

Bundle Finance Committee 27 March 2019

Agenda attachments

1.0 Agenda 27 March 19 Finance Committee new format.docx

- 1 Preliminaries
- 1.1 Welcome and Introductions
- 1.2 Apologies for Absence
- 1.3 Declarations of Interest
- 1.4 Minutes of the Committee Meeting held on 27th February
 - 1.4. UNCONFIRMED minutes of the Committee 27th Feb 2019.docx
- 1.5 Action Log
 - 1.5. Action Log For Mar 19 Finance Committee.docx
- 1.6 Chairs Action taken since last meeting
- 2 Items for Review and Assurance
- 2.1 Integrated Medium Term Plan 2019-22
 - 2.1a 2019.02.19 Letter to Len Richards - CV IMTP (vA50276027).pdf
 - 2.1b LR-jb-03-7324.pdf
- 2.2 Finance Report for Month 11
 - 2.2 Finance Report for Month 11.docx
- 2.3 Clinical Boards in Escalation
- 2.4 Cost Reduction Programme and Cross Cutting Theme
 - 2.4 CRP Tracker and Cross Cutting Progress Finance Committee March 2019.docx
- 2.5 Finance Risk Register
 - 2.5 Finance Risk Register March 2019.docx
 - 2.5a. Finance Risk Register 2018-19 March 2019 - Appendix 1.pdf
 - 2.5b. Finance Risk Register 2019-20 - Appendix 2.pdf
- 3 Items to bring to the attention of the Board/Committee
- 4 Date and Time of Next Meeting: Wednesday 24th April 2019 at 2pm, Corporate Meeting Room, HQ UHW

AGENDA
FINANCE COMMITTEE
27th March 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 27 th February	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	Integrated Medium Term Plan 2019-22	Robert Chadwick
2.2	Finance Report for Month 11	Chris Lewis
2.3	Clinical Boards in Escalation	Steve Curry
2.4	Cost Reduction Programme and Cross Cutting Theme	Andrew Gough
2.5	Finance Risk Register	Andrew Gough
3.	Items to bring to the attention of the Board/Committee	
4.	Date and time of next Meeting	
	Wednesday 24 th April 2019 at 2pm, Corporate Meeting Room, HQ, UHW	

**UNCONFIRMED MINUTES OF FINANCE COMMITTEE
HELD ON 27th FEBRUARY 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
Andrew Gough	AG	Assistant Director of Finance
Caroline Bird	CB	Deputy Chief Operating Officer
Len Richards	LR	Chief Executive
Martin Driscoll	MD	Executive Director of Workforce and Organisational Development
Nicola Foreman	NF	Director of Corporate Governance
Robert Chadwick	RC	Executive Director of Finance
Ruth Walker	RW	Executive Nurse Director
Sharon Hopkins	SH	Deputy Chief Executive

In Attendance:

Lynne Aston	LA	Assistant Director of Finance (Business Partnering for the PCIC, Medicine, Mental Health and Dental Clinical Boards)
-------------	----	--

Secretariat:

Paul Emmerson	PE	Finance Manager
---------------	----	-----------------

Apologies:

Abigail Harris	AH	Executive Director of Planning
Chris Lewis	CL	Deputy Director of Finance
Maria Battle	MB	UHB Chair
Steve Curry	SC	Chief Operating Officer

FC 19/014	WELCOME AND INTRODUCTIONS	ACTION
	The Chair welcomed everyone to the meeting.	
FC 19/015	APOLOGIES FOR ABSENCE	
	Apologies for absence were noted.	
FC 19/016	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	

<p>FC 19/017</p>	<p>MINUTES OF THE BOARD MEETING HELD ON 30th JANUARY 2019</p> <p>The minutes of the meeting held on 30th January 2019 were reviewed and confirmed to be an accurate record.</p> <p>Resolved – that:</p> <p>The minutes of the meeting held on 30th January 2019 were approved by the Committee as an accurate record.</p>	
<p>FC 19/018</p>	<p>ACTION LOG FOLLOWING THE LAST MEETING</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>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.</p> <p>The Executive Nurse Director provided the Committee with an update and indicated that around 100 people initially expressed an interest in the weekly bank payment and that approximately quarter of this number followed up on the initial expression of interest. Around 6 of the 100 people who originally expressed an interest were currently active on the bank Action Incomplete.</p> <p>FC - 19/006 & FC - 19/010– Progress against the £14.9m of corporate and high value opportunities target and the £16.4m recurrent delegated savings targets to be formally be reported to future Finance Committee meetings on a monthly basis. To include a progress report on the Agenda for the Finance Committee meeting of 27th February 2018/19 and to be included as a standing agenda item on future meetings to the end of April 2020. Action Complete.</p> <p>FC - 19/011– 2019/20 Finance Risk Register to be considered by Finance Committee – 2019/20 Risk Register expected to be on the agenda for the Finance Committee meeting of 27th March 2018/19 Action Incomplete.</p> <p>Resolved – that:</p> <p>The Finance Committee received the Action Log.</p>	<p>Executive Nurse Director</p> <p>Assistant Director of Finance</p>
<p>FC 19/019</p>	<p>CARDIFF AND VALE OF GLAMORGAN JOINT COMMISSIONING AND POOLED BUDGETS FOR OLDER PEOPLE SERVICES</p> <p>The Assistant Director of Finance (Business Partnering for the PCIC, Medicine, Mental Health and Dental Clinical Boards) summarised</p>	

UHB performance and compliance in relation to Part 9 of the Social Services and Well-being (Wales) Act 2014 which required the establishment of pooled funds in relation to care home accommodation functions by 6th April 2018.

The development and continuing oversight of the pooled budget is progressed through the Cardiff and Vale of Glamorgan Regional Partnership Board (C&VGRP). However, the decision making responsibilities (i.e. the agreement of the pooled budget and its management) rests with Cardiff County Council, the Vale of Glamorgan Council and Cardiff and Vale University Health Board.

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.

For the 2018/19 financial year, one pooled budget was established across the region with effect from 1st April 2018 with Cardiff Council acting as the host organisation for these arrangements.

The pooled budget focuses 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.

In addition to the establishment of the pooled budget the Cardiff and Vale region has also progressed the requirement 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.

Each partner remains responsible for its own budget (over and underspends) within the pool negating the need for risk sharing arrangements.

It is projected that the UHB will make a contribution estimated at £18.0m to an overall pooled budget of £45.5m in 2018/19.

There is an expectation, following 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.

The pooled budget arrangements for the Cardiff and Vale of Glamorgan region have been reviewed, and it is proposed that the

	<p>arrangements for a pooled budget for older people care accommodation continue from 1st April 2019 until March 31st 2020. The arrangements will automatically renew going forward every 12 months (unless terminated or varied by any partner) with Cardiff Council to act as the host organisation.</p> <p>The UHB Vice Chair (CJ) noted the absence of risk sharing within the pool and enquired how the potential benefits of joint commissioning were being explored in lieu of risk sharing. In this context the Committee was informed that joint commissioning approaches continued to be discussed in meetings with Cardiff County Council and the Vale of Glamorgan Council.</p> <p>In concluding the Finance Committee was asked to approve the continuation of the current pooled budget arrangements into 2019/20.</p> <p>Resolved – that:</p> <p>The Finance Committee approved the continuation of the current pooled budget arrangements into 2019/20.</p>	
<p>FC 19/020</p>	<p>2019/20 FINANCIAL PLAN</p> <p>The Chief Executive shared a letter from Welsh Government dated 19th February 2019 outlining initial Feedback in response to the UHB’s integrated Medium Term Plan (IMTP) 2019-22 submission.</p> <p>The letter recognised the improvements in the UHB’s plan and moved on to focus on 3 areas where Welsh Government required further assurance for the plan to meet the criteria for approval.</p> <p>The Chief Executive indicated that the UHB was required to submit a revised plan by 7th March which demonstrated a reduction in the level of risk in relation to:</p> <ul style="list-style-type: none"> • Delivery of the £31.3m savings plans (£9.9m of savings had firm plans at the time of the initial submission). • The Health Board understanding of its underlying deficit and how this will be addressed in UHB plans. • How the UHB will action Welsh Government Guidance in respect of its Research and Development Finance Policy by 1st April 2019. <p>The Executive Director of Finance then presented an update to the committee on the progress made against the delegated savings targets and high value opportunities.</p> <p>At the date of the meeting Clinical Boards had identified £10.2m against the £16.4m delegated savings target. The Committee was the presented with a schedule of the progress against corporate and high value opportunities where plans were in place to deliver £7.6m of the £14.9m savings required in 2019/20. The Executive Director of Finance emphasised to the Committee that further firm plans for</p>	

£6.2m of delegated savings and £7.3m of corporate and high value opportunities were required for the UHB to meet its planning targets. This was now a weakness in the plan and the Committee was informed that if the UHB did not make progress against the savings targets at pace the UHB would need to slow down its other plans to mitigate against the risk of savings delivery.

The Chief Executive indicated that benchmark information flagged that the single largest opportunity to reduce UHB costs was through a reduction in length of stay (LOS) and that the UHB was an outlier in comparison to other benchmarked organizations. In addition to the current plans to reorganise beds and wards that there was scope to further reduce the level of beds and wards within the UHB. In this context the UHB was looking to refine and expedite the decision making process within the UHB following the receipt of an independent report "Organising for Success" which had concluded that structures could be simplified to improve decision making.

The Deputy Chief Executive added that evidence indicated that managing the LOS helped reduce the risk of harm to patients and that reducing LOS to the optimum level improved patient outcomes. The Executive Nurse Director supported this view and added that longer LOS increased the risk of bed pressures, infection and immobility and indicated that a change in practice required the UHB to change its approach to the measurement of risk pre and post discharge. In this context the Committee was informed that the Rhydlafer Ward had recently significantly decreased its LOS in part by remodelling the use of therapy services.

The Independent Board Member – Finance (JU) asked whether Welsh Government was sighted on the detail behind the UHB savings plans with regard to changes in bed capacity and the Chief Executive confirmed that the broad detail was shared and was a requirement within Financial Returns provided to Welsh Government.

In response to a query from Finance Committee Chair (JA) in respect of the level of risk associated with savings delivery the Chief Executive confirmed that all of the Executives were revisiting the corporate and high value opportunities so that further traction could be gained. Furthermore Clinical Boards were being pressed through performance review to establish firm plans to deliver delegated targets with Executive support.

The UHB Chair (CJ) recognised the positive approach within the UHB's plan on both financial and non-financial performance and asked whether the UHB would be able to provide Welsh Government with sufficient assurance to approve the Plan by 7th March. The Chief Executive stressed the progress made by the UHB in bridging the gap in the savings plan since the initial IMPT submission and confirmed that the UHB would formally reply to Welsh Government with the intention of gaining support for the IMTP.

	<p>The Chief Executive asked the Committee if the 2019/20 Financial Plan should come back to the next committee meeting and this was agreed</p> <p>Resolved – that:</p> <p>The Finance Committee noted the Welsh Government response to the UHB’s IMTP submission and the UHB’s plans to provide Welsh Government with further assurance to enable approval of the Plan.</p>	Chief Executive
<p>FC 19/021</p>	<p>FINANCE REPORT AS AT MONTH 10</p> <p>The Assistant Director of Finance presented the UHB’s financial performance to month 10 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 £7.982m for the year to date which was made up of a planning deficit of £8.250m (10/12 of the £9.9m planned deficit) and an underspend against the plan of £0.268m following a £0.271m in month surplus against the plan.</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. The forecast year end cash balance had improved from a deficit of £2.418m to a surplus of £1.856m following Welsh Government approval in January of the requested Revenue Working Balance Cash and this was now RAG rated green.</p> <p>A cumulative deficit of £1.892m was reported against income and the Committee was informed that this was primarily due to the continuing shortfall of income in respect of the activity mix in the orthopaedic, haematology, urology and NICU services alongside a fall in the value of claims recovered through the Compensations Recovery Unit (CRU).</p> <p>In total pay budgets improved by £0.568m in month mainly due to seasonal reductions particularly in expenditure. The cumulative pay underspend for the year to date was £1.365m.</p> <p>The UHB Vice Chair (CJ) noted that the UHB continued to incur significant levels of Agency Costs. In response the Executive Nurse Director indicated that the UHB had been successful in restricting the use of off contract agency and now planned to flip from the use of agency to bank staff. This approach had been successful in eliminating the use of non qualified nurse agency staff. The UHB hoped that planned improvements to the system for booking bank shifts including increased use of technology will increase the capacity of the bank. In addition the UHBs recruitment strategy and capacity planning were expected to reduce the demand for agency staff. The Executive Director of Workforce and Organisational Development</p>	

	<p>added that the UHB was also focussing on pockets of high sickness so that absence rates could be improved through compliance with UHB process.</p> <p>The key non pay pressure was 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 was £1.622m. The Assistant Director on Finance added that work was continuing so that this did not continue to be an operational pressure in 2019/20.</p> <p>The overall Clinical Board financial overspend was lower than the forecast profile although it was noted that some Clinical Boards were overshooting forecasts. It was noted that no delegated CIP deficits were being carried forward to 2019/20.</p> <p>The Assistant Director of Finance indicated that the UHB’s cumulative PSPP performance deteriorated marginally in month to 95.3% at the end of January.</p> <p>The key concern around the plan was reducing the UHB’s underlying deficit.</p> <p>In response to a query from the UHB Vice Chair (CJ) as to whether the UHB had sight of any potential surprises that may impact the financial position in the final 2 months the Executive Director of Finance indicated that the main area of uncertainty related to the financial settlement reached with external bodies.</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 10 position which is broadly on line with the profiled deficit within the draft operational plan. <p>Resolved – that:</p> <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 £7.982m deficit at month 10 which includes a planning deficit of £8.250m and a surplus against plan of £0.268m;</p> <p>The Finance Committee noted the key concern and action being taken to manage risks.</p>	
<p>FC 19/022</p>	<p>COMMITTEE GOVERNANCE</p> <p>Terms Of Reference</p>	

The Director of Corporate Governance indicated that the UHB's Standing Orders required Terms of Reference for Committees of the Board to be reviewed on an annual basis. The Committee was presented with an amended Terms of Reference for the Finance Committee where textual changes were highlighted and was asked to review the Terms of Reference prior to submission to the Board for approval.

The UHB Vice Chair (CJ) asked for the responsibility to monitor the UHB's Underlying Deficit to be added to the Committee's delegated powers. It was also noted that the Deputy Chief Executive should be included on the attendance list.

Resolved – that:

Subject to the inclusion of the Deputy Chief Executive on the attendance list and the addition of the responsibility to monitor the UHB's Underlying Deficit to the Committee's delegated powers.

The Finance Committee **approved** the changes to the Terms of Reference for the Finance Committee.

The Finance Committee **recommended** the changes to the Board for approval.

Effectiveness Review

The Director of Corporate Governance indicated the intention to relay an effectiveness assessment evaluation to be undertaken by the Finance Committee Members and the Executive Lead of the Finance Committee. The results of the returned evaluation will be analysed by the Director of Corporate Governance with the intention of developing an action plan to improve the Committee's effectiveness if required. The results and action plan will be reported back to a future meeting of the Finance Committee.

Resolved – that:

The Finance Committee **approved** the effectiveness review and the plan to report back the results and action plan to a future meeting of the Committee.

Annual Report 2018/19

The Committee was presented with a report by the Director of Corporate Governance which outlined the work undertaken by the Committee; Committee attendance; the opinion that the Committee was compliant with its role as set out within the Terms of Reference and that there were no matters that the Committee was aware of at that time which had not been disclosed appropriately.

Resolved – that:

	<p>The Finance Committee reviewed the draft Annual Report 2018/19 of the Finance Committee.</p> <p>The Finance Committee recommended the Annual Report to the Board for approval.</p> <p>Work Plan 2019/20 – Finance Committee</p> <p>The Director of Corporate Governance indicated that 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. The work plan for the Finance Committee 2019/20 had been based on the requirements set out within the Finance Committee Terms of Reference which assumes that the Committee meets on a monthly basis.</p> <p>Resolved – that:</p> <p>The Finance Committee reviewed the Work Plan 2019/20.</p> <p>The Finance Committee approved the Work Plan 2019/20.</p> <p>The Finance Committee recommended the Work Plan 2019/20 to the Board of Directors for approval.</p>	
<p>FC19/023</p>	<p>CLINICAL BOARDS IN ESCALATION</p> <p>The Deputy 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 financial performance of the Medicine and Surgery Clinical Boards.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the actions being taken to manage financial performance</p>	
<p>FC19/024</p>	<p>COST REDUCTION PROGRAMME</p> <p>The Director of Finance asked the Finance Committee to note the Cost Reduction Report which included the following key points:</p> <ul style="list-style-type: none"> • At the end of the month £33.448m of schemes had been identified as Green or Amber against the devolved 4% savings target of £33.780m, leaving a gap of £0.332m • £21.838m has been identified against the £25.335m recurrent 3% element of the devolved target. • £11.610m has been identified against the £8.445m non-recurrent 1% element of the devolved target. • As at month 11 £12.918m of cross cutting opportunities had been identified as Green or Amber contributing towards the delivery of the £33.780m devolved CRP target. 	

	<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>	
FC19/025	<p>RISK REGISTER</p> <p>The Assistant Director of Finance presented the 2018/19 Risk Register and asked the Finance Committee to note that no additional risks had been added to the register in month.</p> <p>The Committee was advised that 4 risks around the delivery of the 10% Executive Budgets management cost savings, Management of retrospective CHC costs, Velindre drugs and the Payment of working time directive for staff working overtime had been removed where optimum controls were now in place.</p> <p>Resolved – that:</p> <p>The Finance Committee noted the risks highlighted within the risk register.</p> <p>The Finance Committee endorsed the removal of highlighted low level risks from the risk register.</p>	
FC 19/026	<p>ITEMS TO BRING TO THE ATTENTION OF THE BOARD/OTHER COMMITTEES</p> <p>No other items to bring to the main Board.</p>	
FC 19/027	<p>DATE OF THE NEXT MEETING OF THE BOARD</p> <p>Wednesday 27th March; 2.00pm; Large Meeting Room, HQ, UHW</p>	

FINANCE COMMITTEE

ACTION LOG FROM 27th FEBRUARY 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 - 19/011	30.01.19	2019/20 Finance Risk Register	2019/20 Finance Risk Register to be considered by Finance Committee.	Assistant Director of Finance	Complete – 2019/20 Risk Register to be discussed as part of the agenda for the Finance Committee meeting of 27th March 2018/19
FC - 19/020	27.02.19	Integrated Medium Term Plan 2019-22	Progress in gaining Welsh Government approval for the Integrated Medium Term Plan 2019-22 to be reported to the next Finance Committee meeting.	Chief Executive	Complete – Integrated Medium Term Plan 2019-22 to be discussed as part of the agenda for the Finance Committee meeting of 27th March 2018/19

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



GIG
CYMRU
NHS
WALES

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

Ysbyty Athrofaol Cymru
University Hospital of Wales
UHB Headquarters

Heath Park
Cardiff, CF14 4XW

Parc Y Mynydd Bychan
Caerdydd, CF14 4XW

Eich cyf/Your ref:
Ein cyf/Our ref: LR-jb-03-7324
Welsh Health Telephone Network:
Direct Line/Llinell uniongychol: 02920 745681

Len Richards
Chief Executive

7 March 2019

Simon Dean
Deputy Chief Executive, NHS Wales
Health and Social Services Group
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Dear Simon

Integrated Medium Term Plan (IMTP) 2019-22

Thank you for your letter dated 19 February 2019 regarding an assessment and review of the Health Board's IMTP. I am pleased to note those areas where improvements have been made but also understand the financial issues and risks raised.

With regard to the key areas of concern identified, assurances are provided below.

1 Delivery of Savings Plan 2019/20

It is recognised that at the time of submission of the IMTP in January 2019 only limited progress had been made in savings identified against the £31.2m 2019/20 savings target. At that time only £9.9m green and amber schemes had been identified being circa 32% of the total set out in the plan. Since that date significant progress has been made and the Health Board has now identified £25.8m green and amber savings schemes being 83% of the total target. The Health Board also has a further £3m red pipeline schemes identified and will continue to work up the necessary schemes required to deliver the full savings requirement in 2019/20. A summary position is shown below:

Cardiff and Vale UHB 2019-20 Savings Programme	19-20 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall on Total Target vs Green & Amber
	£'000	£'000	£'000	£'000	£'000	£'000
Total	31,245	6,011	19,811	25,822	3,001	5,423

2 Understanding of the Underlying Deficit

The Health Board has a clear understanding of its underlying deficit and this is a standing item in the financial position report to the Finance Committee and the Board. The key drivers for this have been set out and explained to the Board as has the actions being taken to eradicate it. The underlying position set out in the IMTP is summarised below.

	2019/20 £m	2020/21 £m	2021/22 £m
b/f underlying deficit	36.3	4.0	0.0
closing underlying deficit	4.0	0.0	0.0

This shows that the Health Board plans to eradicate its underlying deficit by the end of 2020/21 with most of it tackled in 2019/20. This will be done by curtailing investments, managing cost pressures and more significantly delivering productivity and savings requirements. The areas of greatest improvement being in acute hospital services which were a key driver of the underlying position.

3 Research and Development Finance Policy

The UHB has shared its implementation plans regarding the finance policy with Health and Care Research Wales. The Health Board's approach has been endorsed by Health and Care Research Wales and the finance policy will be fully implemented from 1 April 2019.

As requested, attached is an update of the financial plan which incorporate revisions to the 2019/20 savings plan and underlying deficit narrative. Also attached is an updated master savings template which sets out our savings progress to date.

The key risks to the IMTP have already been set out to the Board and progress will be closely monitored on its behalf by the Finance Committee who will receive monthly updates on all key risks and progress being made against them.

I hope that this provides you with the assurances required on the key areas of financial concern that you have.

Should you require any further information please do not hesitate to contact me.

Yours sincerely



Len Richards
Chief Executive

Encs

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 28th February 2019						
Meeting:	Finance Committee					Meeting Date:	27th March 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 £0.015m to an underspend of £0.283m at month 11. 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 of fail financial duty
2014/15	(21.364)	n/a	n/a
2015/16	0.068	n/a	n/a
2016/17	(29.243)	(50.539)	Fail
2017/18	(26.853)	(56.028)	Fail
2018/19	(9.900)	(65.996)	Fail



















The three year break even duty came into effect in 2014/15 and the first measurement of it was in 2016/17. **The above table shows that the UHB breached its statutory financial duty in**

both 2016/17 and 2017/18 and the plan current approved by the Board will also result in a breach of financial duty at the end of 2018/19.

ASSESSMENT

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

Table 3: Finance Dashboard @ February 2019

Measure	n	STATUS REPORT				
		February 2019	RAG Rating	Latest Trend	Target	Time Period
Financial balance: remain within revenue resource limits	36	£8.792m deficit at month 11. £0.283m favourable variance against plan	R 	↑ 	2018/19 planned deficit £9.9m	M11 2018-19
Remain within capital resource limits.	37	Expenditure at the end of February was £30.273m against a plan of £33.083m.	G 	⊙ 	Approved planned expenditure £46.727m	M11 2018-19
Reduction in Underlying deficit	36a	£36.3m assessed underlying deficit position at month 11	R 	⊙ 	If 2018/19 plan achieved reduce underlying deficit to £39.1m	M11 2018-19
Delivery of recurrent 3% savings target	36b	Fully Identified Savings Plan	G 	⊙ 	£25.335m	M11 2018-19
Delivery of non recurrent 1% savings target	36c		G 	⊙ 	£8.445m	M11 2018-19
Delivery of financial improvement target	36d		£9.3m identified at month 11	G 	⊙ 	£9.3m
Creditor payments compliance 30 day Non NHS	37a	Cumulative 95.2% in February	G 	⊙ 	95% of invoices paid within 30 days	M11 2018-19
Remain within Cash Limit	37b	Forecast cash surplus of £1.856m	G 	↑ 	To remain within Cash Limit	M11 2018-19
Maintain Positive Cash Balance	37c	Cash balance = £4.112m	G 	⊙ 	To Maintain Positive Cash Balance	End of Feb. 2019

Month 11 Cumulative Financial Position

The UHB reported a deficit of £8.792m at month 11 as follows:

- £9.075m planned deficit (11/12th of £9.900m);
- £(0.283)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 28th February 2019

Income/Pay/Non Pay	In Month			Year to Date			Full Year		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Forecast £m	Variance (Fav)/Adv £m
Income	(118.227)	(117.703)	0.524	(1,250.813)	(1,248.397)	2.416	(1,381.687)	(1,381.687)	0.000
Pay	52.532	51.921	(0.611)	562.274	560.298	(1.976)	612.412	612.412	0.000
Non Pay	66.520	66.592	0.072	697.615	696.891	(0.723)	779.175	779.175	0.000
Variance to Draft Plan £m	0.825	0.810	(0.015)	9.076	8.792	(0.283)	9.900	9.900	0.000
Planned Deficit	(0.825)	0.000	0.825	(9.075)	0.000	9.075	(9.900)	0.000	9.900
Total £m	(0.000)	0.810	0.810	0.000	8.792	8.792	(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 @ February 2019

Income	In Month			Year to Date		
	Budget £m	Actual £m	Variance (Fav)/Adv £m	Budget £m	Actual £m	Variance (Fav)/Adv £m
Revenue Resource Limit	(80.108)	(80.108)	0.000	(837.288)	(837.288)	0.000
Non Cash Limited Expenditure	(1.615)	(1.615)	0.000	(17.764)	(17.764)	0.000
Accommodation & Catering	(0.358)	(0.329)	0.029	(3.341)	(3.211)	0.130
Education & Training	(3.295)	(3.259)	0.035	(34.921)	(34.857)	0.065
Injury Cost Recovery Scheme (CRU) Income	(0.214)	(0.157)	0.056	(1.951)	(1.601)	0.351
NHS Patient Related Income	(25.631)	(25.431)	0.201	(271.649)	(270.519)	1.130
Other Operating Income	(6.119)	(5.989)	0.130	(74.157)	(73.528)	0.629
Overseas Patient Income	(0.005)	(0.005)	(0.000)	(0.056)	(0.258)	(0.203)
Private Patient Income	(0.107)	(0.098)	0.008	(1.254)	(0.958)	0.296
Research & Development	(0.776)	(0.711)	0.065	(8.431)	(8.413)	0.018
Total £m	(118.227)	(117.703)	0.524	(1,250.813)	(1,248.397)	2.416

An in month deficit of £0.524m and a cumulative deficit of £2.416m is reported against income budgets. The main adverse variances to note are:

- £1.130m adverse variance on NHS patient related income where the position has deteriorated in month. 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 adverse in month position is primarily due to underperformance on LTAs and a reduction in the level and complexity of services provided to English residents in February.
- £0.629m adverse variance on other operating income due to underperformance against critical care, PICU and NICU activity targets. This in month deficit is due to reduced activity in PICU & NICU.
- £0.351m adverse variance against the Injury Cost Recovery Scheme where the position deteriorated by £0.056m in month due to the withdrawal of cash previously received from the CRU.

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 £0.136m, bringing the cumulative adverse variance to £1.143m. The Month 11 reported position is summarised in Table 6. This is driven significantly by under delivery against contracts with LHBs of £1.622m, offset by a favourable income position on WHSSC and NHS England.

The Month 11 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 adverse movement in month of £0.077m, due to reduced English inpatient volume and case mix, bringing the cumulative variance to £0.078m favourable.

Table 6: Month 11 LTA Provider Position

Income - C&V Provider				(fav) / adv
	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	(218.640)	(201.876)	(202.277)	(0.402)
Aneurin Bevan	(29.369)	(26.963)	(26.035)	0.929
Other LHBs	(38.589)	(35.157)	(34.464)	0.694
Non-Welsh	(3.593)	(3.660)	(3.737)	(0.078)
	(290.192)	(267.656)	(266.513)	1.143

Pay

In total pay budgets are showing a cumulative underspend of £1.976m 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 10 £m	2018/19 Month 1 to Month 10 £m	2017/18 Month 11 £m	2018/19 Month 11 £m	2017/18 Cum. to Month 11 £m	2018/19 Cum. to Month 11 £m
Basic	515.377	425.825	440.937	43.245	44.189	469.070	485.126
Enhancements	24.533	19.822	21.218	2.679	1.972	22.501	23.190
Maternity	4.088	3.443	3.397	0.299	1.054	3.742	4.451
Protection	0.676	0.567	0.521	0.052	0.045	0.619	0.565
Total Fixed Pay	544.674	449.657	466.072	46.275	47.260	495.932	513.333
Agency (mainly registered Nursing)	8.767	6.683	8.932	0.978	1.202	7.661	10.134
Nursing Bank (mainly Nursing)	14.439	11.677	10.781	1.301	1.156	12.978	11.937
Internal locum (Medical & Dental)	4.306	3.523	4.223	0.384	0.144	3.907	4.367
External locum (Medical & Dental)	7.118	5.768	5.868	0.585	0.749	6.353	6.617
On Call	2.224	1.774	2.000	0.260	0.247	2.033	2.248
Overtime	5.758	4.472	5.156	0.466	0.592	4.938	5.748
WLI's & extra sessions (Medical)	5.111	3.599	5.344	0.550	0.571	4.149	5.915
Total Variable Pay	47.722	37.495	42.305	4.523	4.661	42.018	46.965
Total Pay	592.396	487.152	508.377	50.798	51.921	537.950	560.298
Pay Budget	594.938	489.288	509.742	51.014	52.532	540.303	562.274
Budget Variance (Fav)/Adv £m	(2.541)	(2.136)	(1.365)	(0.216)	(0.611)	(2.352)	(1.976)

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.

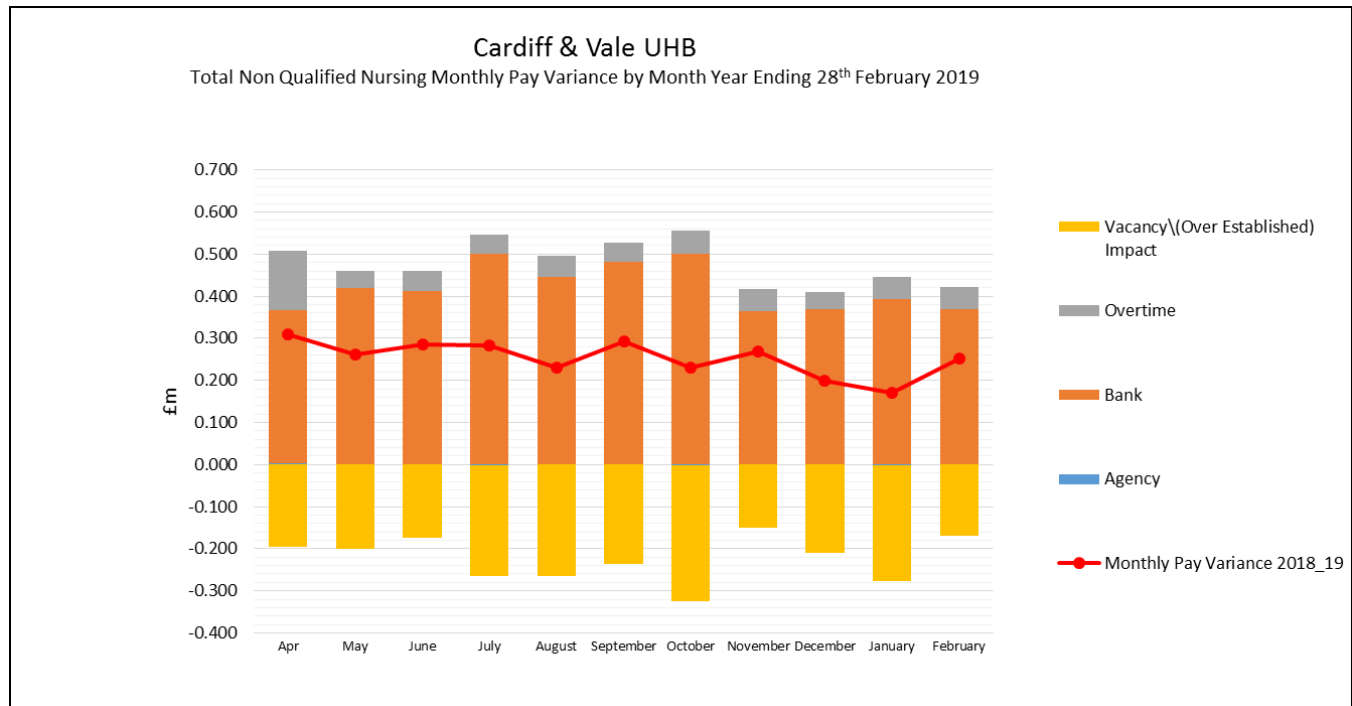
An analysis of pay expenditure by staff group is shown in Table 8.

Table 8: Analysis of pay expenditure by staff group @ February 2019

Pay	In Month			Year to Date		
	Budget	Actual	Variance (Fav)/Adv	Budget	Actual	Variance (Fav)/Adv
	£m	£m	£m	£m	£m	£m
Additional clinical services	2.077	2.037	(0.039)	22.242	21.532	(0.711)
Management, admin & clerical	6.274	6.184	(0.090)	65.554	64.719	(0.835)
Medical and Dental	13.559	13.307	(0.252)	144.393	144.531	0.138
Nursing (registered)	15.666	15.396	(0.270)	168.696	167.552	(1.143)
Nursing (unregistered)	4.117	4.370	0.252	45.143	47.926	2.783
Other staff groups	7.884	7.769	(0.116)	84.155	83.186	(0.969)
Scientific, prof & technical	2.955	2.858	(0.097)	32.091	30.852	(1.239)
Total £m	52.532	51.921	(0.611)	562.274	560.298	(1.976)

Total pay budgets improved by £0.611m in month to an underspend for the year to date of £1.976m in part due to confirmation of additional funding to cover pay costs.

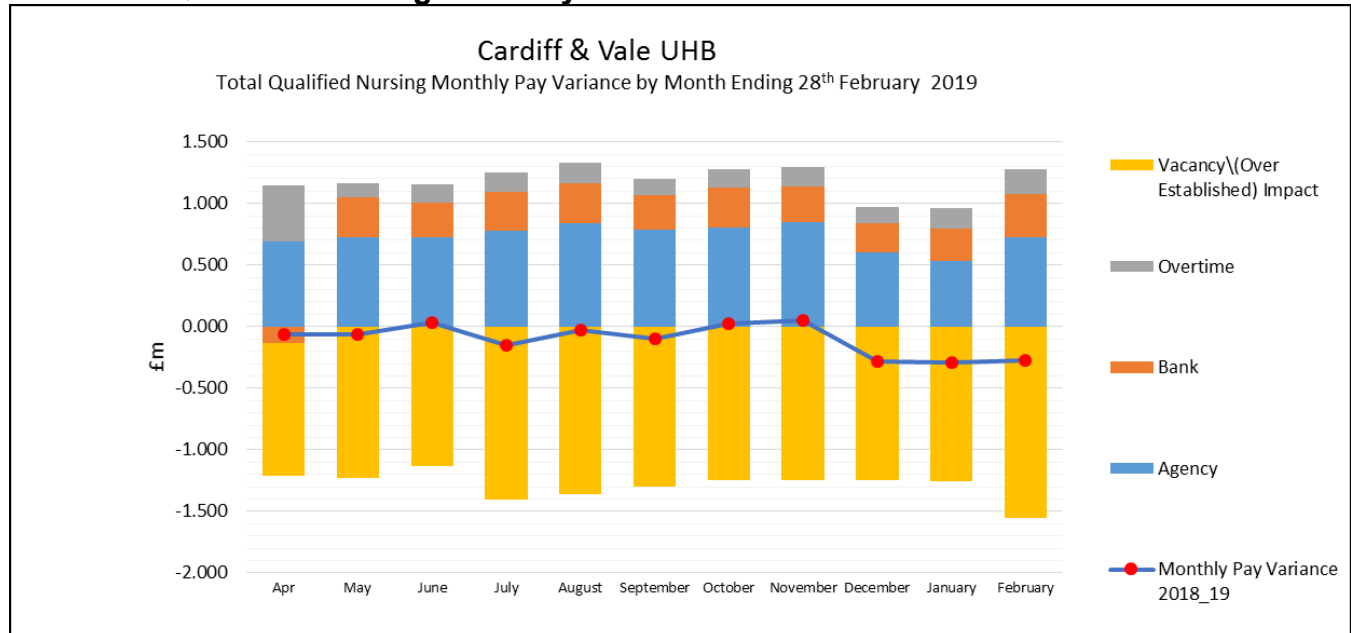
Table 9 – Non Qualified Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.001	0.003
Bank	0.368	4.618
Overtime	0.052	0.620
Adverse Impact	0.421	5.241
Vacancy\Over Established) Impact	(0.169)	(2.458)
Total Pay Variance - Unqualified Nursing (Fav)/Adv £m	0.252	2.783

Table 9 indicates that the £2.783m adverse variance against non-qualified nursing assistants is due to overspends of £4.618m on bank staff and £0.620m on overtime which is partly offset by an underspend against established posts.

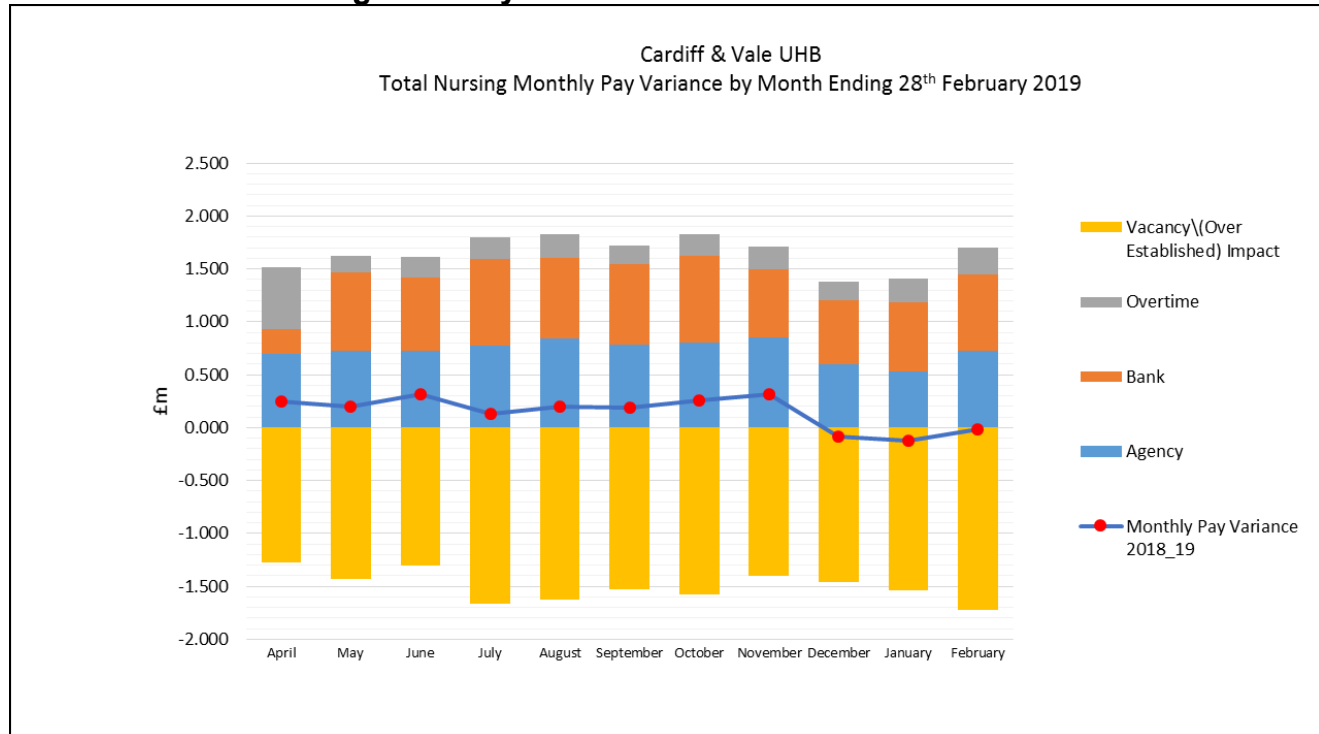
Table 10 - Qualified Nursing Staff Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.729	8.065
Bank	0.352	2.848
Overtime	0.200	1.996
Adverse Impact	1.281	12.909
Vacancy\((Over Established) Impact	(1.550)	(14.052)
Total Pay Variance - Qualified Nursing (Fav)/Adv £m	(0.270)	(1.143)

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

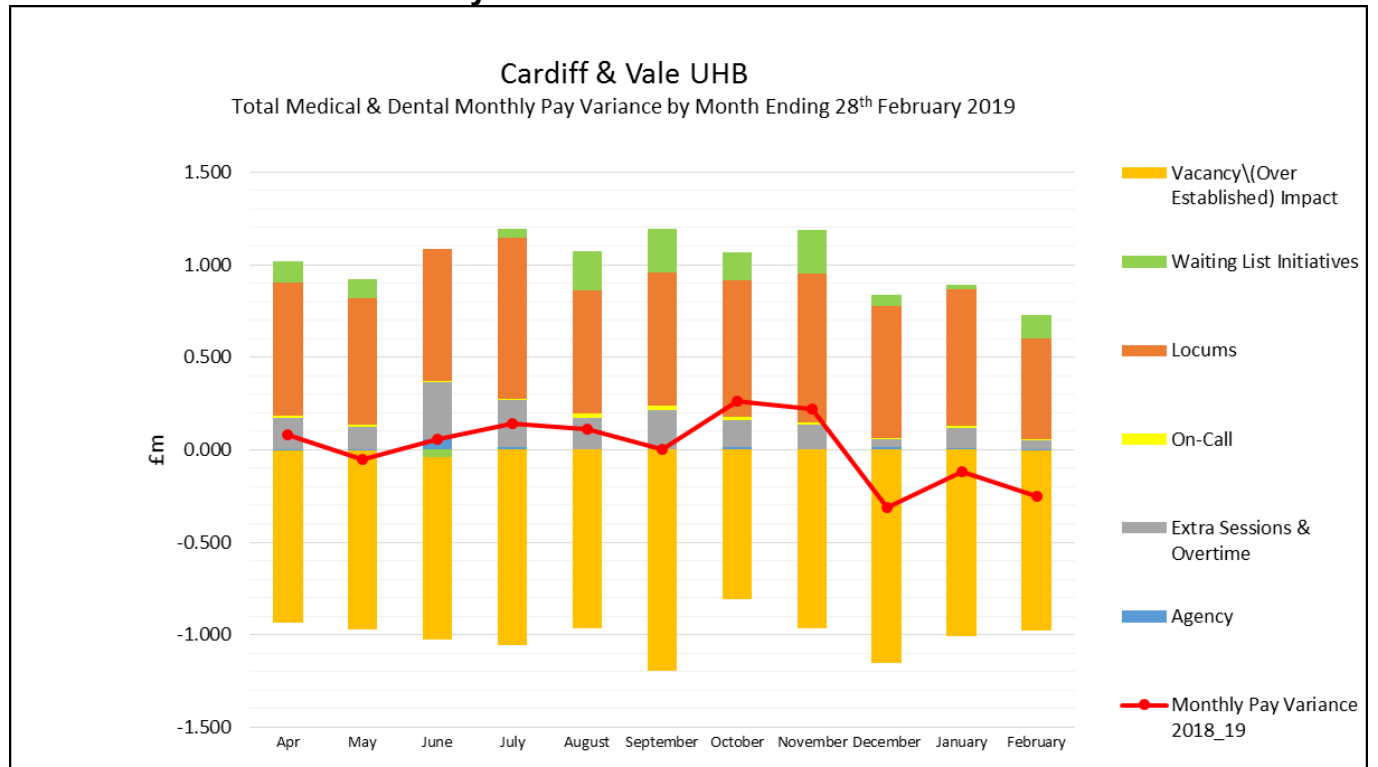


Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	0.729	8.068
Bank	0.720	7.465
Overtime	0.252	2.616
Adverse Impact	1.702	18.150
Vacancy\ (Over Established) Impact	(1.719)	(16.510)
Total Pay Variance - (Fav)/Adv £m	(0.017)	1.640

Table 11 identifies expenditure against substantive nursing posts for the year to date which is £1.640m more than budget. The £16.510m surplus against established posts is offset by a £18.150m 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 £0.138m at month 11.

Table 12 - Medical & Dental Pay Variance



Reason	In Month £m (Fav)/Adv	Year To Date £m (Fav)/Adv
Agency	(0.004)	0.098
Extra Sessions & Overtime	0.049	1.724
On-Call	0.007	0.129
Locums	0.542	7.913
Waiting List Initiatives	0.127	1.285
Adverse Impact	0.722	11.148
Vacancy\ (Over Established) Impact	(0.974)	(11.010)
Total Pay Variance - Medical & Dental (Fav)/Adv £m	(0.252)	0.138

The key areas of concern are a £0.070m in month overspend and a £1.007m cumulative overspend within the Women and Children Clinical Board and a cumulative £0.361m overspend in the CD&T Clinical Board following a £0.056m in month underspend.

Non Pay

Table 13 highlights an in month overspend of £0.072m and a £0.723m cumulative underspend against non pay budgets.

The key pressure area is in clinical services and supplies where there was an in month deterioration of £0.798m and the cumulative overspend for the first 11 months of the year is now £2.421m. A large part of the in month variance was due to expenditure within Laboratories and

Radiology which was in turn linked to increased activity along with an increase in spend in ALAS.

The in month improvement in commissioned services follows final agreement on Interventional Neuro Radiology (INR) costs and a number of successful Non Contracted Activity challenges.

Table 13: Non Pay Variance @ February 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	8.177	8.975	0.798	90.005	92.426	2.421
Commissioned Services	14.717	14.545	(0.172)	154.512	154.050	(0.462)
Continuing healthcare	5.074	5.074	(0.000)	57.465	58.193	0.728
Drugs / Prescribing	12.164	12.155	(0.009)	140.036	139.132	(0.904)
Establishment expenses	1.212	1.141	(0.071)	10.309	10.583	0.274
General supplies & services	0.775	0.797	0.022	7.681	8.009	0.328
Other non pay	6.104	5.434	(0.670)	53.016	50.128	(2.887)
Premises & fixed plant	4.575	4.740	0.165	31.342	31.424	0.082
Primary Care Contractors	13.721	13.730	0.009	153.249	152.947	(0.302)
Total £m	66.520	66.592	0.072	697.615	696.891	(0.723)

LTA Commissioner Performance

The UHB spends circa £160m commissioning healthcare services for its population through contracts with WHSSC, LHBs and Velindre. A favourable Month 11 variance of £0.827m is shown in Table 14 and is largely driven by the UHBs performance on contracts, including:

- Underperformance on Velindre drugs is offset against IPFR spend and over performance on activity, overall there is a favourable variance of £0.466m to month 11 for Velindre.
- Continued under performance on the ABMU and Cwm Taf LTAs.
- The WHSSC position which 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+, 50% of this provision has been released into the position.
- There is an improvement in month 11 on the UHB's expenditure for non-contracted activity. This is due to the release of the settlement with North Bristol Trust on INR outsourcing for 2017/18, compared to provisions made last year, £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 11 LTA Commissioner Position

Expenditure - C&V Commissioner				(fav) / adv
	Annual Budget	YTD Profile	YTD Actual	YTD Variance
	£m	£m	£m	£m
WHSSC	119.617	109.823	109.838	0.015
Velindre	16.406	15.075	14.608	(0.467)
LHBs	22.878	20.970	20.524	(0.446)
Other / NCAs	1.970	1.729	1.799	0.070
	160.871	147.597	146.770	(0.827)

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 eleven months to 28th February 2019 by Clinical Board is shown in Table 15.

Table 15: Financial Performance for the period ended 28th February 2019

Clinical Board	M10 Budget Variance £m	M11 Budget Variance £m	In Month Variance £m	Cumulative % Variance
Clinical Diagnostics & Therapies	0.861	1.060	0.199	1.06%
Children & Women	1.550	1.685	0.135	1.78%
Capital Estates & Facilities	0.070	0.067	(0.003)	0.11%
Dental	0.432	0.470	0.038	2.55%
Executives	(0.578)	(0.602)	(0.023)	(1.66%)
Medicine	1.571	1.806	0.235	1.68%
Mental Health	0.125	0.001	(0.124)	0.00%
PCIC	(1.048)	(1.406)	(0.358)	(0.46%)
Specialist	(0.683)	(0.531)	0.152	(0.35%)
Surgery	1.197	1.158	(0.040)	0.96%
Central Budgets	(3.765)	(3.991)	(0.226)	(2.18%)
SubTotal	(0.268)	(0.283)	(0.015)	(0.02%)
Planned Deficit	8.250	9.075	0.825	0.73%
Total	7.982	8.792	0.810	0.70%

In month and cumulative overspends were reported by 4 Clinical Boards in February. The largest in month overspend was in Medicine where the majority of the overspend was due to nursing pay. Expenditure within Laboratories and Radiology linked to demand was the main pressure in CD & T and the overspend in the Specialist Clinical Board was due to pressures in

clinical services and supplies. Pressures against activity related income and medical staff were again reported in the Women and Children 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 11 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	M11 Forecast Profile (Surplus)/ Deficit Variance £m	M11 Actual Position (Surplus)/ Deficit Variance £m	Variance to Forecast Profile £m
Clinical Diagnostics & Therapies	1.124	1.000	1.060	0.060
Children & Women	1.654	1.672	1.685	0.013
Capital Estates & Facilities	(0.011)	0.195	0.067	(0.128)
Dental	0.600	0.521	0.470	(0.051)
Executives	(0.003)	(0.091)	(0.602)	(0.511)
Medicine	0.759	0.849	1.806	0.957
Mental Health	0.798	0.800	0.001	(0.799)
PCIC	(1.353)	(1.078)	(1.406)	(0.328)
Specialist	(0.010)	0.010	(0.531)	(0.541)
Surgery	0.967	1.074	1.158	0.084
Central Budgets	(4.525)	(3.991)	(3.991)	0.000
SubTotal	(0.000)	0.961	(0.283)	(1.244)
Planned Deficit	9.900	9.075	9.075	0.000
Total	9.900	10.036	8.792	(1.244)

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 11 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. The latest position is shown in **Appendix 1**.

For the 11 months to the end of February the UHB had fully achieved its profiled savings target (including income generation schemes & non recurrent accounting gains) of £29.442m 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 11

	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 11 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 £19.2m (8.6%) 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 £23.6m 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.

Since the approval of the UHB request for capital working balances support in month 7 the UHBs approved CRL and expected additional allocations has increased by circa £15m which in turn has eased the pressure on the UHBs capital cash. As a consequence the UHB does not intend to draw down £3.930m of its approved capital drawing limit as at 7th March 2019, nor any cash in respect of any further allocations approved in Capital Resource Letters issued in the remainder of the year. It is the UHBs understanding that Welsh Government will amend the UHBs final CRL to show this as undrawn working balances cash (as opposed to undrawn capital resource).

Public Sector Payment Compliance

The UHB's cumulative performance fell from 95.3% at the end of January to 95.2% to the end of February with an in-month compliance rate of 93.8%.

Capital Resource Limit (CRL)

Progress against the CRL for the period to the end of February 2019 is summarised in Table 19 and is detailed in **Appendix 4**.

Table 19: Progress against Capital Resource Limit @ February 2019

	£m
Planned Capital Expenditure at month 11	33.083
Actual net expenditure against CRL at month 11	30.273
Variance against planned Capital Expenditure at month 11	(2.810)

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 7th March 2019.

In February the UHB received an additional £3.600m for Medical Equipment, £0.320m re Eye Care Sustainability and £0.010m re the ETTF National Mobilisation Project.

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 11, 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 11 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 £8.792m deficit at month 11 which includes a planning deficit of £9.075m and budget underspends of £0.283m;
- **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.								

Month 11 In-Year Effect

Clinical Board	18-19 Target	Green	Amber	Total Green & Amber	Pipeline Red	Shortfall Performance Review Month 11
	£'000	£'000	£745	£'000	£'000	£'000
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	4,602	1,398	113
Dental	800	233	0	233	84	567
Mental Health	2,940	2,870	70	2,940	20	0
Capital Estates and Facilities	2,580	1,822	758	2,580	133	0
PCIC	6,600	6,952	122	7,074	150	-474
Corporate Execs	1,362	1,128	23	1,151	457	211
Specialist Services	4,038	3,712	396	4,108	618	-70
Total	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

BALANCE SHEET AS AT 31st FEBRUARY 2019

	Opening Balance 1 st April 2018	Closing Balance 28 th February 2019
Non-Current Assets	£'000	£'000
Property, plant and equipment	657,424	668,172
Intangible assets	2,245	1,740
Trade and other receivables	57,469	31,821
Other financial assets		
Non-Current Assets sub total	717,138	701,733
Current Assets		
Inventories	15,697	16,187
Trade and other receivables	166,189	172,642
Other financial assets	0	0
Cash and cash equivalents	1,856	4,113
Non-current assets classified as held for sale	0	206
Current Assets sub total	183,742	193,148
TOTAL ASSETS	900,880	894,881
Current Liabilities		
Trade and other payables	180,290	157,217
Other financial liabilities	0	0
Provisions	120,512	131,139
Current Liabilities sub total	300,802	288,356
NET ASSETS LESS CURRENT LIABILITIES	600,078	606,525
Non-Current Liabilities		
Trade and other payables	9,635	9,110
Other financial liabilities	0	0
Provisions	60,471	29,038
Non-Current Liabilities sub total	70,106	38,148
TOTAL ASSETS EMPLOYED	529,972	568,377
FINANCED BY:		
Taxpayers' Equity		
General Fund	417,207	451,440
Revaluation Reserve	112,765	116,937
Total Taxpayers' Equity	529,972	568,377

CASH FLOW FORECAST AS AT 28th FEBRUARY 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	76,021	916,236
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	4,587	30,975
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	39,464	44,588	449,227
Other - (Specify in narrative)	8,139	5,359	5,198	14,605	8,136	6,049	14,735	9,650	7,569	13,098	5,843	8,871	107,252
TOTAL RECEIPTS	139,864	128,883	148,087	116,485	142,022	106,249	127,924	143,838	127,452	121,115	126,989	150,297	1,579,205
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	4,305	6,325	64,583
Primary Care Services : Pharmacy Services	134	135	123	106	128	131	134	123	267	497	462	266	2,506
Primary Care Services : Prescribed Drugs & Appliances	7,008	7,632	15,311	3	15,555	3	7,339	15,141	7,635	3	7,373	7,968	90,971
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	2,149	2,032	25,109
Salaries and Wages	47,471	47,804	47,732	47,215	47,922	47,429	47,642	51,990	52,780	49,861	49,455	49,762	587,063
Non Pay Expenditure	54,604	51,324	57,727	54,191	44,288	43,936	53,164	50,695	42,795	53,630	49,053	59,345	614,752
Capital Payment	12,496	1,679	1,935	2,308	6,758	2,324	2,290	3,351	2,560	2,701	3,132	14,601	56,135
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	9,166	10,409	115,966
TOTAL PAYMENTS	139,414	125,584	151,996	116,141	137,914	108,123	127,883	144,359	127,437	120,788	127,013	152,553	1,579,205
Net cash inflow/outflow	450	3,299	(3,909)	344	4,108	(1,874)	41	(521)	15	327	(24)	(2,256)	
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	4,112	
Balance c/f	2,306	5,605	1,696	2,040	6,148	4,274	4,315	3,794	3,809	4,136	4,112	1,856	

PROGRESS AGAINST CRL AS AT 28th FEBRUARY 2019

Approved CRL issued March 7 th 2019 £'000s		46,727				
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	13,098	10,559	(2,539)	13,990	13,990	0
CRI Safeguarding	548	474	(74)	548	474	(74)
Rookwood Emergency Works	499	122	(377)	499	299	(200)
Anti Ligature Works	100	163	63	100	163	63
UHW Interventional Radiology Suite	500	1,068	568	500	1,069	569
Acceleration and implementation of National Clinical Systems	128	64	(64)	597	597	0
Reurbishment of the Renal Facilities at UHW	1,016	933	(83)	1,197	1,149	(48)
Purchase of Woodland House	2,950	3,996	1,046	2,950	3,996	1,046
Rookwood Replacement	3,051	2,089	(962)	4,420	3,220	(1,200)
ETTF Funding re BEST Software for ALAC	10	21	11	21	21	0
UHL Theatres	100	71	(29)	1,000	500	(500)
IM&T Discretionary	100	0	(100)	1,786	1,786	0
Digital Cellular Path	124	125	1	124	125	1
Renal IM&T	0	0	0	17	17	0
Microbiology Labs Works	0	0	0	160	160	0
Additional Medical Equipment	0	0	0	3,600	3,600	0
ETTF- National Mobilisation Project	0	0	0	10	10	0
Eye Care Sustainability	0	0	0	320	320	0
Sub Total	22,224	19,685	(2,539)	31,839	31,496	(343)
Discretionary:						
I.T.	598	709	111	904	904	0
Equipment	702	507	(195)	1,933	1,933	0
Statutory Compliance	1,747	1,498	(249)	2,022	2,022	0
Estates	8,462	8,524	62	10,990	11,333	343
Sub Total	11,509	11,238	(271)	15,849	16,192	343
Donations:						
Charitable Funds Equipment	480	480	0	675	675	0
Sub Total	480	480	0	675	675	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	33,083	30,273	(2,810)	46,727	46,727	0
PERFORMANCE AGAINST CRL (Under)/Over £'000s						
		(16,454)			0	

Report Title:	2019-20 Cost Reduction Programme						
Meeting:	Finance Committee					Meeting Date:	27th March 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 2019-20

As at 19th March £13.507m 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 £2.838m to be identified by delegated budget holders.

Of the £13.507m identified schemes, £11.567m is recurrent and £1.940m is non recurrent.

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

PROGRESS AGAINST CROSS CUTTING THEMES 2019-20

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

As at 19th March £5.058m 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 19th March £12.600m had been identified as Green or Amber against the £14.900m corporate and high value opportunities target. There is therefore a shortfall of £2.300m 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 £26.107m against the UHB total CRP requirement of £31.245m. This leaves a shortfall £5.138m.

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

- 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	
------------	--	-----------	---	-------------	--	---------------	--	-------------	--

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
Medicine	1,877	1,009	1,115	2,124	45	-247
Capital Estates and Facilities	1,290	1,211	79	1,290	267	0
Specialist Services	2,019	1,007	776	1,783	627	236
PCIC	3,300	476	2,431	2,907	608	393
Children & Women	1,775	405	1,053	1,457	358	318
CD&T	1,633	482	837	1,319	418	314
Mental Health	1,470	253	944	1,197	100	273
Corporate Execs	681	481	61	542	112	139
Surgery	2,300	737	151	888	788	1,412
Total	16,345	6,060	7,446	13,507	3,323	2,838
Corporate	14,900	600	12,000	12,600	0	2,300
Total	31,245	6,660	19,446	26,107	3,323	5,138

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
Medicine	1,877	1,652	1,343	2,995	60	-1,118
Capital Estates and Facilities	1,290	702	92	795	267	495
Specialist Services	2,019	807	758	1,565	650	454
PCIC	3,300	458	2,168	2,626	608	674
Children & Women	1,775	259	908	1,167	505	608
CD&T	1,633	452	518	970	432	663
Mental Health	1,470	78	1,142	1,220	100	250
Corporate Execs	681	472	55	527	112	154
Surgery	2,300	741	154	895	849	1,405
Total	16,345	5,621	7,138	12,759	3,583	3,586
Corporate	14,900	450	10,300	10,750	0	4,150
Total	31,245	6,071	17,438	23,509	3,583	7,736

Corporate Schemes

2019-20 In-Year Effect against £14.9m target

Scheme	Green	Amber	Total Green & Amber
	(£)	(£)	(£)
Medicines Management (Lucentis / Avastin)		1,000,000	1,000,000
Estates Management (Global Link rent)	200,000		200,000
Sale of Iorwerth Jones profit on disposal	400,000		400,000
Net rates reduction		450,000	450,000
Management Structures - Organising for Success		1,000,000	1,000,000
Non Electice LOS - Bed reduction (3 wards)		1,250,000	1,250,000
Managed Service Contract - Theatres stock control/product variation		500,000	500,000
Building purchase from discretionary capital (WEQAS)		1,800,000	1,800,000
Review of discretionary expenditure		1,000,000	1,000,000
Cost Avoidance - Rates		2,000,000	2,000,000
Cost Avoidance - CHC		2,000,000	2,000,000
Accounting policy change - goods received		1,000,000	1,000,000
Total	600,000	12,000,000	12,600,000

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	3.28	0.00	3.28	0.00
Surgery	0.00	0.00	0.00	14.84
Children & Women	0.00	6.10	6.10	0.00
CD&T	6.80	9.51	16.31	1.00
Mental Health	2.00	1.00	3.00	0.00
Corporate Execs	3.70	0.75	4.45	2.50
Total	17.41	17.36	34.77	18.84

Full Year Effect

Clinical Board	Green	Amber	Total Green & Amber	Pipeline Red
	WTE	WTE	WTE	WTE
PCIC	1.13	0.00	1.13	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	3.28	0.00	3.28	0.00
Surgery	0.00	1.00	1.00	15.84
Children & Women	0.00	6.10	6.10	0.00
CD&T	6.80	9.51	16.31	1.00
Mental Health	2.00	1.00	3.00	0.00
Corporate Execs	3.70	0.75	4.45	2.50
Total	16.91	18.36	35.27	19.84

Progress against 2019-20 Devolved Recurrent and Non Recurrent Targets

Clinical Board	Recurrent		Non-Recurrent
	19-20 recurrent	Identified Green & Amber	Identified Green & Amber
	£'000	£'000	£'000
Medicine	1,877	2,118	7
Capital Estates and Facilities	1,290	747	543
Specialist Services	2,019	1,565	218
PCIC	3,300	2,681	226
Children & Women	1,775	1,096	361
CD&T	1,633	948	371
Mental Health	1,470	1,022	175
Corporate Execs	681	542	0
Surgery	2,300	849	39
Total	16,345	11,567	1,940
Corporate	14,900	5,400	7,200
Total	31,245	16,967	9,140

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	593	1,409	140	2,002	-2
Nursing Productivity	1,000	1,178	793	21	1,971	-971
Procurement	2,000	393	304	183	697	1,303
Workforce Productivity	2,000	142	85	208	227	1,773
Total	9,000	2,321	2,738	602	5,058	3,942

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	598	1,427	240	2,025	-25
Nursing Productivity	1,000	1,622	973	36	2,595	-1,595
Procurement	2,000	418	324	220	742	1,258
Workforce Productivity	2,000	138	90	257	228	1,772
Total	9,000	2,791	2,961	803	5,752	3,248

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

SITUATION

This report highlights the 2018/19 and 2019/20 Finance Risk Register risk categorisation by severity of risk as at 27th March 2019. The detailed risk register is shown in Appendix 1 and 2.

REPORT

ASSESSMENT

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

2018/19 UHB Financial Risks at 27th March 2019

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

2019/19 UHB Financial Risks at 27th March 2019

Risk Category	Risk Score	Number of Risks as at 27 March 2019
Extreme Risk	20 - 25	3
High Risk	12 - 16	2
Moderate Risk	4 - 10	6
Low Risk	1 - 3	

RECOMMENDATION

The Finance Committee are asked to endorse the removal of the following risks from the 2018/19 risk register where optimum controls are now in place:

Reference No.	Risk	Risk Score
FIN02/18	Manage budget pressures of £12.8m	2
FIN07/18	Manage internal investments within £3.3m envelope	2
FIN14/18	Management of R&D income reduction	2

SUMMARY

The Finance Committee will be kept up to date regarding any additions to the Risk Registers 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 2018/19 and 2019/20 risk register
- ENDORSE** the removal of highlighted low level risks from the 2018/19 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.							

Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Current Risk Rating			Adequacy Existing Controls	Summary of Additional Controls Required	Target Risk Rating if Controls in Place			Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee
					Impact / Consequence	Likelihood	Score			Impact / Consequence	Likelihood	Score						
Finance	Fin01/18	Mar-18	Underlying deficit c/f into 2019/20. The opening underlying deficit in 18/19 is £49.0m and this needs to be materially reduced in year.	Governance reporting and monitoring arrangements through the Finance Committee and Board. At month 11 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	Mar-19	Assistant Director of Finance	Apr-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 11 budgets have an operational underspend of £0.283m.	2	1	2	Adequate but more Action Required		2	1	2	Mar-19	Assistant Director of Finance	Apr-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 11 the UHB is £0.332m short of delivering the in year devolved target. However, the target has been met on	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	Mar-19	Assistant Director of Finance	Apr-19	The Board	Director of Finance	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)	2	1	2	Adequate but more Action Required	None	2	1	2	Mar-19	Assistant Director of Finance	Apr-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	Mar-19	Assistant Director of Finance	Apr-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	Mar-19	Assistant Director of Finance	Apr-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	Mar-19	Assistant Director of Finance	Apr-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 11 the nursing overspend was £1.640m.	4	3	12	Adequate but more Action Required	None	2	3	6	Mar-19	Assistant Director of Finance	Apr-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	Mar-19	Assistant Director of Finance	Apr-19	The Board	Director of Therapies	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	1	2	Adequate but more Action Required	None	2	1	2	Mar-19	Assistant Director of Finance	Apr-19	The Board	Medical Director	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	Mar-19	Assistant Director of Finance	Apr-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	Mar-19	Assistant Director of Finance	Apr-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 communication with AB regarding contract rebasing in 2019/20.	3	3	9	Adequate but more Action Required	None	3	2	6	Mar-19	Assistant Director of Finance	Apr-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	Mar-19	Assistant Director of Finance	Apr-19	The Board	Chief Operating Officer	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	Mar-19	Assistant Director of	Apr-19	The Board	Director of Finance	Finance Committee



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

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

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

Likelihood Score (L)

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

Likelihood Score

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

Categories	CB/Dir Ref No	Date Entered onto new CB/Dir/UHB Risk Register	Risk/Issue (Including Impact)	Existing Controls	Current Risk Rating			Adequacy Existing Controls	Summary of Additional Controls Required	Target Risk Rating if Controls in Place			Date of Last Review	Review Completed By	Date of Next Review	Risk Owner	Exec Lead	Assuring committee
					Impact / Consequence	Likelihood	Score			Impact / Consequence	Likelihood	Score						
Finance	Fin01/19	Mar-19	The opening underlying deficit in 19/20 is £36.3m. The IMTP planned c/f underlying deficit in 2020/21 is £4m.	Governance reporting and monitoring arrangements through the Finance Committee and Board	5	4	20	Adequate but more Action Required	Progress against the underlying deficit is to be managed by Management Executive.	4	3	12	Mar-19	Assistant Director of Finance	Apr-19	The Board	Director of Finance	Finance Committee
Finance	Fin02/19	Mar-19	Manage Budget pressures	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	5	3	15	Adequate but more Action Required	Escalation process led by Chief Executive.	4	2	8	Mar-19	Assistant Director of Finance	Apr-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin03/19	Mar-19	Deliver 2% Recurrent CIP (£16.4m)	2% 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	5	4	20	Adequate but more Action Required		4	3	12	Mar-19	Assistant Director of Finance	Apr-19	The Board	Director of Finance	Finance Committee
Finance	Fin04/19	Mar-19	Develop and deliver Corporately led financial opportunities of £14.9m to achieve year end break even position	CIP target clearly communicated. CIP tracker in place to monitor weekly progress. Executive lead identified for each Corporate Scheme	5	4	20	Adequate but more Action Required		4	3	12	Mar-19	Assistant Director of Finance	Apr-19	The Board	Director of Finance	Finance Committee
Finance	Fin05./19	Mar-19	Manage internal investments within £4m envelope	When Internal investment plan agreed business cases to be approved through the Business Case Approval Group (BCAG)	3	2	6	Optimum Controls/NFA Required	Internal investments will not be agreed until the UHB has a full savings programme in place.	3	2	6	Mar-19	Assistant Director of Finance	Apr-19	The Board	Director of Finance	Finance Committee
Finance	Fin06/19	Mar-19	Deliver RTT within resources available (£10.5m 19/20)	The UHB will continue to work closely with WG to ensure appropriate resources are made available to maintain progress.	4	3	12	Adequate but more Action Required	Monthly meetings with the COO, progress report to be received through performance review meetings and regular dialogue with WG.	3	2	6	Mar-19	Assistant Director of Finance	Apr-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin07/19	Mar-19	Winter pressures managed within (£1.5m 19/20)	Winter plan for 2019/20 being developed for sign off by Management Executive.	3	3	9	Adequate but more Action Required	Progress report to be received through performance review meetings.	3	2	6	Mar-19	Assistant Director of Finance	Apr-19	The Board	Chief Operating Officer	Finance Committee
Finance	Fin08/19	Mar-19	Commissioning Risks	Regular performance/LTA meetings with other providers/WHSSC and internal commissioning group.	3	3	9	Optimum Controls/NFA Required	None	3	2	6	Mar-19	Assistant Director of Finance	Apr-19	The Board	Director of Finance	Finance Committee



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

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

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

Likelihood Score (L)

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

Likelihood Score

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