

Bundle Finance Committee 27 February 2019

Agenda attachments

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- 3 Items to bring to the attention of the Board / Committee
- 4 Date and time of the next meeting: Wednesday 27th March 2019 at 2pm, Corporate Meeting Rm, HQ, UHW

AGENDA
FINANCE COMMITTEE
27th FEBRUARY 2019 at 2pm
Corporate Meeting Room, HQ, University Hospital of Wales

1.	Preliminaries	
1.1	Welcome & Introductions	John Antoniazzi
1.2	Apologies for Absence	John Antoniazzi
1.3	Declarations of Interest	John Antoniazzi
1.4	Minutes of the Committee Meeting held on 30 th January	John Antoniazzi
1.5	Action Log	John Antoniazzi
1.6	Chairs Action taken since last meeting	John Antoniazzi
2.	Items for Review and Assurance	
2.1	Cardiff and Vale of Glamorgan Joint Commissioning and Pooled Budget for Older People Services	Lynne Aston
2.2	Integrated Medium Term Plan 2019-22	Len Richards
2.3	Finance Report for Month 10	Andrew Gough
2.4	Clinical Boards in Escalation	Steve Curry
2.5	Committee Governance 2.5.1 TOR review 2.5.2 Effectiveness Review 2.5.3 Annual Report 2.5.4 Work plan	Nicola Foreman
2.6	Cost Reduction Programme and Cross Cutting Theme	Andrew Gough
2.7	Finance Risk Register	Andrew Gough
3.	Items to bring to the attention of the Board/Committee	
4.	Date and time of next Meeting	
	Wednesday 27 th March 2019 at 2pm, Corporate Meeting Room, HQ, UHW	

**UNCONFIRMED MINUTES OF FINANCE COMMITTEE
HELD ON 30th JANUARY 2019
LARGE MEETING ROOM, HQ, UHW**

Present:

John Antoniazzi	JA	Chair, Independent Member –Estates
Charles Janczewski	CJ	Vice Chair (Board)
John Union	JU	Independent Member – Finance
Maria Battle	MB	Chair
Abigail Harris	AH	Executive Director of Planning
Chris Lewis	CL	Deputy Director of Finance
Len Richards	LR	Chief Executive
Nicola Foreman	NF	Director of Corporate Governance
Robert Chadwick	RC	Director of Finance
Sharon Hopkins	SH	Deputy Chief Executive
Steve Curry	SC	Chief Operating Officer

Secretariat:

Paul Emmerson	PE	Finance Manager
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Apologies:

Andrew Gough	AG	Assistant Director of Finance
Martin Driscoll	MD	Director of Workforce and OD
Ruth Walker	RW	Executive Nurse Director

FC 19/001	WELCOME AND INTRODUCTIONS The Chair welcomed everyone to the meeting.	ACTION
FC 19/002	APOLOGIES FOR ABSENCE Apologies for absence were noted.	
FC 19/003	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 19/004	MINUTES OF THE BOARD MEETING HELD ON 3rd JANUARY 2019 The minutes of the meeting held on 3 rd January 2019 were reviewed and confirmed to be an accurate record. Resolved – that:	

	The minutes of the meeting held on 3rd January 2019 were approved by the Committee as an accurate record.	
FC 19/005	<p>ACTION LOG FOLLOWING THE LAST MEETING</p> <p>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 - The Executive Nurse Director informed the Finance Committee meeting that a weekly payroll for the payment of bank staff had now been introduced. The availability of a weekly payment had been publicised through social media and over 160 staff had indicated an interest in joining the weekly bank and 22 staff had completed the required documentation to join the bank by Christmas Eve of 2018. Action Complete.</p> <p>FC18/259 – The Nursing Productivity Group to be asked to review the impact of introducing a weekly payroll for payment of bank staff – The Nursing Productivity Group will review the results of the initiative and the results will be reported back to the Finance Committee after the end of June 2019.</p> <p>The UHB Vice Chair (CJ) indicated that he had heard anecdotally that potential staff had difficulty in enrolling on the bank and asked if there was any substance to the suggestion. The Executive Nurse Director confirmed that the UHB's recruitment to the bank was limited each month due to the governance requirement to ensure that staff had received all necessary mandatory training. The level of training required was dependent upon whether potential staff were external to the organization or changing roles and the number of training places available on a monthly basis was sometimes insufficient to meet the demand for training. The UHB Vice Chair (CJ) asked if the UHB had plans to increase the capacity of mandatory training available and the Executive Nurse Director agreed that the Nursing Productivity Group would need to make a case to increase capacity if the current capacity had a significant adverse impact on recruitment to the bank.</p> <p>It was agreed that following implementation of the weekly payroll the initiative would be reviewed after 6 months by the Nurse Productivity Group and the results reported back to the Finance Committee. Action Incomplete.</p> <p>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 informed the Finance Committee meeting of January 3rd 2019 that the level of nursing vacancies within the UHB had led to an increased demand to use agency staff and that this was the main driver for the financial overspend against nursing. Action to reduce the financial pressures on nursing was a considerable concern for the Nursing Productivity Group and there was an expectation that opportunities arising from the IMTP and transformation programme would enable the UHB to manage down the level of nursing vacancies and reduce the pressures on nursing budgets. Action Complete.</p>	Executive Nurse Director (RW)

	<p>FC - 18/265 – 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 – It was reported to the January 2019 Finance Committee meeting that the number of Cardiff and Vale Health Board invoices on hold without a valid purchase order as at 14th January 2019 had fallen by approximately 50% from the reported position at the end of October 2018 from 1325 to 665 invoices. Over the same period as a percentage of the total invoices on hold across Wales the Cardiff and Vale UHB share had fallen from 34% to 16%. Action Complete.</p> <p>FC - 18/287 Confirmation That The Methodology Recommended By The All Wales Technical Accounting Sub Group for The Implementation of IFRS 9 And Treatment of Trade and Other Receivables Had Been Agreed By Welsh Audit Office (WAO). – WAO had confirmed that it was content with the approach recommended by the All Wales Technical Accounting Sub Group in the adoption of IFRS 9. Action Complete.</p> <p>Resolved – that:</p> <p>The Finance Committee received the Action Log.</p>	
<p>FC 19/006</p>	<p>2019/20 FINANCIAL PLAN</p> <p>The Deputy Director of Finance reminded the Committee that the UHB's Draft Financial Plan had been shared and discussed at the previous 2 Finance Committee meetings. Attention was drawn to refinements to the plan which reflected:</p> <ul style="list-style-type: none"> • Comments received from the Finance Committee and others within the UHB; • Feedback from Welsh Government and the Finance Delivery Unit; • Clarification of a 2% uplift to be applied to LTA's. <p>LTA inflation had now been agreed at 2% pass through with an additional discretionary 1% for further agreed investments. The net impact for the UHB was a £0.6m reduction in planned income and this was managed in the revised plan by a £0.5m reduction to the local cost provision and by moving from a planned surplus of £0.1m to a balanced position.</p> <p>In respect of presentation, the £2.9m of savings schemes in respect of ophthalmology drugs and Woodland House were now reported under Corporate and high value opportunities.</p> <p>In addition the 2019/20 increase to employer's pension contributions were now flagged as a potential risk to the plan.</p> <p>It was noted that progress against the £14.9m of Corporate and high value opportunities target and the £16.4m recurrent delegated savings targets would formally be reported on a monthly basis to future Finance Committee meetings.</p>	<p>Assistant Director of Finance (AG)</p>

	<p>The Committee was informed that progress in identifying the 3.8% savings target was also a key focus for Welsh Government.</p> <p>The Chief Executive informed the Committee that the plan assumed that RTT plans would be subject to a detailed review and that additional investment may be required to secure further improvements against Welsh Government performance measures. At this stage it was unclear whether the 1% additional funding provided under the heading of “A Healthier Wales” would be supplemented by additional Welsh Government performance funding through the year. It was noted that the Draft Financial Plan did not explicitly identify any additional investment reserves to support an improvement against RTT targets. The Director of Finance advised that the UHB needed to recognise that the plan assumed that RTT performance would be maintained and that an improvement in performance would require additional investment. The Chief Executive indicated that to date the UHB had no assurance from Welsh Government that further in year funding would be provided to improve RTT performance. However given the UHB’s ambition to improve performance there was some scope to schedule activity to improve performance from the beginning of 2019/20 on the basis that the UHB would be able to recover its financial position if further in year funding was not provided by Welsh Government. The current estimate of improving compliance against the RTT targets to 92% was c £6.8m and the UHB would expect this additional cost to be incurred on a straight line basis during 2019/20 in order to improve compliance against the RTT targets to 92%.</p> <p>The Chief Executive indicated that the UHB’s investment reserve and the potential to improve performance through increased productivity provided some cover against Welsh Government not providing additional in year performance funding. The Chief Operating Officer added that the UHB had some scope to recover any investment by rescheduling activity in the latter part of the year and added that the UHB will explain the detail of the UHB’s RTT plans to Welsh Government Officers so that there was a common understanding of the options available and the consequent impact on performance and financial measures.</p> <p>In this context the Committee agreed that the UHB was in a position to commit additional resources to improve RTT performance in the early part of 2019/20 on the basis that the UHB would be able to recover the financial cost through internal action if additional Welsh Government RTT performance funding was not provided. The UHB Chair (MB) added that the proposed course of action with options to recover any financial overspend was reasonable given the additional in year performance monies provided by Welsh Government over recent years.</p> <p>The Director of Finance indicated that the UHB could not assume additional Welsh Government funding unless there was reasonable assurance that this would be provided. Therefore the UHB would need to report any additional cost and resulting overspend incurred in improving RTT performance to Welsh Government through the</p>	
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	<p>Monthly Monitoring Returns. The Finance Committee would be informed of any ongoing risk through the monthly finance report and it was noted that proceeding with the plans to improve performance against Welsh Government access targets in lieu of targeted funding presented some risk to the UHB which would need to be monitored and re-assessed on a monthly basis as the year progressed.</p> <p>The Deputy Director of Finance reminded the Committee that the key risks within the plan were:</p> <ul style="list-style-type: none"> • Achievement of the 3.8% savings target; • Management of operational pressures; • Delivering RTT and winter plans within the resources available; • Increased employer pension contributions. <p>The UHB Vice Chair (CJ) noted that the plan moved the UHB in a positive direction and presented a worthwhile challenge.</p> <p>The Deputy Director of Finance asked the Finance Committee to approve the Financial Plan and recommend its approval to the Board</p> <p>Resolved – that:</p> <p>The Finance Committee approved the Financial Plan and recommended its approval to the Board.</p>	Deputy Director of Finance (CL)
FC 19/007	<p>FINANCE REPORT AS AT MONTH 9</p> <p>The Deputy Director of Finance presented the UHB's financial performance to month 9 and highlighted that the UHB remained on track to deliver the £9.9m planned deficit and that a full savings programme was in place. The UHB had reported a deficit of £7.428m for the year to date which was made up of a planning deficit of £7.425m (9/12 of the £9.9m planned deficit) and a overspend against the plan of £0.003m. The overspend against the plan had fallen by £0.489m in month and the improvement was primarily due to a pay underspend arising from a seasonal downturn over Christmas.</p> <p>It was noted that 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 assessed underlying deficit position was £36.3m and this was also RAG rated red along with the forecast year end cash deficit which had improved to a deficit of £2.418m but remained RAG rated red.</p> <p>An in month deficit of £0.283m and a cumulative deficit of £1.823m was reported against income and the Committee was informed that the most significant in month income shortfall concerned the Compensations Recovery Unit (CRU) where there was an in month deficit of £0.116m. The Deputy Director of Finance indicated that this may reflect seasonal issues and informed the Committee that there might be a recovery in the January figures.</p>	

	<p>In total pay budgets improved by £0.685m in month and the Deputy Director of Finance indicated that this was mainly due to seasonal reductions particularly in nursing bank and agency expenditure. The cumulative pay underspend for the year to date was £0.797m.</p> <p>It was noted that the delegated budgetary position of the PCIC, Mental Health and Specialist Clinical Boards had improved in month. However a number the majority of Clinical Boards continued to report a cumulative overspend and in response to a query from the UHB Vice Chair (CJ) the Deputy Director of Finance indicated that Clinical Boards were expected to have plans in place to ensure that overspends incurred in 2018/19 had no recurrent impact moving into 2019/20.</p> <p>The Committee was asked to note a reduction £2.8m reduction to recurrent baseline costs in respect of £1m of cost savings that are expected to arise from the reduction the cost of biosimilar drugs in 2019/20 and a £1.8m reduction in UHB liabilities arising from a planned capital purchased for WEQAS. This in turn had led to a £2.8m reduction the UHB's underlying deficit.</p> <p>Moving onto the UHB's cashflow, the committee was informed that Welsh Government had now confirmed that it would support the UHB with an additional £4.3m cash in 2018/19 in respect of its Revenue Working Balance Cash balance and that this would enable the UHB to remain within its cash limit in 2018/19.</p> <p>The Deputy Director of Finance indicated that the UHB's cumulative PSPP performance improved marginally in month to 95.4% at the end of December.</p> <p>The key concerns around the plan remained managing within current budgets and reducing the UHB's underlying deficit.</p> <p>In response to a query from the UHB Vice Chair (CJ) as to whether the pressure on continuing healthcare budgets due to the continuing growth in packages represented a risk in 2019/20 the Deputy Director of Finance indicated that the UHB expected Clinical Boards to cover any risks with the flexibility available within the 2019/20 planning and operational framework and totality of delegated budgets. The Director of Planning added that the UHB was also working with local authorities to determine how ICF funding could best be used to manage demands against continuing healthcare budgets.</p> <p>LIMITED ASSURANCE was provided by:</p> <ul style="list-style-type: none"> • The scrutiny of financial performance undertaken by the Finance Committee; • The month 9 position which is broadly on line with the profiled deficit within the draft operational plan. <p>Resolved – that:</p>	
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	<p>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;</p> <p>The Finance Committee noted the £7.428m deficit at month 9 which includes a planning deficit of £7.425m and an adverse variance against plan of £0.003m;</p> <p>The Finance Committee noted the key concerns and actions being taken to manage risks.</p>	
FC19/008	<p>NO PURCHASE ORDER NO PAYMENT UPDATE</p> <p>The Deputy Director of Finance reminded the Committee that the NHS Wales Shared Services Partnership, Health Boards and Trusts had fully implemented an all Wales no purchase order no pay policy from 1st September 2018. Progress on implementation was initially reported to the October 2018 Finance Committee and a request was made at this meeting for a further update after 6 months in respect on the number of invoices on hold. It was confirmed that the number of Cardiff and Vale Health Board invoices on hold without a valid purchase order as at 14th January 2019 had fallen by approximately 50% from the reported position at the end of October 2018 from 1325 to 665 invoices. Over the same period as a percentage of the total invoices on hold across Wales the Cardiff and Vale UHB share had fallen from 34% to 16%.</p> <p>The UHB's cumulative (Non-NHS) PSPP performance to the end of December was 95.4% which represented an improvement on the performance of 92.3% at the 2017/18 year-end.</p> <p>The Committee was advised that the UHB was actively monitoring and managing the No PO No Pay policy through a Local P2P group with representation from Finance and Procurement. This process enabled issues arising from the P2P process to be reviewed and resolved as appropriate. In addition to this group, representatives from the UHB's Finance Department meet with NWSSP (AP) on a monthly basis to discuss payment related issues.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the update</p>	
FC19/009	<p>CLINICAL BOARDS IN ESCALATION</p> <p>The Chief Operating Officer confirmed that there were currently 3 Clinical boards which had only achieved limited assurance in respect of either the quality, activity or financial performance of services. There were concerns around the activity performance of two Clinical Boards.</p> <p>Discussions were continuing with the Medicine Clinical Board which was in escalation because of financial performance and the Finance Committee was informed that some assurance had been gleaned</p>	

	<p>from planned actions to improve this year's financial performance and that the situation would be re-assessed over the following month.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the actions being taken to manage financial performance</p>	
FC19/010	<p>COST REDUCTION PROGRAMME</p> <p>The Deputy Director of Finance highlighted the following key points from the Cost Reduction Report:</p> <ul style="list-style-type: none"> • At the end of the month £33.157m of schemes had been identified as Green or Amber against the devolved 4% savings target of £33.780m, leaving a gap of £0.623m • £21.604m has been identified against the £25.335m recurrent 3% element of the devolved target. • £11.553m has been identified against the £8.445m non-recurrent 1% element of the devolved target. • As at month 9 £12.684m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target. <p>The Deputy Director of Finance highlighted the WTE tracker and the reduction in the demand for wtes arising from UHB savings schemes. The Committee was informed that Clinical Boards had now been asked to prioritize and concentrate on 2019/20 CRP plans.</p> <p>In this context it was agreed that progress against the 2019/20 savings plans would be brought to future Finance Committee meetings</p> <p>Resolved – that:</p> <p>The Finance Committee noted the progress against the £33.780m devolved 2018/19 CRP target and the Cross Cutting contribution.</p> <p>The Finance Committee noted that the £9.266m improvement target had been achieved without any adverse impact on service delivery.</p>	Assistant Director of Finance (AG)
FC19/011	<p>RISK REGISTER</p> <p>The Deputy Director of Finance presented the 2018/19 Risk Register and asked the Finance Committee to note that one additional risk had been added to the register in month.</p> <p>It was agreed that in general 2018/19 risks had diminished as the year progressed and that the future Finance Committee meetings would also need to focus 2019/20 Risk Register.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the risks highlighted within the risk register</p>	Assistant Director of Finance (AG)

FC 19/012	ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES No other items to bring to the main Board.	
FC 18/013	DATE OF THE NEXT MEETING OF THE BOARD Wednesday 27th February; 2.00pm ; Large Meeting Room, HQ, UHW	

FINANCE COMMITTEE

ACTION LOG FROM 30th JANUARY 2019

MINUTE	DATE	SUBJECT	AGREED ACTION	ACTIONED TO	STATUS
FC - 18/259 &	31.10.18	The impact of weekly vs monthly payroll on the availability of bank staff	It was agreed that once the introduction of a weekly payroll for payment of bank staff was complete that the initiative should be reviewed after 6 months and the results reported back to the Finance committee.	Executive Nurse Director	Incomplete – The Nursing Productivity Group will review the results of the initiative and the results will be reported back to the Finance Committee after the end of June 2019.
FC - 19/006 & FC - 19/010	30.01.19	Progress against 2019/20 Savings Targets	Progress against the £14.9m of Corporate and high value opportunities target and the £16.4m recurrent delegated savings targets would formally be reported to the Finance Committee on a monthly basis to future Finance Committee meetings	Assistant Director of Finance	Complete – Progress report on the Agenda for the Finance Committee meeting of 27 th February 2018/19
FC - 19/011	30.01.19	2019/20 Finance Risk Register	2019/20 Finance Risk Register to be considered by Finance Committee	Assistant Director of Finance	Incomplete – 2019/20 Risk Register expected to be on the agenda for the Finance Committee meeting of 27 th March 2018/19

Report Title:	Cardiff and Vale of Glamorgan Joint Commissioning and Pooled Budget for Older People Services							
Meeting:	Finance Committee					Meeting Date:	27.02.19	
Status:	For Discussion		For Assurance		For Approval	✓	For Information	
Lead Executive:	Executive Director of Finance							
Report Author (Title):	Assistant Director of Finance for PCIC, Dental, Medicine and Mental Health Clinical Boards							

SITUATION

Part 9 of the Social Services and Well-being (Wales) Act 2014 (SSWWA 2014) required Local authorities and the Health Board for each region to establish and maintain pooled funds in relation to the exercise of care home accommodation functions by 6th April 2018. The region consists of Cardiff & Vale University Health Board (UHB), together with Cardiff Council and the Vale of Glamorgan Council as the statutory bodies within the pooled budget. The pooled budget arrangements for the Cardiff and Vale of Glamorgan region have been reviewed, and it is proposed that the arrangements for a pooled budget for older people care accommodation continue from 1st April 2019 until March 31st 2020, and will automatically renew going forward every 12 months (unless terminated or varied by any partner) with Cardiff Council to act as the host organisation;

REPORT

BACKGROUND

1. The purpose of the pooled funds arrangements is to ensure that local health boards and local authorities work together to maximise their influence to shape the future development of services. This includes ensuring there is sufficient capacity and an appropriate range of good quality services to respond to demand.
2. The work to develop the pooled budget was overseen by the Cardiff and Vale of Glamorgan Regional Partnership Board (C&VGRPB). It is important to recognise that, whilst the C&VGRPB retains the oversight of developments of the pooled budget, the decision making responsibilities (i.e. for agreeing the pooled budget and its management) rests with Cardiff County Council, the Vale of Glamorgan Council and Cardiff and Vale University Health Board.
3. On 21st May 2017, the then Minister for Social Services and Public Health wrote to the Chairs of Regional Partnership Boards (RPBs) setting out Welsh Government's expectations: *"You will be aware that the requirement to establish pooled funds in relation to the exercise of care home accommodation functions will come into effect next April. My expectation is that there will be a single pooled fund established jointly at the regional level between the health board and all the local authorities within the partnership area. This approach is essential to ensure that partnership boards deliver an integrated and collaborative approach to meeting care and support needs"*.

4. In a statement to the National Assembly on 10th October 2017, the previous Minister for Social Services and Public Health also said *"If I am not satisfied with the way this requirement has been delivered in each region by the end of the forthcoming financial year (2018/19), I will need to consider options for more direct intervention"*.
5. In addition to the requirement for pooled funds in relation to care home accommodation functions, local authorities and health boards are also expected to:
 - Undertake a population needs assessment and market analysis to include the needs of self-funders.
 - Agree an appropriate integrated market position statement and commissioning strategy.
 - Agree a common contract and specification (for use between the care home providers and the statutory bodies)
 - Develop an integrated approach to agreeing fees with providers.
 - Develop an integrated approach to quality assurance.
6. The Cardiff and Vale region has made good progress regarding all of these key requirements.
7. During 2017/18 a project team, made up of the service leads and legal and finance representatives from the three partner organisations, developed pooled budget arrangements for the Cardiff and Vale of Glamorgan region.
8. The pooled budget focused on care accommodation for older people (over 65), including those whose care is funded by NHS Continuing Health Care (NHS CHC), Funded Nursing Care (FNC) and local authority funded long term care home placements.
9. Following formal approval of the arrangements by each of the three partners in January 2018, the pooled budget arrangements were subject to a written partnership agreement between Cardiff Council, Vale of Glamorgan Council and Cardiff and Vale UHB which was finalised and signed on the 31st March 2018. The pooled budget arrangements set out the scope of the pooled budget, hosting, payment and monitoring arrangements as well as governance structures, accountability and decision making from April 2018 until March the 31st 2019.
10. For the 2018/19 financial year, one pooled budget has been established across the region with effect from 1st April 2018. During this first year of the new pooled budget arrangements, Cardiff Council has acted as the host organisation for these arrangements. These host arrangements for a pooled budget for older people care accommodation are now due to be reviewed for beyond March 31st 2019.

Pooled Budget - Technical Information

11. Whilst there is one pooled budget in place, the processes for commissioning and payment for services has remained with the three organisations, with each partner continuing to be responsible for their own budget and expenditure. The accountability for the functions of the statutory bodies remains with each individual organisation, in accordance with the Part

9 Guidance under SSWWA 2014.

12. In order to reflect the relevant costs of the three organisations within the pooled budget, transactions have been undertaken on a quarterly basis. This operated so that the costs incurred by each of the three organisations during each quarter was charged to the pooled budget held by Cardiff Council, as the host organisation at the end of each quarter. These costs were offset by the contributions made by each of the partners to the pooled budget, also on a quarterly basis. The contributions were based on the actual costs incurred in that quarter and have been timed to coincide with the charges so that no adverse cash flow implications were incurred by any of the three partners.
13. The agreed arrangements for the pooled budget means that there is no possibility of any potential cross-subsidisation between the parties (e.g. between the UHB and both local authorities).
14. The operation of the pooled budget transactions have been reported on a quarterly basis to the C&VGRPB and the supporting Strategic Leadership Group. Reporting on activity and expenditure has also continued to be made through existing mechanisms within each of the partner organisations. These arrangements have enabled greater transparency regarding expenditure and have helped to facilitate increased joint working between partners regarding engagement with providers in relation to market shaping and fee setting.
15. The Welsh Government launched a consultation on 31st August 2018 on the proposed amendments to the regulations under Part 9 of the Social Services and Well-being (Wales) Act 2014 which provide for Regional Partnership Boards. The amendments to the regulations were required to reflect that on 1st April 2019, healthcare services in the Bridgend County Borough Council area will transfer to Cwm Taf University Health Board from Abertawe Bro Morgannwg University Health Board, moving the health board boundary accordingly.
16. In addition Welsh Government have use the opportunity to revise other aspects of the Partnership Regulations, specifically to:
 - Clarify requirements for regional partnership boards to establish pooled funds in relation to care homes for older people;
 - Require housing representation on regional partnership boards;
 - Require regional partnership boards to produce regional commissioning strategies; and clarify the date when regional partnership boards must produce annual reports.
17. The consultation document did not suggest change to the requirement that pooled budgets are established within the Partnership area. Therefore there is an expectation, following the amendments to the regulations in March 2019, that there will still be the requirement for a single pooled fund in relation to care homes for older people, established jointly at the regional level, between the health board and all the local authorities within the partnership area.
18. The Partners may agree unanimously to extend this Agreement for an agreed period or periods in twelve (12) monthly periods and on varied terms as they agree, beyond the Initial Term (31.3.19) subject to approval of the individual Partner's internal approval processes.

19. The pooled budget arrangements for the Cardiff and Vale of Glamorgan region have been reviewed, and it is proposed that the arrangements for a pooled budget for older people care accommodation continue from 1st April 2019 until March 31st 2020, which will automatically renew going forward every 12 months (unless terminated or varied by any partner) with Cardiff Council to act as the host organisation; This will ensure that
- Cardiff and Vale of Glamorgan region continues to meet the requirements for regional partnership boards to establish pooled funds in relation to care homes for older people;
 - The regional partnership board continues to gather evidence to enable the development of a regional commissioning strategy in relation to care homes for older people
20. At this stage, the Partnership is not considering a pooled budget for commissioning care for other client groups. This position is consistent with other Regional Partnership Boards across Wales.

ASSESSMENT

The expenditure in relation to the 'in-scope' services and current commitments for 2018/19 has been reported as:

	Cardiff	Vale of Glamorgan	UHB	Total quarter spend
Q 1	£5,522,686	£2,158,379	£6,838,272	£14,519,337
Q2	£7,225,617	£2,373,195	£6,715,911	£16,314,723
Q3	£5,285,511	£2,456,276	£6,933,673	£14,675,460
Q4	annual outturn report due once financial accounts closed	annual outturn report due once financial accounts closed	annual outturn report due once financial accounts closed	annual outturn report due once financial accounts closed
Total to date	£18,033,814	£6,987,850	£20,487,856	45,509,520

At the end of the financial year, the pooled budget will therefore provide an overall record of the costs incurred by the three organisations in relation to long-term care home placements, FNC and NHS CHC costs for older people. These will be fully offset by the partners' contributions which will be equivalent to their actual costs in that year. Each of the three partner organisations will therefore continue to pay and be responsible for their own net costs, reflected as their individual contributions to the pooled budget. There is no risk sharing in this arrangement.

ASSURANCE is provided by:

- Adherence to Part 9 of the Social Services and Well-being (Wales) Act 2014 (SSWWA 2014)
- Quarterly reporting to the Regional Partnership Board

RECOMMENDATIONS

The Finance Committee is asked to:

APPROVE the continuation of the current pooled budget arrangements into 2019/20

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	√
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term		Integration	√	Collaboration	√	Involvement	
Equality and Health Impact Assessment Completed:	Not Applicable If "yes" please provide copy of the assessment. This will be linked to the report when published.								

Kind and caring
Caredig a gofalgwr

Respectful
Dangos parch

Trust and integrity
Ymddiriedaeth ac uniondeb

Personal responsibility
Cyfrifoldeb personol

Grŵp Iechyd a Gwasanaethau Cymdeithasol
Dirprwy Brif Weithredwr, GIG Cymru

Health and Social Services Group
Deputy Chief Executive, NHS Wales



Llywodraeth Cymru
Welsh Government

Len Richards
Chief Executive
Cardiff & Vale University Health Board
Headquarters Building
University Hospital of Wales
Cardiff
CF14 4XW

Our Ref: SD/SSE/PL

19 February 2019

Dear Len,

Integrated Medium Term Plan (IMTP) 2019-22

Further to your Board's approval and submission of its IMTP for 2019-22, I can confirm that an assessment and collective review have been undertaken by Welsh Government officials. Full feedback will be provided in due course, but in the meantime there are a number of issues which require your urgent attention.

In summary, the assessment has highlighted that there is much about the plan that is considered to be good and improved upon from last year. Notable areas included partnership working, prevention, primary care, mental health, workforce and accountability/grip in relation to performance.

As we would anticipate for any plan, a range of improvement and accountability conditions have been identified, which will be shared formally with the health board at the end of the assessment process (i.e. by the end of March).

However, there are a number of issues and risks which have been raised that are considered to be more significant, to the point that we would not be in a position to recommend the plan to the Minister for Health and Social Services for approval at this stage.

These concerns relate to the robustness of the finance element of the integrated plan, namely:

- Insufficient clarity is provided on how the health board intends to achieve its planned level of savings delivery in 2019/20. Whilst the Health Board's ambition is clear, at this point in time only £9.9m of a £31.3m savings requirement have firmed up plans in which you have confidence of delivery, with no clarity on how the Health Board will make further progress with addressing this shortfall and risk.

The impact of the finalisation of the savings plan will need to be worked through the rest of the integrated plan to ensure performance and quality are not impacted.

- The plan does not provide adequate assurance of the health board's understanding of its underlying deficit, and how this has featured in developing how the Health Board will address this as part of its plans.
- In addition, concerns remain regarding the health board's Research & Development Finance Policy. The health board has previously provided commitment to complying with the WHC guidance by 1 April 2019 and there is an expectation that must be actioned in this year. To date the detailed assurance required has still not been received.

This level of risk would mean that the plan as it stands does not currently meet the criteria for approval.

The health board is therefore requested to submit its revised finance plan (as at 28 February) by 7 March at the latest. If this has a material impact on the financial templates, these should also be revised and resubmitted by the same date. Assurance on the research & development finance policy is also requested by 7 March.

Your Board will also need to be content that there is clarity on these issues and the associated levels of risk.

In the meantime, we have assumed that the risks associated with delivering the RTT profiles described within the available budget rests with the health board. We do however acknowledge that the profiles provided are subject to further review and refinement.

Welsh Government finance leads and Finance Delivery Unit colleagues can provide more detailed feedback if that would help, but I must stress that we can not proceed with this current version of your IMTP.

Please do not hesitate to contact me if you have any queries or if you wish to discuss this further.

Yours sincerely



Simon Dean
Deputy Chief Executive, NHS Wales

cc: Andrew Goodall, Director General for Health and Social Services /
NHS Wales Chief Executive
Alan Brace, Director of Finance

Report Title:	Finance Report for the Period Ended 31st January 2019							
Meeting:	Finance Committee					Meeting Date:	27th February 2019	
Status:	For Discussion	x	For Assurance	x	For Approval		For Information	x
Lead Executive:	Executive Director of Finance							
Report Author (Title):	Deputy Director of Finance							

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 and management of delegated budgets is key to the success of the plan. The variance reported against the operational plan improved by £0.271m in month from an overspend of £0.003m at the end of month 9 to an underspend of £0.268m at month 10. The UHB has undertaken a detailed budget forecasting exercise which provides assurance that the UHB will deliver its forecast position by the year end.

REPORT

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 but was not acceptable due to assumptions around additional funding. The UHB then revised its financial plan but 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 2018 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
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
Cost Pressures due to population growth	(4.5)	(3.5)	1.0
Investments	(4.3)	(3.3)	1.0
Recurrent cost improvement plans	25.3	25.3	0.0
Additional funding assumed	15.5	0.0	(15.5)
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
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

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

Table 3: Finance Dashboard @ January 2019

		STATUS REPORT					
Measure	n	January 2019	RAG Rating	Latest Trend	Target	Time Period	
Financial balance: remain within revenue resource limits	36	£7.982m deficit at month 10. £0.268m favourable variance against plan	R			2018/19 planned deficit £9.9m	M10 2018-19
Remain within capital resource limits.	37	Expenditure at the end of January was £25.185m against a plan of £29.117m.	G			Approved planned expenditure £42.797m	M10 2018-19
Reduction in Underlying deficit	36a	£36.3m assessed underlying deficit position at month 10	R			If 2018/19 plan achieved reduce underlying deficit to £39.1m	M10 2018-19
Delivery of recurrent 3% savings target	36b	Fully Identified Savings Plan	G			£25.335m	M10 2018-19
Delivery of non recurrent 1% savings target	36c		G			£8.445m	M10 2018-19
Delivery of financial improvement target	36d	£9.3m identified at month 10	G			£9.3m	M10 2018-19
Creditor payments compliance 30 day Non NHS	37a	Cumulative 95.3% in January	G			95% of invoices paid within 30 days	M10 2018-19
Remain within Cash Limit	37b	Forecast cash surplus of £1.856m	G			To remain within Cash Limit	M10 2018-19
Maintain Positive Cash Balance	37c	Cash balance = £4.136m	G			To Maintain Positive Cash Balance	End of Jan. 2019

Month 10 Cumulative Financial Position

The UHB reported a deficit of £7.982m at month 10 as follows:

- £8.250m planned deficit (10/12th of £9.900m);
- £(0.268)m favourable variance against plan.

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

Table 4: Summary Financial Position for the period ended 31st January 2019

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	(115.475)	(115.405)	0.069	(1,132.586)	(1,130.694)	1.892	(1,377.141)	(1,377.141)	0.000
Pay	51.671	51.103	(0.568)	509.742	508.377	(1.365)	609.474	609.474	0.000
Non Pay	64.629	64.856	0.228	631.095	630.299	(0.795)	777.567	777.567	0.000
Variance to Draft Plan £m	0.825	0.554	(0.271)	8.250	7.982	(0.268)	9.900	9.900	0.000
Planned Deficit	(0.825)	0.000	0.825	(8.250)	0.000	8.250	(9.900)	0.000	9.900
Total £m	(0.000)	0.554	0.554	(0.000)	7.982	7.982	(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 @ January 2019

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	(77.543)	(77.543)	0.000	(757.181)	(757.181)	0.000
Non Cash Limited Expenditure	(1.615)	(1.615)	0.000	(16.149)	(16.149)	0.000
Accommodation & Catering	(0.298)	(0.336)	(0.038)	(2.983)	(2.882)	0.101
Education & Training	(3.184)	(3.207)	(0.023)	(31.627)	(31.597)	0.029
Injury Cost Recovery Scheme (CRU) I	(0.214)	(0.266)	(0.052)	(1.738)	(1.443)	0.294
NHS Patient Related Income	(25.029)	(24.888)	0.141	(246.018)	(244.999)	1.019
Other Operating Income	(6.716)	(6.741)	(0.026)	(68.038)	(67.539)	0.500
Overseas Patient Income	(0.005)	(0.014)	(0.010)	(0.051)	(0.253)	(0.202)
Private Patient Income	(0.141)	(0.075)	0.066	(1.148)	(0.950)	0.198
Research & Development	(0.730)	(0.720)	0.010	(7.655)	(7.702)	(0.047)
Total £m	(115.475)	(115.405)	0.069	(1,132.586)	(1,130.694)	1.892

An in month deficit of £0.069m and a cumulative deficit of £1.893m is reported against income budgets. The main adverse variances to note are:

- £1.019m adverse variance on NHS patient related income where the position has deteriorated in month and the cumulative under-recovery is due to underperformance against orthopaedics and a reduction of flows to the haematology and urology services further to an increase in capacity in neighbouring health boards. The continuing deterioration in the orthopaedics, haematology and urology services was partly offset an improvement in English income in month.
- £0.500m adverse variance on other operating income due to underperformance against critical care, PICU and NICU activity targets. This however has a small surplus in month.
- £0.294m adverse variance against the Injury Cost Recovery Scheme where the position improved by £0.052m in month due to the relatively high volume and number of new claims lodged.

The in month pressure in Private Patient income is due to a shortfall of activity in specialist services.

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 £0.146m, bringing the cumulative adverse variance to £1.007m. The Month 10 reported position is summarised in Table 6. This is driven significantly by under delivery against contracts with LHBs of £1.529m, offset by a favourable income position on WHSSC and NHS England.

The Month 10 reported position continues to reflect the under-performance trend for Aneurin Bevan and an in-year adverse movement on Cwm Taf. The latter is driven by recruitment into vacancies in Cwm Taf, reducing flows into Cardiff; most notably in Haematology and Urology. A key issue driving LHB positions is the low performance on 'out of area' orthopaedic services, particularly spinal work.

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.

There has been a non-Welsh income improvement in month, driven by PICU and cystic fibrosis patients along with cardiothoracic NCAs, bringing the cumulative variance to £0.154m favourable.

Table 6: Month 9 LTA Provider Position

Income - C&V Provider				(fav) / adv
	Annual Budget £m	YTD Profile £m	YTD Actual £m	YTD Variance £m
WHSSC	(216.861)	(183.100)	(183.467)	(0.367)
Aneurin Bevan	(29.166)	(24.355)	(23.470)	0.884
Other LHBs	(38.271)	(31.703)	(31.058)	0.645
Non-Welsh	(3.459)	(3.312)	(3.466)	(0.154)
	(287.756)	(242.469)	(241.462)	1.007

Pay

In total pay budgets are showing a cumulative underspend of £1.365m 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 9 £m	2018/19 Month 1 to Month 9 £m	2017/18 Month 10 £m	2018/19 Month 10 £m	2017/18 Cum. to Month 10 £m	2018/19 Cum. to Month 10 £m
Basic	515.377	382.821	396.447	43.003	44.490	425.825	440.937
Enhancements	24.533	18.002	19.133	1.820	2.085	19.822	21.218
Maternity	4.088	3.114	3.044	0.328	0.353	3.443	3.397
Protection	0.676	0.509	0.477	0.059	0.044	0.567	0.521
Total Fixed Pay	544.674	404.447	419.100	45.210	46.972	449.657	466.072
Agency (mainly registered Nursing)	8.767	5.910	8.163	0.773	0.770	6.683	8.932
Nursing Bank (mainly Nursing)	14.439	10.466	9.677	1.210	1.104	11.677	10.781
Internal locum (Medical & Dental)	4.306	3.160	3.791	0.363	0.432	3.523	4.223
External locum (Medical & Dental)	7.118	5.225	5.204	0.543	0.663	5.768	5.868
On Call	2.224	1.596	1.822	0.178	0.178	1.774	2.000
Overtime	5.758	4.041	4.633	0.431	0.523	4.472	5.156
WLI's & extra sessions (Medical)	5.111	3.161	4.884	0.438	0.461	3.599	5.344
Total Variable Pay	47.722	33.559	38.174	3.936	4.131	37.495	42.305
Total Pay	592.396	438.006	457.274	49.146	51.103	487.152	508.377
Pay Budget	594.938	439.559	458.071	49.729	51.671	489.288	509.742
Budget Variance (Fav)/Adv £m	(2.541)	(1.553)	(0.797)	(0.583)	(0.568)	(2.136)	(1.365)

The 2018/19 pay levels reflect the additional cost of the 2018/19 annual pay award. The UHB set aside a reserve to cover the initial 1% planning assumption and the cost of the additional wage award is covered by Welsh Government funding which was 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 @ January 2019

Pay	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Additional clinical services	2.063	2.021	(0.042)	20.166	19.494	(0.672)
Management, admin & clerical	6.053	5.943	(0.110)	59.280	58.535	(0.745)
Medical and Dental	13.440	13.324	(0.116)	130.834	131.224	0.390
Nursing (registered)	15.421	15.129	(0.292)	153.030	152.156	(0.874)
Nursing (unregistered)	4.158	4.328	0.170	41.026	43.556	2.531
Other staff groups	7.625	7.513	(0.112)	76.271	75.417	(0.854)
Scientific, prof & technical	2.911	2.844	(0.067)	29.135	27.993	(1.142)
Total £m	51.671	51.103	(0.568)	509.742	508.377	(1.365)

Total pay budgets improved by £0.568m in month to an underspend for the year to date of £1.365m due to seasonal reductions in expenditure especially in the first week of January.

Table 9 – Non Qualified Nursing Staff Pay Variance

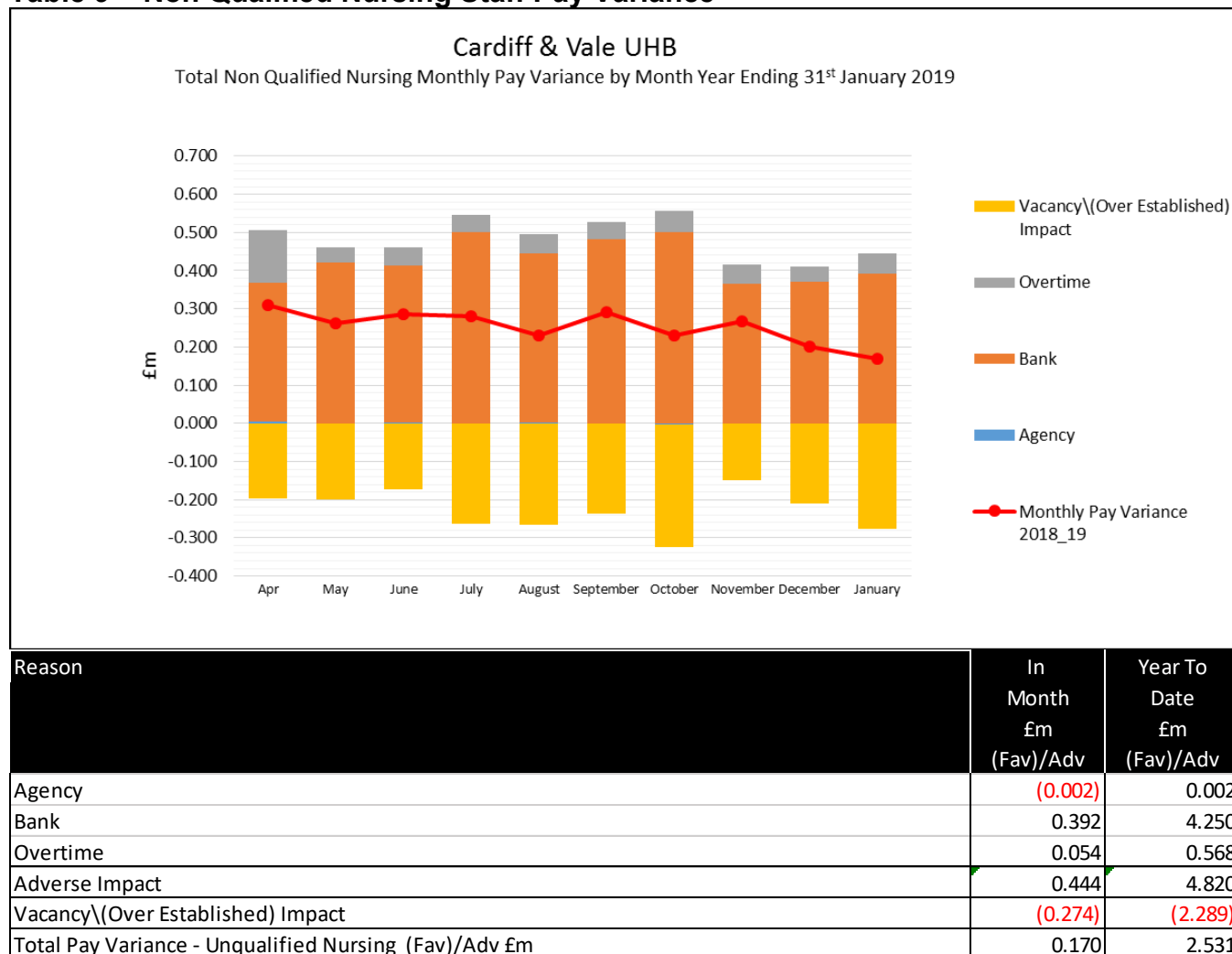


Table 9 indicates that the £2.531m adverse variance against non-qualified nursing assistants is due to overspends of £4.250m on bank staff and £0.568m on overtime which is partly offset by an underspend against established posts. The in month fall in the trend of reported overspend is due to seasonal reductions in expenditure.

Table 10 - Qualified Nursing Staff Pay Variance

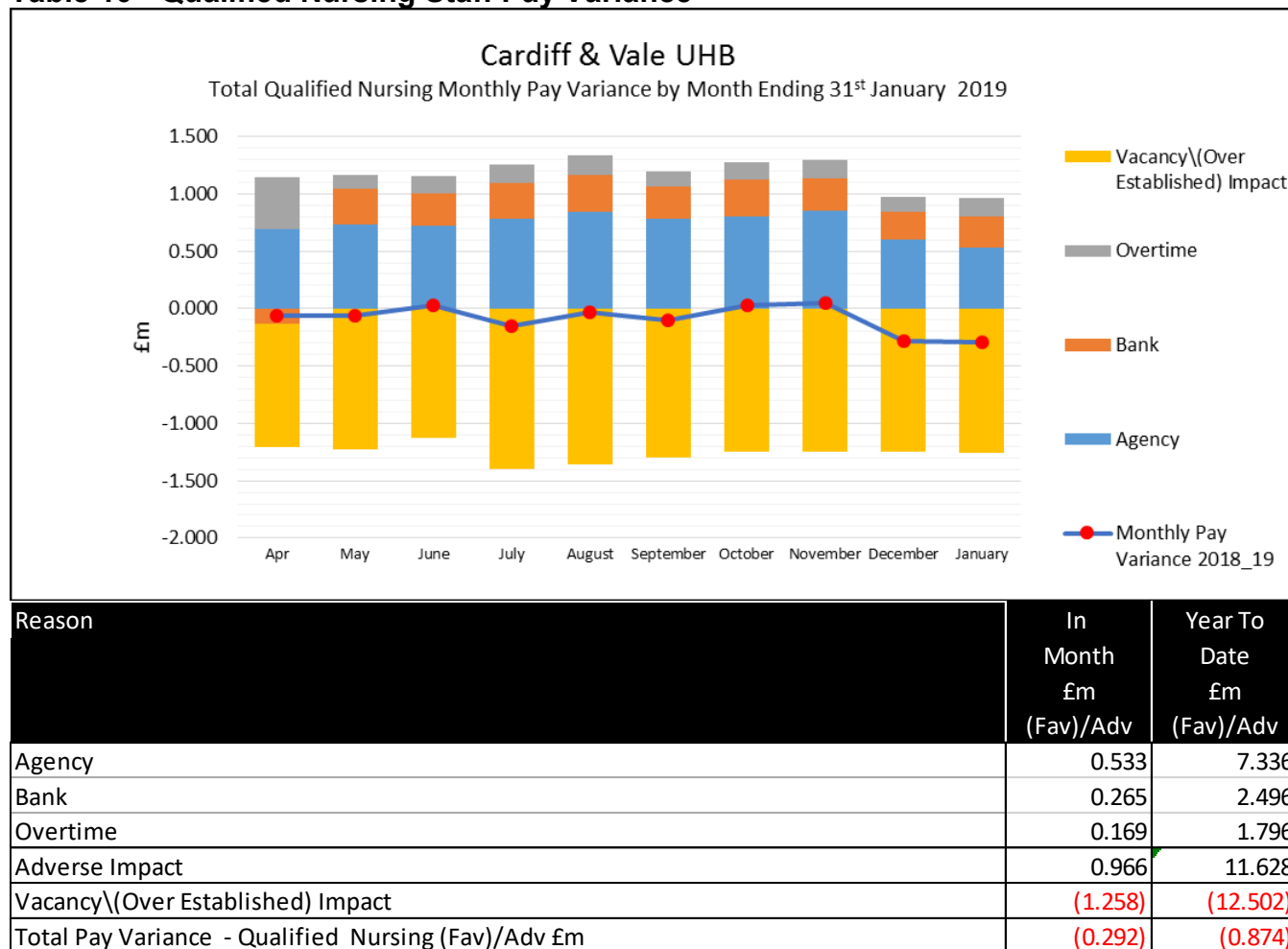
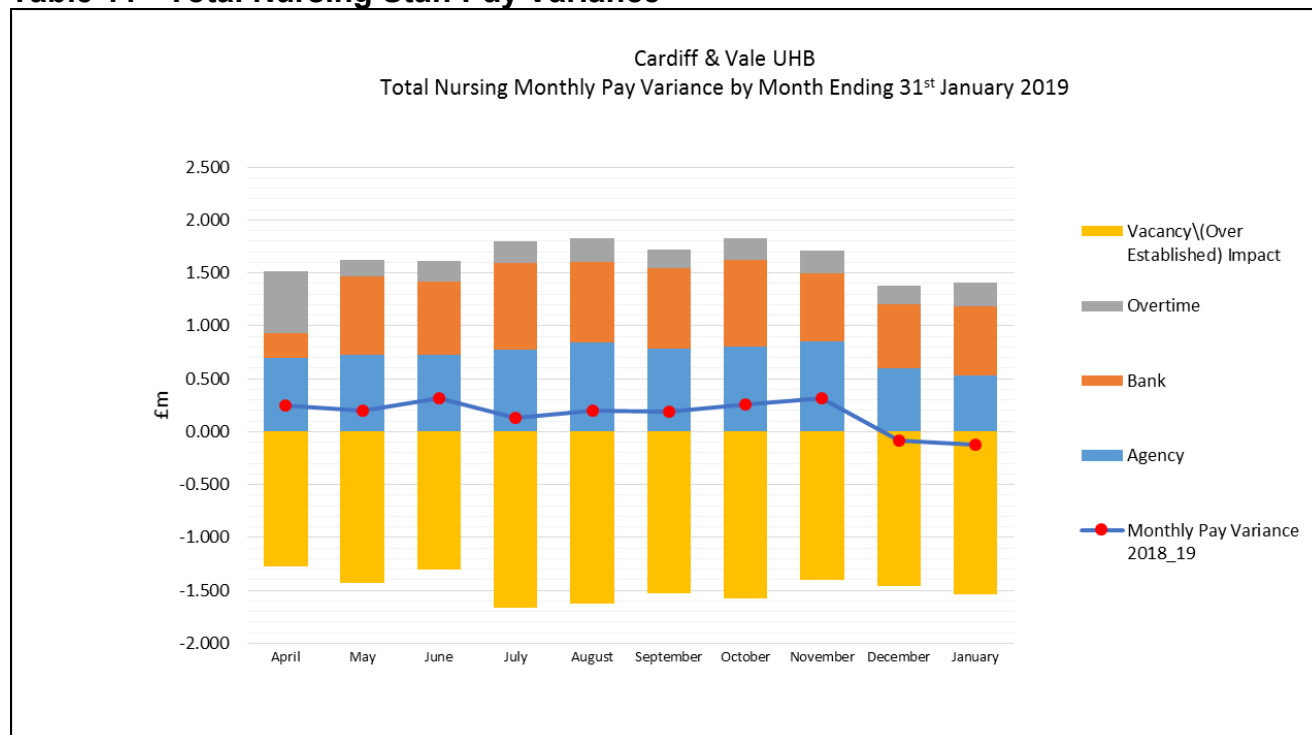


Table 10 confirms that expenditure on established qualified nursing posts is significantly less than budget and that the UHB is covering vacancies through additional spend on temporary staffing. The significant in month underspend is due to seasonal reductions in expenditure.

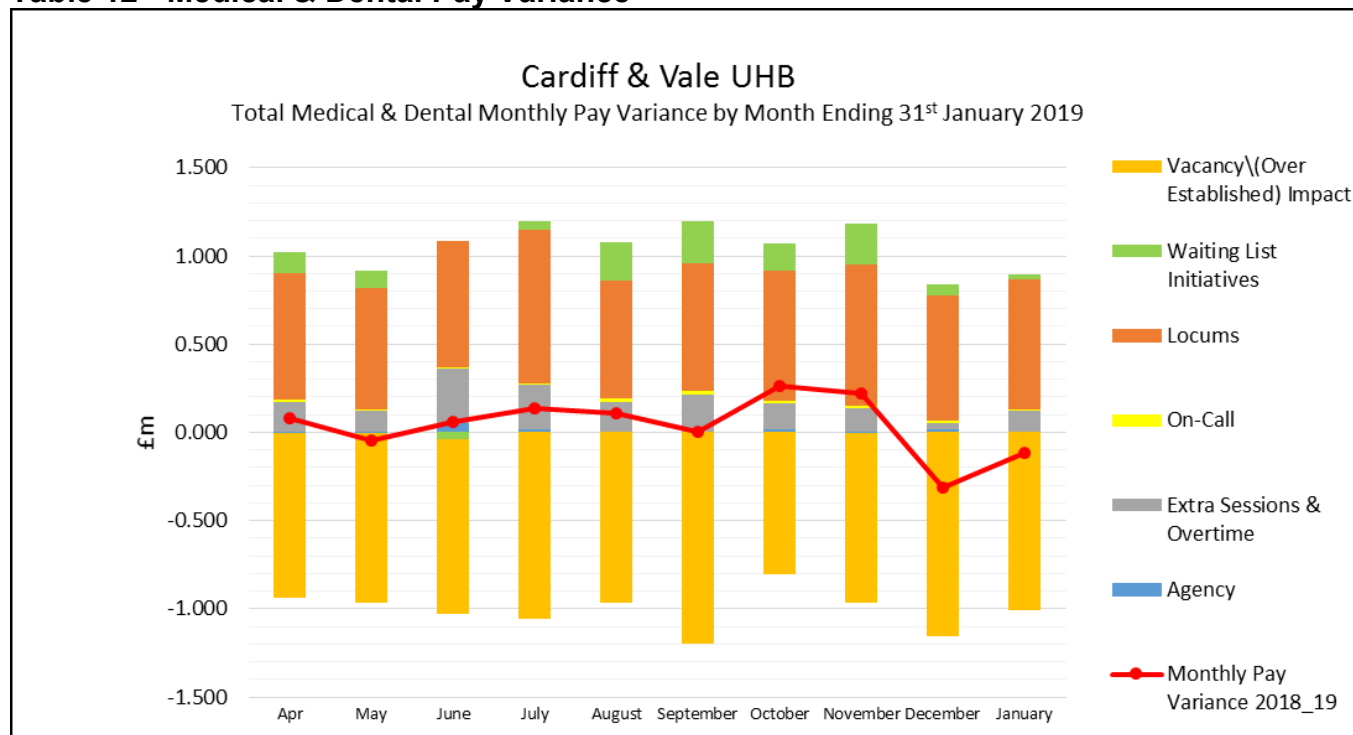
Table 11 - Total Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.531	7.338
Bank	0.657	6.746
Overtime	0.222	2.364
Adverse Impact	1.410	16.448
Vacancy\ (Over Established) Impact	(1.533)	(14.792)
Total Pay Variance - (Fav)/Adv £m	(0.122)	1.657

Table 11 identifies expenditure against substantive nursing posts for the year to date which is £1.657m more than budget. The £14.792m surplus against established posts is offset by a £16.448m 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 £0.387m at month 10.

Table 12 - Medical & Dental Pay Variance

Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.006	0.101
Extra Sessions & Overtime	0.113	1.675
On-Call	0.008	0.122
Locums	0.741	7.371
Waiting List Initiatives	0.027	1.157
Adverse Impact	0.894	10.426
Vacancy\ (Over Established) Impact	(1.010)	(10.036)
Total Pay Variance - Medical & Dental (Fav)/Adv £m	(0.116)	0.390

The key areas of concern are a £0.114m in month overspend and a £0.937m cumulative overspend within the Women and Children Clinical Board and a cumulative £0.417m overspend in the CD&T Clinical Board following a £0.034m in month underspend.

Non Pay

Table 13 highlights an in month overspend of £0.228m and a £0.795m cumulative underspend against non pay budgets.

The key pressure area is in clinical services and supplies where there was an in month deterioration of £0.183m and the cumulative overspend for the first 10 months of the year is now £1.622m. The in month improvement in commissioned services is primarily due to the recognition of the recent settlement with North Bristol for Interventional Neuro Radiology outsourcing. .

Table 13: Non Pay Variance @ January 2019

Non Pay	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Clinical services & supplies	8.926	9.110	0.183	81.828	83.451	1.622
Commissioned Services	13.818	13.651	(0.167)	139.794	139.505	(0.290)
Continuing healthcare	5.947	6.020	0.074	52.391	53.118	0.728
Drugs / Prescribing	14.504	14.229	(0.275)	127.872	126.977	(0.895)
Establishment expenses	1.009	1.142	0.133	9.097	9.442	0.345
General supplies & services	0.708	0.766	0.058	6.907	7.212	0.305
Other non pay	2.678	2.852	0.174	46.911	44.694	(2.217)
Premises & fixed plant	2.995	3.165	0.170	26.767	26.684	(0.083)
Primary Care Contractors	14.043	13.920	(0.122)	139.528	139.217	(0.311)
Total £m	64.629	64.856	0.228	631.095	630.299	(0.795)

LTA Commissioner Performance

The UHB spends circa £160m commissioning healthcare services for its population through contracts with WHSSC, LHBs and Velindre. A favourable Month 10 variance of £0.631m is shown in Table 14 and is largely driven by the UHBs performance on contracts, including:

- A lower than anticipated NICE cancer drugs expenditure with Velindre NHS Trust. The position moved favourably in-month £0.040m. Underperformance on drugs is offset against IPFR spend and over performance on activity, overall there is a favourable variance of £0.537m to month 10 for Velindre.
- Continued under performance in ABMU recovered at an enhanced marginal rate; £0.126m to month 10, and continuation of underperformance on the Cwm Taf contract of £0.450m.

The WHSSC position has moved favourably in-month due to a slight reduction on the C&V provider position in specialities where the UHB is a higher risk share, alongside IPFR and slippage on investments. The position continues to provide for the financial risk of ongoing negotiations between WHSSC and NHSE over the impact of HRGv4+, which may yet result in a more favourable outcome or WG support.

There is an improvement in month 10 on the UHB's expenditure for non-contracted activity. This is due to the recent settlement agreement with North Bristol Trust on INR outsourcing for 2017/18, compared to provisions made last year and a £0.400m non-recurrent benefit is anticipated by year-end. The underlying NCA position continues to grow, partly driven by Panel approved referrals to England for services not available locally.

Table 14: Month 9 LTA Commissioner Position

Expenditure - C&V Commissioner			(fav) / adv	
	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	119.927	99.884	100.030	0.146
Velindre	16.406	13.699	13.162	(0.537)
LHBs	22.878	18.730	18.147	(0.583)
Other / NCAs	1.690	1.208	1.552	0.343
	160.901	133.521	132.890	(0.631)

The overall position on commissioned services is worse than the LTA position mainly due to out of area placements in Mental Health and Primary Care which whilst they were relatively flat in the month have a year to date adverse variance of £0.3m.

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 ten months to 31st January 2019 by Clinical Board is shown in Table 15.

Table 15: Financial Performance for the period ended 31st January 2019

Clinical Board	M9 Budget Variance £m	M10 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.760	0.861	0.101	0.95%
Children & Women	1.297	1.550	0.253	1.81%
Capital Estates & Facilities	0.076	0.070	(0.006)	0.13%
Dental	0.395	0.432	0.038	2.59%
Executives	(0.666)	(0.578)	0.088	(1.77%)
Medicine	1.472	1.571	0.099	1.60%
Mental Health	0.295	0.125	(0.170)	0.20%
PCIC	(1.043)	(1.048)	(0.005)	(0.37%)
Specialist	(0.456)	(0.683)	(0.227)	(0.49%)
Surgery	1.076	1.197	0.121	1.10%
Central Budgets	(3.203)	(3.765)	(0.563)	(2.31%)
SubTotal	0.003	(0.268)	(0.271)	(0.04%)
Planned Deficit	7.425	8.250	0.825	0.73%
Total	7.428	7.982	0.554	0.70%

In month and cumulative overspends were reported by 6 Clinical Boards in January. The largest in month overspend was in Children & Women where the majority of the overspend was due to medical pay and continuing underperformance in NICU. Expenditure within Laboratories and Radiology linked to demand was the main pressure in CD & T and the overspend in the Medicine Clinical Board was due to nursing pressures. Pressures against Clinical Services and Supplies were again reported in the Surgery Clinical Board.

Performance against Clinical Board Budget Forecasts

All budget holders undertook 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 10 was some £1m lower than the forecast profile as shown in Table 16.

Table 16: Budget Holder Financial Forecasts & Performance

Clinical Board	Year End Forecast (Surplus)/ Deficit Variance £m	M10 Forecast Profile (Surplus)/ Deficit Variance £m	M10 Actual Position (Surplus)/ Deficit Variance £m	Variance to Forecast Profile £m
Clinical Diagnostics & Therapies	1.124	0.816	0.861	0.045
Children & Women	1.654	1.497	1.550	0.053
Capital Estates & Facilities	(0.011)	0.164	0.070	(0.094)
Dental	0.600	0.443	0.432	(0.011)
Executives	(0.003)	(0.128)	(0.578)	(0.450)
Medicine	0.759	0.902	1.571	0.669
Mental Health	0.798	0.765	0.125	(0.640)
PCIC	(1.353)	(1.053)	(1.048)	0.005
Specialist	(0.010)	0.058	(0.683)	(0.741)
Surgery	0.967	1.033	1.197	0.164
Central Budgets	(4.525)	(3.765)	(3.765)	0.000
SubTotal	(0.000)	0.732	(0.268)	(1.000)
Planned Deficit	9.900	8.250	8.250	0.000
Total	9.900	8.982	7.982	(1.000)

The UHB has sufficient non recurrent opportunities to bridge the projected overspend in delegated budgets and therefore the forecast deficit of £9.9m remains intact. The favourable variance to profile provides additional assurance that the UHB will achieve its year end forecast position of a £9.9m deficit.

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 10 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 £2.812m and accounting gains of £3.388m. Clinical Boards identified a further £0.3m 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 10 months to the end of January the UHB had fully achieved its profiled savings target (including income generation schemes & non recurrent accounting gains) of £26.982m 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 10

	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.

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. Successful delivery of the 2018/19 plan would reduce this to £36.3m by the year end. This is shown in Table 18.

Table 18: Summary of Underlying Financial Position

	2018/19 Plan £m	Forecast Position @ Month 9	
		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
Reduction in recurrent baseline costs confirmed in November 2018 (WEQAS & biosimilar drugs)			(2.800)
Deficit £m	9.900	29.161	36.261

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 £2.550m has been identified recurrently through reserves for 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 reduction in recurrent baseline costs includes an additional £1m of cost savings that are expected to arise from the reduction the cost of biosimilar drugs in 2019/20 and a £1.8m reduction in UHB liabilities arising from a planned capital purchased for WEQAS.

The UHB has submitted a 2019/20-2021/22 Integrated Medium Term Plan (IMTP) to Welsh Government which contains a balanced financial plan. This includes measures to recurrently address the UHBs underlying deficit.

Balance Sheet

The balance sheet at month 10 is detailed in **Appendix 2**.

The increase in the carrying value of property, plant & equipment since the start of the year is largely due to the fact that the spend on capital projects incurred to date and the upward valuation of Land and Buildings due to indexation exceed depreciation and impairment charges incurred in the year.

Overall trade debtors have fallen by £22.8m (10.2%) since the start of the year primarily due to a reduction in amounts due from the Welsh Risk Pool in respect of clinical negligence cases.

The value of Trade and other payables has fallen by around £23.3m 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.

Cash Flow Forecast

The cash flow projection is shown in **Appendix 3** with a forecast year end cash balance of £1.9m.

Amounts shown on the sale of assets line reflect the full value of anticipated in year sale proceeds. The UHB expects to reinvest £0.3m of these receipts in the purchase of property, plant & equipment.

The UHB received approval in January of the requested Revenue Working Balance Cash of £4.274m which reflects 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	26.649
Forecast Cash Balance £m	1.856

Public Sector Payment Compliance

The UHB's cumulative performance fell from 95.4% at the end of December to 95.3% to the end of January with an in-month compliance rate of 94.8%.

Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of January 2019 is summarised in Table 20 and is detailed in **Appendix 4**.

Table 20: Progress against Capital Resource Limit @ January 2019

	£m
Planned Capital Expenditure at month 10	29.117
Actual net expenditure against CRL at month 10	25.185
Variance against planned Capital Expenditure at month 10	(3.932)

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 5th February 2019

In January the UHB received an additional £0.177m funding being £0.017m for Renal IM&T software and £0.160m re works to the Microbiology Laboratories.

Financial Risks

The UHB's forecast year end position is a £9.900m deficit and the UHB is confident that this will be achieved by year end.

Key Concerns and Recovery Actions

At month 10, the key concern is set out below:

1. Concern - Managing down the underlying deficit.

Action – The underlying deficit has fallen by £12.8m since the start of the year. The UHB has submitted a 2019/20-2021/22 Integrated Medium Term Plan (IMTP) to Welsh Government for their consideration and approval, which includes a balanced financial plan and measures to recurrently address the UHBs underlying deficit. This is dependent on the delivery of a 3.8% savings target.

ASSURANCE is provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The month 10 position which is in lower than with the profiled deficit within the Annual Operational Plan.

RECOMMENDATION

The Finance 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 £7.982m deficit at month 10 which includes a planning deficit of £8.250m and budget underspends of £0.268m;
- **NOTE** the key concern and action being taken to manage risks.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term	x	Integration		Collaboration		Involvement	
Equality and Health Impact Assessment Completed:	Not Applicable If "yes" please provide copy of the assessment. This will be linked to the report when published.								

Appendix 1

Month 10 In-Year Effect

Clinical Board	18-19 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall at Performance Review Month 10
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Children & Women	3,550	2,508	745	3,253	569	297
Medicine	3,754	3,487	513	4,000	584	-246
CD&T	3,442	2,655	853	3,509	941	-67
Surgery	4,714	4,163	439	4,601	1,398	113
Dental	800	233	0	233	84	567
Mental Health	2,940	2,870	70	2,940	20	0
Capital Estates & Facilities	2,580	1,822	758	2,580	133	0
Primary, Community & Intermediate Care	6,600	6,952	122	7,074	150	-474
Corporate Executives	1,362	1,128	23	1,151	457	211
Specialist	4,038	3,712	396	4,108	618	-70
Total £'000	33,780	29,530	3,918	33,448	4,954	332

2018-19 Full Year Effect

Clinical Board	18-19 Target	Identified Green	Clinical Board - Amber	Total Green & Amber	Pipeline Red	Shortfall Performance Review Month 10
	£'000	£'000	£'000	£'000	£'000	£'000
PCIC	4,950	5,666	122	5,788	424	-838
Specialist Services	3,029	2,418	612	3,030	828	-1
CD&T	2,582	1,072	1,621	2,694	1,036	-112
Mental Health	2,205	1,812	30	1,842	20	363
Medicine	2,816	3,660	93	3,753	830	-937
Capital Estates and Facilities	1,935	864	1,145	2,009	380	-74
Surgery	3,535	3,054	492	3,545	2,674	-10
Children & Women	2,663	1,632	920	2,552	774	110
Corporate Execs	1,022	532	13	545	491	477
Dental	600	94	0	94	110	506
Total	25,335	20,804	5,048	25,852	7,567	-518

Appendix 2

BALANCE SHEET AS AT 31st JANUARY 2019

	Opening Balance 1 st April 2018	Closing Balance 31 st January 2019
	£'000	£'000
Non-Current Assets		
Property, plant and equipment	657,424	664,753
Intangible assets	2,245	1,687
Trade and other receivables	57,469	34,279
Other financial assets		
Non-Current Assets sub total	717,138	700,719
Current Assets		
Inventories	15,697	16,092
Trade and other receivables	166,189	166,623
Other financial assets	0	0
Cash and cash equivalents	1,856	4,136
Non-current assets classified as held for sale	0	206
Current Assets sub total	183,742	187,057
TOTAL ASSETS	900,880	887,776
Current Liabilities		
Trade and other payables	180,290	157,482
Other financial liabilities	0	0
Provisions	120,512	117,109
Current Liabilities sub total	300,802	274,591
NET ASSETS LESS CURRENT LIABILITIES	600,078	613,185
Non-Current Liabilities		
Trade and other payables	9,635	9,157
Other financial liabilities	0	0
Provisions	60,471	31,467
Non-Current Liabilities sub total	70,106	40,624
TOTAL ASSETS EMPLOYED	529,972	572,561
FINANCED BY:		
Taxpayers' Equity		
General Fund	417,207	456,643
Revaluation Reserve	112,765	115,918
Total Taxpayers' Equity	529,972	572,561

Appendix 3

CASH FLOW FORECAST AS AT 31st JANUARY 2019

	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	83,707	79,653	68,475	72,830	74,696	914,911
WG Revenue Funding - Non Cash Limited (NCL)	1,600	1,590	1,380	1,540	1,650	1,450	1,760	1,480	1,695	1,815	1,500	1,918	19,378
WG Revenue Funding - Other (e.g. invoices)	3,850	3,165	2,366	2,378	2,618	2,391	1,255	1,503	1,255	1,255	4,352	4,297	30,685
WG Capital Funding - Cash Limit	8,000	6,000	1,500	1,600	7,200	4,300	1,930	2,378	2,747	3,000	3,000	14,192	55,847
Sale of Assets	0	0	0	170	0	0	0	0	0	0	0	120	290
Income from other Welsh NHS Organisations	32,230	31,149	46,893	34,472	39,938	29,879	37,489	45,120	34,533	33,472	40,341	40,757	446,273
Other - (Specify in narrative)	8,139	5,359	5,198	14,605	8,136	6,049	14,735	9,650	7,569	13,098	5,170	8,802	106,510
TOTAL RECEIPTS	139,864	128,883	148,087	116,485	142,022	106,249	127,924	143,838	127,452	121,115	127,193	144,782	1,573,894
PAYMENTS													
Primary Care Services : General Medical Services	5,267	4,164	8,167	4,908	4,063	6,324	4,345	4,184	6,855	5,676	4,187	6,581	64,721
Primary Care Services : Pharmacy Services	134	135	123	106	128	131	134	123	267	497	462	250	2,490
Primary Care Services : Prescribed Drugs & Appliances	7,008	7,632	15,311	3	15,555	3	7,339	15,141	7,635	3	7,368	7,570	90,568
Primary Care Services : General Dental Services	1,755	1,800	1,766	1,974	1,684	1,828	1,894	1,651	1,681	2,324	1,918	1,845	22,120
Non Cash Limited Payments	1,958	2,086	2,111	2,093	2,040	2,215	2,079	2,043	2,262	2,041	2,137	2,095	25,160
Salaries and Wages	47,471	47,804	47,732	47,215	47,922	47,429	47,642	51,990	52,780	49,861	48,473	48,444	584,763
Non Pay Expenditure	54,604	51,324	57,727	54,191	44,288	43,936	53,164	50,695	42,795	53,630	50,357	55,695	612,406
Capital Payment	12,496	1,679	1,935	2,308	6,758	2,324	2,290	3,351	2,560	2,701	3,329	14,407	56,138
Other items (Specify in narrative)	8,721	8,960	17,124	3,343	15,476	3,933	8,996	15,181	10,602	4,055	9,063	10,074	115,528
TOTAL PAYMENTS	139,414	125,584	151,996	116,141	137,914	108,123	127,883	144,359	127,437	120,788	127,294	146,961	1,573,894
Net cash inflow/outflow	450	3,299	(3,909)	344	4,108	(1,874)	41	(521)	15	327	(101)	(2,179)	
Balance b/f	1,856	2,306	5,605	1,696	2,040	6,148	4,274	4,315	3,794	3,809	4,136	4,035	
Balance c/f	2,306	5,605	1,696	2,040	6,148	4,274	4,315	3,794	3,809	4,136	4,035	1,856	

PROGRESS AGAINST CRL AS AT 31st JANUARY 2019

Approved CRL issued February 5th 2019 £'000s

42,797

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	12,046	9,314	(2,732)	13,990	13,990	0
CRI Safeguarding	548	431	(117)	548	431	(117)
Rookwood Emergency Works	465	102	(363)	499	299	(200)
Anti Ligature Works	100	144	44	100	144	44
UHW Interventional Radiology Suite	500	1,054	554	500	1,069	569
Acceleration and implementation of National Clinical Systems	48	48	0	597	597	0
Reurbishment of the Renal Facilities at UHW	841	710	(131)	1,197	1,149	(48)
Purchase of Woodland House	2,950	3,996	1,046	2,950	3,996	1,046
Rookwood Replacement	1,878	836	(1,042)	4,420	3,220	(1,200)
ETTF Funding re BEST Software for ALAC	9	10	1	21	21	0
UHL Theatres	82	35	(47)	1,000	500	(500)
IM&T Discretionary	0	0	0	1,786	1,786	0
Digital Cellular Path	0	125	125	124	125	1
Renal IM&T	0	0	0	17	17	0
Microbiology Labs Works	0	0	0	160	160	0
Sub Total	19,467	16,805	(2,662)	27,909	27,504	(405)
Discretionary:						
I.T.	661	556	(105)	914	914	0
Equipment	476	341	(135)	2,762	2,762	0
Statutory Compliance	1,855	1,342	(513)	2,156	2,156	0
Estates	7,189	6,672	(517)	10,751	11,156	405
Sub Total	10,181	8,911	(1,270)	16,583	16,988	405
Donations:						
Charitable Funds Equipment	361	361	0	1,409	1,409	0
Sub Total	361	361	0	1,409	1,409	0
Asset Disposals:						
Carbon Reduction Emissions Surrendered	170	170	0	170	170	0
Amy Evans	0	0	0	0	0	0
Colcott Clinic	0	0	0	116	116	0
Iorweth Jones	0	0	0	0	0	0
Sub Total	170	170	0	286	286	0
CHARGE AGAINST CRL	29,117	25,185	(3,932)	42,797	42,797	0
PERFORMANCE AGAINST CRL (Under)/Over £'000s		(17,612)			0	

Report Title:	2018-19 Cost Reduction Programme							
Meeting:	Finance Committee					Meeting Date:	27th February 2019	
Status:	For Discussion	x	For Assurance	x	For Approval		For Information	x
Lead Executive:	Executive Director of Finance							
Report Author (Title):	Assistant Director of Finance							

SITUATION

The UHB has a total savings requirement of £31.245m in 2019/20. This report summarises progress against the 2019/20 UHB devolved 2% savings programme of £16.345m and the Cross Cutting contribution. The report also summarises progress against the £14.900m corporate and high value opportunities target.

REPORT

ASSESSMENT

PROGRESS AGAINST DEVOLVED CRP REQUIREMENT 2018-19

As at 21st February £10.270m of schemes had been identified as Green or Amber against the devolved 2% savings target of £16.345m. There is a therefore a shortfall of £6.075m to be identified by delegated budget holders.

Of the £10.270m identified schemes, £8.443m is recurrent and £1.827m is non recurrent.

There is an expectation that clinical Boards have 80% of schemes in Green and amber by 1st March and 100% of schemes in green and amber by 1st April.

PROGRESS AGAINST CROSS CUTTING THEMES 2018-19

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

As at 21st February £3.587m of opportunities have been identified as Green or Amber contributing towards the delivery of the £16.345m devolved CRP target.

PROGRESS AGAINST CORPORATE AND HIGH VALUE OPPORTUNITIES TARGET

As at 21st February £2.089m had been identified as Green or Amber against the £14.900m corporate and high value opportunities target. There is therefore a shortfall of £12.811m to be identified.

A significant amount of work is underway to address this shortfall focusing on a number of areas highlighted through both the Efficiency Framework and our own internal benchmarking and analysis.

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 £12.057m against the UHB total CRP requirement of £31.245m. This leaves a shortfall £19.188m.

To ensure we achieve our financial objectives for 2019/20 and secure our approved IMTP we need to progress our CIP achievement as follows:

- 80% CIP in green and amber by 1st March 2019
- 100% CIP in green and amber by 1st April 2019

ASSURANCE is provided by:

- The scrutiny of financial performance undertaken by the Finance Committee;
- The weekly reported CIP tracker.

RECOMMENDATION

The Finance Committee is asked to:

- **NOTE** the progress against the £31.245m UHB savings requirement for 2019/20.

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term	x	Integration		Collaboration		Involvement	
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Equality and Health Impact Assessment Completed:

Not Applicable

If "yes" please provide copy of the assessment. This will be linked to the report when published.

Savings Tracker Summary

2019-20 In-Year Effect

Clinical Board	19-20 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Children & Women	1,775	337	1,121	1,457	358	318
Corporate Execs	681	481	61	542	112	139
PCIC	3,300	440	2,076	2,516	348	784
Capital Estates and Facilities	1,290	870	1	871	569	419
Specialist Services	2,019	631	714	1,345	1,119	674
CD&T	1,633	469	602	1,071	468	562
Medicine	1,877	6	1,240	1,246	0	631
Mental Health	1,470	175	344	519	600	951
Surgery	2,300	380	324	704	803	1,596
Total	16,345	3,789	6,482	10,270	4,377	6,075
Corporate	14,900	589	1,500	2,089	6,050	12,811
Total	31,245	4,378	7,982	12,359	10,427	18,886

2019-20 Full Year Effect

Clinical Board	Recurrent	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Children & Women	1,775	180	938	1,118	596	657
PCIC	3,300	440	1,616	2,056	498	1,244
Specialist Services	2,019	631	714	1,345	1,192	674
CD&T	1,633	452	519	972	482	661
Medicine	1,877	6	1,985	1,991	0	-114
Mental Health	1,470	0	442	442	700	1,028
Corporate Execs	681	206	32	239	8	442
Surgery	2,300	384	327	711	849	1,589
Capital Estates and Facilities	1,290	284	0	284	549	1,006
Total	16,345	2,583	6,573	9,157	4,874	7,188
Corporate	14,900	400	2,500	2,900	12,100	12,000
Total	31,245	2,983	9,073	12,057	16,974	19,188

WTE Tracker Summary

2019-20 In-Year Effect

Clinical Board	Green	Amber	Total Green & Amber	Pipeline Red
	WTE	WTE	WTE	WTE
PCIC	1.63	0.00	1.63	0.50
Capital Estates and Facilities	0.00	0.00	0.00	0.00
Specialist Services	0.00	0.00	0.00	0.00
Medicine	0.00	3.00	3.00	0.00
Surgery	0.00	0.00	0.00	14.84
Children & Women	0.00	6.10	6.10	0.00
CD&T	5.80	9.51	15.31	2.00
Mental Health	0.00	13.00	13.00	0.00
Corporate Execs	3.70	0.75	4.45	2.50
Total	11.13	32.36	43.49	19.84

Full Year Effect

Clinical Board	Green	Amber	Total Green & Amber	Pipeline Red
	WTE	WTE	WTE	WTE
PCIC	1.63	0.00	1.63	0.50
Capital Estates and Facilities	0.00	0.00	0.00	0.00
Specialist Services	0.00	0.00	0.00	0.00
Medicine	0.00	3.00	3.00	0.00
Surgery	0.00	1.00	1.00	15.84
Children & Women	0.00	6.10	6.10	0.00
CD&T	5.80	9.51	15.31	2.00
Mental Health	0.00	13.00	13.00	0.00
Corporate Execs	3.70	0.75	4.45	2.50
Total	11.13	33.36	44.49	20.84

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

Clinical Board	Recurrent		Non-Recurrent
	19-20 recurrent	Identified Green & Amber	Identified Green & Amber
	£'000	£'000	£'000
Children & Women	1,775	1,084	373
Corporate Execs	681	542	0
PCIC	3,300	2,290	226
Capital Estates and Facilities	1,290	382	489
Specialist Services	2,019	1,082	263
CD&T	1,633	924	147
Medicine	1,877	1,131	115
Mental Health	1,470	344	175
Surgery	2,300	665	39
Total	16,345	8,443	1,827
Corporate	14,900	1,700	389
Total	31,245	10,143	2,216

Cross Cutting Tracker Summary 2019/20

In-Year Effect

Clinical Group	2019-20	Identified Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£'000)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	15	147	50	162	1,838
Medicines Management	2,000	551	711	329	1,262	738
Nursing Productivity	1,000	206	1,205	86	1,411	-411
Procurement	2,000	267	284	163	551	1,449
Workforce Productivity	2,000	40	162	143	202	1,798
Total	9,000	1,079	2,508	771	3,587	5,413

Full Year Effect

Clinical Group	2020-21	Identified Green	Cross Cutting Contribution Amber	Cross Cutting Contribution Red	Total Green & Amber	Shortfall on Total Target vs Green & Amber
	(£)	(£)	(£)	(£)	(£)	£
Medical Productivity	2,000	15	147	50	162	1,838
Medicines Management	2,000	551	711	454	1,262	738
Nursing Productivity	1,000	206	1,860	86	2,066	-1,066
Procurement	2,000	292	319	200	611	1,389
Workforce Productivity	2,000	40	212	157	252	1,748
Total	9,000	1,104	3,249	947	4,353	4,647

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

Report Title:	Terms of Reference – Finance Committee						
Meeting:	Finance Committee				Meeting Date:	27.02.19	
Status:	For Discussion	x	For Assurance		For Approval	x	For Information
Lead Executive:	Director of Corporate Governance						
Report Author (Title):	Director of Corporate Governance						

SITUATION

In line with the UHB's Standing Orders, Terms of Reference for Committees of the Board, should be reviewed on an annual basis.

This report provides Members of the Finance Committee with the opportunity to review the Terms of Reference prior to submission to the Board for approval.

REPORT

BACKGROUND

The Terms of Reference for the Finance Committee were last reviewed in May 2018 so very few changes have been made.

ASSESSMENT

The Terms of Reference for the Finance Committee Committee have been reviewed by the Director of Corporate Governance. There are a limited number of changes to the document, these have been tracked and left in the draft so Committee Members can identify the changes that have been made.

RECOMMENDATION

The Finance Committee is asked to:

APPROVE the changes to the Terms of Reference for the Finance Committee and **RECOMMEND** the changes to the Board for approval.

Shaping our Future Wellbeing Strategic Objectives

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people	x	7. Be a great place to work and learn	x
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	

4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	
Five Ways of Working (Sustainable Development Principles) considered			
Sustainable Development Principles: Five ways of working	Prevention	x Long term	Integration Collaboration Involvement
Equality and Health Impact Assessment Completed:	Not Applicable		

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Trust and integrity
Ymddiriedaeth ac uniondeb

Personal responsibility
Cyfrifoldeb personol



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Finance Committee

Terms of Reference and Operating Arrangements

February 2019

**CARING FOR PEOPLE
KEEPING PEOPLE WELL**



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1. INTRODUCTION

The Board shall establish a Committee to be known as Finance Committee. The detailed terms of reference and operating arrangements in respect of this Committee are set out below. This will be an interim arrangement whilst the Health Board is working with the Welsh Government during the period of “Targeted Intervention”.

2. CONSTITUTION AND PURPOSE

The purpose of this Committee is to advise and assure the Board in discharging its responsibilities ~~during the period of Targeted Intervention~~ with regard to its current and forecast financial position, performance and delivery.

The Board has resolved to establish ~~an Interim a~~ Finance Committee which will allow appropriate scrutiny and review to a level of depth and detail not possible in Board Meetings in respect of performance relating to :-

- Financial plans and monitoring including delivery of savings programmes;
- Scrutiny and monitoring of Financial monthly performance

The Committee will ensure that evidence based and timely interventions are implemented to drive forward improved financial performance thereby allowing the Health Board to achieve the requirements and standards determined for the NHS in Wales.

3. DELEGATED POWERS

The Committee, in respect of its provision of advice and assurance will, and is authorised by the Board to: -

- Review monthly Financial Report prior to submission to the Board
- Monitor review and scrutinise Cost Reduction Programme and Financial Tracker System for Corporate and Clinical Boards
- Approve and monitor the IMTP financial plan
- Scrutinise the delegated budgets within budget plan
- Receive assurances with regard to the progress and impact /pace of implementation of Health Boards Cost Reduction Programmes/ Savings Plan
- Seek assurance on the Financial Planning process and consider Financial Plan proposals

- Scrutinise financial performance and cash management against revenue budgets and statutory duties
- Scrutinise submissions to be made in respect of revenue or capital funding and the service implications of such changes.
- Monitor and review agreed dis-investments.
- Review the Board's Scheme of Financial Delegation as and when necessary
- Receive reports arising from financial reviews, including performance and accountability reviews of Corporate and Clinical Boards.

4. AUTHORITY

The Committee may investigate or have investigated any activity (clinical and non-clinical) within its terms of reference. It may seek relevant information from any:

- employee (and all employees are directed to cooperate with any legitimate request made by the Committee); and
- other committee, subcommittee or group set up by the Board to assist it in the delivery of its functions.

May obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers it necessary, in accordance with the Board's procurement, budgetary and other requirements;

May consider and where appropriate, approve on behalf of the Board any policy within the remit of the Committee's business;

Will review risks ~~from the Corporate Risk and Assurance Framework~~ [from the Board Assurance Framework](#) that are assigned to the Committee by the Board and advise the Board on the appropriateness of the scoring and mitigating actions in place.

5. SUB-COMMITTEES

The Committee may, subject to the approval of the Health Board, establish sub-committees or task and finish groups carry out on its behalf specific aspects of Committee business.

6. MEMBERSHIP

Members

Chair – Independent Member - Finance
Two Independent Members of the Board

In attendance

Chief Executive
Executive Director of Finance
Chief Operating Officer
Executive Director of Workforce and Organisational Development
Executive Director of ~~Strategy and Engagement~~Strategic Planning
Executive ~~Director of Nursing~~Nurse Director
Director of Corporate Governance
Deputy Director of Finance

Other Directors/Officers will attend as required by the Committee Chair, as well any others from within or outside the organisation who the Committee considers should attend, taking into account the matters under consideration at each meeting.

Member Appointments

The membership of the Committee shall be determined by the Chairman of the Board taking account of the balance of skills and expertise necessary to deliver the Committee's remit and subject to any specific requirements or directions made by the Welsh Government.

This Committee will be chaired by the ~~Chair of the Health Board~~Independent Member for Estates and supported by a Vice Chair who shall also be an Independent Member.

Appointed Independent Members shall hold office on the Committee until such time it is stood down.

Secretariat

Secretary: as determined by the Director of Corporate Governance.

Support to Committee Members

The Director of Corporate Governance, on behalf of the Committee Chair, shall:

- Arrange the provision of advice and support to Committee members on any aspect related to the conduct of their role;
- Ensure the provision of a programme of development for Committee members as part of the overall Board Development programme.

7. COMMITTEE MEETINGS

Quorum

At least two Independent Members must be present to ensure the quorum of the Committee. This should include either the Chair or the Vice-Chair of the Committee. In the interests of effective governance it is expected that a minimum of two Executive Directors will also be in attendance.

Frequency of Meetings

Meetings shall be routinely held on a monthly basis. This will be reviewed on a regular basis.

Withdrawal of individuals in attendance

The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

8. RELATIONSHIP & ACCOUNTABILITIES WITH THE BOARD AND ITS COMMITTEES/GROUPS

Although the Board has delegated authority to the Committee for the exercise of certain functions as set out within these terms of reference, it retains overall responsibility and accountability for ensuring the quality and safety of healthcare for its citizens through the effective governance of the organisation.

The Committee is directly accountable to the Board for its performance in exercising the functions set out in these Terms of Reference,

The Committee, through its Chair and members, shall work closely with the Board's other Committees including Sub Committee/Advisory Groups to provide advice and assurance to the Board through the:

- planning and co-ordination of Board and Committee business; and
- sharing of information
- in doing so, contributing to the integration of good governance across the organisation, ensuring that all sources of assurance are incorporated into the Board's overall risk and assurance arrangements.

The Committee shall embed the Health Board's strategy, corporate goals and priorities through the conduct of its business.

9. REPORTING AND ASSURANCE ARRANGEMENTS

The Committee Chair shall:

- report to each Board meeting on the Committee's key activities via the Chair's report
- ensure the public minutes of each meeting of the Committee are presented to the Board meeting.
- ensure appropriate escalation arrangements are in place to alert the Board and Welsh Government of any urgent/critical matters that may affect the operation and/or reputation of the Health Board ~~during the period of Targeted Intervention~~.

The Director of Corporate Governance, on behalf of the Board, shall oversee a process of regular and rigorous self-assessment and evaluation of the Committee's performance and operation.

10. APPLICABILITY OF STANDING ORDERS TO COMMITTEE BUSINESS

The requirements for the conduct of business as set out in the Standing Orders are equally applicable to the operation of the Committee, except in the following areas:

- Quorum

11. REVIEW

These terms of reference and operating arrangements shall be reviewed ~~monthly~~ annually by the Committee and any changes recommended to the Board for approval. ~~This will continue whilst the Health Board is working with Welsh Government during the period of Targeted Intervention.~~

Report Title:	Self Assessment – Finance Committee						
Meeting:	Finance Committee				Meeting Date:	27.02.19	
Status:	For Discussion	x	For Assurance		For Approval	x	For Information
Lead Executive:	Director of Corporate Governance						
Report Author (Title):	Director of Corporate Governance						

SITUATION

The purpose of the report is to provide Members of the Finance Committee with the opportunity to discuss the attached self-assessment and associated process to be undertaken by the Director of Corporate Governance.

REPORT

BACKGROUND

It is good practice and good governance for the Committees of the Board to undertake an assessment of their effectiveness on an annual basis.

ASSESSMENT

Attached to the report is an effectiveness assessment to be undertaken by the Members and the Executive Lead of the Finance Committee . The assessment will be sent out to Members to complete and then the results will be analysed by the Director of Corporate Governance. The results of the review and an action plan to improve will then be reported back to a future meeting of the Finance Committee .

RECOMMENDATION

The Finance Committee is asked to:

APPROVE that the attached effectiveness review is undertaken and results and action plan reported back to the next meeting of the Committee.

Shaping our Future Wellbeing Strategic Objectives

1.Reduce health inequalities		6.Have a planned care system where demand and capacity are in balance	
2.Deliver outcomes that matter to people	x	7.Be a great place to work and learn	x
3.All take responsibility for improving our health and wellbeing		8.Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	

4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	
Five Ways of Working (Sustainable Development Principles) considered			
Sustainable Development Principles: Five ways of working	Prevention	x Long term	Integration Collaboration Involvement
Equality and Health Impact Assessment Completed:	Not Applicable		

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Dangos parch

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Personal responsibility
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Finance Committee – Self Evaluation 2019

Key to status (shown in Status column where applicable): 1=must do 2=should do 3=could do

Establishment, Composition, Organisation, Resources, Duties		Status	Strong	Adequate	Needs Improvement	Comments
1	The Finance Committee terms of reference clearly, adequately & realistically set out the Committee's role and nature and scope of its responsibilities in accordance with guidance and have been approved by the committee and the full board.	1				
2	The board was active in its consideration of the Finance Committee composition	2				
3	The Finance Committee actions reflect independence from management, ethical behaviour and the best interests of the Health Board and its stakeholders.					
4	The Finance Committee meeting packages are complete, are received with enough lead time for members to give them due consideration and include the right information to allow meaningful discussion. Minutes are received as soon as possible after meetings.	2				
5	Finance Committee meetings are well organised, efficient, and effective, and they occur often enough and are of appropriate length to allow discussion of relevant issues consistent with the committee's responsibilities.	2				
6	Appropriate internal or external support and resources are available to the Finance Committee and it has sufficient membership and authority to perform its role effectively.	1				
7	The Committee informs the Board on its significant activities, actions, recommendations and on its performance through minutes and regular reports and has appropriate relationships with other committees	2				

Establishment, Composition, Organisation, Resources, Duties		Status	Yes	No	Comments
8	Are the terms of reference reviewed annually to take into account governance developments and the remit of other committees within the organisation?	2			
9	Are changes to the committee's current and future workload discussed and approved at Board level?	2			
10	Are committee members independent of the management team?	1			

Agenda Management and Oversight of Process		Status	Strong	Adequate	Needs Improvement	Comments
11	The Finance Committee agenda-setting process is thorough and led by the Finance Committee chair.					

Agenda Management, Oversight of the Financial Reporting Process, Compliance with the Law and Regulations Governing the NHS and Internal Control		Status	Yes	No	Comments
12	Has the Committee established a plan for the conduct of its work across the year?	2			
13	Has the committee formally considered how its work integrates with wider performance management and standards compliance?	2			
14	Has the committee reviewed whether the reports it receives are timely and have the right format and content to ensure its responsibilities are discharged?	2			
15	Does the Board ensure that Committee members have sufficient knowledge of the organisation to identify key risks and to challenge line management on critical and sensitive matters?	2			
16	Is the committee satisfied that the Board has been advised that assurance reporting is in place to encompass all the organisations responsibilities?	2			

Continuous Improvement		Status	Strong	Adequate	Needs Improvement	Comments
17	The Finance Committee's self-evaluation process is in place and effective	2				

Overall Evaluation		Status	Strong	Adequate	Needs Improvement	Comments
18	What is your overall assessment of the performance of the Finance Committee?					

Additional Comments:

Name

Position

Report Title:	Draft Annual Report 2018/19 – Finance Committee						
Meeting:	Finance Committee				Meeting Date:	27.02.19	
Status:	For Discussion	x	For Assurance		For Approval	x	For Information
Lead Executive:	Director of Corporate Governance						
Report Author (Title):	Director of Corporate Governance						

SITUATION

The purpose of the report is to provide Members of the Finance Committee with the opportunity to discuss the attached Annual Report prior to submission to the Board for approval.

REPORT

BACKGROUND

It is good practice and good governance for the Committees of the Board to produce an Annual Report from the Committee to demonstrate that it has undertaken the duties set out in its Terms of Reference and provide assurance to the Board that this is the case.

ASSESSMENT

The attached Annual Report 2018/19 of the Finance Committee demonstrates that the Committee has undertaken the duties as set out in its Terms of Reference. The Committee has achieved an overall attendance rate of XX% and has met on twelve occasions during the year.

RECOMMENDATION

The Finance Committee is asked to:

REVIEW the draft Annual Report 2018/19 of the Finance Committee.

RECOMMEND the Annual Report to the Board for approval.

Shaping our Future Wellbeing Strategic Objectives

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people	x	7. Be a great place to work and learn	x
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	

5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time			10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	
Five Ways of Working (Sustainable Development Principles) considered				
Sustainable Development Principles: Five ways of working	Prevention	x	Long term	Integration Collaboration Involvement
Equality and Health Impact Assessment Completed:	Not Applicable			



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Annual Report

Finance Committee

2018/19

1.0 INTRODUCTION

In accordance with best practice and good governance, the Finance Committee produces an Annual Report to the Board setting out how the Committee has met its Terms of Reference during the financial year.

2.0 MEMBERSHIP

The Committee membership is a minimum of three Independent Members one of which must have financial experience. During the financial year 2018/19 the Committee comprised three Independent Members. In addition to the Membership, the meetings are also attended by the Director of Finance (Executive Lead for the Committee), the Chief Executive, the Chief Operating Officer, the Executive Director for Workforce and Organisational Development, Executive Nurse Director, Director of Corporate Governance and Deputy Director of Finance.

3.0 MEETINGS AND ATTENDANCE

The Committee meets on a monthly basis and met 12 times during the period 1 April 2018 to 31 March 2019. This is in line with its Terms of Reference. The Finance Committee achieved an attendance rate of 90% (80% is considered to be an acceptable attendance rate) during the period 1st April 2018 to 31st March 2019 as set out below:

	25.4	30.5	27.6	25.7	29.8	26.9	31.10	28.11	3.1	30.1	27.2	27.3	%
John Antoniazzi (Chair from 01.12.2018)	N/A	N/A	✓	N/A	N/A	N/A	N/A	✓	✓	✓	✓	✓	100%
Charles Janczewski	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
John Union (Chair until 01.12.2018)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%
Total	2	2	3	2	2	2	2	3	3	3	3	3	
Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note: Where it is indicated in the above table that only two Independent Members were present the meeting was not quorate. The Chair of the Health Board was in attendance at the April, May and July meetings.

4.0 TERMS OF REFERENCE

The Terms of Reference were reviewed and approved by the Committee on 27th February 2019 and were approved by the Board on 31st March 2019.

5.0 WORK UNDERTAKEN

During the financial year 2018/19 Finance Committee reviewed the following key items at its meetings:

- Financial Plans 2018/2019 to 2020/2021
- Finance Report Months 1- 12 (presented to the Committee each month)
- Financial Governance Review Progress Report
- Financial Bridge – Financial Position to be normalised – Financial Position
- Revised Terms of Reference
- Cost Reduction Programme
- Risk Register reviewed monthly
- Benchmarking Opportunities
- Detailed Review of the forecast Year End Position at Clinical Board Level to be undertaken after confirmation of the month 4 position
- Clinical Boards in Escalation
- No Purchase Order No Payment Policy
- The Nursing productivity group to explore the likely impact of introducing a weekly payroll for payment of bank staff
- Public Sector Payment Policy Compliance
- Progress against the £9.3m 2018/2019 Improvement Target

6.0 REPORTING RESPONSIBILITIES

The Committee has reported to the Board after each of the Finance Committee meetings by presenting a summary report (introduced from November 2018) of the key discussion items at the Finance Committee. The report is presented by the Chair of the Finance Committee.

7.0 OPINION

The Committee is of the opinion that the draft Finance Committee Report 2018/19 is consistent with its role as set out within the Terms of Reference and that there are no matters that the Committee is aware of at this time that have not been disclosed appropriately.

John Antoniazzi

Committee Chair

DRAFT

Report Title:	Work Plan 2019/20 – Finance Committee						
Meeting:	Finance Committee				Meeting Date:	27.02.19	
Status:	For Discussion	x	For Assurance		For Approval	x	For Information
Lead Executive:	Director of Corporate Governance						
Report Author (Title):	Director of Corporate Governance						

SITUATION

The purpose of the report is to provide Members of the Finance Committee with the opportunity to review the Finance Committee Work Plan 2019/20 prior to presentation to the Board for approval

REPORT

BACKGROUND

The work plan for the Committee should be reviewed annually prior to presentation to the Board to ensure that all areas within its Terms of Reference are covered within the plan.

ASSESSMENT

The work plan for the Finance Committee 2019/20 has been based on the requirements set out within the Finance Committee Terms of Reference which assumes that the Committee meets on a monthly basis.

RECOMMENDATION

The Finance Committee is asked to:

REVIEW the Work Plan 2019/20

APPROVE the Work Plan 2019/20

RECOMMEND approval to the Board of Directors

Shaping our Future Wellbeing Strategic Objectives

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people	x	7. Be a great place to work and learn	x
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	

5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time				10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives						
Five Ways of Working (Sustainable Development Principles) considered										
Sustainable Development Principles: Five ways of working	Prevention	x	Long term		Integration		Collaboration		Involvement	
Equality and Health Impact Assessment Completed:	Not Applicable									

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Finance Committee Work Plan 2019 - 20														
A -Approval D- discussion I - Information	Exec Lead	27-Mar	24-Apr	29-May	26-Jun	31-Jul	28-Aug	25-Sep	30-Oct	27-Nov	Dec	27-Jan	25-Feb	25-Mar
Agenda Item														
Financial Report	RC	D	D	D	D	D	D	D	D	D	D	D	D	D
Cost Reduction Programme	RC	A	D	D	D	D	D	D	D	D	D	D	D	D
Tracker System for Corporate and Clinical Boards	RC/SC	D	D	D	D	D	D	D	D	D	D	D	D	D
IMTP Financial Plan	RC								D	D	D			
Clinical Board Escalation	SC	D	D	D	D	D	D	D	D	D	D	D	D	D
Review of Financial Risk Register	RC	D	D	D	D	D	D	D	D	D	D	D	D	D
Finance Committee Governance														
Annual Work Plan	NF												A	
Self assessment of effectiveness	NF		D										D	
Review Terms of Reference	NF												A	
Produce annual Finance Committee Annual Report	NF												A	
Minutes of Finance Committee Meeting	NF	A	A	A	A	A	A	A	A	A		A	A	A
Action log of Finance Committee Meeting	NF	D	D	D	D	D	D	D	D	D		D	D	D

Report Title:	Finance Risk Register						
Meeting:	Finance Committee					Meeting Date:	27th February 2019
Status:	For Discussion	x	For Assurance	x	For Approval		For Information x
Lead Executive:	Executive Director of Finance						
Report Author (Title):	Assistant Director of Finance						

SITUATION

This report highlights the Finance Risk Register risk categorisation by severity of risk as at 27th February 2019. The detailed risk register is shown in Appendix 1.

REPORT

ASSESSMENT

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

UHB Financial Risks at 27th February 2019

Risk Category	Risk Score	Number of Risks as at 27 February 2019
Extreme Risk	20 - 25	1
High Risk	12 - 16	1
Moderate Risk	4 - 10	13
Low Risk	1 - 3	4

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
FIN06/18	Deliver 10% Executive Budgets management cost savings	2
FIN13/18	Management of retrospective CHC costs	2
FIN15/18	Velindre drugs	2
FIN21/18	Payment of working time directive for staff working overtime	2

SUMMARY

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

ASSURANCE is provided by:

- The scrutiny of the Risk Register undertaken by the Finance Committee;

RECOMMENDATION

The Finance Committee is asked to:

- **NOTE** the risks highlighted within the risk register
- **ENDORSE** the removal of highlighted low level risks from the risk register

Shaping our Future Wellbeing Strategic Objectives

This report should relate to at least one of the UHB's objectives, so please tick the box of the relevant objective(s) for this report

1. Reduce health inequalities		6. Have a planned care system where demand and capacity are in balance	
2. Deliver outcomes that matter to people		7. Be a great place to work and learn	
3. All take responsibility for improving our health and wellbeing		8. Work better together with partners to deliver care and support across care sectors, making best use of our people and technology	
4. Offer services that deliver the population health our citizens are entitled to expect		9. Reduce harm, waste and variation sustainably making best use of the resources available to us	x
5. Have an unplanned (emergency) care system that provides the right care, in the right place, first time		10. Excel at teaching, research, innovation and improvement and provide an environment where innovation thrives	

Five Ways of Working (Sustainable Development Principles) considered

Please tick as relevant, click [here](#) for more information

Prevention		Long term	x	Integration		Collaboration		Involvement	
Equality and Health Impact Assessment Completed:	Yes / No / Not Applicable If "yes" please provide copy of the assessment. This will be linked to the report when published.								

					Current Risk Rating					Target Risk Rating if Controls in Place								
Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Impact / Consequence	Likelihood	Score	Adequacy Existing Controls	Summary of Additional Controls Required	Impact / Consequence	Likelihood	Score	Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee
Finance	Fin01/18	Mar-18	Underlying deficit c/f into 2019/20. The opening underlying deficit in 18/19 is £49.0m and this needs to be materially reduced in year.	Governance reporting and monitoring arrangements through the Finance Committee and Board. At month 10 ULD is £36.3m 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	Feb-19	Assistant Director of Finance	Mar-19	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 10 budgets have an operational underspend of £0.268m.	4	1	4	Adequate but more Action Required	Escalation process under review by the Executive team. Budget manager training programme to be rolled out across the organisation.	4	1	4	Feb-19	Assistant Director of Finance	Mar-19	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 10 the UHB is £0.259m short of delivering the in year devolved target.	4	1	4	Adequate but more Action Required		4	1	4	Feb-19	Assistant Director of Finance	Mar-19	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.	2	1	2	Adequate but more Action Required	None	2	1	2	Feb-19	Assistant Director of Finance	Mar-19	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	Feb-19	Assistant Director of Finance	Mar-19	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.	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	Feb-19	Assistant Director of Finance	Mar-19	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 signed off by Management Executive.	3	3	9	Adequate but more Action Required	Progress report to be received through performance review meetings.	3	2	6	Feb-19	Assistant Director of Finance	Mar-19	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	Feb-19	Assistant Director of Finance	Mar-19	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 10 the nursing overspend was £1.657m.	4	3	12	Adequate but more Action Required	None	2	3	6	Feb-19	Assistant Director of Finance	Mar-19	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	2	6	Adequate but more Action Required	None	2	2	4	Feb-19	Assistant Director of Finance	Mar-19	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	2	1	2	Adequate but more Action Required	None	2	1	2	Feb-19	Assistant Director of Finance	Mar-19	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	2	4	Adequate but more Action Required	None	2	2	4	Feb-19	Assistant Director of Finance	Mar-19	The Board	Medical Director	Finance Committee
Finance	Fin15/18	May-18	Velindre drugs	NICE / HCD actuals differ to those assessed in the collective meeting	2	1	2	Adequate but more Action Required	None	2	1	2	Feb-19	Assistant Director of Finance	Mar-19	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	Feb-19	Assistant Director of Finance	Mar-19	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	Feb-19	Assistant Director of Finance	Mar-19	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 commination with AB regarding contract rebasing in 2019/20.	3	3	9	Adequate but more Action Required	None	3	2	6	Feb-19	Assistant Director of Finance	Mar-19	The Board	Director of Finance	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	2	6	Adequate but more Action Required	None	3	2	6	Feb-19	Assistant Director of Finance	Mar-19	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	2	1	2	Adequate but more Action Required	None	2	1	2	Feb-19	Assistant Director of Finance	Mar-19	The Board	Director of Finance	Finance Committee
Finance	Fin22/18	Sep-19	HSE Case in year potential liability	HSE case progress being closely monitored	2	2	4	Optimum Controls/NFA Required	None	2	2	4	Feb-19	Assistant Director of	Mar-19	The Board	Director of Finance	Finance Committee

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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	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)

		Elements of public expectation not being met			Total loss of public confidence
Business objectives/projects	Insignificant cost increase/ schedule slippage	<5 per cent over project budget Schedule slippage	5–10 per cent over project budget Schedule slippage	Non-compliance with national 10–25 per cent over project budget Schedule slippage Key objectives not met	Incident leading >25 per cent over project budget Schedule slippage Key objectives not met
Finance including claims	Small loss Risk of claim remote	Loss of 0.1–0.25 per cent of budget Claim less than £10,000	Loss of 0.25–0.5 per cent of budget Claim(s) between £10,000 and £100,000	Uncertain delivery of key objective/Loss of 0.5–1.0 per cent of budget Claim(s) between £100,000 and £1 million Purchasers failing to pay on time	Non-delivery of key objective/ Loss of >1 per cent of budget Failure to meet specification/ slippage Loss of contract Claim(s) >£1 million
Service/business interruption	Loss/interruption of >1 hour	Loss/interruption of >8 hours	Loss/interruption of >1 day	Loss/interruption of >1 week	Permanent loss of service or facility
Environmental impact	Minimal or no impact on the environment	Minor impact on environment	Moderate impact on environment	Major impact on environment	Catastrophic impact on environment

Likelihood Score (L)

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

Likelihood Score

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

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

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

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

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