

Bundle Finance Committee 28 November 2018

Agenda attachments

Agenda 28 November 18 Finance Committee.docx

- 1 Welcome and Introductions
- 2 Apologies for Absence
- 3 Declarations of Interest
- 4 Minutes of the meeting held on 31st October 2018
 4. UNCONFIRMED MINUTES OF THE FINANCIAL COMMITTEE 31 OCTOBER 2018.docx
- 5 Action Log
 5. Action Log For Nov 18 Finance Committee.docx
- 6 Finance Report as at Month 7
 6. Finance Report month - Finance Committee Meeting 28th November.docx
- 7 2019/20 Financial Plan
- 8 Clinical Boards in Escalation
- 9 Cost Reduction Programme and Cross Cutting Themes
 9. CRP Tracker and Cross Cutting Progress Finance Committee November 2018.docx
- 10 Finance Risk Register
 - 10a. Finance Risk Register November 2018.docx
 - 10b. Finance Risk Register November 2018-19 - Appendix 1.pdf
- 11 Items to bring to the attention of the Board / other Committees
- 12 Date, time and venue of the next meeting of the Finance Committee: 1.00pm on Thursday 3rd January 2019, Large Meeting Room, HQ, UHW

FINANCE COMMITTEE MEETING
2.00pm on 28th November 2018
Large Meeting Room, Headquarters, UHW

AGENDA

PART 1: ITEMS FOR ACTION		
1	Welcome and Introductions	<i>Oral - Chair</i>
2	Apologies for Absence	<i>Oral - Chair</i>
3	Declarations of Interest	<i>Oral – Chair</i>
4	Minutes of the meeting held on 31 st October 2018	<i>Chair</i>
5	Action Log	<i>Chair</i>
6	Finance Report as at Month 7	<i>Chris Lewis</i>
7	2019/20 Financial Plan	<i>Presentation – Chris Lewis</i>
8	Clinical Boards in Escalation	<i>Oral – Steve Curry</i>
9	Cost Reduction Programme and Cross Cutting Themes	<i>Andrew Gough</i>
10	Finance Risk Register	<i>Andrew Gough</i>
PART 2: ITEMS TO BE RECORDED AS RECEIVED AND NOTED FOR INFORMATION BY THE BOARD		
11	Items to bring to the attention of the Board / other Committees	<i>Oral - Chair</i>
12	Date, time and venue of the next meeting of the Finance Committee: 1.00pm on Thursday 3rd January 2019, Large Meeting Room, HQ, UHW	<i>Oral - Chair</i>

UNCONFIRMED MINUTES OF THE FINANCE COMMITTEE

HELD ON 31st OCTOBER 2018

LARGE MEETING ROOM, HQ, UHW

Present:

John Union	Chair (Finance Committee)
Charles Janczewski	Vice Chair (Board)
Abigail Harris	Executive Director of Planning
Andrew Gough	Assistant Director of Finance
Chris Lewis	Deputy Director of Finance
Len Richards	Chief Executive
Nicola Foreman	Director of Corporate Governance
Robert Chadwick	Executive Director of Finance
Dr Sharon Hopkins	Director of Transformation and Deputy Chief Executive
Steve Curry	Chief Operating Officer

Secretariat:

Paul Emmerson	Finance Manager
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FC – 18/255 WELCOME AND PURPOSE OF THE COMMITTEE

The Chair welcomed everyone to the meeting.

FC – 18/256 APOLOGIES FOR ABSENCE

Apologies were received from John Antoniazzi, Maria Battle, Martin Driscoll and Ruth Walker.

FC – 18/257 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 – 18/258 MINUTES OF THE FINANCE COMMITTEE HELD ON 26th SEPTEMBER 2018

The Committee **RECEIVED** and **APPROVED** minutes of the meeting held on 26th September 2018.

FC - 18/259 ACTION LOG FOLLOWING THE LAST MEETING

The Committee **RECEIVED** the Action Log from the meeting of 26th September 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. **Complete** – Report provided to the October 2018 Finance Committee.

FC - 18/200 REVISED TERMS OF REFERENCE FINANCE COMMITTEE - Revised TOR to be taken to the Board for approval. **Complete** – Revised TOR and a covering paper to request ratification of the revised TOR were on the agenda of the Board meeting scheduled for the 27th September 2018.

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. **Complete** – Clinical Boards have finalised a detailed forecast position profiled for the remainder of the year based on the month 6 position and this is included in the Finance report to the October Finance Committee.

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. **Partially complete** – The Executive Nurse Director was asked to pick this up in October and has surveyed bank staff who have indicated their support for a move to weekly pay. The purpose is to increase the uptake of UHB staff working bank shifts; especially to cover winter pressures, vacancy/sickness gaps and to reduce expensive agency cost. The UHB wished to provide substantive nurses who work bank shifts a weekly pay option from December. NWSSP are reviewing the wider opportunity for weekly pay on the assumption that this will offer better options to the UHB and has promised to keep the UHB updated on progress. However preferred options are unlikely to be implemented for December in part due to the additional workload in implementing the Medical & Dental pay award.

Subsequent to the assessment of preferred options the Finance Committee requested a speedy implementation.

ACTION

Executive Nurse Director

It was agreed that once implemented the initiative should be reviewed after 6 months and the results reported back to the Finance Committee.

ACTION

Executive Nurse Director

FC - 18/236 REPORT ON THE WIDER ISSUES AND ACTIONS AROUND THE NURSING POSITION TO BE PROVIDED TO THE FINANCE COMMITTEE. The Executive Nurse Director is generally unable to attend the Finance Committee when it is held on the last Wednesday of the month due to national and external commitments. The Executive Nurse Director has offered to arrange a meeting with the Independent Members on the Finance Committee to provide assurance of Corporate Nursing actions if required. In addition the possibility of using the last Thursday in each calendar month where there was not a scheduled Board meeting would be investigated. The December meeting is currently scheduled for Thursday January 3rd 2018.

FC - 18/249 REVIEW OF RAG RATING OF RISKS ON THE FINANCE RISK REGISTER Complete – Risks were reviewed and re-categorised for the October 2018 Risk Register.

FC - 18/260 FINANCE REPORT AS AT MONTH 6

The Deputy Director of Finance presented the UHB's financial performance to month 6 and highlighted that the UHB remained on track to deliver the £9.9m planned deficit, that a full savings programme was in place and that the overspend against plan fell by £0.033m in month. The committee was reminded that even though the UHB was on track to deliver the planned £9.9m deficit that it would still fail to meet its statutory break even duty in 2018/19. Given the duty to secure that its expenditure does not exceed the aggregate of the funding allotted to it over a period of 3 financial years the committee was advised that it was also unlikely that the UHB would meet its statutory break even duty in 2019/20.

Moving onto the Month 6 Finance Dashboard three of the measures remained rated red as follows:

- 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 continued at £39.1m at month 6 and this is RAG rated red.
- 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.

In response to a query, the Deputy Director of Finance confirmed that the UHB had received a positive response to its request for Capital Working Balance Cash from Welsh Government. It was noted that capital and revenue cash are managed

separately by Welsh Government and that the UHB would submit a separate request to cover revenue cash.

The UHB had reported a deficit of £5.705m for the year to date which was made up of a planning deficit of £4.950m (6/12 of the £9.9m planned deficit) and a £0.755m adverse variance against plan.

The UHB Vice Chair (CJ) asked whether the UHB was confident of recovering the £0.755m overspend against plan in the final 6 months of the year and the Deputy Director of Finance indicated that as long as Clinical Boards delivered their year-end forecasts the UHB could be reasonably confident of delivering on plan due to investment slippage and other non recurrent opportunities.

The cumulative deficit of £1.094m reported against income budgets was noted and the Committee was asked to note the following:

- part of the £0.393m underrecovery in other operating income was due to seasonal fluctuation in critical care activity.
- CRU income recovery where there was a year to date shortfall of £0.159m is largely outside the control of the UHB.
- LTA provider performance was reporting a £0.495m shortfall against income targets primarily due to Aneurin Bevan and Cwm Taf activity where there was an in month deterioration of £0.285m against the cost per case orthopaedic contract and the UHB was working to establish whether the downturn was due to demand or supply issues so that remedial actions to improve the position could be explored.

The Deputy Director of Finance covered the pay pressures that had unfolded in year and advised that a balanced position was reported in month against medical and dental budgets, however nursing budgets reported a £0.193m in month overspend the majority of which was recurrent.

Moving onto non-pay the committee was advised that the key pressure area was in clinical services and supplies with the majority of the cumulative variance due to overspends in theatres and specialist services. A £0.462m cumulative underspend at Month 6 against commissioned services was primarily due to underspends on Long Term Agreements with Cwm Taf HB, Abertawe Bro Morgannwg HB and Velindre Trust. Part of the under-spend was offset by pressures in out of area mental health and continuing healthcare placements.

The Committee was informed that the forecasting exercise undertaken by Clinical Boards suggested that a £4.5m overspend would be reported against delegated budgets at year end. This would be managed through £4.5m of non recurrent corporate opportunities that had emerged in year. Delegated budgets had reported a £2.4m overspend for the year to date. The UHB Vice Chair (CJ) enquired whether the use of non recurrent funding had an impact on the UHB's underlying deficit. In response the Deputy Director of Finance indicated that whilst Clinical Boards had not

yet identified plans to achieve the 2018/19 savings target, the full year effect of the schemes met the recurrent target. It was stressed that further advances in reducing the £39.1m underlying deficit outlined in table 18 of the main report was key to the development of an approvable 2019/20 plan.

The UHB's Vice Chair (CJ) noted the continuing improvement in the UHB's Public Sector Payment Compliance rate.

The management of budget pressures and delivery of identified savings were still the key risks to the achievement of the plan and the committee was advised that these risks are diminishing as time passed and further progress was made on the plan.

In the context of the present year and future plans, the Director of Finance advised the committee that the UHB needed to make headway into the management of nursing risks and pressures before year end and that workforce plans that were consistent with the financial and human resources available to the UHB needed to be established. In respect of savings plans the Director of Finance advised that 2018/19 unachieved CRPs would be carried forward by Clinical Boards to 2019/20. In this context the Director of Transformation indicated that the UHB needed to ensure that the assessment of Clinical Board performance and plans triangulated finance, activity and patient safety measures.

The UHB Vice Chair (CJ) asked what mechanisms were in place to manage Clinical Boards which presented un-approvable IMTPs. The Director of Finance indicated the process was fluid and under review and also that the UHB was developing a framework to identify workforce plans on a timely basis so that they could be delivered at the earliest opportunity in 2019/20. The Chief Executive added that the Executive Director of Workforce was focussing on leadership training through the organising for success development and that this was intended to enable the production of approvable plans within the Health Board.

The Finance Committee Chair (JU) asked whether successful internal and external initiatives were communicated through the organization. The Chief Executive indicated that some of the successful MDT work in PCIC e.g. musculoskeletal was rolling out across clients and added that further work was required to roll out transformative programmes gleaned through other partners e.g. Canterbury Health System and Local Health Boards.

To conclude the Director of Finance highlighted that the operational overspend and underlying deficit remained the two main financial concerns for the UHB.

LIMITED ASSURANCE was provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 6 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 £5.405m deficit at month 6 which includes a planning deficit of £4.950m and an adverse variance against plan of £0.755m;
- **NOTED** the key concerns and actions being taken to manage risks.

**FC - 18/261 WELSH GOVERNMENT UPDATE: WG & HSS BUDGET 2019/20;
NHS PLANNING FRAMEWORK 2019/22; RESOURCE ALLOCATION REVIEW**

The Deputy Director of Finance proceeded to advise the Committee of the key points arising from a planning update provided to All Wales Directors of Finance by Welsh Government as follows:

- Following the 2019-20 UK Government Budget of 29 October 2018, final Welsh Government budgets were expected to be published on December 18 2018.
- More than £500m extra health and social care revenue funding would be available in 2019/20 – This included £220m funding to meet the Nuffield gap and £287m extra as a consequence of the uplift in funding for the NHS in England. This will be used to fund performance, NHS pay and prevention. It was estimated that a significant share of the additional funding would be required to cover the agenda for change & DDRB pay deals.
- An additional £41m capital would be available to the NHS in 2019-20 and additional £20m would be available in 2020-21.
- The NHS Planning Framework 2019/22 required the submission of Final IMTPs by 31st January 2019. Before this date Welsh Government planned a number individual engagement meetings to ensure that the progression IMTPs was consistent with national priorities and objectives.
- There is an expectation that Health Boards will implement opportunities identified through the Efficiency Framework around four key domains of population health, technical efficiency and productivity, whole systems and shared opportunities
- Welsh Government were in the process of reviewing the allocation of funding to Health Boards in Wales and had undertaken a review of existing Resource Allocation Formulas across the world to establish common features.
- Welsh Government had indicated that most health funding formulas were dependent on measures of Population, Demography - Age/Sex and Need (including unmet needs) and could also include adjustments for variation in Rurality / Remoteness, Ethnicity, Market Forces Factor and Overseas Visitors.
- Further testing was required to establish the feasibility of potential formulas for application in Wales. At this stage the financial consequences for Cardiff & Vale UHB of moving towards a formula for resource allocation were uncertain

as the share of resources across Wales would be sensitive to the variables adopted within a formula.

The Finance Committee Chair (JU) asked whether the UHB had finalised a timetable for the production of the IMTP and it was agreed that an update in respect of the 2019/20 Financial Plan would be brought back to the next meeting.

ACTION

Deputy Director of Finance

The Finance Committee:

- NOTED the Welsh Government update on planning parameters and processes.

FC - 18/262 CLINICAL BOARDS IN ESCALATION

The Chief Operating Officer confirmed that an additional Clinical Board had moved into escalation since the last Committee meeting meaning that there were currently 5 Boards in escalation where the required level of assurance was not attained in respect to finance, activity and quality and safety.

Progress had been made in month in reducing the forecast year end deficits for both the Women & Children and CD & T Clinical Boards. The Executive Director of Workforce was providing additional support to the Medicine Clinical Board so that sickness rates and the reliance on agency staff could be improved. Further progress with the Surgery Clinical Board was expected to be made at a forthcoming meeting and the framework for the management and delivery of services provided through the Dental Clinical Board was going through a consultation process.

In response to a query from the UHB Vice Chair (CJ) the Chief Operating Officer indicated that the decision to de-escalate a Clinical Board was taken jointly with the Director of Finance and Nurse Director based on objective measures of finance, performance and safety and the level of assurance offered by Clinical Board plans and remedial actions.

The Finance Committee:

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

FC - 18/263 COST REDUCTION PROGRAMME

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

- At the end of the month, £31.755m of schemes had been identified as Green or Amber against the devolved 4% savings target of £33.780m, leaving a gap of £2.025m
- £21.097m has been identified against the £25.335m recurrent 3% element of the devolved target.
- £10.658m has been identified against the £8.445m non-recurrent 1% element of the devolved target.
- As at month 6 £12.280m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target.

The Assistant Director of Finance highlighted that the £2.025m gap against delegated savings targets at the end of September had fallen to £1.369m as at 22nd October, however it was noted that the reduction was due to non recurrent opportunities and therefore there was no reduction in the underlying position.

Work was now being focussed on those Clinical Boards and Directorates who had not met their recurrent CRP target. The Director of Transformation indicated that the UHB focus on workforce re-design was key to unlocking further recurrent savings and highlighted the emergency surgery plan as an example of a re-organized service which has led to better cost effective outcomes.

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 - 18/264 RISK REGISTER

The Assistant Director of Finance presented the 2018/19 Risk Register and informed the Finance Committee that no new risks had been added to the register in month.

The Committee was asked to authorise the removal of 2 risks from the register where optimum controls were in place in respect of the delivery of 1% non recurrent CIP and the delivery of financial opportunities of £9.3m to achieve the £9.9m year-end deficit.

The Finance Committee:

- **NOTED** the risks highlighted within the risk register.
- **APPROVED** the removal of the following 2 risks:

- Deliver 1% non recurrent CIP
- Develop and deliver financial opportunities of £9.3m to achieve the £9.9m year-end deficit

FC - 18/265 NO PURCHASE ORDER NO PAYMENT POLICY – UPDATE REPORT

The Deputy Director of Finance confirmed that the policy had been implemented across Wales in June 2018 and that the key feature of the No PO/No Pay policy is that invoices arriving in the system without an order number are returned to the supplier unpaid until an official purchase order is given.

The committee's attention was drawn to table 1 within the report which showed that 1,325 Cardiff and Vale invoices were on hold without a valid purchase order as at October 2018 which was the highest number in NHS Wales. It was noted that 50% of the current Cardiff & Vale holds were with 2 suppliers relating to the supply of staff and that a solution was in the process of being worked through.

The UHB Vice Chair (CJ) asked for the number of invoices on hold to be reported back to the committee in 3 months time so that the position could be re-assessed.

ACTION

Deputy Director of Finance.

It was confirmed that invoices without a PO order number were excluded from compliance scores.

Table 2 of the report identified the improvement in Cardiff and Vale's PSPP Compliance Rate since the end of 2017/18.

FC - 18/266 ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES

No other items to bring to the main Board.

FC - 18/267 DATE AND TIME OF NEXT MEETING

Wednesday 28th November; 2.00pm; Large Meeting Room, HQ, UHW

FINANCE COMMITTEE

ACTION LOG FROM 31st OCTOBER 2018

MINUTE	DATE	SUBJECT	AGREED ACTION	ACTIONED TO	STATUS
FC - 18/225 & FC - 18/259	25.07.18 31.10.18	The impact of weekly vs monthly payroll on the availability of bank staff	<p>The Nursing Productivity Group to be asked to explore the likely impact of introducing a weekly payroll for payment of bank staff.</p> <p>Subsequent to the assessment made the Finance Committee requested a speedy implementation.</p> <p>It was agreed that once implemented the initiative should be reviewed after 6 months and the results reported back to the Finance committee.</p>	Executive Nurse Director	Partially complete – The Executive Nurse Director was asked to pick this up in October and has surveyed bank staff who have indicated their support for a move to weekly pay. The purpose is to increase the uptake of UHB staff working bank shifts; especially to cover winter pressures, vacancy/sickness gaps and to reduce expensive agency cost. The UHB wished to provide substantive nurses who work bank shifts a weekly pay option from December. NWSSP are reviewing the wider opportunity for weekly pay on the assumption that this will offer better options to the UHB and has promised to keep the UHB updated on progress. However preferred options are unlikely to be implemented for December in part due to the additional workload in implementing the Medical & Dental pay award.
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. The December meeting is currently

					scheduled for Thursday January 3 rd 2018.
FC - 18/261	31.10.18	2019/20 Financial Plan	Update in respect of the 2019/20 Financial Plan would be brought back to the November 2018 meeting.	Deputy Director of Finance	Complete – Update on the agenda of the November 2018 meeting
FC - 18/265	31.10.18	No Purchase Order No Payment Policy	Number of invoices with no PO number on hold to be reported back to the committee in 3 months time so that the position could be re-assessed	Deputy Director of Finance	Incomplete – Report to be brought back to January 2019 meeting

FINANCE REPORT FOR THE PERIOD ENDED 28th NOVEMBER 2018

Name of Meeting : Finance Committee

Date: 28th November 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 October 2018 is a deficit of £6.410m comprised of the following:

- £5.775m planned deficit (7/12th of £9.900m);
- £0.635m 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 7 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 planned deficit of £9.900m for the year;
- **NOTE** the £6.410m deficit at month 7 which includes a planning deficit of £5.775m and budget overspends of £0.635m;
- **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 overspend against the plan fell by £0.120m in month to £0.635m and is still driven by income under-recovery, nursing costs, overspends in clinical supplies and slippage against savings schemes.

BACKGROUND

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

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

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

Table 1: Operational Plan 2018/19

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

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

Table 2: Performance against 3 year financial break even duty



















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

Measure	n	STATUS REPORT				
		October 2018	RAG Rating	Latest Trend	Target	Time Period
Financial balance: remain within revenue resource limits	36	£6.410m deficit at month 7. £0.635m adverse variance against plan	R 		2018/19 planned deficit £9.9m	M7 2018-19
Remain within capital resource limits.	37	Expenditure at the end of October was £16.896m against a plan of £17.533m.	G 		Approved planned expenditure £33.355m	M7 2018-19
Reduction in Underlying deficit	36a	£39.1m assessed underlying deficit position at month 7	R 		If 2018/19 plan achieved reduce underlying deficit to £39.1m	M7 2018-19
Delivery of recurrent 3% savings target	36b	£25.335m identified at Month 7	G 		£25.335m	M7 2018-19
Delivery of non recurrent 1% savings target	36c	£12.573m identified at month 7.	G 		£8.445m	M7 2018-19
Delivery of financial improvement target	36d	£9.3m identified at month 7	G 		£9.3m	M7 2018-19
Creditor payments compliance 30 day Non NHS	37a	Cumulative 95.6% in October	G 		95% of invoices paid within 30 days	M7 2018-19
Remain within Cash Limit	37b	Forecast cash deficit of £11.743m	R 		To remain within Cash Limit	M7 2018-19
Maintain Positive Cash Balance	37c	Cash balance = £4.315	G 		To Maintain Positive Cash Balance	End of Oct. 2018

Month 7 Cumulative Financial Position

The UHB reported a deficit of £6.410m at month 7 as follows:

- £5.775m planned deficit (7/12th of £9.900m);
- £0.635m adverse variance against plan.

The £0.635m adverse variance which is not considered material is profiled to be recovered over the final 5 months of the year.

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

Table 4: Summary Financial Position for the period ended 31st October 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	(117.811)	(117.597)	0.214	(780.761)	(779.454)	1.307	(1,369.483)	(1,369.483)	0.000
Pay	51.017	50.963	(0.054)	347.613	347.269	(0.343)	590.772	590.772	0.000
Non Pay	67.619	67.340	(0.279)	438.924	438.595	(0.329)	788.611	788.611	0.000
Variance to Draft Plan £m	0.825	0.705	(0.120)	5.775	6.410	0.635	9.900	9.900	0.000
Planned Deficit	(0.825)	0.000	0.825	(5.775)	0.000	5.775	(9.900)	0.000	9.900
Total £m	0.000	0.705	0.705	(0.000)	6.410	6.410	(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 @ October 2018

Income	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Revenue Resource Limit	(79.983)	(79.983)	0.000	(521.191)	(521.191)	(0.000)
Non Cash Limited Expenditure	(1.615)	(1.615)	0.000	(11.304)	(11.305)	(0.000)
Accommodation & Catering	(0.345)	(0.369)	(0.024)	(1.941)	(1.892)	0.049
Education & Training	(3.202)	(3.192)	0.011	(22.034)	(22.025)	0.009
Injury Cost Recovery Scheme (CRU)	(0.114)	(0.080)	0.033	(1.096)	(0.904)	0.193
NHS Patient Related Income	(24.407)	(24.223)	0.184	(170.377)	(169.644)	0.732
Other Operating Income	(7.320)	(7.127)	0.192	(46.755)	(46.170)	0.585
Overseas Patient Income	(0.006)	(0.051)	(0.045)	(0.035)	(0.193)	(0.158)
Private Patient Income	(0.153)	(0.258)	(0.105)	(0.768)	(0.691)	0.077
Research & Development	(0.667)	(0.701)	(0.033)	(5.260)	(5.439)	(0.180)
Total £m	(117.811)	(117.597)	0.214	(780.761)	(779.454)	1.307

An in month deficit of £0.214m and a cumulative deficit of £1.307m is reported against income budgets. The two main adverse variances to note are:

- £0.732m variance on NHS patient related income where the position has deteriorated by £0.184m in month primarily due to continuing underperformance against orthopaedics services particularly in respect of out of area spinal work. In addition English income moved adversely by £0.079m in month due to a light case mix of emergency work.
- £0.585m variance on other operating income due to underperformance against critical care, PICU and NICU activity targets. The in month deterioration follows a further fall against critical care targets and an in month under-recovery against the St Marys Pharmaceutical Production Unit.

In addition the level of Injury Cost Recovery Scheme income collected from the Compensations Recovery Unit deteriorated once again as a result of a significant level of withdrawn claims in month.

Private patient income improved in month primarily due to an upturn in income invoiced for specialist procedures.

LTA Provider Performance

The UHB receives circa £270m 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.

Income from LTAs and individual patient contracting moved adversely in month by £0.089m, bringing the cumulative adverse variance to £0.681m. The Month 6 reported position is summarised in Table 6. This is driven significantly by under delivery against contracts with LHBs of £1.000m, offset by a favourable income position on WHSSC and NHS England.

The Month 7 reported position continues to reflect the under-performance trend for Aneurin Bevan and an in-year adverse movement on Cwm Taf. The latter is partially driven by recruitment into vacancies in Cwm Taf, reducing flows into Cardiff; most notably in Haematology and Urology.

There was a further sharp deterioration of £0.173m in-month driven by very low levels of orthopaedic activity for which there is a cost per case contract. Remedial actions to improve the position continue to be explored.

The favourable WHSSC position continues to reflect a benefit that has started to accrue from the contingency for LTA risks, which is crystallising as no longer required. However, most WHSSC contract performance is reflected directly in Clinical Board positions linked to activity delivery. The LTA position continues to materially over perform against baseline.

Non-Welsh income has seen a deterioration in month, driven by low volumes and a light case mix of emergency admissions, bringing the cumulative variance to £0.112m favourable.

Table 6: Month 7 LTA Provider Position

Income - C&V Provider				(fav) / adv
	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	(214.660)	(126.472)	(126.679)	(0.207)
Aneurin Bevan	(29.040)	(17.011)	(16.438)	0.574
Other LHBs	(38.245)	(22.259)	(21.832)	0.426
Non-Welsh	(3.200)	(2.234)	(2.346)	(0.112)
	(285.145)	(167.976)	(167.294)	0.681

Pay

In total pay budgets are showing a cumulative underspend of £0.343m 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 6 £m	2018/19 Month 1 to Month 6 £m	2017/18 Month 7 £m	2018/19 Month 7 £m	2017/18 Cum. to Month 7 £m	2018/19 Cum. to Month 7 £m
Basic	515.377	254.003	256.241	42.576	44.219	296.579	300.459
Enhancements	24.533	12.143	12.526	1.852	1.977	13.996	14.504
Maternity	4.088	2.146	1.957	0.365	0.350	2.510	2.307
Protection	0.676	0.338	0.338	0.060	0.051	0.398	0.390
Total Fixed Pay	544.674	268.630	271.062	44.853	46.598	313.483	317.660
Agency (mainly registered Nursing)	8.767	4.137	5.344	0.674	0.945	4.811	6.289
Nursing Bank (mainly Nursing)	14.439	7.043	6.236	1.203	1.156	8.246	7.392
Internal locum (Medical & Dental)	4.306	2.134	2.531	0.312	0.397	2.447	2.928
External locum (Medical & Dental)	7.118	3.360	3.517	0.617	0.583	3.977	4.099
On Call	2.224	1.071	1.206	0.173	0.187	1.245	1.393
Overtime	5.758	2.798	3.097	0.367	0.527	3.164	3.624
WLL's & extra sessions (Medical)	5.111	2.112	3.314	0.323	0.571	2.435	3.885
Total Variable Pay	47.722	22.655	25.244	3.670	4.365	26.324	29.609
Total Pay	592.396	291.285	296.307	48.522	50.963	339.807	347.269
Pay Budget	594.938	292.471	296.596	48.700	51.017	341.170	347.613
Budget Variance (Fav)/Adv £m	(2.541)	(1.186)	(0.289)	(0.177)	(0.054)	(1.363)	(0.343)

The 2018/19 pay levels partially reflect the additional cost of the 2018/19 annual pay award. Arrears payments will be made to agenda for change staff in November and arrears payments are expected to be made to medical staff in January. The UHB set aside a reserve to cover the initial 1% planning assumption and the cost of the additional wage award are to be met by additional Welsh Government funding which was confirmed in October and allocated to the UHB in November 2018.

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

Table 8: Analysis of pay expenditure by staff group @ October 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	2.056	1.953	(0.104)	13.697	13.174	(0.523)
Management, admin & clerical	5.978	5.808	(0.170)	40.342	39.983	(0.359)
Medical and Dental	12.763	13.026	0.263	89.433	90.031	0.599
Nursing (registered)	15.325	15.352	0.027	104.447	104.099	(0.349)
Nursing (unregistered)	4.077	4.309	0.231	27.738	29.631	1.893
Other staff groups	7.866	7.665	(0.202)	51.935	51.271	(0.664)
Scientific, prof & technical	2.952	2.851	(0.101)	20.021	19.080	(0.941)
Total £m	51.017	50.963	(0.054)	347.613	347.269	(0.343)

In total pay budgets improved by £0.054m in month to an underspend for the year to date of £0.343m. The in month rate of overspend against nursing has increased from

the average level reported for the first 6 months and the continuing overspend in this area is driven by vacancies, sickness and specialing. 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 is reported against Medical and Dental Budgets following a balanced position in September. The principal in month overspend was incurred in Women & Children Services where there was a continuation of existing pressures alongside non recurring costs relating to backdated costs of new starters. Overspends also continued in Diagnostics where pressures were in part due to increased demand for Radiology and Cellular Pathology.

Table 9 – Non Qualified Nursing Staff Pay Variance

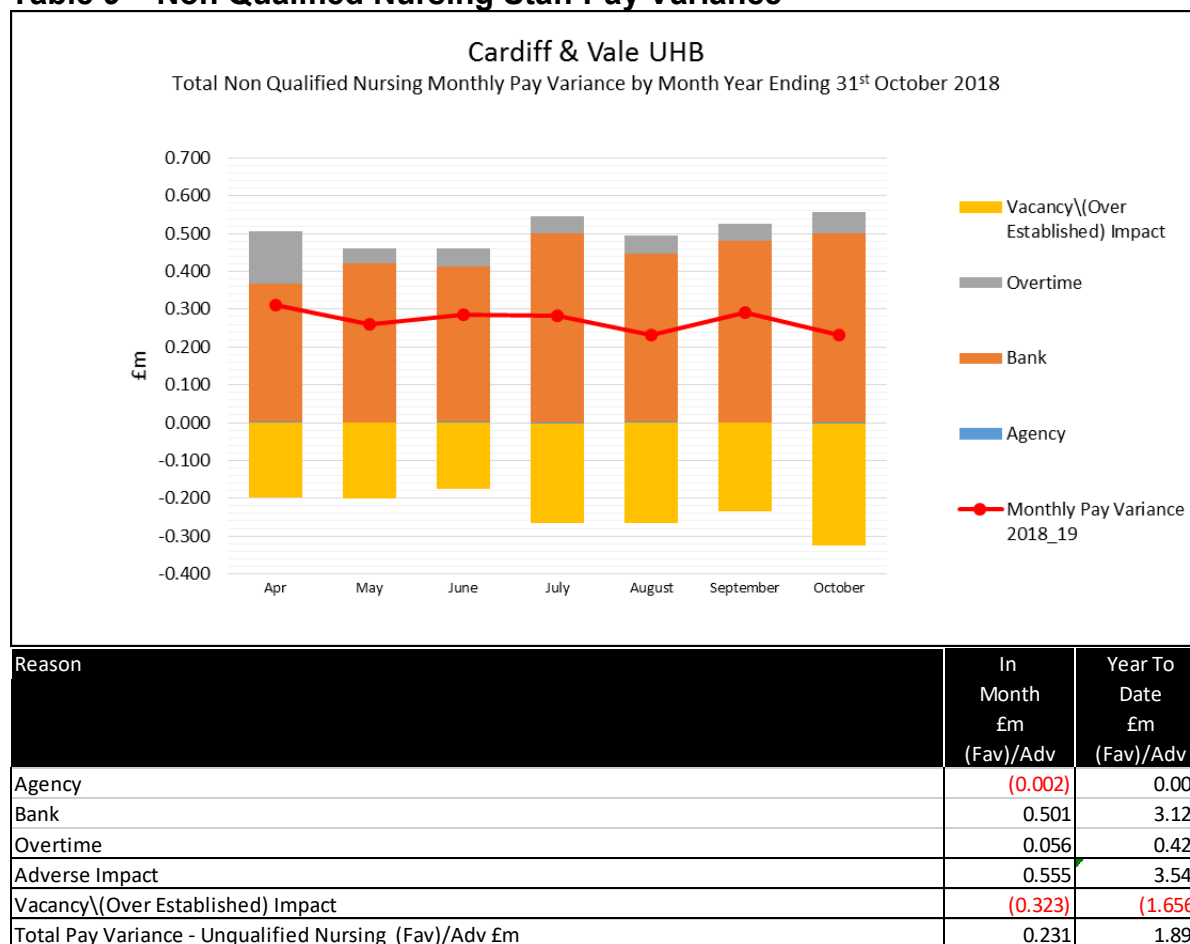


Table 9 indicates that the £1.893m adverse variance against non-qualified nursing assistants is due to overspends of £3.122m on bank staff and £0.422m on overtime which is partly offset by an underspend against established posts.

Table 10 - Qualified Nursing Staff Pay Variance

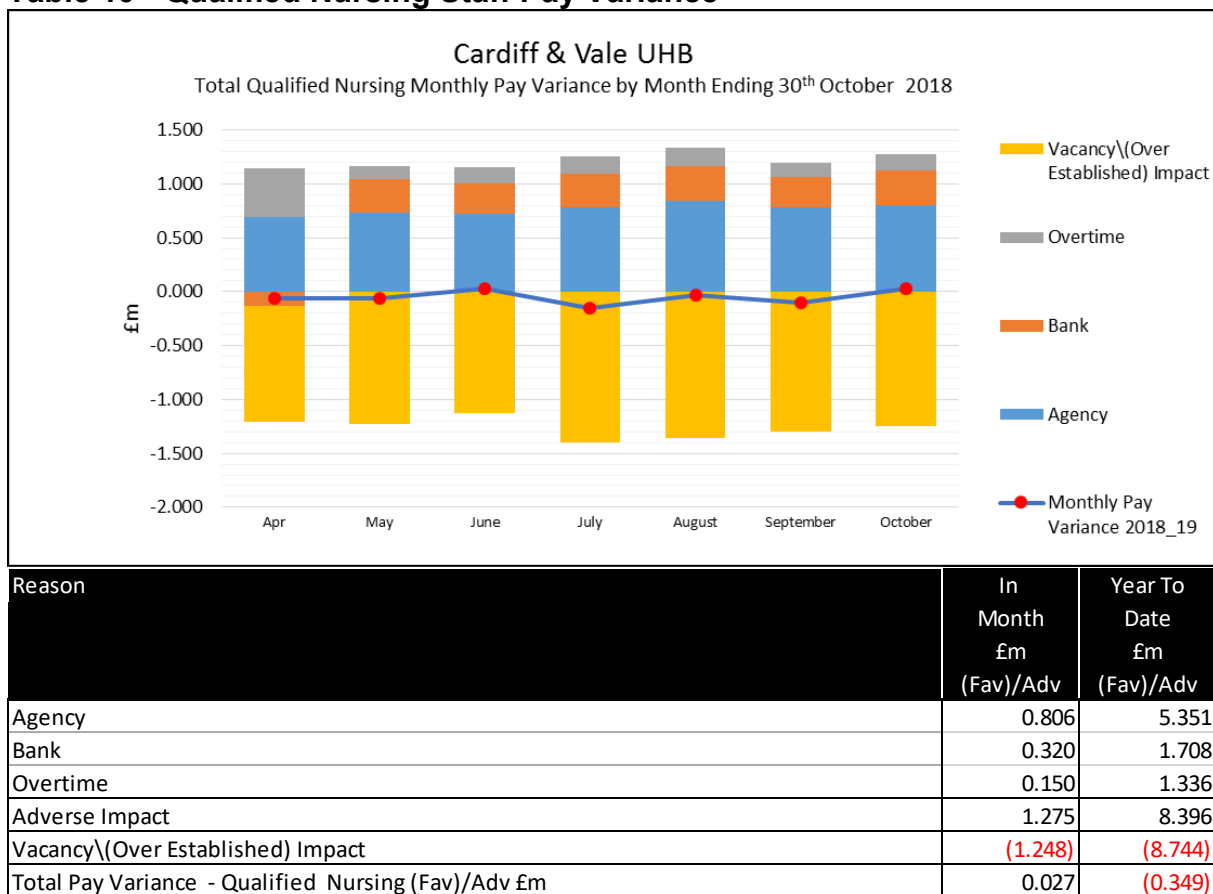


Table 10 confirms that expenditure on established qualified nursing posts is significantly less than budget and that the UHB is covering vacancies through additional spend on temporary staffing.

Table 11 - Total Nursing Staff Pay Variance

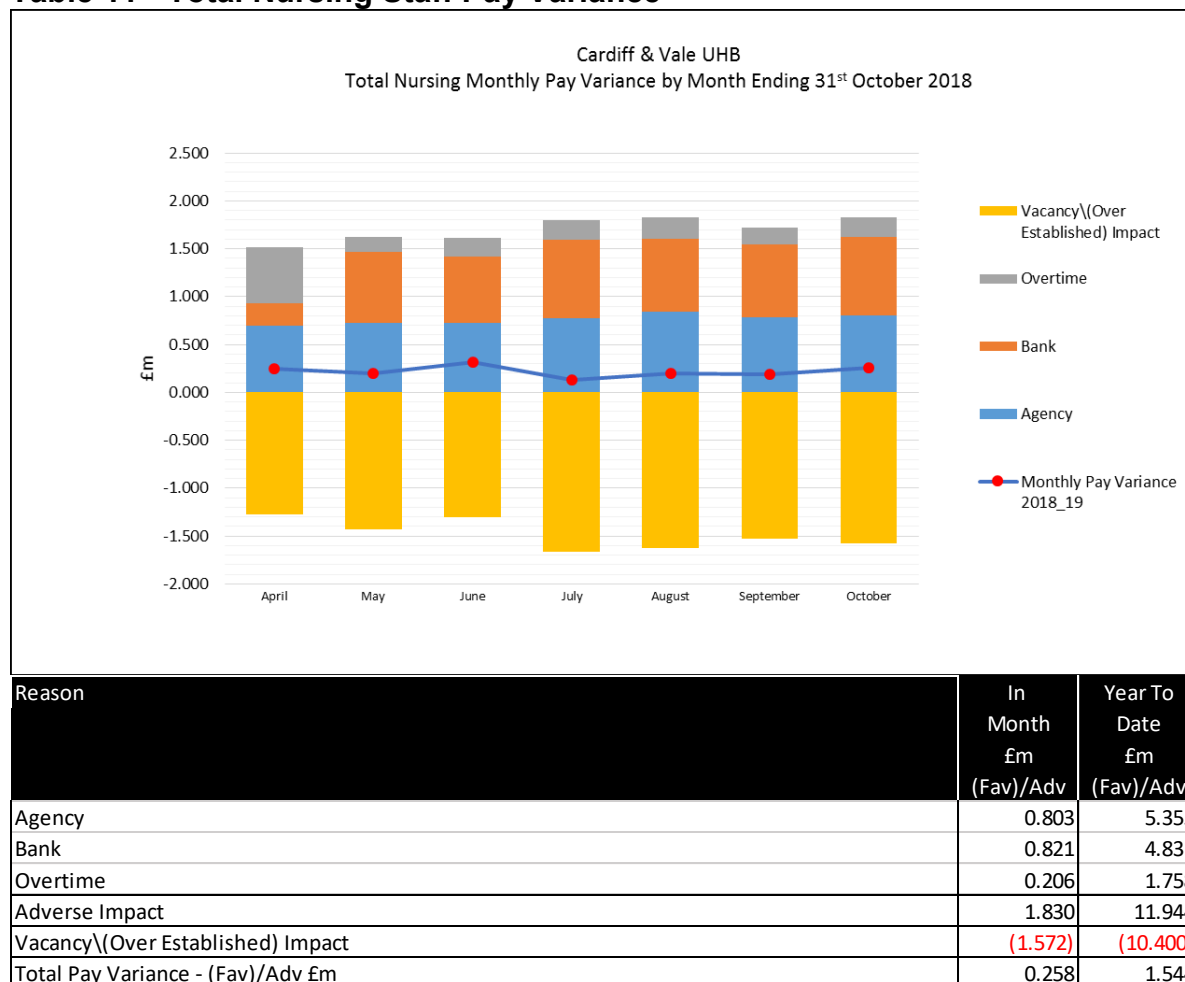
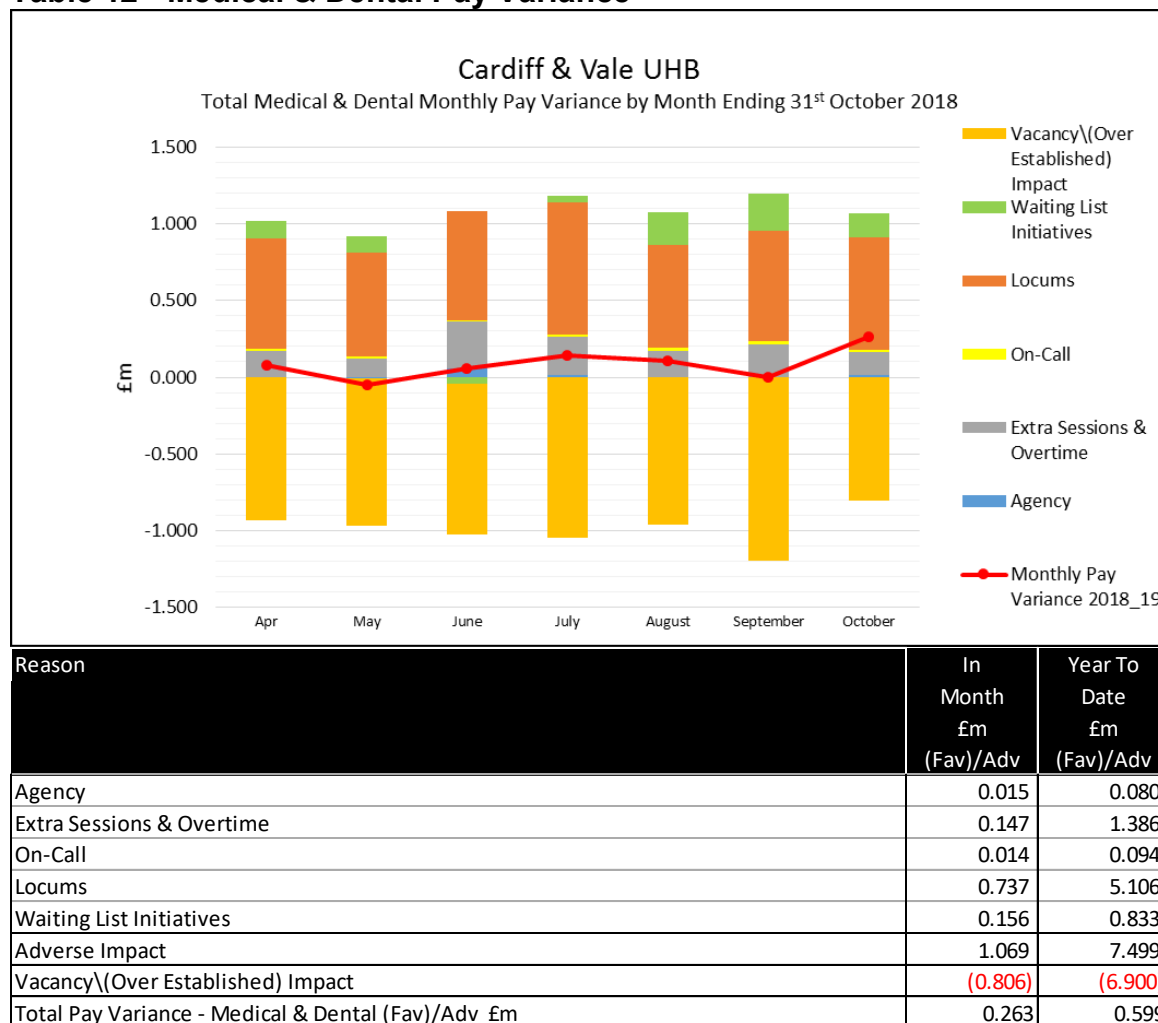


Table 11 identifies expenditure against substantive nursing posts for the year to date which is £1.544m more than budget. The £10.400m surplus against established posts is offset by a £11.944m overspend on agency, bank and overtime leading to an overall overspend against nursing budgets. Performance 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 £0.599m at month 7.

Table 12 - Medical & Dental Pay Variance



The key areas of concern are a £0.145m in month overspend and a £0.603m cumulative overspend within the Women and Children Clinical Board and a £0.100m in month overspend and a cumulative £0.422m overspend in the CD&T Clinical Board. These are offset by underspends elsewhere.

Non Pay

Table 13 highlights an in month underspend of £0.279m and a £0.329m cumulative underspend against non pay budgets.

The key pressure area is in clinical services and supplies where there was an in month overspend of £0.647m and the cumulative overspend for the first 7 months of the year is now £1.769m. £0.124m of the variance in month relates to Laboratory Medicine where demand for Haematology and Biochemistry is running at 3% higher than the first 7 months of 2017/18. £0.452m of the October overspend relates to Surgery theatre activity above baseline levels. A further £0.066m of the overspend in October relates to the issue of community beds, equipment and consumables through the PCIC Clinical Board.

The in month underspend against other non pay primarily reflects the non recurrent actions undertaken to meet the UHB's improvement target.

Table 13: Non Pay Variance @ October 2018

Non Pay	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Clinical services & supplies	9.442	10.090	0.647	57.095	58.864	1.769
Commissioned Services	14.138	14.113	(0.025)	97.550	97.312	(0.238)
Continuing healthcare	5.298	5.353	0.054	35.673	36.006	0.334
Drugs / Prescribing	13.972	13.844	(0.129)	88.453	87.700	(0.753)
Establishment expenses	0.852	0.882	0.030	6.255	6.162	(0.093)
General supplies & services	0.735	0.793	0.058	4.716	4.990	0.274
Other non pay	5.644	4.750	(0.894)	33.514	31.747	(1.767)
Premises & fixed plant	2.905	2.858	(0.047)	19.526	19.696	0.170
Primary Care Contractors	14.632	14.656	0.024	96.142	96.116	(0.025)
Total £m	67.619	67.340	(0.279)	438.924	438.595	(0.329)

LTA Commissioner Performance

The UHB spends circa £160m commissioning healthcare services for its population through contracts with WHSSC, LHBs and Velindre. A favourable Month 6 variance of £0.559m 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 was projected to grow through 2018/19 - the position moved favourably in-month;
- Continued under performance in ABMU recovered at an enhanced marginal rate, and continuation of underperformance on the Cwm Taf contract – a significant movement in-year. There are ongoing discussions around this through LTA meetings on balance with the UHB's provider position.

The WHSSC position has remained relatively static in-month, with the YTD variance 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 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.

A pressure has emerged on the UHB's expenditure for non-contracted activity. This includes cross-border emergency treatment/care for Cardiff and Vale residents, as well as panel-approved referrals to specialist centres in England for services not available locally. The latter has seen a demand-driven growth in expenditure particularly due to a few high cost treatments e.g. radiofrequency ablation (RFA).

Discussion is ongoing to consider the critical mass for local service provision, which would require a collective commissioning agreement.

Table 14: Month 7 LTA Commissioner Position

Expenditure - C&V Commissioner			(fav) / adv	
	Annual Budget £m	YTD Profile £m	YTD Actual £m	YTD Variance £m
WHSSC	120.322	69.787	69.839	0.052
Velindre	16.406	9.570	9.217	(0.353)
LHBs	22.821	13.081	12.505	(0.576)
Other / NCAs	1.290	0.753	1.070	0.318
	160.839	93.190	92.631	(0.559)

The overall position on commissioned services is circa £0.320m worse than the LTA position however, mainly due to out of area placements in Mental Health and Primary Care which have increased by £0.040m in the month.

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 seven months to 31st October 2018 by Clinical Board is shown in Table 15.

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

Clinical Board	M6 Budget Variance £m	M7 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.468	0.582	0.113	0.94%
Children & Women	0.786	0.955	0.170	1.65%
Capital Estates & Facilities	0.152	0.097	(0.055)	0.27%
Dental	0.154	0.275	0.121	2.40%
Executives	(0.367)	(0.635)	(0.267)	(2.90%)
Medicine	0.920	1.191	0.272	1.78%
Mental Health	0.622	0.583	(0.039)	1.35%
PCIC	(0.858)	(0.994)	(0.136)	(0.51%)
Specialist	(0.005)	(0.038)	(0.032)	(0.04%)
Surgery	0.542	0.940	0.399	1.26%
Central Budgets	(1.658)	(2.323)	(0.665)	(1.99%)
SubTotal	0.755	0.635	(0.120)	0.10%
Planned Deficit	4.950	5.775	0.825	0.74%
Total	5.705	6.410	0.705	0.82%

In month and cumulative overspends were reported by 5 Clinical Boards in September. The largest in month overspend was in Surgery where the in month overspend was primarily due to theatre activity and nursing. The majority of the

overspend in the Medicine Clinical Board was again due to nursing pressures. Medical staff and drugs costs accounted for the overspend in the Women and Children's Clinical Board. The CRP gap and theatre activity were responsible for the overspend in the Dental Clinical Board. Medical staff budgets and clinical supplies and services accounted for the majority of the overspend in Clinical Diagnostics and Therapeutics.

Performance against Clinical Board Budget Forecasts.

All budget holders undertake a detailed financial forecast position profiled for the remainder of the year after month 5. Overall Clinical Board financial performance at the end of month 7 was within the forecast profile shown in Table 16.

Table 16: Budget Holder Financial Forecasts & Performance

Clinical Board	Year End Forecast (Surplus)/ Deficit Variance £m	M7 Forecast Profile (Surplus)/ Deficit Variance £m	M7 Actual Position (Surplus)/ Deficit Variance £m	Variance to Forecast Profile £m
Clinical Diagnostics & Therapies	1.124	0.555	0.582	0.027
Children & Women	1.654	0.931	0.955	0.024
Capital Estates & Facilities	(0.011)	0.102	0.097	(0.005)
Dental	0.600	0.206	0.275	0.069
Executives	(0.003)	(0.230)	(0.635)	(0.405)
Medicine	0.759	0.810	1.191	0.381
Mental Health	0.798	0.648	0.583	(0.065)
PCIC	(1.353)	(0.784)	(0.994)	(0.210)
Specialist	(0.010)	0.031	(0.038)	(0.069)
Surgery	0.967	0.772	0.940	0.168
Central Budgets	(4.525)	(2.323)	(2.323)	0.000
SubTotal	(0.000)	0.718	0.635	(0.084)
Planned Deficit	9.900	5.775	5.775	0.000
Total	9.900	6.493	6.410	(0.084)

All Clinical Boards that are forecasting a year end deficit are scheduled to have an escalation meeting on finance to provide assurances on delivery of this forecast and on further actions being taken to reduce it.

The UHB has sufficient non recurrent opportunities to bridge this projected overspend in delegated budgets and therefore the forecast deficit of £9.9m remains intact.

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 7 the UHB has fully identified schemes to deliver against the £33.780m savings target as summarised in Table 17. This includes income generation schemes of £2.794m and accounting gains of £3.957m. Clinical Boards identified a further £0.7m of 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. The latest position is shown in **Appendix 1**.

For the 7 months to the end of October the UHB had fully achieved its profiled savings target (including income generation schemes & non recurrent accounting gains) of £19.280m in part due to identification of non recurrent corporate opportunities to cover the shortfall against delegated savings targets.

Table 17: Progress against the 2018/19 Savings Programme at Month 7

	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 18.

Table 18: Summary of Underlying Financial Position

	2018/19 Plan £m	Forecast Position @ Month 7	
		Non Recurrent £m	Recurrent Position £m
Opening Underlying Deficit £m	49.000	0.000	49.000
Income	(33.958)	14.000	(19.958)
Cost pressures less mitigating actions	37.904		37.904
Less CIPs (includes £3.517m income generation & NR technical opportunities)	(33.780)	8.445	(25.335)
Unallocated Reserves (Positive Value)	(3.545)	0.995	(2.550)
Other mitigating actions required to deliver the financial improvement target	(5.721)	5.721	0.000
Deficit £m	9.900	29.161	39.061

Key points to note in the forecast underlying position are:

- The UHB has received £4m non recurrent income from Welsh Government in recognition of 2017/18 financial performance;
- Welsh Government confirmed an additional £10m of non-recurrent Annual Operating Plan funding in July 2018.
- The 1% non-recurrent savings target included in the plan of £8.445m;
- Of the £9.266m Financial Improvement Target, £3.545m has been identified through unallocated reserves of which £2.550m has been identified recurrently being the Welsh Risk Pool (£0.550m) and curtailing spend on investments (£2.000m) and £0.995m non recurrently through curtailing investments (£0.700m) and cost pressure funding (£0.295m). An additional £5.721m non recurrent opportunities have been identified to fully deliver the financial improvement target.

The UHB is undertaking further work with the aim of identifying measures to materially reduce the underlying position to be brought forward into 2019/20. This work is ongoing and will be finalized in time to support the submission of a balanced IMTP for 2019/20 - 2021/22.

Balance Sheet

The balance sheet at month 7 is detailed in **Appendix 2**.

The cumulative year to date increase in the carrying value of Property, Plant & Equipment (PPE) is due to spend on capital projects and the increased valuation of Land and Buildings following indexation exceeding year to date depreciation charges. A large part of the in month increase in the carrying value of these assets results from the application of the revised indices which were issued by Welsh Government during October.

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 increased by £0.4m (0.2%) since the start of the year.

The value of Trade and other payables has fallen by around £26m since the start of the year due to a 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 impact on the UHB's public sector payment compliance performance.

Cash Flow Forecast

The cash flow projection is shown in **Appendix 3** with a closing cash balance for October of £4.3m.

Amounts shown on the sale of assets line 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) 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.

A reconciliation of the opening and closing cash position reported is shown below in Table 19.

Table 19: Forecast movement in cash position 2018/19

Description	£m
Opening Cash balance	1.856
Working balances arising	(17.324)
Management Actions (managing suppliers)	0.575
Forecast Deficit	(9.900)
Approved Cash Assistance & Working Balances Cash	13.050
Forecast Cash Deficit £m	(11.743)

Public Sector Payment Compliance

The UHB's cumulative performance to the end of October remains at 95.6% with an in-month compliance rate of 95.7%.

Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of October 2018 is summarised in Table 20 and is detailed in **Appendix 4**.

Table 20: Progress against Capital Resource Limit @ October 2018

	£m
Planned Capital Expenditure at month 7	17.533
Actual net expenditure against CRL at month 7	16.896
Variance against planned Capital Expenditure at month 7	(0.637)

Capital progress to date is satisfactory, with net spend to the end of October accounting for 51% of the UHB's approved CRL. Actual spend for October was less than had originally been anticipated primarily due to the profile of spend on the Neonatal scheme. Year-end expenditure is expected to recover and remain within the Capital Resource Limit. Planned spends for the year reflect the latest CRL received from Welsh Government dated 2nd November 2018.

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 the 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 7, 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.

2. Concern - Managing within current budgets.

Action – Net overspend against the plan fell by £0.120m in month to £0.635m. Overspending Clinical Boards are required to provide robust recovery action plans as part of the Clinical Board Performance Review escalation process.

3. 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 seven months is a deficit of £6.410m. This is made up of a budget plan deficit of £5.775m and an adverse variance against plan of £0.635m.

Appendix 1

Month 7 In-Year Effect

Clinical Board	18-19 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 7
	£'000	£'000	£'000	£'000	£'000	£'000
PCIC	6,600	6,850	122	6,972	150	-372
Specialist Services	4,038	3,712	396	4,108	643	-70
Mental Health	2,940	2,609	359	2,968	20	-28
Capital Estates and Facilities	2,580	1,822	758	2,580	133	0
Surgery	4,714	4,100	439	4,538	1,398	176
Medicine	3,754	2,144	1,366	3,509	531	245
Children & Women	3,550	2,041	1,211	3,253	569	297
CD&T	3,442	2,295	853	3,149	1,091	293
Corporate Execs	1,362	1,128	23	1,151	457	211
Dental	800	233	0	233	84	567
Total	33,780	26,934	5,527	32,461	5,076	1,319

2018-19 Full Year Effect

Clinical Board	3% Recurrent	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 7
	£'000	£'000	£'000	£'000	£'000	£'000
PCIC	4,950	5,462	122	5,584	424	-634
Specialist Services	3,029	2,383	487	2,870	853	159
Mental Health	2,205	1,535	307	1,842	20	363
Capital Estates and Facilities	1,935	864	1,145	2,009	380	-74
Surgery	3,536	3,054	492	3,545	2,674	-10
Medicine	2,816	1,601	2,261	3,862	724	-1,047
Children & Women	2,663	1,182	1,370	2,552	774	110
CD&T	2,582	1,072	1,621	2,694	1,036	-112
Corporate Execs	1,022	532	13	545	491	477
Dental	600	94	0	94	110	506
Total	25,335	17,780	7,818	25,598	7,486	-263

BALANCE SHEET AS AT 31st OCTOBER 2018

	Opening Balance 1 st April 2018	Closing Balance 31st October 2018
Non-Current Assets	£'000	£'000
Property, plant and equipment	657,424	665,776
Intangible assets	2,245	1,785
Trade and other receivables	57,469	37,536
Other financial assets		
Non-Current Assets sub total	717,138	705,097
Current Assets		
Inventories	15,697	17,021
Trade and other receivables	166,189	186,507
Other financial assets	0	0
Cash and cash equivalents	1,856	4,315
Non-current assets classified as held for sale	0	0
Current Assets sub total	183,742	207,843
TOTAL ASSETS	900,880	912,940
Current Liabilities		
Trade and other payables	180,290	154,915
Other financial liabilities	0	0
Provisions	120,512	138,851
Current Liabilities sub total	300,802	293,766
NET ASSETS LESS CURRENT LIABILITIES	600,078	619,174
Non-Current Liabilities		
Trade and other payables	9,635	9,301
Other financial liabilities	0	0
Provisions	60,471	34,832
Non-Current Liabilities sub total	70,106	44,133
TOTAL ASSETS EMPLOYED	529,972	575,041
FINANCED BY:		
Taxpayers' Equity		
General Fund	417,207	455,356
Revaluation Reserve	112,765	119,685
Total Taxpayers' Equity	529,972	575,041

Appendix 3

CASH FLOW FORECAST AS AT 31st OCTOBER 2018

	April £'000	May £'000	June £'000	July £'000	Aug £'000	Sept £'000	Oct £'000	Nov £'000	Dec £'000	Jan £'000	Feb £'000	Mar £,000	Total £,000
RECEIPTS													
WG Revenue Funding - Cash Limit (excluding NCL)	86,045	81,620	90,750	61,720	82,480	62,180	70,755	80,707	80,753	67,669	79,714	52,737	897,130
WG Revenue Funding - Non Cash Limited (NCL)	1,600	1,590	1,380	1,540	1,650	1,450	1,760	1,480	1,560	1,560	1,560	2,248	19,378
WG Revenue Funding - Other (e.g. invoices)	3,850	3,165	2,366	2,378	2,618	2,391	1,255	1,255	1,495	3,667	1,255	3,667	29,362
WG Capital Funding - Cash Limit	8,000	6,000	1,500	1,600	7,200	4,300	1,930	2,378	2,747	2,300	1,100	7,350	46,405
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	39,938	29,879	37,489	44,903	34,378	29,179	32,745	37,654	430,909
Other - (Specify in narrative)	8,139	5,359	5,198	14,605	8,136	6,049	14,735	9,187	6,301	13,768	7,046	8,425	106,948
TOTAL RECEIPTS	139,864	128,883	148,087	116,485	142,022	106,249	127,924	139,910	127,504	118,143	124,720	112,201	1,531,992
PAYMENTS													
Primary Care Services : General Medical Services	5,267	4,164	8,167	4,908	4,063	6,324	4,345	4,203	6,598	4,196	4,196	6,598	63,029
Primary Care Services : Pharmacy Services	134	135	123	106	128	131	134	123	250	500	250	250	2,264
Primary Care Services : Prescribed Drugs & Appliances	7,008	7,632	15,311	3	15,555	3	7,339	14,781	7,545	0	7,545	7,545	90,267
Primary Care Services : General Dental Services	1,755	1,800	1,766	1,974	1,684	1,828	1,894	1,651	1,795	1,795	1,795	1,795	21,532
Non Cash Limited Payments	1,958	2,086	2,111	2,093	2,040	2,215	2,079	2,043	2,080	2,080	2,080	2,080	24,945
Salaries and Wages	47,471	47,804	47,732	47,215	47,922	47,429	47,642	53,481	51,987	48,452	48,909	48,710	584,754
Non Pay Expenditure	54,604	51,324	57,727	54,191	44,288	43,936	53,164	46,159	43,785	55,665	48,919	43,877	597,639
Capital Payment	12,496	1,679	1,935	2,308	6,758	2,324	2,290	2,939	3,397	2,423	1,952	7,307	47,808
Other items (Specify in narrative)	8,721	8,960	17,124	3,343	15,476	3,933	8,996	14,747	10,084	2,940	8,945	10,084	113,353
TOTAL PAYMENTS	139,414	125,584	151,996	116,141	137,914	108,123	127,883	140,127	127,521	118,051	124,591	128,246	1,545,591
Net cash inflow/outflow	450	3,299	(3,909)	344	4,108	(1,874)	41	(217)	(17)	92	129	(16,045)	
Balance b/f	1,856	2,306	5,605	1,696	2,040	6,148	4,274	4,315	4,098	4,081	4,173	4,302	
Balance c/f	2,306	5,605	1,696	2,040	6,148	4,274	4,315	4,098	4,081	4,173	4,302	(11,743)	

PROGRESS AGAINST CRL AS AT 31st OCTOBER 2018

Approved CRL issued November 2nd 2018 £'000s	33,355
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Performance against CRL	Year To Date			Forecast		
	Plan £'000	Actual £'000	Var. £'000	Plan £'000	F'cast £'000	Var. £'000
All Wales Capital Programme:						
Relocation of the Central Processing Unit	0	0	0	0	0	0
Neonatal BJC 2	7,410	5,317	(2,093)	13,990	13,990	0
CRI Safeguarding	548	543	(5)	548	543	(5)
Rookwood Emergency Works	75	96	21	499	499	0
Anti Ligature Works	100	151	51	100	151	51
UHW Interventional Radiology Suite	500	1,046	546	500	1,069	569
Acceleration and implementation of National Clinical Systems	32	32	0	597	597	0
Reurbishment of the Renal Facilities at UHW	321	83	(238)	1,197	1,149	(48)
Purchase of Woodland House	2,950	3,996	1,046	2,950	3,996	1,046
Sub Total	11,936	11,264	(672)	20,381	21,994	1,613
Discretionary:						
I.T.	429	338	(91)	916	916	0
Equipment	240	256	16	1,915	1,915	0
Statutory Compliance	1,278	1,272	(6)	2,452	2,452	0
Estates	4,109	4,225	116	10,503	8,890	(1,613)
Sub Total	6,056	6,091	35	15,786	14,173	(1,613)
Donations:						
Charitable Funds Equipment	289	289	0	1,409	1,409	0
Sub Total	289	289	0	1,409	1,409	0
Asset Disposals:						
Carbon Reduction Emissions Surrendered	170	170	0	170	170	0
Amy Evans	0	0	0	206	206	0
Colcott Clinic	0	0	0	116	116	0
Iorweth Jones	0	0	0	911	911	0
Sub Total	170	170	0	1,403	1,403	0
CHARGE AGAINST CRL	17,533	16,896	(637)	33,355	33,355	0
PERFORMANCE AGAINST CRL (Under)/Over £'000s		(16,459)			0	

2018-19 Cost Reduction Programme	
Name of Meeting : Finance Committee	28 th November 2018
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance	
Caring for People, Keeping People Well: This report details performance against the UHB's savings target in its operational plan that helps to deliver service priorities, maximise patient outcomes whilst maintaining the sustainability of services.	
Financial impact: Delivery of £33.780m delegated CRP Target (3% recurrent and 1% non-recurrent), and £9.266m improvement target to achieve 2018/19 £9.9m forecast deficit position.	
Quality, Safety, Patient Experience impact: The financial plan aims to support the delivery of high quality and safe services.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not Applicable	

ASSURANCE AND RECOMMENDATION

The Finance Committee is asked to:-

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

INTRODUCTION

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

PROGRESS AGAINST DEVOLVED CRP REQUIREMENT 2018-19

As at month 7 £32.461m 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 £1.319m 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 £32.461m identified schemes:

- £21.199m has been identified against the £25.335m recurrent in year 3% element of the devolved target;
- £11.262m has been identified against the £8.445m non-recurrent 1% element of the devolved target.

On a full year basis the £25.335m target has been met on a UHB basis. It is important that all Clinical and Service Boards meet the recurrent element of the devolved target.

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 7 £12.280m 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.

	Financial Improvement Plan £'000
Target	9,266
Investment slippage - population growth	(2,200)
Investment slippage - district nurses and cyber security	(500)
Release of Welsh Risk Pool budget	(550)
GRNI - change in practice	(2,000)
Reduce c/f annual leave	(130)
Cost avoidance in planned care	(1,500)
Forecast budget underspends (weqas)	(1,000)
Cost pressure reserve	(295)
Potential balance sheet opportunities	(1,091)
Total Month 5	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 £32.461m 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 £1.319m. Completion of the CIP programme will need to be prioritised as a matter of urgency.

Savings Tracker Summary

Month 7 In-Year Effect

Clinical Board	18-19 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 7
	£'000	£'000	£'000	£'000	£'000	£'000
PCIC	6,600	6,850	122	6,972	150	-372
Specialist Services	4,038	3,712	396	4,108	643	-70
Mental Health	2,940	2,609	359	2,968	20	-28
Capital Estates and Facilities	2,580	1,822	758	2,580	133	0
Surgery	4,714	4,100	439	4,538	1,398	176
Medicine	3,754	2,144	1,366	3,509	531	245
Children & Women	3,550	2,041	1,211	3,253	569	297
CD&T	3,442	2,295	853	3,149	1,091	293
Corporate Execs	1,362	1,128	23	1,151	457	211
Dental	800	233	0	233	84	567
Total	33,780	26,934	5,527	32,461	5,076	1,319

2018-19 Full Year Effect

Clinical Board	3% Recurrent	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 7
	£'000	£'000	£'000	£'000	£'000	£'000
PCIC	4,950	5,462	122	5,584	424	-634
Specialist Services	3,029	2,383	487	2,870	853	159
Mental Health	2,205	1,535	307	1,842	20	363
Capital Estates and Facilities	1,935	864	1,145	2,009	380	-74
Surgery	3,536	3,054	492	3,545	2,674	-10
Medicine	2,816	1,601	2,261	3,862	724	-1,047
Children & Women	2,663	1,182	1,370	2,552	774	110
CD&T	2,582	1,072	1,621	2,694	1,036	-112
Corporate Execs	1,022	532	13	545	491	477
Dental	600	94	0	94	110	506
Total	25,335	17,780	7,818	25,598	7,486	-263

WTE Tracker Summary

Month 7 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	13.94	2.17	16.11	0.00
Mental Health	3.22	0.00	3.22	0.00
Corporate Execs	0.00	0.00	0.00	0.00
Dental	2.11	0.00	2.11	0.00
Total	91.68	13.74	105.42	18.23

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	7.34	2.17	9.51	0.00
Mental Health	3.22	0.00	3.22	0.00
Corporate Execs	0.00	0.00	0.00	0.00
Dental	2.11	0.00	2.11	0.00
Total	80.78	15.54	96.32	18.73

Progress against 2018-19 Devolved Recurrent and Non Recurrent Targets Month 7

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	5,294	107%	1,650	1,678	102%
Specialist Services	3,029	2,575	85%	1,010	1,533	152%
Mental Health	2,205	1,822	83%	735	1,146	156%
Capital Estates and Facilities	1,935	1,194	62%	645	1,386	215%
Surgery	3,536	3,011	85%	1,179	1,527	130%
Medicine	2,816	2,403	85%	939	1,107	118%
Children & Women	2,663	2,389	90%	888	864	97%
CD&T	2,582	1,878	73%	861	1,270	148%
Corporate Execs	1,022	539	53%	341	612	180%
Dental	600	94	16%	200	139	70%
Total	25,335	21,199	84%	8,445	11,262	133%

Cross Cutting Tracker Weekly Summary 2018-19

Month 7 In-Year Effect

Clinical Group	2018-19	Identified Green	Cross Cutting Amber	Cross Cutting Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£'000)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	979	308	202	1,287	713
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	1,744	237	218	1,980	20
Workforce Productivity	2,000	534	0	0	534	1,466
Total	12,000	9,742	2,537	2,283	12,280	-280

2018-19 Full Year Effect

Clinical Group	2019-20	Identified Green	Cross Cutting Amber	Cross Cutting Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	853	373	226	1,225	775
Medicines Management	5,000	6,040	2,421	3,150	8,461	-3,461
Nursing Productivity	1,000	815	1,192	372	2,007	-1,007
Procurement	2,000	1,629	349	292	1,978	22
Workforce Productivity	2,000	442	0	0	442	1,558
Total	12,000	9,778	4,334	4,040	14,113	-2,113

Appendix B – CRP RAG Rating

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

Finance Risk Register	
Name of Meeting : Finance Committee	28 th November 2018
Executive Lead : Executive Director of Finance	
Author : Assistant Director of Finance	
Caring for People, Keeping People Well: This report sets out the financial risks to be managed to support delivery of the financial plan which supports the one year operational plan.	
Financial impact: The UHB will need to manage the risks set out in the Finance Risk Register in order to achieve its forecast financial deficit of £9.9m.	
Quality, Safety, Patient Experience impact: The financial plan aims to support the delivery of high quality and safe services.	
Health and Care Standard Number 1	
CRAF Reference Number 6.7	
Equality Impact Assessment Completed: Not Applicable	

ASSURANCE AND RECOMMENDATION

The Finance Committee is asked to:-

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

INTRODUCTION

This report highlights the Finance Risk Register risk categorisation by severity of risk as at 28th November 2018. The detailed risk register is shown in Appendix 1.

ASSESSMENT

Following the most recent review the number of risks identified in each category is shown below:

UHB Financial Risks at 28th November 2018

Risk Category	Risk Score	Number of Risks as at 31 October 2018
Extreme Risk	20 - 25	1
High Risk	12 - 16	2
Moderate Risk	4 - 10	15
Low Risk	1 - 3	1

RECOMMENDATION

The Finance Committee are asked to endorse the removal of the following risks from the risk register where optimum controls are now in place:

Reference No.	Risk	Risk Score
FIN19/18	Critical Care Investment in advance of Critical Care Network decision (£1.5m) Funding now received.	3

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 7 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.	5	3	15	Nov-18	Assistant Director of Finance	Dec-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 7 budgets have an operational	4	2	8	Adequate but more Action Required		4	1	4	Nov-18	Assistant Director of Finance	Dec-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 7 the UHB is £1.3m short of delivering the in year devolved target.	5	2	10	Adequate but more Action Required	Escalation process under review by the Executive team. Budget manager training programme to be rolled out across the organisation.	5	1	5	Nov-18	Assistant Director of Finance	Dec-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	2	6	Adequate but more Action Required	None	3	2	6	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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 7 the nursing overspend was £1.544m	4	3	12	Adequate but more Action Required	None	2	3	6	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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	Nov-18	Assistant Director of Finance	Dec-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 (£1.5m)	Critical Care Network bid being progressed and discussed with WG. £1.5m in year funding now received	3	1	3	Adequate but more Action Required	None	3	1	3	Nov-18	Assistant Director of Finance	Dec-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin20/18	Aug-18	WG Additional winter plan investment (£1.8m) manage within available resources	Winter Plan spend profile is being closely monitored against plan	3	3	9	Adequate but more Action Required	None	3	2	6	Nov-18	Assistant Director of Finance	Dec-18	The Board	Chief Operating Officer	Finance Committee
Finance	Fin21/18	Sep-18	Payment of working time directive holiday pay for staff working overtime	Risk assessed and being discussed across Wales	3	3	9	Adequate but more Action Required	None	3	2	6	Nov-18	Assistant Director of Finance	Dec-18	The Board	Director of Finance	Finance Committee



Guidance Notes to assist completing the risk register
Remember all risks must have undergone a risk assessment, prior to them being added to the Risk Register
UHB Reference No:- This number will be allocated by the Risk Management Department. Once added this will be communicated back to the Divisions.
Divisional / Directorate Reference No:- Each Division / Directorate should have a unique numbering system for the risks that they enter onto the register. It should contain the initials of the Division, a consecutive number and the year e.g. Mental Health = MH, Children's and Women's = CW, Primary, Community & Intermediate & Older Persons = PCIO, Dental = Den, Diagnostics & Therapeutics = DT, Medicine = M, Surgical Services = SS, Specialist Services = SpS. MH 01/10, SPS 01/10 etc. (Note - as this register is in the developmental stage please advise Melanie Westlake if there are alternative initials to be used).
Previous Reference No:- Whilst the UHB is in the process of consolidating and updating registers it will be necessary to include the previous reference number for audit purposes. This will be populated by the Risk Management Department.
Date entered onto original Register:- as above
Risk / Issue (Including Impact):- The Risk or Issue is the event that could cause an incident or hinder the achievement of objectives. A risk is something that may happen. An issue is already occurring. The impact is the effect that the Risk or Issue will have on the UHB.
Link to UHB Core Objectives:- List here, the main Strategic Goal that links to the risk being assessed.
Existing Controls:- Summarise in bullet form the existing controls to prevent the risk / issue occurring or reduce the impact.
Current Risk Rating:- Assess the current impact on the UHB using Tables 1,2 & 3.
Ranking:- This is the ranking of the risk e.g. The highest risk will score 25 and be ranked at 1, those that score 20 will be ranked at 2 etc.
Adequacy of existing controls:- Indicate how well controlled you feel the risk / issue is i.e. No control, Inadequate controls, Adequate but more action required and Optimum / NFA required.
Summary of Additional Controls Required:- Summarise in bullet form the controls that you know should be introduced to reduce the risk together with resources required.
Target Risk Rating if Controls in Place:- What will be the risk be if the actions proposed to further reduce / eliminate the risk are taken.
Date of Last Review:- When was the Risk Assessment / Control measures last reviewed.
Review completed by:- This should be a senior member of staff for high / medium risk on the register e.g. Divisional Manager / Nurse.
Date of Next Review:- This should be determined by the adequacy of controls and risk score e.g. risks scoring 25 with Inadequate control = monthly, risk scoring 12 with adequate controls but more action required = 6 monthly.
Risk Owner:- Who is the lead for taking the actions proposed relating to this risk. This should be Divisional Director, Board Secretary, Assistant Director etc.
Director Lead:- Who is the lead Director for this risk.
Assuring Committee:- This is the Committee that will monitor / manage the risk on behalf of the UHB Board or the UHB itself e.g. Quality & Safety Committee, Performance Committee.

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

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

Likelihood Score (L)

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

Likelihood Score

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

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

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

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

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