

# Public Finance Committee Meeting

Wed 19 October 2022, 14:30 - 16:30

## Agenda

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### 14:30 - 14:30 1. Standing Items

0 min


*Rhian Thomas*

#### 1.1. Welcome and Introductions


#### 1.2. Apologies for Absence

#### 1.3. Declarations of Interest

#### 1.4. Minutes of the previous Committee meeting – 28 September 2022

 1.4 Public Finance Minutes SeptemberMD.NF.pdf (10 pages)

#### 1.5. Action log following the meeting held on 28 September 2022

 1.5 Action Log - Following Public Meeting in SeptemberMD.NF.pdf (2 pages)

#### 1.6. Chair's Actions since previous meeting

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### 14:30 - 14:30 2. Items for Review and Assurance

0 min

#### 2.1. Financial Report – Month 6

*Robert Mahoney*

#### 2.2. Financial performance of Clinical Boards

*Mike Bond Robert Mahoney*

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### 14:30 - 14:30 3. Items for Information and Noting

0 min

#### 3.1. Financial Monitoring Return – Month 6

*Robert Mahoney*

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### 14:30 - 14:30 4. Agenda for Private Finance Committee Meeting

0 min

*Rhian Thomas*

#### 4.1. Approval of Private Minutes

11/10/2022 16:44:16  
Mohamed Sarah

## 4.2. Update on Risks to the Financial Plan

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14:30 - 14:30 **5. AOB**  
0 min

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14:30 - 14:30 **6. Review and Final Closure**  
0 min

### 6.1. Items to be deferred to Board / Committee

*Rhian Thomas*

### 6.2. Date, time and venue of the next Committee meeting:

Wednesday 23rd November 2022 at 2pm via MS Teams

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14:30 - 14:30 **7.**  
0 min

To consider a resolution that representatives of the press and other members of the public be excluded from the remainder of this meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest [Section 1(2) Public Bodies (Admission to Meetings) Act 1960]

Mohamed Sarah  
11/10/2022 16:51:16

**Unconfirmed Minutes of the Public Finance Committee Meeting  
Held On 28 September 2022 at 2pm  
Via MS Teams**

|                       |    |  |
|-----------------------|----|--|
| <b>Chair:</b>         |    |  |
| Rhian Thomas          | RT | Independent Member - Capital and Estates         |
| <b>Present:</b>       |    |  |
| John Union            | JU | Independent Member – Finance                     |
| David Edwards         | DE | Independent Member – ICT                         |
| <b>In Attendance:</b> |    |  |
| Charles Janczewski    | CJ | UHB Chair  |
| Abigail Harris        | AH | Executive Director of Strategic Planning         |
| Catherine Phillips    | CP | Executive Director of Finance                    |
| Hywel Pullen          | HP | Interim Deputy Director of Finance (Strategy)    |
| Tim Davies            | TD | Head of Corporate Business                       |
| Nicola Foreman        | NF | Director of Corporate Governance                 |
| Robert Mahoney        | RM | Interim Deputy Director of Finance (Operational) |
| Marie Davies          | MD | Deputy Director of Planning                      |
| Robert Wilkinson      | RW | Programme Support Manager                        |
| Jason Roberts         | JR | Executive Nurse Director                         |
| Paul Bostock          | PB | Chief Operating Officer                          |
| Geoff Walsh           | GW | Director Capital Estates and Facilities          |
| <b>Secretariat</b>    |    |  |
| Sarah Mohamed         | SM | Corporate Governance Officer                     |
| <b>Apologies:</b>     |    |  |

| Item No                | Agenda Item   | Action |
|------------------------|---|--------|
| <b>FC<br/>28/9/001</b> | <b>Welcome &amp; Introduction</b><br><br>The Committee Chair (CC) welcomed everyone to the meeting.   |        |
| <b>FC<br/>28/9/002</b> | <b>Apologies for Absence</b><br><br><b>The Finance Committee resolved that:</b><br><br>a) No Apologies were noted.  |        |
| <b>FC<br/>28/9/003</b> | <b>Declarations of Interest</b><br><br><b>The Finance Committee resolved that:</b><br><br>a) No Declarations of Interest were noted.  |        |
| <b>FC<br/>28/9/004</b> | <b>Minutes of the meeting Held on 24 August 2022</b><br><br>The minutes of the meeting held on 24 August 2022 were received.<br><br><b>The Finance Committee resolved that:</b> |        |

|                               |   |  |
|-------------------------------|---|--|
|                               | <p>a) The minutes of the meeting held on 24 August 2022 were held as a true and accurate record of the meeting.</p>   |  |
| <p><b>FC<br/>28/9/005</b></p> | <p><b>Action Log following the meeting held on 24 August 2022</b></p> <p>The Action Log was received.</p> <p><b>The Finance Committee resolved that:</b></p> <p>a) The Action Log was up to date.</p>   |  |
| <p><b>FC<br/>28/9/006</b></p> | <p><b>Chairs Action since previous meeting</b></p> <p>There had been no Chair's actions taken since the last meeting.</p>   |  |
|                               | <p><b>Items for Review and Assurance</b></p>  |  |
| <p><b>FC<br/>28/9/007</b></p> | <p><b>Financial Report – Month 5</b></p> <p>The Interim Deputy Director of Finance Operations (IDDFO) presented the Financial Report Month 5 and highlighted the following:</p> <p>The Health Board had a planned deficit of £17.1m and was currently reporting a £9.652m overspend at Month 5.</p> <p><b><u>Table 1: Month 5 Financial Position 2022/23</u></b></p> <p>It was noted that there was an additional Covid 19 expenditure reported at £25m to date. It was anticipated that this would be £58m by year end.</p> <p>It was split into two components. Firstly, the Covid response costs and, secondly, the national programmes that were being delivered.</p> <p>The exceptional inflationary pressures covered several items. It was noted that £6.7m had been spent on energy costs so far. The Health Board anticipated to spend £45m by year end. The Health Board was anticipating funding from Welsh Government (WG).</p> <p><b><u>Table 2 - 2022/23 Draft Financial Plan - Resubmitted 30 June 2022</u></b></p> <p>It was noted that the Health Board had overspent by £9.652m against its core financial plan, of which (i) £7.125m was planned as part of the underlying financial deficit, and (ii) £2.527m was unplanned as an overspend in delegated and central positions.</p> |  |

The rate of unplanned overspend fell in month, deteriorating by £0.228m from the cumulative Month 4 unplanned overspend of £2.299m.

**Table 3 - Finance - Key Performance Indicator Dashboard at August 2022**

The IDDFO stated that delivering the financial plan was “red” at the moment because the Health Board had overspent.

The IDDFO added that the Health Board was still managing within the capital resource limit anticipated and was ambitious that it would remain “green” throughout the year.

It was noted that the pressure of the plan also had an effect on the underlying deficit and savings. Some of the savings delivered were not recurrent and the total savings plan had not been reached yet.

The IDDFO highlighted that creditor payments had improved. It could take a while for the non-compliance rates to improve.

The Committee Chair (CC) queried the Finance team’s confidence in meeting the financial plan as it stood. The Health Board was about to go into the Winter period and it was already showing a month by month deficit.

The IDDFO responded that there was a table, in the meeting pack, which dealt with the financial pressures that were not anticipated. There was pressure to deliver the £17.1m plan. The Finance team would need to get a forecast position of the year end.

The UHB Chair stated that as the Health Board was shortly approaching Month 6, it was a key time for Welsh Government (WG) to take a keen interest in the financial plan. It was therefore important that the Finance team put together a forecast and highlighted any revision to the financial plan. The Board would also be keen to understand the position as soon as possible.

The IDDFO responded that was the intention as it was a mid-way point. It was also a forecast month upon which WG placed great reliance. The Finance team would also make sure that the Health Board governance structures were appropriately engaged if any revision was needed.

**Table 5 - Key Cost pressures and risks within delegated positions as at Month 5**

IDDFO

Mohamed Sarah  
11/10/2022 16:51:16

The IDDFO noted that some of the unfunded medical agencies were “in play”, but not to the levels being experienced at the moment. There were initiatives underway, especially with Healthcare Support Workers, to have enhanced recruitment and to take pressure off some of those costs.

The Independent Member for Finance (IMF) queried whether the Finance team would also be looking at options where costs could be stopped, paused or reduced.

The IDDFO responded that he had expressed an awareness of where there might be a stop programme. However, he did not want to mix actions with forecast in the initial forecast. It was important to present realistic expectations to the Finance Committee and Board.

The Independent Member for ICT (IMI) stated that he did not envisage any of the pressures changing. He queried what a realistic timescale would be and when would the Health Board act.

The IDDFO responded that they would need to respond as soon as they reached the conclusion that the year end forecast would need to be revised.

The Executive Director of Finance (EDF) stated that the first matter was how to get back on the forecast and deliver the plan. The Finance Team had envisaged some improvement over the Summer, but that had not happened.

The Chief Operating Officer (CEO) gave assurance that the Clinical Boards and the operational teams were working with the Finance team to give that forecast.

The CC queried whether a breakdown of the costs in table 5 was already assumed for the planned deficit and any unplanned deficit elements.

The IDDFO responded that when budgets were set it was upon the assumption that they were appropriately funded to deliver.

However, the level of vacancies the Health Board was currently experiencing was unforeseen.

It was noted that the WHSCC LTA performance was still being worked up to see if some of it could be recovered. There was nothing indicating that there would be a swing on prescribing.

Mohamed Sarah  
11/10/2022 16:51:16



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|                               | <p><b>The Finance Committee resolved that:</b></p> <ul style="list-style-type: none"> <li>a) The reported overspend of £9.652m due to £2.527m of operational pressures and a planning deficit of £7.125m, was noted.</li> <li>b) The financial impact of COVID 19 which was assessed at £25.063m, was noted.</li> <li>c) The additional Welsh Government COVID 19 funding of £25.063m assumed within the position, was noted.</li> <li>d) The financial impact of Exceptional inflationary pressures which was assessed at £6.783m, was noted.</li> <li>e) The additional Exceptional inflationary pressures funding of £6.783m assumed within the position, was noted.</li> <li>f) The forecast deficit of £17.1m, which was consistent with the Final Financial plan and was a reduction of £3.7m from the £20.8m included within the initial Draft Financial Plan, was noted.</li> <li>g) The 2021/22 brought forward Underlying Deficit of £29.7m and the planned forecast carry forward of £20.0m to 2023/24, was noted.</li> </ul>  |  |
| <p><b>FC<br/>28/9/008</b></p> | <p><b>BAF Risk – Financial Sustainability</b></p> <p>The Director of Corporate Governance (DCG) presented the BAF Risk – Financial Sustainability Report.</p> <p>The BAF risks had been taken to the Committees of the Board so that they could be scrutinised. The risks were agreed between the DCG and the EDF.</p> <p>The DCG advised that the financial sustainability risk was currently scored at 15 and consideration should be given as to whether this should be high taking into account the previous discussion on the financial position. However, it could be better to wait until the Month 6 financial report had been received by the Committee before amending the rating.</p> <p>The EDF agreed that then the score given could be changed, once the Month 6 position had been reviewed.</p> <p><b>The Finance Committee resolved that:</b></p> <ul style="list-style-type: none"> <li>a) The attached risk in relation to Financial Sustainability was reviewed to enable the Committee to provide further assurance to the Board when the Board Assurance Framework was reviewed in its entirety.</li> </ul> |  |

**FC  
28/9/009**

**Velindre NHS Trust Business Cases - Radiotherapy Services and Radiotherapy Satellite Centre**

The Executive Director of Strategic Planning (EDSP) presented the Velindre NHS Trust Business Cases for (i) Radiotherapy Solution IRS and (ii) Radiotherapy Satellite Centre and highlighted the following:

- These were two interconnected business cases to improve the capability in the South East region.
- It would allow for new treatments to be provided for patients across South East Wales.
- The number of linac machines would increase from 8 to 10.
- An increase in demand had been predicted.
- The costs would come from the increased capacity.
- The summary paper attached gave a good breakdown of the financial elements.
- It was a significant investment over 10 years.

The Interim Deputy Director of Finance (Strategy) (IDDFS) advised the Committee that the costs expected from the Health Board were slightly less than the costs under the current framework with Velindre. That would be the small advantage if the activity actually occurred.

The IDDFS added that because the Health Board was investing upfront into a second centre, if the activity did not materialise then the Health Board would have committed money upfront to have that capacity.

It was noted that there was an agreement with Velindre that if there was additional capacity in the early years and they were able to treat patients from other areas in Wales, then they would share that information.

The EDSP commented that at the moment the Health Board was commissioning additional capacity from additional places, such as the Rutherford Centre which was a private facility in Newport.

The EDF commented that looking at the cumulative situation the Health Board was not paying that much more for 8 brand new linac facilities. It was just over £300,000 to refresh the technology and the Health Board would get a 28% share of that.

The EDF added that £400,000 would be committed this year and next. She asked how it would deliver on the organisations agenda and was it funded from recovery or commissioning?

Mohamed Sarah  
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|--|---|--|
|  | <p>The COO responded that he did not know the answer. However, the Cancer backlog had grown. In March 2020, there were 820 Cancer patients on a single Cancer pathway. 20 patients were waiting more than 62 days. In September 2022, there were 3,300 patients on a single Cancer pathway. 817 patients had been waiting more than 62 days. The COO stated that it would take a long time to reduce the backlog.</p> <p>The CC queried whether the Committee needed more assurance.</p> <p>The EDF responded that it was not a reason not to move forward with the business case. The conditions outlined were important and understanding how the extra capacity would help the Health Board's recovery journey and whether they would receive the activity for the population. The EDF added that the Committee would need to keep an eye on it.</p> <p><b>The Finance Committee resolved that:-</b></p> <p><b>a) that the Board be recommended to: -</b></p> <ol style="list-style-type: none"> <li>1. Approve that the IRS replacement of the existing LINAC fleet at Velindre;</li> <li>2. Agree to support up to the maximum annual revenue funding level (with indexation to be applied), and contract mechanisms reflected within this paper;</li> <li>3. Note the associated IRS cost element of the RSC, as an independent approval of the RSC overall FBC was noted;</li> <li>4. Approve the RSC FBC subject to: <ol style="list-style-type: none"> <li>a) agreement on sharing any benefits from the use of redundant LINAC capacity to provide services to other Commissioners outside of South East Wales</li> <li>b) the provider seeks to minimise and defer the transitional costs were approved; and</li> </ol> </li> <li>5. Agree in principle to support the revenue costs associated with the provision of radiotherapy for Cardiff and Vale residents following the procurement of the new radiotherapy equipment and the development of the Radiotherapy Satellite Centre at Nevill Hall Hospital.</li> </ol> |  |
|  | <b>Items for Approval / Ratification</b>  |  |
| <p><b>FC</b><br/><b>28/9/010</b></p> <p style="font-size: small; transform: rotate(-45deg); opacity: 0.5;">Mohamed Ibrahim<br/>11/10/2022 16:51:16</p> | <b>Fracture Clinic</b>  |  |

The Director of Capital Estates and Facilities (DCEF) presented the Fracture Clinic Paper and highlighted the following:

- The proposal was to move the Fracture Clinic to the Lakeside Wing.
- During the Pandemic it was moved from UHW to UHL.
- The move was supported by Clinical teams and the Clinical Boards.
- To help expedite work as quickly as possible, a Chair's Action would be taken to the Board tomorrow.
- The Capital Management Group had identified £1m to undertake the work.

The CC queried the revenue and cost consequences from making the move. She added that a lot of it would be funded from Recovery money. The CC queried what the medium to long term plan was to fund the costs.

The IDDFS responded that the Health Board had been given Recovery money on a reoccurring basis. It was to close £23m. The move from UHL would free capacity, especially for elective Orthopaedic work and also provided benefit. There was some opportunity to benefit the Health Board as the major commissioners.

**The Finance Committee resolved that:**

- a) A recommendation was made to the Board to APPROVE:
  - (i) the development of a new Fracture Clinic in the Ground Floor of the Lakeside wing at UHW to enable the return of the service from UHL;
  - (ii) the proposed procurement and approval process, being Chairs action, recognising the need to commence works on site at the earliest opportunity to support the Clinical Recovery Programme; and
  - (iii) the Chairs action to enter into contract with the successful framework contractor subject to the tender return being within 10% of the budget allowance set by the CMG, that being £1.653m inclusive of VAT.
- b) The successful contractor and contract value would be reported to the November UHB Board, was noted.
- c) The revenue implications, funding source and the proposal to minimise any additional investment was noted.

Mohamed Sarah  
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**Items for Information and Noting**

|                        |   |            |
|------------------------|---|------------|
| <b>FC<br/>28/9/011</b> | <b>Financial Monitoring Return – Month 5</b><br><b>The Finance Committee resolved that:</b><br><br>a) The extract from the UHB’s Monthly Financial Monitoring Return was noted. |            |
|                        | <b>Agenda for Private Finance Committee Meeting</b>   |            |
| <b>FC<br/>28/9/012</b> | i. Approval of Private Minutes<br>ii. Health & Wellbeing Centre Business Case - Park View<br>iii. Update on the Financial Plan<br>iv. 10 Year Capital Plan                      |            |
| <b>FC<br/>28/9/013</b> | <b>Any Other Business</b><br><br>No Other Business was discussed.   |            |
|                        | <b>Review and Final Closure</b>   |            |
| <b>FC<br/>28/9/014</b> | <b>Items to be referred to Board / Committee</b><br><br>The BAF Risk – Financial Sustainability agenda item was referred to Board.  | <b>DCG</b> |
|                        | <b>Date &amp; time of next Meeting</b><br><br>Wednesday 19 October 2022 at 2:30pm Via MS Teams  |            |

Mohamed Sarah  
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## Public Action Log

Following Finance Committee Meeting  
28 September 2022  
(For the Meeting 19 October 2022)

| Completed actions   |  |   |                           |                 |  |
|---------------------|--|---|---------------------------|-----------------|--|
| REF                 | SUBJECT                                  | AGREED ACTION   | ACTIONED TO               | DATE            | STATUS/COMMENTS  |
| FC<br>28/9/007      | Financial Report – Month 5               | To move the next Finance Committee to an earlier day in the month due to the Board Development Session falling on 27 October 2022 | Nicola Foreman            | 19 October 2022 | <b>Completed</b><br><br>October's Finance Committee moved to 19 October 2022 |
| Actions in progress |  |   |                           |                 |  |
| REF                 | SUBJECT                                  | AGREED ACTION   | ACTIONED TO               | DATE            | STATUS/COMMENTS  |
| FC<br>24/8/007      | Financial performance of Clinical Boards | More quantifiable data and concrete information on the recovery plans to be shared with the Committee.                            | Mike Bond<br>Hywel Pullen | 19 October 2022 | <b>Update by 19 October 2022</b>   |
| FC<br>28/9/007      | Forecast                                 | To put together a forecast and highlight any revision to the financial plan.  | Robert Mahoney            | 19 October 2022 | <b>Update by 19 October 2022</b>   |

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|   |  |   |                |                  |   |
|---|--|---|----------------|------------------|---|
| <b>FC<br/>28/9/007</b>                      | Planned deficit vs actual extrapolated deficit graph | To ensure the deficit forecast was measured against actuals at month 6.                       | Robert Mahoney | 19 October 2022  | <b>Update by 19 October 2022</b>                |
| <b>Actions referred to Board/Committees</b> |  |   |                |                  |   |
| <b>FC<br/>24/8/008</b>                      | High-level funding resource map                      | The high-level funding resource map would be presented at a future Board Development Session. | Nicola Foreman | 14 December 2022 | <b>On Board Development agenda for December</b> |
| <b>Fc<br/>28/9/008</b>                      | Items referred to Board                              | BAF Risk – Financial Sustainability   | Nicola Foreman | 24 November 2022 | <b>To go to Board on 24 November 2022</b>       |

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