

## Bundle Finance Committee 26 September 2018

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**FINANCE COMMITTEE MEETING**  
**2.00pm on 26<sup>th</sup> September 2018**  
**Large Meeting Room, Headquarters, UHW**

**AGENDA**

<b>PART 1: ITEMS FOR ACTION</b>		
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	<b>Minutes of the meeting held on 29<sup>th</sup> August 2018</b>	<i>Chair</i>
5	<b>Action Log</b>	<i>Chair</i>
6	<b>Finance Report as at Month 5</b>	<i>Chris Lewis</i>
7	Clinical Boards in Escalation	<i>Oral – Steve Curry</i>
8	<b>8A - Cost Reduction Programme and Cross Cutting Themes</b> <b>8B – Top 20 Savings Scheme September</b>	<i>Andrew Gough</i>
9	<b>9A - Finance Risk Register (WORD)</b> <b>9B – Finance Risk Register September 18/19</b>	<i>Andre Gough</i>
<b>PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD</b>		
10	Items to bring to the attention of the Board / other Committees	<i>Oral - Chair</i>
11	Date, time and venue of the next meeting of the Finance Committee: 2.00pm on Wednesday 31 <sup>st</sup> October 2018, Large Meeting Room, HQ, UHW	<i>Oral - Chair</i>

## **UNCONFIRMED MINUTES OF THE FINANCE COMMITTEE**

**HELD ON 29<sup>th</sup> AUGUST 2018**

**LARGE MEETING ROOM, HQ, UHW**

### **Present:**

John Union	Chair (Finance Committee)
Charles Janczewski	Vice Chair (Board)
Abigail Harris	Director of Strategic Planning
Chris Lewis	Deputy Director of Finance
Len Richards	Chief Executive
Steve Curry	Chief Operating Officer

### **In Attendance:**

### **Secretariat:**

Paul Emmerson	Finance Manager
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### **FC – 18/231 WELCOME AND PURPOSE OF THE COMMITTEE**

The Chair welcomed everyone to the meeting.

### **FC – 18/232 APOLOGIES FOR ABSENCE**

Apologies were received from John Antoniazzi, Maria Battle, Andrew Gough, Dr Sharon Hopkins, Martin Driscoll, Robert Chadwick and Ruth Walker.

### **FC – 18/233 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 – 18/234 MINUTES OF THE FINANCE COMMITTEE HELD ON 25<sup>th</sup> JULY 2018**

The Committee **RECEIVED** and **APPROVED** minutes of the meeting held on 25<sup>th</sup> July 2018.

### **FC - 18/235 ACTION LOG FOLLOWING THE LAST MEETING**

The Committee **RECEIVED** the Action Log from the meeting of 25<sup>th</sup> July 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 27<sup>th</sup> September 2018 for ratification.

**FC - 18/225 DETAILED REVIEW OF THE FORECAST YEAR END POSITION AT CLINICAL BOARD LEVEL TO BE UNDERTAKEN AFTER THE CONFIRMATION OF THE MONTH 4 POSITION.** **Incomplete** – Update to be provided in the month 5 Finance report

**FC - 18/225 THE NURSING PRODUCTIVITY GROUP TO BE ASKED TO EXPLORE THE LIKELY IMPACT OF INTRODUCING A WEEKLY PAYROLL FOR PAYMENT OF BANK STAFF.** **Incomplete** – Raised with the Nursing Productivity Group. Future progress will be reported back to the Finance Committee. The UHB Vice Chair (CJ) asked for a confirmation of the date when this would be reported back to the Committee.

#### **FC - 18/236 FINANCE REPORT AS AT MONTH 4**

The Deputy Director of Finance presented the UHB's financial performance to month 4 and brought the Committee's attention towards the following key messages:

- The forecast year end deficit had improved by £10m in month from £19.9m to £9.9m following confirmation in August of an additional £10m Annual Operating Plan funding from Welsh Government. Welsh Government had not confirmed that the funding would be allocated to the UHB on a recurrent basis and it was expected that any additional allocations in 2019/20 would be dependent on the UHB continuing to maintain and improve financial and operational performance.
- The UHB's assessed underlying deficit position remained at £39.1m and reducing this further was the principal financial challenge facing the UHB.
- The UHB had a fully developed savings programme at month 4. The gap against the delegated £33.780m savings target which was covered by corporate schemes at month 4 had fallen from £4.6m to £3.5m in month. All Clinical Boards continued to be pressed to meet their 2018/19 delegated savings targets.

- A further £1.5m of opportunities had been identified in month to deliver the £9.266m Financial Improvement Target in full. It was noted that a large proportion of the Improvement Target is being delivered non-recurrently
- Creditor payments compliance against the 30 day Non NHS target had improved again in month and cumulative performance was 94.9% at the end of July. It was noted that the improvement was due to joint work carried forward by both the UHB and NHS Wales Shared Services Partnership.
- Budget performance against the operational plan improved by £0.037m in month to a cumulative overspend of £0.561m. Some pockets of overspend remained a concern.
- Expenditure against the Capital Resource Limit (CRL) at the end of July was £5.848m against a year to date plan of £5.843m and the UHB expected to remain within the approved planned annual CRL of £33.008m.
- The forecast year end cash deficit was now £24.793m and remained RAG rated **red**. The UHB expected to formally request cash assistance from Welsh Government later in the year.
- The UHB's 2018/19 planned deficit of £9.9m meant that the UHB did not expect to remain within the revenue resource limit in 2018/19 and this remained RAG rated **red**.
- The UHB's assessed underlying deficit position was £39.1m at month 4 and this is RAG rated **red**.

An in month surplus of £0.251m and a cumulative deficit of £0.674m was reported against income budgets. A query was raised by the UHB Chair (CJ) who asked if the UHB was over delivering against the WHSSC SLA. The Deputy Director of Finance informed the committee that the Central WHSSC LTA position outlined in Table 6 of the report did not report a material variance, as the over and underperformance was predominantly reflected within Clinical Boards. The UHB was currently delivering significantly more activity than the established WHSCC baseline which led to increased income recovery through Clinical Boards although this was partly offset by the UHB's share of the increase in WHSCC commissioning costs.

In total pay budgets improved in month to an underspend for the year to date of £0.130m. The in month increase in the overspend against medical posts was highlighted and it was noted that the level of overspend against nursing had fallen in month.

The medical pay overspend was due to coverage of staffing gaps in Women and Children services and the provision of additional sessions in Diagnostics. In response to a query from the UHB Vice Chair (CJ) on whether the UHB was receiving a return on its investment the Director of Operations confirmed that the Diagnostics spend was linked to additional demand and the UHBs commitment to meet Welsh Government waiting list targets for diagnostics.

The UHB Vice Chair (CJ) asked whether the UHB had been provided with assurance that the cost of the 2018/19 NHS pay award would be covered by additional Welsh

Government funding. The Deputy Director of Finance confirmed that the cost of a 1% pay award had already been funded by Welsh Government and that the UHB had been instructed by Welsh Government to assume that the additional costs arising from a revised pay award agreement would also be met centrally by Welsh Government. The Chief Executive confirmed that the UHB's assumption of additional Welsh Government funding to meet the cost of a revised pay award was consistent with assumptions across other Welsh Health Boards.

Moving onto the nursing position the Finance Committee Chair (JU) asked whether the Committee could be provided with further assurance that the UHB was on track in managing the current nursing pressures and resultant overspend. The Chief Executive confirmed that the UHB had already invested additional resources in 2018/19 to fully fund the implementation of the Nurse Staffing Levels legislation and in this context the Finance Committee agreed that the Executive Nurse Director should be invited to provide a future meeting with a report that provided a wider overview in respect of the issues and metrics driving the nursing overspend.

#### **ACTION: Executive Nurse Director**

The Deputy Director of Finance advised the Committee that the UHB would need to monitor the medical and dental pay position particularly in the Women & Children & CD & T Boards in light of the rising overspend and in response to a query from the UHB Vice Chair (CJ) indicated that the UHB would need to evaluate Clinical Board plans to remedy the overspend following the completion of detailed forecasts for the remainder of the year. In the context of Women and Children the Chief Operating Officer confirmed that remedial plans to address the CRP gap and the medical & dental overspend had been discussed at the Women and Children Clinical Board Performance Review. Deliverable plans has been developed and the Board now faced a challenge to accelerate the delivery of the plans.

The Deputy Director of Finance indicated that the overspend in theatres and orthopaedics clinical services and supplies in the Surgery Clinical Board was subject to further detailed review to determine the drivers of the reported overspend and the levels of stock being carried.

It was noted that the commissioning budgets performed well in month. The favourable in month performance on NHS Long Term Agreements was partially offset by the costs of a small number of high costs individual placements which had now ended. The Chief Operating Officer indicated that the Mental Health Clinical Board had made good progress in repatriating a number of high cost cases and that the continual review of patient placements was an ongoing process.

The UHB Vice Chair (CJ) enquired about the Woodland House capital scheme. The Director of Strategic Planning confirmed that the planned purchase of Woodland House was aimed at consolidating the UHBs corporate functions on one site and releasing costs though a reduction in the number of premises leased by the UHB.

The Chief Executive confirmed that the move was progressing on an invest to save basis and would enable the transfer of non clinical functions from clinical sites whilst maintaining the functionality and visibility of UHB corporate and support services.

To conclude the Deputy Director of Finance reiterated the key concerns and actions required to deliver the financial plan being the delivery of the savings target, delivery of the financial improvement target, managing within current budgets and managing down the underlying deficit.

**LIMITED ASSURANCE** was 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 draft operational plan.

The Finance Committee:

- **NOTED** that the UHB has an unapproved draft one year operational plan that has a planned deficit of £9.900m for the year;
- **NOTED** the £3.861m deficit at month 4 which includes a planning deficit of £3.300m and is an adverse variance against plan of £0.561m;
- **NOTED** the key concerns and actions being taken to manage risks.

## **FC - 18/237 CLINICAL BOARDS IN ESCALATION**

The Chief Operating Officer confirmed that the Clinical Board Performance review process was focussed on managing exceptions and considered finance, activity and quality and safety performance on a monthly basis. Each Clinical Board is assessed and a level of assurance is determined in respect of performance. The level of assurance is described as either limited, adequate or substantive. The achieved level of assurance is relayed back to the Clinical Board and the Management Executive following the review.

There were currently 3 Boards in escalation where the required level of assurance was not attained in respect to finance, activity and quality and safety. Women and Children had a budgetary overspend and shortfall against savings targets. Surgery had a shortfall against 2018/19 savings targets and a budgetary overspend. The Dental Clinical Board had difficulty in delivering its 2018/19 commitments within its funding envelope and in this context the framework for the management and delivery of services provided through the Dental Clinical Board was under review.

The Finance Committee Chair (JU) asked what the implications for Clinical Boards were if target levels of performance were not met and the Chief Executive indicated that both the Surgery and Women and Children Clinical Boards were actively

pursuing a balanced position. The issues within the Dental Clinical Board would be addressed by the wider review into the Clinical Board.

The Finance Committee:

- **NOTED** the Clinical Boards in escalation and actions being taken to manage performance;

### **FC - 18/238 NO PURCHASE ORDER NO PAYMENT POLICY**

The Deputy Director of Finance confirmed that the No Purchase Order No Payment Policy had been rolled out across the UHB from 1st June 2018.

Under the policy invoices arriving in the system without an order number are returned to the supplier unpaid until an official purchase order is provided. The Chief Executive added that the process was generally recognized as a way of enhancing governance and had already been successfully piloted within the UHB. The Finance Committee Chair (JU) asked if a review of the policy would be undertaken and the Deputy Director of Finance confirmed that a review was scheduled to be brought back to the Committee and asked the Finance Committee to formally adopt the all Wales No Purchase Order No Payment policy.

**ASSURANCE** was 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.

The Finance Committee:

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

### **FC - 18/239 COST REDUCTION PROGRAMME**

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

- At the end of the month, £30.263m of opportunities had been identified as Green or Amber against the devolved 4% savings target of £33.780m leaving a gap of £3.517m
- £20.764m has been identified against the £25.335m recurrent 3% element of the devolved target.

- £9.499m has been identified against the £8.445m non-recurrent 1% element of the devolved target.
- As at month 4 £12.022m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target.

The Deputy Director of Finance highlighted the £3.517m gap against the overall delegated 2018/19 CRP target and stressed that whilst this was covered by the identification of additional corporate opportunities that Clinical Boards were still required to reach their delegated targets in 2018/19.

The Committee was informed that the UHB now had a full financial improvement plan in place following the identification of a further £1.5m of non recurrent opportunities and was asked by the Deputy Director of Finance to note the actions that had been taken to meet the target in full. The plan had been met through a combination of slippage on planned investments, budget underspends, cost avoidance and technical opportunities and the Committee was assured that none of these measures would have a detrimental impact upon service delivery.

The UHB Vice Chair (CJ) referred to the WTE tracker and asked for assurance that the workforce and financial plan were aligned and would deliver the UHB's financial objectives. The Chief Executive confirmed that the implications of savings plans on the UHB's workforce were worked through and added that the UHB expected the relationship between finance and workforce planning to be further strengthened in the next iteration of the IMTP. It was also noted that the impact of the UHB's savings plans on overall WTE figures would be reduced by Welsh Government investment in all Wales priorities which required an investment in WTEs stretching across years.

In response to a query from the Finance Committee Chair (JU) the Chief Executive confirmed that as a principle non recurrent Welsh Government funding is only used to support time limited posts. It was added that sometimes it was in the interest of the UHB to take a view on whether a post could be filled with substantive staff if for example in the context of RTT this represented better value for money than outsourcing and the risks could be managed through underlying staff turnover.

The Finance Committee:

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

## **FC - 18/240 RISK REGISTER**

The Deputy Director of Finance presented the 2018/19 Risk Register and informed the Finance Committee that the risk of critical care investment in advance of

approved funding from the critical care network and the risk of additional winter plan investment in advance of Welsh Government funding are now included on the risk register with both risks being scored as moderate risks.

In respect of the critical care monies the Chief Executive confirmed that the UHB had already lodged a bid with Welsh Government and that positive discussions had also taken place with Welsh Government officers in respect of additional winter pressures funding.

The Finance Committee:

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

### **FC - 18/241 ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES**

No other items to bring to the main Board.

### **FC - 18/242 ANY OTHER BUSINESS**

In relation to the bid for transformation funding to advance Health and Social Care in line with the Welsh Government plan for “A Healthier Wales” the Chief Executive advised the Committee that the UHB had received positive feedback for the coordinated bid made through the Regional Partnership Board.

### **FC - 18/242 DATE AND TIME OF NEXT MEETING**

Wednesday 26<sup>th</sup> September; 2.00pm; Large Meeting Room, HQ, UHW

## FINANCE COMMITTEE

### ACTION LOG FROM 29<sup>th</sup> AUGUST 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- Revised TOR and a covering paper have been provided to the Board Secretariat to request ratification of the revised TOR at the Board meeting scheduled for the 27 <sup>TH</sup> 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 – All Budget holders have been asked to finalise a detailed forecast position profiled for the remainder of the year and this is now due to be completed by the end of September.
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 alongside Executive Nurse Director Report.
FC - 18/236	29.08.18	In year nursing pressures and associated overspend	Report on the wider issues and actions around the Nursing Position to be provided to the Finance Committee	Executive Nurse Director	Raised with the Executive Nurse Director. Date of report back to the Finance Committee to be confirmed dependent on re-scheduling of diaries.

## FINANCE REPORT FOR THE PERIOD ENDED 31<sup>st</sup> AUGUST 2018

**Name of Meeting :** Finance Committee

**Date:** 26<sup>th</sup> September 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 August 2018 is a deficit of £4.913m comprised of the following:

- £4.125m planned deficit (5/12th of £9.900m);
- £0.788m 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 5 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** the £4.913m deficit at month 5 which includes a planning deficit of £4.125m and budget overspends of £0.788m;
- **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.

The UHB has a full savings programme and financial improvement plan in place and the delivery of these is now key to the success of the plan. The adverse variance reported against the operational plan deteriorated by £0.227m to £0.788m at month 5 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.

Consequentially 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>b/f underlying deficit</b>	<b>(49.0)</b>	<b>(49.0)</b>	<b>0.0</b>	
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
<b>In year Financial Plan</b>	<b>27.2</b>	<b>15.9</b>	<b>(11.3)</b>	
<b>Planned Surplus/(Deficit)</b>	<b>(21.9)</b>	<b>(33.2)</b>	<b>(11.3)</b>	
<b>Planned c/f from 2017/18 (non recurrent)</b>	<b>0.0</b>	<b>4.0</b>	<b>4.0</b>	17/18 under plan c/f assumed
<b>Financial Improvement Target</b>	<b>0.0</b>	<b>9.3</b>	<b>9.3</b>	
<b>Revised Planned Surplus/(Deficit) March 2018</b>	<b>(21.9)</b>	<b>(19.9)</b>	<b>2.0</b>	
<b>Additional Annual Operating Plan Funding July 2018</b>		<b>10.0</b>	<b>(10.0)</b>	
<b>Revised Planned Surplus/Deficit July 2018</b>	<b>(21.9)</b>	<b>(9.9)</b>	<b>(12.0)</b>	

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 of 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	(9.900)	(65.996)	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 @ August 2018**

Measure	n	STATUS REPORT					
		August 2018	RAG Rating	Latest Trend	Target	Time Period	
Financial balance: remain within revenue resource limits	36	£4.913m deficit at month 5. £0.788m adverse variance against plan	R		↓	2018/19 planned deficit £9.9m	M5 2018-19
Remain within capital resource limits.	37	Expenditure at the end of August was £12.848m against a plan of £11.928m.	G		⊕	Approved planned expenditure £33.008m	M5 2018-19
Reduction in Underlying deficit	36a	£39.1m assessed underlying deficit position at month 5	R		⊕	If 2018/19 plan achieved reduce underlying deficit to £39.1m	M5 2018-19
Delivery of recurrent 3% savings target	36b	£25.335m identified at Month 5	G		↑	£25.335m	M5 2018-19
Delivery of non recurrent 1% savings target	36c	£10.160m identified at month 5.	G		↑	£8.445m	M5 2018-19
Delivery of financial improvement target	36d	£9.3m identified at month 4	G		↑	£9.3m	M5 2018-19
Creditor payments compliance 30 day Non NHS	37a	Cumulative 95.3% in August	G		↑	95% of invoices paid within 30 days	M5 2018-19
Remain within Cash Limit	37b	Forecast cash deficit of £24.793m	R		⊕	To remain within Cash Limit	M5 2018-19
Maintain Positive Cash Balance	37c	Cash balance = £6.148	G		⊕	To Maintain Positive Cash Balance	End of August

### Month 5 Cumulative Financial Position

The UHB reported a deficit of £4.913m at month 5 as follows:

- £4.125m planned deficit (5/12th of £9.900m);
- £0.788m adverse variance against plan.

The £0.788m adverse variance which is not considered material is profiled to be recovered over the final 7 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 31<sup>st</sup> August 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	(113.500)	(113.250)	0.250	(551.208)	(550.284)	0.924	(1,338.463)	(1,338.463)	0.000
Pay	49.419	49.478	0.059	246.911	246.840	(0.071)	587.127	587.127	0.000
Non Pay	64.906	64.824	(0.081)	308.423	308.358	(0.065)	761.237	761.237	0.000
Variance to Draft Plan £m	0.825	1.052	0.227	4.125	4.913	0.788	9.900	9.900	0.000
Planned Deficit	(0.825)	0.000	0.825	(4.125)	0.000	4.125	(9.900)	0.000	9.900
Total £m	0.000	1.052	1.052	(0.000)	4.913	4.913	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 @ August 2018**

Income	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Revenue Resource Limit	(74.330)	(74.330)	0.000	(366.754)	(366.754)	0.000
Non Cash Limited Expenditure	(1.615)	(1.615)	0.000	(8.074)	(8.075)	0.000
Accommodation & Catering	(0.314)	(0.306)	0.007	(1.194)	(1.229)	(0.035)
Education & Training	(3.174)	(3.158)	0.016	(15.736)	(15.727)	0.009
Injury Cost Recovery Scheme (CRU)	(0.214)	(0.171)	0.043	(1.069)	(0.935)	0.134
NHS Patient Related Income	(24.800)	(24.749)	0.051	(121.497)	(121.118)	0.379
Other Operating Income	(8.285)	(8.173)	0.112	(32.587)	(32.142)	0.444
Overseas Patient Income	(0.005)	(0.062)	(0.057)	(0.026)	(0.125)	(0.100)
Private Patient Income	(0.106)	(0.053)	0.053	(0.509)	(0.335)	0.174
Research & Development	(0.657)	(0.632)	0.025	(3.762)	(3.843)	(0.081)
<b>Total £m</b>	<b>(113.500)</b>	<b>(113.250)</b>	<b>0.250</b>	<b>(551.208)</b>	<b>(550.284)</b>	<b>0.924</b>

An in month deficit of £0.250m and a cumulative deficit of £0.924m is reported against income budgets. The two main adverse variances to note are:

- £0.379m variance on NHS patient related income where the position has deteriorated by £0.051m in month primarily due to continuing underperformance against out of area orthopaedics targets.
- £0.444m variance on other operating income due to underperformance against critical care, PICU and NICU activity targets.

In addition the level of Injury Cost Recovery Scheme income collected from the Compensations Recovery Unit deteriorated in month as a result of a significant level of withdrawn claims alongside a fall in the individual value of new claims.

### 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 5 reported position is summarised in Table 6 and continues to reflect the deterioration in the Aneurin Bevan position. The in-month position on Aneurin Bevan has remained relatively static against trend, whilst core activity delivery was lower than expected across other LHBs, notably Cwm Taf.

A key driver of overall LTA performance is under delivery on Orthopaedics contracts for non-Cardiff and Vale residents. This is particularly a case-mix issue related to complex spines and hip procedures.

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 5 LTA Provider Position**

	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	(212.391)	(89.976)	(89.976)	(0.000)
Aneurin Bevan	(29.320)	(12.278)	(11.980)	0.298
Other LHBs	(38.319)	(15.962)	(15.717)	0.245
Non-Welsh	(3.188)	(1.743)	(1.868)	(0.125)
	<b>(283.218)</b>	<b>(119.958)</b>	<b>(119.540)</b>	<b>0.418</b>

## Pay

In total pay budgets are showing a cumulative underspend of £0.071m 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 4 £m	2018/19 Month 1 to Month 4 £m	2017/18 Month 5 £m	2018/19 Month 5 £m	2017/18 Cum. to Month 5 £m	2018/19 Cum. to Month 5 £m
Basic	515.377	168.924	170.662	42.466	42.729	211.391	213.391
Enhancements	24.533	8.205	8.512	2.154	1.993	10.359	10.505
Maternity	4.088	1.417	1.278	0.372	0.362	1.790	1.639
Protection	0.676	0.223	0.218	0.048	0.067	0.272	0.286
<b>Total Fixed Pay</b>	<b>544.674</b>	<b>178.770</b>	<b>180.669</b>	<b>45.041</b>	<b>45.151</b>	<b>223.811</b>	<b>225.821</b>
Agency (mainly registered Nursing)	8.767	2.689	3.452	0.819	1.003	3.508	4.455
Nursing Bank (mainly Nursing)	14.439	4.586	4.000	1.253	1.143	5.839	5.142
Internal locum (Medical & Dental)	4.306	1.433	1.690	0.339	0.434	1.772	2.124
External locum (Medical & Dental)	7.118	2.130	2.440	0.548	0.500	2.678	2.940
On Call	2.224	0.684	0.794	0.207	0.225	0.891	1.019
Overtime	5.758	1.933	2.163	0.433	0.472	2.366	2.635
W/L's & extra sessions (Medical)	5.111	1.388	2.153	0.374	0.551	1.762	2.704
<b>Total Variable Pay</b>	<b>47.722</b>	<b>14.842</b>	<b>16.692</b>	<b>3.974</b>	<b>4.327</b>	<b>18.817</b>	<b>21.019</b>
<b>Total Pay</b>	<b>592.396</b>	<b>193.613</b>	<b>197.362</b>	<b>49.015</b>	<b>49.478</b>	<b>242.628</b>	<b>246.840</b>
<b>Pay Budget</b>	<b>594.938</b>	<b>194.186</b>	<b>197.491</b>	<b>49.171</b>	<b>49.419</b>	<b>243.357</b>	<b>246.911</b>
<b>Budget Variance (Fav)/Adv £m</b>	<b>(2.541)</b>	<b>(0.574)</b>	<b>(0.130)</b>	<b>(0.155)</b>	<b>0.059</b>	<b>(0.729)</b>	<b>(0.071)</b>

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.

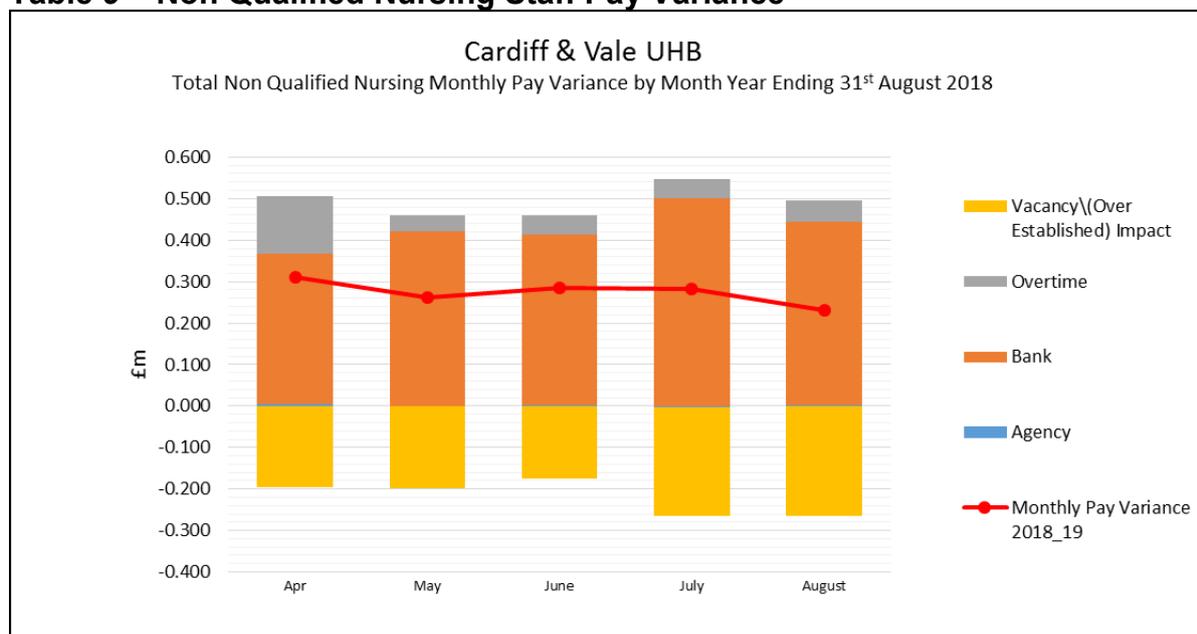
**Table 8: Analysis of pay expenditure by staff group @ August 2018**

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	1.944	1.911	(0.033)	9.708	9.352	(0.356)
Management, admin & clerical	5.744	5.687	(0.057)	28.523	28.465	(0.059)
Medical and Dental	12.754	12.862	0.108	63.728	64.064	0.336
Nursing (registered)	14.815	14.784	(0.031)	74.334	74.056	(0.278)
Nursing (unregistered)	3.969	4.200	0.231	19.790	21.160	1.370
Other staff groups	7.336	7.300	(0.037)	36.635	36.265	(0.370)
Scientific, prof & technical	2.857	2.735	(0.122)	14.192	13.479	(0.713)
<b>Total £m</b>	<b>49.419</b>	<b>49.478</b>	<b>0.059</b>	<b>246.911</b>	<b>246.840</b>	<b>(0.071)</b>

In total pay budgets deteriorated by £0.059m in month to an underspend for the year to date of £0.071m. The rate of overspend against nursing budgets increased from the level reported in July and the continuing overspend in this area is driven by vacancies, sickness and specialising. Increased management attention is being directed to curtail nursing expenditure and actions being taken are due to be scrutinized by the Finance Committee.

An in month overspend of £0.108m against Medical and Dental Budgets was incurred in August once again primarily due to overspends in Women & Children services and diagnostics. The overspend in Women and Children services is due to coverage of staffing gaps and the overspend against Diagnostics posts is linked to demand increases to maintain performance.

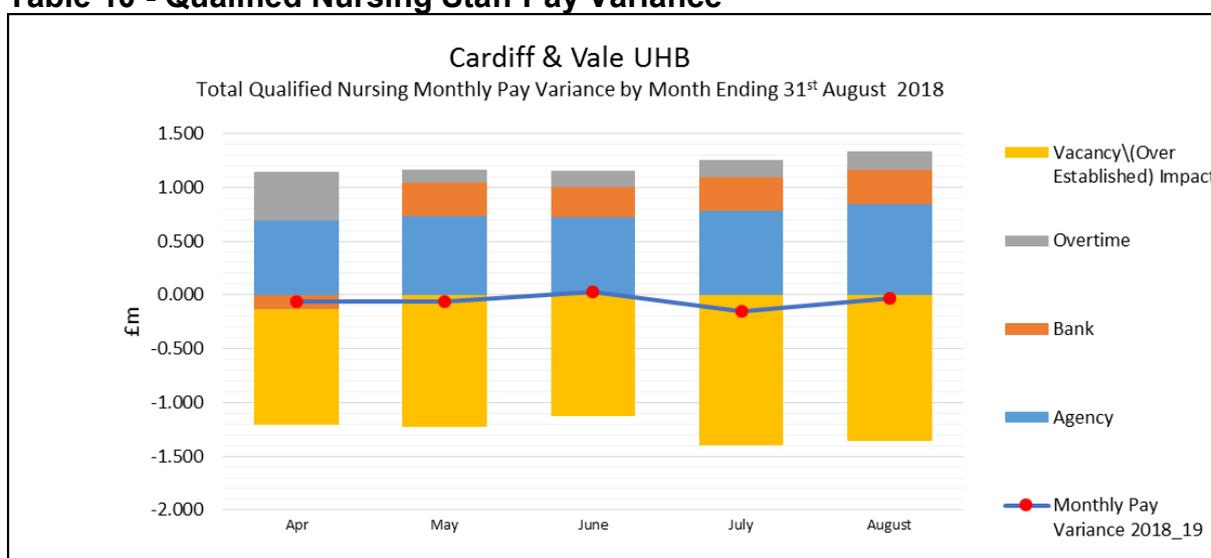
**Table 9 – Non Qualified Nursing Staff Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.002	0.006
Bank	0.444	2.140
Overtime	0.050	0.321
Adverse Impact	0.496	2.467
Vacancy\ (Over Established) Impact	(0.265)	(1.097)
Total Pay Variance - Unqualified Nursing (Fav)/Adv £m	0.231	1.370

Table 9 indicates that the £1.370m adverse variance against non-qualified nursing assistants is due to overspends of £2.140m on bank staff and £0.321m on overtime which is partly offset by an underspend against established posts.

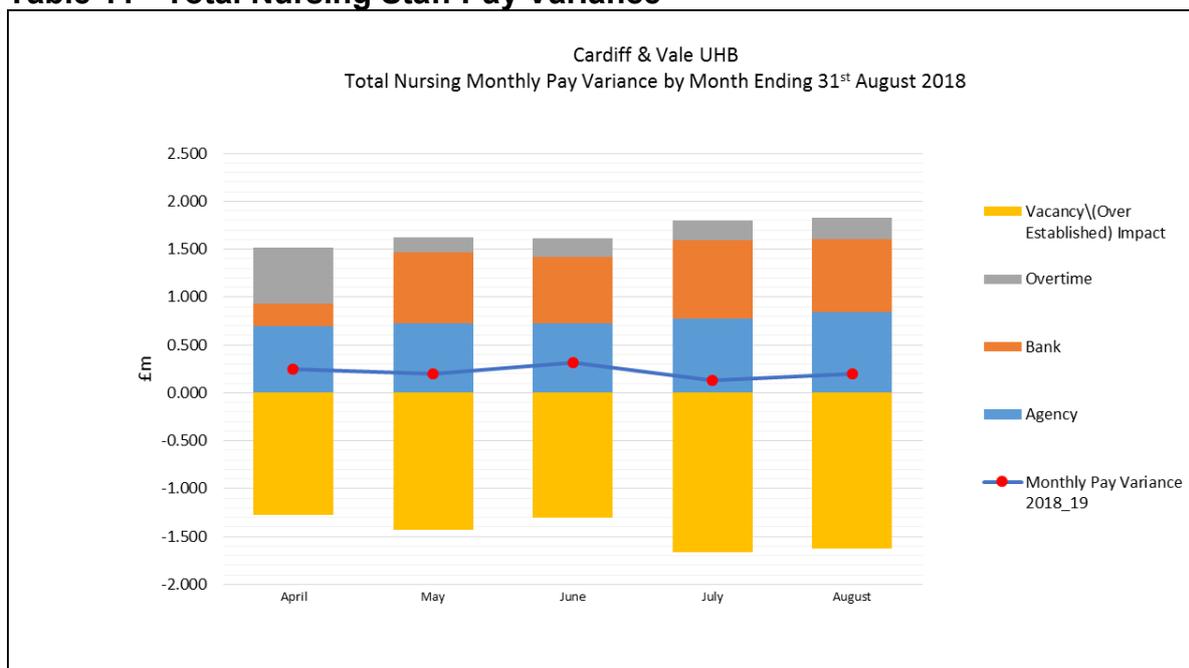
**Table 10 - Qualified Nursing Staff Pay Variance**



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.840	3.761
Bank	0.323	1.109
Overtime	0.168	1.053
Adverse Impact	1.331	5.923
Vacancy\ (Over Established) Impact	(1.363)	(6.201)
Total Pay Variance - Qualified Nursing (Fav)/Adv £m	(0.031)	(0.278)

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**

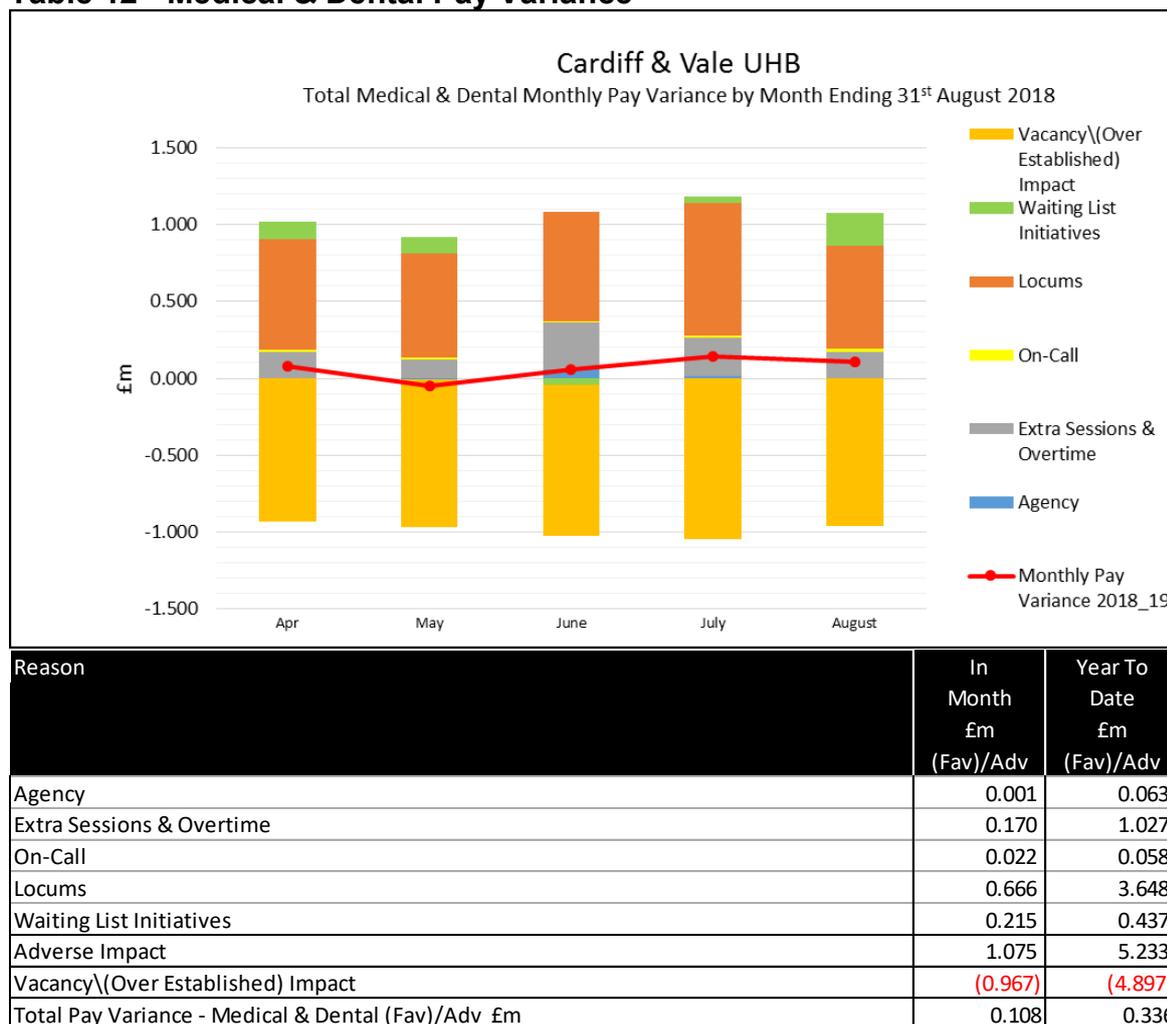


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.842	3.766
Bank	0.767	3.249
Overtime	0.218	1.374
Adverse Impact	1.827	8.390
Vacancy (Over Established) Impact	(1.628)	(7.298)
<b>Total Pay Variance - (Fav)/Adv £m</b>	<b>0.200</b>	<b>1.092</b>

Table 11 identifies expenditure against substantive nursing posts for the year to date which is £1.092m more than budget. The £7.298m surplus against established posts is offset by a £8.390m 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 offset by expenditure on locums, waiting list initiatives and extra sessions leaving an overspend of £0.336m at month 5.

**Table 12 - Medical & Dental Pay Variance**



The key areas of concern are a £0.114m in month overspend and a £0.403m cumulative overspend within the Women and Children Clinical Board and a £0.084m in month overspend and a cumulative £0.279m overspend in the CD&T Clinical Board. These are offset by underspends elsewhere.

### Non Pay

Table 13 highlights an in month underspend of £0.081m and a £0.065m cumulative underspend against non pay budgets.

The key pressure area is in clinical services and supplies with the majority of the in month variance due to overspends in theatres and specialist services.

**Table 13: Non Pay Variance @ August 2018**

Non Pay	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Clinical services & supplies	7.963	8.496	0.532	39.769	40.905	1.135
Commissioned Services	13.860	13.906	0.046	69.603	69.385	(0.218)
Continuing healthcare	5.103	5.246	0.143	25.033	25.290	0.257
Drugs / Prescribing	12.512	12.136	(0.376)	62.408	61.699	(0.710)
Establishment expenses	0.959	1.040	0.081	4.408	4.328	(0.079)
General supplies & services	0.677	0.696	0.019	3.282	3.488	0.207
Other non pay	5.312	4.708	(0.604)	22.769	22.004	(0.765)
Premises & fixed plant	3.080	3.141	0.061	13.604	13.707	0.103
Primary Care Contractors	15.438	15.455	0.016	67.547	67.551	0.004
<b>Total £m</b>	<b>64.906</b>	<b>64.824</b>	<b>(0.081)</b>	<b>308.423</b>	<b>308.358</b>	<b>(0.065)</b>

### LTA Commissioner Performance

The UHB spends circa £160m commissioning healthcare services for its population through contracts with WHSSC, LHBs and Velindre. A favourable Month 5 variance of £0.436m is shown in Table 14 and is largely driven by the UHBs performance on contracts, including:

- 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.

The WHSSC position has moved adversely in-month, driven largely by the Cardiff and Vale provider contract over-performance and the UHB's relative risk share. This performance is expected to stabilise, and is supported by the slippage on a number of ICP schemes and non-recurrent opportunities. The position includes the financial risk of ongoing negotiations between WHSSC and NHSE over the impact of HRGv4+, which may result in a more favourable outcome.

**Table 14: Month 4 LTA Commissioner Position**

	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	120.240	49.741	49.786	0.045
Velindre	16.406	6.863	6.603	(0.260)
LHBs	22.817	9.404	8.987	(0.417)
Other / NCAs	1.290	0.538	0.733	0.196
	<b>160.754</b>	<b>66.545</b>	<b>66.109</b>	<b>(0.436)</b>

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 and additional demand on hospice placements.

### 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 five months to 31<sup>st</sup> August 2018 by Clinical Board is shown in Table 15.

**Table 15: Financial Performance for the period ended 31<sup>st</sup> August 2018**

Clinical Board	M4 Budget Variance £m	M5 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.094	0.306	0.212	0.70%
Children & Women	0.491	0.643	0.152	1.58%
Capital Estates & Facilities	0.137	0.118	(0.019)	0.46%
Dental	0.043	0.119	0.076	1.46%
Executives	(0.202)	(0.286)	(0.083)	(1.88%)
Medicine	0.468	0.687	0.218	1.44%
Mental Health	0.482	0.560	0.078	1.83%
PCIC	(0.428)	(0.722)	(0.294)	(0.53%)
Specialist	0.050	0.203	0.153	0.30%
Surgery	0.445	0.582	0.138	1.10%
Central Budgets	(1.019)	(1.423)	(0.404)	(1.72%)
<b>SubTotal</b>	<b>0.562</b>	<b>0.788</b>	<b>0.226</b>	<b>0.14%</b>
Planned Deficit	3.300	4.125	0.825	0.75%
<b>Total</b>	<b>3.862</b>	<b>4.913</b>	<b>1.051</b>	<b>0.89%</b>

In month and cumulative overspends were reported by 7 Clinical Boards in August. The largest in month overspend was in Medicine where the in month overspend on nursing accounted for £0.152m out of a total in month overspend of £0.218m. Pay pressures accounted for £0.138m of the £0.212m in month overspend in Clinical Diagnostics and Therapies. The in month overspend in the Specialist Clinical Board is primarily due to clinical supplies, theatres, radiology and laboratory services. In Women & Children in month overspends were driven by medical staff budgets and the shortfall against savings targets and the overspend in the Surgery Clinical Board

was shortfalls against the savings target and overspend in clinical services and supplies.

All Budget holders have been asked to finalise a detailed forecast position profiled for the remainder of the year and this is now due to be completed by the end of September.

**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 5 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 £2.421m and accounting gains of £4.347m. Clinical Boards identified further schemes in month and those 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 they meet their delegated targets.

**Table 16: Progress against the 2018/19 Savings Programme at Month 5**

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

In addition the UHB has a fully established £9.266m financial improvement plan.

Further details of performance against the savings programme and Financial Improvement 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
<b>Deficit £m</b>	<b>9.900</b>	<b>29.161</b>	<b>39.061</b>

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 £1.6m 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 reduction in debtors with the Welsh Risk Pool is in part offset by an increase in the level of debtors as a result of anticipated income due to be repatriated to the UHB from the Partnership Agreement with the County Council of the City and County of Cardiff and Vale Of Glamorgan Council in relation to a pooled fund for care home accommodation services for older people

The value of Trade and other payables has fallen by around £40m 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 higher than anticipated due to unexpected receipts from other bodies late in the month.

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

The UHB requires significant capital cash assistance because of the relatively high level of capital creditors brought forward from the previous year. Given the UHB's anticipated monthly capital expenditure profile it will be difficult for the UHB to carry the same level of capital creditors into 2019/20, therefore the UHB requires £13m cash support to manage this working balance.

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
<b>Forecast Cash Deficit £m</b>	<b>(24.793)</b>

## Public Sector Payment Compliance

The UHB's cumulative performance to the end of August is 95.3%. This is a cumulative improvement of 0.4% in month with an in-month compliance rate of 96.6% in August 2018.

## Capital Resource Limit (CRL)

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

**Table 19: Progress against Capital Resource Limit @ August 2018**

	£m
Planned Capital Expenditure at month 5	11.928
Actual net expenditure against CRL at month 5	12.848
Variance against planned Capital Expenditure at month 5	0.920

Capital progress improved in month, with net spend to the end of August accounting for 39% of the UHB's approved CRL. The reported net spend to the end of August is £0.920m 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 12<sup>th</sup> July 2018. Therefore there has been no change to the UHBs CRL in the month of August.

## Financial Risks

The UHB's forecast year end position is 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. The gap against the devolved savings target narrowed in month and 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 a fully identified financial improvement programme.

3. Concern - Managing within current budgets.

Action – Net operational overspends increased by £0.2m in month to £0.8m. 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. The UHB has a one year financial plan for 2018/19 which delivers a deficit of £9.9m and requires the delivery of £33.8m savings and a further £9.3m financial improvement. The UHB has fully identified the required financial improvement and savings plans and the management of savings schemes and 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 five months is a deficit of £4.913m. This is made up of a budget plan deficit of £4.125m and an adverse variance against plan of £0.788m.

## Appendix 1

### Month 5 In-Year Effect

Clinical Board	18-19 Target	Green	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	6,804	122	6,926	4.20	150	-326
Capital Estates and Facilities	2,580	1,822	758	2,580	4.00	133	0
Specialist Services	4,038	3,712	396	4,108	4.07	643	-70
Medicine	3,754	2,144	1,366	3,509	3.74	531	245
Surgery	4,714	3,802	449	4,251	3.61	1,400	463
CD&T	3,442	2,015	1,107	3,122	3.63	866	320
Mental Health	2,940	2,258	307	2,565	3.49	20	375
Children & Women	3,550	1,669	1,331	3,001	3.38	699	549
Corporate Execs	1,362	883	23	906	2.66	457	456
Dental	800	211	22	233	1.17	84	567
<b>Total</b>	<b>33,780</b>	<b>25,320</b>	<b>5,881</b>	<b>31,201</b>	<b>3.69</b>	<b>4,983</b>	<b>2,579</b>

### 2018-19 Full Year Effect

Clinical Board	3% Recurrent	Green	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	5,764	122	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	2,362	487	2,849	2.82	853	180
Medicine	2,816	1,601	2,261	3,862	4.12	724	-1,047
Surgery	3,536	3,052	492	3,543	3.01	2,676	-8
CD&T	2,582	935	1,733	2,668	3.10	1,053	-86
Mental Health	2,205	1,535	307	1,842	2.51	20	363
Children & Women	2,663	920	1,626	2,546	2.87	814	116
Corporate Execs	1,022	495	13	507	1.49	491	514
Dental	600	94	0	94	0.47	110	506
<b>Total</b>	<b>25,335</b>	<b>17,622</b>	<b>8,185</b>	<b>25,807</b>	<b>3.06</b>	<b>7,545</b>	<b>-472</b>

## Appendix 2

### BALANCE SHEET AS AT 31<sup>st</sup> AUGUST 2018

	Opening Balance 1 <sup>st</sup> April 2018	Closing Balance 31 <sup>st</sup> August 2018
<b>Non-Current Assets</b>	<b>£'000</b>	<b>£'000</b>
Property, plant and equipment	657,424	661,305
Intangible assets	2,245	1,890
Trade and other receivables	57,469	39,382
Other financial assets		
<b>Non-Current Assets sub total</b>	<b>717,138</b>	<b>702,577</b>
<b>Current Assets</b>		
Inventories	15,697	17,230
Trade and other receivables	166,189	182,662
Other financial assets	0	0
Cash and cash equivalents	1,856	6,147
Non-current assets classified as held for sale	0	0
<b>Current Assets sub total</b>	<b>183,742</b>	<b>206,039</b>
<b>TOTAL ASSETS</b>	<b>900,880</b>	<b>908,616</b>
<b>Current Liabilities</b>		
Trade and other payables	180,290	140,535
Other financial liabilities	0	0
Provisions	120,512	135,318
<b>Current Liabilities sub total</b>	<b>300,802</b>	<b>275,853</b>
<b>NET ASSETS LESS CURRENT LIABILITIES</b>	<b>600,078</b>	<b>632,763</b>
<b>Non-Current Liabilities</b>		
Trade and other payables	9,635	9,397
Other financial liabilities	0	0
Provisions	60,471	36,547
<b>Non-Current Liabilities sub total</b>	<b>70,106</b>	<b>45,944</b>
<b>TOTAL ASSETS EMPLOYED</b>	<b>529,972</b>	<b>586,819</b>
<b>FINANCED BY:</b>		
<b>Taxpayers' Equity</b>		
General Fund	417,207	472,144
Revaluation Reserve	112,765	114,675
<b>Total Taxpayers' Equity</b>	<b>529,972</b>	<b>586,819</b>

## Appendix 3

CASH FLOW FORECAST AS AT 31<sup>st</sup> AUGUST 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
<b>RECEIPTS</b>													
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
<b>TOTAL RECEIPTS</b>	<b>139,864</b>	<b>128,883</b>	<b>148,087</b>	<b>116,485</b>	<b>138,792</b>	<b>109,816</b>	<b>117,137</b>	<b>130,974</b>	<b>121,635</b>	<b>104,227</b>	<b>117,633</b>	<b>93,335</b>	<b>1,466,868</b>
<b>PAYMENTS</b>													
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
<b>TOTAL PAYMENTS</b>	<b>139,414</b>	<b>125,584</b>	<b>151,996</b>	<b>116,141</b>	<b>136,737</b>	<b>109,848</b>	<b>117,172</b>	<b>130,985</b>	<b>121,644</b>	<b>104,235</b>	<b>117,624</b>	<b>122,137</b>	<b>1,493,517</b>
<b>Net cash inflow/outflow</b>	450	3,299	(3,909)	344	2,055	(32)	(35)	(11)	(9)	(8)	9	(28,802)	
<b>Balance b/f</b>	1,856	2,306	5,605	1,696	2,040	4,095	4,063	4,028	4,017	4,008	4,000	4,009	
<b>Balance c/f</b>	2,306	5,605	1,696	2,040	4,095	4,063	4,028	4,017	4,008	4,000	4,009	(24,793)	



<b>2018-19 Cost Reduction Programme</b>	
<b>Name of Meeting :</b> Finance Committee	26 <sup>th</sup> September 2018
<b>Executive Lead :</b> Executive Director of Finance	
<b>Author :</b> Assistant Director of Finance	
<b>Caring for People, Keeping People Well:</b> 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.	
<b>Financial impact:</b> 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.	
<b>Quality, Safety, Patient Experience impact:</b> The financial plan aims to support the delivery of high quality and safe services.	
<b>Health and Care Standard Number</b> 1	
<b>CRAF Reference Number</b> 6.7	
<b>Equality Impact Assessment Completed:</b> Not Applicable	

<p><b>ASSURANCE AND RECOMMENDATION</b></p> <p>The Finance Committee is asked to:-</p> <ul style="list-style-type: none"> <li>• <b>NOTE</b> the progress against the £33.780m devolved 2018/19 CRP target and the Cross Cutting contribution.</li> <li>• <b>NOTE</b> the £9.266m financial improvement target has been achieved without any adverse impact on service delivery.</li> </ul>
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## 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 5 £31.201m 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 £2.579m 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 £31.201m identified schemes:

- £21.041m has been identified against the £25.335m recurrent in year 3% element of the devolved target;
- £10.160m 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 5 £12.264m 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

The UHB now has a full financial improvement plan in place following the identification of non recurrent reserve slippage and the identification of other non recurrent financial opportunities. Details of this are shown below.

	<b>Financial Improvement Plan</b> <b>£'000</b>
<b>Target</b>	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)
<b>Total Month 5</b>	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 £31.201m 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 £2.579m. Completion of the CIP programme will need to be prioritised as a matter of urgency.



## Savings Tracker Summary

### Month 5 In-Year Effect

Clinical Board	18-19 Target	Green	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	6,804	122	6,926	4.20	150	-326
Capital Estates and Facilities	2,580	1,822	758	2,580	4.00	133	0
Specialist Services	4,038	3,712	396	4,108	4.07	643	-70
Medicine	3,754	2,144	1,366	3,509	3.74	531	245
Surgery	4,714	3,802	449	4,251	3.61	1,400	463
CD&T	3,442	2,015	1,107	3,122	3.63	866	320
Mental Health	2,940	2,258	307	2,565	3.49	20	375
Children & Women	3,550	1,669	1,331	3,001	3.38	699	549
Corporate Execs	1,362	883	23	906	2.66	457	456
Dental	800	211	22	233	1.17	84	567
<b>Total</b>	<b>33,780</b>	<b>25,320</b>	<b>5,881</b>	<b>31,201</b>	<b>3.69</b>	<b>4,983</b>	<b>2,579</b>

### 2018-19 Full Year Effect

Clinical Board	3% Recurrent	Green	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	5,764	122	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	2,362	487	2,849	2.82	853	180
Medicine	2,816	1,601	2,261	3,862	4.12	724	-1,047
Surgery	3,536	3,052	492	3,543	3.01	2,676	-8
CD&T	2,582	935	1,733	2,668	3.10	1,053	-86
Mental Health	2,205	1,535	307	1,842	2.51	20	363
Children & Women	2,663	920	1,626	2,546	2.87	814	116
Corporate Execs	1,022	495	13	507	1.49	491	514
Dental	600	94	0	94	0.47	110	506
<b>Total</b>	<b>25,335</b>	<b>17,622</b>	<b>8,185</b>	<b>25,807</b>	<b>3.06</b>	<b>7,545</b>	<b>-472</b>



## WTE Tracker Summary

### Month 5 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	2.90	0.00	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	13.54	2.17	15.71	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
<b>Total</b>	<b>91.28</b>	<b>13.74</b>	<b>105.02</b>	<b>18.26</b>

### 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
<b>Total</b>	<b>80.38</b>	<b>15.54</b>	<b>95.92</b>	<b>18.76</b>

## Progress against 2018-19 Devolved Recurrent and Non Recurrent Targets Month 5

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	1,386	215%
Specialist Services	3,029	2,575	85%	1,010	1,533	152%
Medicine	2,816	2,403	85%	939	1,107	118%
Surgery	3,536	3,019	85%	1,179	1,232	105%
CD&T	2,582	1,852	72%	861	1,270	148%
Mental Health	2,205	1,822	83%	735	743	101%
Children & Women	2,663	2,333	88%	888	668	75%
Corporate Execs	1,022	501	49%	341	404	119%
Dental	600	94	16%	200	139	70%
<b>Total</b>	<b>25,335</b>	<b>21,041</b>	<b>83%</b>	<b>8,445</b>	<b>10,160</b>	<b>120%</b>



## Cross Cutting Tracker Weekly Summary 2018-19

### Month 5 In-Year Effect

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	955	308	202	1,263	737
Medicines Management	5,000	5,501	1,464	1,621	6,966	-1,966
Nursing Productivity	1,000	985	529	242	1,513	-513
Procurement	2,000	1,742	247	220	1,988	12
Workforce Productivity	2,000	534	0	0	534	1,466
<b>Total</b>	<b>12,000</b>	<b>9,716</b>	<b>2,547</b>	<b>2,285</b>	<b>12,264</b>	<b>-264</b>

### 2018-19 Full Year Effect

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	829	373	226	1,201	799
Medicines Management	5,000	6,367	2,421	3,150	8,788	-3,788
Nursing Productivity	1,000	815	1,192	372	2,007	-1,007
Procurement	2,000	1,627	349	294	1,976	24
Workforce Productivity	2,000	442	0	0	442	1,558
<b>Total</b>	<b>12,000</b>	<b>10,079</b>	<b>4,334</b>	<b>4,042</b>	<b>14,414</b>	<b>-2,414</b>

## Appendix B – CRP RAG Rating

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

## Welsh Government Monitoring Returns

## Top 20 Schemes

Scheme Title & brief scheme description	1	2	3	4	5	6	7	8	9	10	11	12	Total YTD	Full-year forecast
	Apr £'000	May £'000	Jun £'000	Jul £'000	Aug £'000	Sep £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £'000		
1 CHC - step down and price Phase 1	50	68	79	132	121	110	112	110	112	113	104	112	450	1,223
2 Pregabalin	69	69	69	69	69	69	69	69	69	69	69	69	344	826
3 Outpatient Partnership	0	0	0	0	0	0	100	100	100	100	100	100	0	600
4 R&D Savings _ Blood Cost Avoidance Individual Patient	108	108	108	108	108	0	0	0	0	0	0	0	542	542
5 Tadalafil LOE	43	43	43	43	43	43	43	43	43	43	43	43	213	511
6 Emergency GS Business Case	51	51	51	51	51	51	51	51	51	51	51	51	257	617
7 Rosuvastatin LOE	35	35	35	35	35	35	35	35	35	35	35	35	176	423
8 Ward Reprovision								84	85	85	83	84	0	421
9 Hep C					47	47	47	47	47	47	47	47	47	373
10 Symbicort price < Jan 18 v rebate	30	30	30	30	30	30	30	30	30	30	30	44	148	369
11 Truvada contract price change	0	0	0	41	41	41	41	41	41	41	41	41	82	370
12 Non-recurrent rates rebates	0	0	340	0	0	0	0	0	0	0	0	0	340	340
13 Biosimilar switching - Enbrel/Benapali)	24	24	24	26	26	26	26	26	26	26	26	26	125	308
14 Non-pay savings		0	0	0	0	0	50	50	50	50	50	50	0	300
15 Review of hires and Maintenance	0	0	300	0	0	0	0	0	0	0	0	0	300	300
16 CHC - step down and price Phase 2	0	0	0	0	0	24	46	44	46	45	40	32	0	277
17 Energy non-recurrent	0	0	254	0	0	0	0	0	0	0	0	0	254	254
18 Beds Contract	21	21	21	21	21	21	21	21	21	21	21	21	105	251
19 Concourse Phase 2 (2019/20 ->)	0	0	0	0	0	0	42	42	42	42	42	42	0	250
20 Tiotropium LOE switch to braltus	18	18	18	18	18	18	18	18	18	18	18	18	92	220

<b>Finance Risk Register</b>	
<b>Name of Meeting :</b> Finance Committee	26 <sup>th</sup> September 2018
<b>Executive Lead :</b> Executive Director of Finance	
<b>Author :</b> Assistant Director of Finance	
<b>Caring for People, Keeping People Well:</b> This report sets out the financial risks to be managed to support delivery of the financial plan which supports the one year operational plan.	
<b>Financial impact:</b> 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.	
<b>Quality, Safety, Patient Experience impact:</b> The financial plan aims to support the delivery of high quality and safe services.	
<b>Health and Care Standard Number 1</b>	
<b>CRAF Reference Number 6.7</b>	
<b>Equality Impact Assessment Completed:</b> 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 26<sup>th</sup> September 2018. The detailed risk register is shown in Appendix 1.

#### **ASSESSMENT**

Following the most recent review the number of risks identified is twenty one, with one new risk being added this month.

- Fin/21/18 – Payment of working time directive holiday pay for staff working overtime

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

**UHB Financial Risks at 22<sup>nd</sup> August 2018**

<b>Risk Category</b>	<b>Risk Score</b>	<b>Number of Risks as at 26 August 2018</b>
Extreme Risk	20 - 25	2
High Risk	12 - 16	4
Moderate Risk	4 - 10	15
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.

Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Current Risk Rating			Adequacy Existing Controls	Summary of Additional Controls Required	Target Risk Rating if Controls in Place			Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee
					Impact / Consequence	Likelihood	Score			Impact / Consequence	Likelihood	Score						
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 5 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	Sep-18	Assistant Director of Finance	Oct-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 5 budgets have an operational overspend of £0.788m.	4	3	12	Adequate but more Action Required		4	2	8	Sep-18	Assistant Director of Finance	Oct-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 5 the UHB is £4.3m short of delivering the in year devolved target.	5	4	20	Adequate but more Action Required	Escalation process under review by the Executive team. Budget manager training programme to be rolled out across the organisation.	2	2	4	Sep-18	Assistant Director of Finance	Oct-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 5 the UHB has exceeded the delegated non recurrent target by £1.7m.	2	2	4	Adequate but more Action Required		2	2	4	Sep-18	Assistant Director of Finance	Oct-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 5 opportunities have been identified to fully deliver the financial improvement target.	3	2	6	Adequate but more Action Required	None	2	2	4	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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 5 the nursing overspend was £1.092m.	4	3	12	Adequate but more Action Required	None	2	3	6	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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 closely 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	Sep-18	Assistant Director of Finance	Oct-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 communication with AB regarding contract rebasing in 2019/20.	3	3	9	Adequate but more Action Required	None	3	2	6	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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	Sep-18	Assistant Director of Finance	Oct-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
<b>Impact on the safety of patients, staff or public (physical/psychological harm)</b>	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
<b>Quality/complaints/audit</b>	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
<b>Human resources/ organisational development/staffing / competence</b>	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
<b>Statutory duty/ inspections</b>	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

<b>Adverse publicity/ reputation</b>	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
<b>Business objectives/ projects</b>	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
<b>Finance including claims</b>	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
<b>Service/business interruption</b>	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
<b>Environmental impact</b>	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
<b><u>Frequency</u></b> 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
<b><u>Probability</u></b> 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
<b>5 - Catastrophic</b>	5	10	15	20	25
<b>4 - Major</b>	4	8	12	16	20
<b>3 - Moderate</b>	3	6	9	12	15
<b>2 - Minor</b>	2	4	6	8	10
<b>1 - Negligible</b>	1	2	3	4	5

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

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