 0.1–0.25 per cent of budget Claim less than £10,000	Loss of 0.25–0.5 per cent of budget Claim(s) between £10,000 and £100,000	Uncertain delivery of key objective/Loss of 0.5–1.0 per cent of budget Claim(s) between £100,000 and £1 million Purchasers failing to pay on time	Non-delivery of key objective/ Loss of >1 per cent of budget Failure to meet specification/ slippage Loss of contract Claim(s) >£1 million
Service/business interruption	Loss/interruption of >1 hour	Loss/interruption of >8 hours	Loss/interruption of >1 day	Loss/interruption of >1 week	Permanent loss of service or facility
Environmental impact	Minimal or no impact on the environment	Minor impact on environment	Moderate impact on environment	Major impact on environment	Catastrophic impact on environment

Likelihood Score (L)

- What is the likelihood of the consequence occurring?
- The frequency based score is appropriate in most circumstances and is easier to identify. It should be used whenever it is possible to identify the frequency at which a risk is likely to occur.
- The probability score is more appropriate for risks relating to time limited or one-off projects or business objectives

Likelihood Score

Descriptor	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
<u>Frequency</u> How often does it might it happen	This will probably never happen/ recur	Do not expect it to happen / recur but it is possible it may do so	Might happen or recur occasionally	Will probably happen/recur but it is not a persisting issue	Will undoubtedly happen/recur, possibly frequently
<u>Probability</u> Will it happen or not? % chance of <u>not</u> meeting objective	<0.1 per cent	0.1-1 per cent	1 -10 per cent	10-50 per cent	>50 per cent

Table 3 - Risk Scoring = Consequence x Likelihood (C x L)

Consequence Score	Likelihood Score				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost certain
5 - Catastrophic	5	10	15	20	25
4 - Major	4	8	12	16	20
3 - Moderate	3	6	9	12	15
2 - Minor	2	4	6	8	10
1 - Negligible	1	2	3	4	5

For grading risk, the scores obtained from the risk matrix are assigned grades as follows

1 - 3 = Low Risk	Quick, easy measures implemented immediately and further action planned for when resources permit
4 - 10 = Moderate Risk	Actions implemented as soon as possible but no later than a year
12 - 16 = High Risk	Actions implemented as soon as possible but no later than six months
20 - 25 = Extreme Risk	Requires urgent action. The UHB Board is made aware and it implements immediate corrective action