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| **CONFIRMED MINUTES OF THE MEETING OF THE FINANCE COMMITTEE**  **HELD ON 29th SEPTEMBER 2021**  **VIRTUAL MEETING via TEAMS** |
| |  |  |  | | --- | --- | --- | | **Present:** |  |  | |  |  |  | | John Union | JU | Independent Member – Finance (Chair) | | Charles Janczewski | CJ | Board Chair | | Abigail Harris | AH | Executive Director of Strategic Planning | | Andrew Gough | AG | Assistant Director of Finance | | Chris Lewis | CL | Deputy Director of Finance | | Caroline Bird | CB | Acting Chief Operating Officer | | Catherine Phillips | CP | Executive Director of Finance | | Nicola Foreman | NF | Director of Corporate Governance | | Rachel Gidman | RG | Executive Director of People and Culture | | Ruth Walker | RW | Executive Nurse Director | | Stuart Walker | SW | Executive Medical Director | | **Secretariat:** |  |  | | Paul Emmerson | PE | Senior Finance Manager | | **Apologies:** |  |  | |  |  |  | | Dr Rhian Thomas | RT | Chair, Independent Member – Capital and Estates | | David Edwards | DE | Independent Member – Information Communication & Technology | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |

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| **FC 21/09/001** | **WELCOME AND INTRODUCTIONS**  The Chair welcomed everyone to the meeting. | **ACTION** |
| **FC 21/09/002** | **APOLOGIES FOR ABSENCE**  Apologies for absence were noted. |  |
| **FC 21/09/003** | **DECLARATIONS OF INTEREST**  The Chair invited members to declare any interests in proceedings on the Agenda. None were declared. |  |
| **FC 21/09/004** | **MINUTES OF THE COMMITTEE MEETING HELD ON 25th AUGUST 2021**  The minutes of the meeting held on 25th August 2021 were reviewed and confirmed to be an accurate record.  **Resolved – that:**  The minutes of the meeting held on 25th August 2021 were approved by the Committee as an accurate record. |  |
| **FC 21/09/005** | **ACTION LOG FOLLOWING THE LAST MEETING**  There were no outstanding actions. |  |
| **FC 21/09/006** | **CHAIRS ACTION SINCE THE LAST MEETING**  There had been no Chairs action taken since the last meeting. |  |
| **FC 21/09/007** | **FINANCIAL PERFORMANCE MONTH 5**  The Deputy Director of Finance indicated that the Committee would be provided with a summary of the key points within the Month 5 Finance Report and also updated on issues arising since month 5.  At month 5, the UHB had reported an overspend of £0.091m against its plan. This reflected the operational performance of the UHB and the UHB continued to forecast a breakeven position at year-end. The position was based on the instruction from Welsh Government to assume that the additional gross costs of COVID 19 would be fully funded by Welsh Government. The UHB had incurred gross expenditure of £41.744m relating to the management of COVID 19 to month 5 and these costs were matched by additional COVID 19 allocations.  The key issues outlined in the Executive Director Opinion were as follows:   * The 2020/21 non delivery of savings is supported by Non Recurrent COVID funding in 2021/22. * The UHB’s financial position had moved from a reported surplus of £0.260m at month 4 to a deficit of £0.091m at month 5. Further review and asssurance would be required in order to ensure that the broadly balanced position is maintained. * At month 5 , £14.857m Green and Amber savings had been identified against the £16.000m 2% savings target. Further progress was required with a focus on recurrent schemes where the shortfall against the recurrent target had narrowed in month from £5.935m to £4.466m in month.   Moving onto the Finance Dashboard, the Deputy Director of Finance confirmed that two of the key indicators remained RAG rated as red. Both of the measures were linked to the delivery of the recurrent savings target, being the maintenance of the underlying deficit and delivery of the recurrent savings target. It was noted that performance against the Creditor Payments compliance target had improved in month, this measure remained rated as amber, as performance was 93.8% against the 95% 30 day target .  Table 5 analysed the year to date variance between income, non pay and pay. The reported operational deficit of £0.091m at Month 5 was made up of an overspend of £0.295m and £2.835m against income and non pay respectively and that this was offset by a £3.038m underspend against pay. The in month operational overspend was £0.351m. COVID expenditure variances at month 5 generally followed the trend set in months 1-4.  It was noted that the loss of Dental Patient Charges income as a result of reduced activity during the pandemic was common across Wales. In addition, it was reported that the majority of additional pay costs arising as a result of COVID were incurred in the Medicine Clinical Board and in PCIC where a number of the national programmes were managed.  The full year gross COVID forecast had moved in the month from £118.732m at month 4 to £117.622m at month 5. The movement in forecast costs, included an additional £0.800m in respect of Same Day Emergency Care (SDEC), which was offset by reductions against Local Authority Tracing costs, COVID vaccinations, Cleaning Standards and Continuing Healthcare.  The projected breakeven year end position assumed that the local response costs would be funded in line with the expenditure forecast, that national programmes would be funded on an actual basis and that other programmes would be funded in line with plans.  The Independent Member (Finance) - JU queried if the response funding assumed for the remainder of the year would be allocated in line with the forecast rather than on the fair shares formula which had underpinned the allocation for the first part of the year. In response the Deputy Director of Finance confirmed that Welsh Government had indicated that the 2nd tranche of funding was expected to be actioned based on UHB forecasts.  It was noted that a further £0.8m funding was confirmed in respect of Same Day Emergency Care (SDEC). In addition to this. the Committee was informed that since month 5 reporting, that the UHB had been notified that it would be allocated a further £11.536m of recovery funding in respect of the 2nd tranche of submitted bids. This allocation was in addition to the £13.660m of recovery funding already confirmed in respect of the first tranche of bids.  Referring to the confirmed recovery allocations the Independent Member (Finance) - JU asked if there was now any residual risk in respect of the recovery schemes that the Committee had previously advised had been progressed at risk. The Acting Chief Operating Officer responded and indicated that the UHB now had enough flexibility to mitigate any risks in year and that the UHB was continuing to discuss the recurrent resource implications of recovery schemes with Welsh Government.  Reporting on Clinical Board performance, the Committee was informed that delegated budgets were £2.210m overspent for the 5 months to the end of August 2021 and this was largely offset by a £2.119m underspend against Central budgets. It was reported that there was variation in Clinical Board financial performance, however the current overall UHB overspend was within the tolerable levels to enable the UHB to deliver break even.  The Deputy Director of Finance indicated that an additional £1.684m savings schemes had been identified in month which left the UHB with a further £1.143m of schemes to identify to meet the £16.000m savings target. Turning to the recurrent target it was highlighted there had been progress in closing the target from £5.9m to £4.5m in month. The Independent Member (Finance) – JU asked whether further progress was expected and in response, the Acting Chief Operating Officer indicated that discussion with Clinical Board Directors of Operations were continuing to focus on the identification of savings in the remainder of the year and particularly on the ongoing maintenance of the red pipeline.The Deputy Director of Finance also added that the Expenditure Reductions due to COVID 19 were available to the UHB to offset in year operational pressures, although it was noted that the reductions in expenditure were non recurrent.  It was noted that the public sector payment compliance had improved marginally to 93.8% in month and was still below the 95% target. The Committee was informed that this was not a statutory target and that the UHB worked jointly with NHS Wales Shared Services Partnership (NWSSP) in the delivery of the target.  Finally, the Deputy Director of Finance indicated that progress against the £33.9m capital plan was satisfactory and the Finance Committee was advised that the UHB expected further capital funding to be approved to support Covid Recovery Schemes  The Executive Director of Finance picked up on some issues raised in the report and emphasized that further progress to close the £4.5m gap against the recurrent savings target was required to avoid a deterioration in the underlying deficit. In addition, the Finance Committee was advised that the UHB expected to have further clarity on the coverage provided by additional COVID allocations at month 6 and that the availability of funding provided to Local Authority partners for social care would in turn have an impact on the flow of patients through hospitall beds.  **Resolved – that:**  The Finance Committee **noted** the gross month 5 financial impact of COVID 19 which is assessed at £41.744m;  The Finance Committee **noted** the additional Welsh Government COVID 19 funding of £41.744m assumed within the month 5 position;  The Finance Committee **noted** the £21.313m of non recurrent Welsh Government COVID 19 Funding which is assumed as coverage in respect of the 2020/21 recurrent savings shortfall;  The Finance Committee **noted** the reported overspend of £0.091m at month 5 due to operational overspend;  The Finance Committee **noted** the forecast breakeven which is consistent with the revised financial plan submitted to Welsh Government at the end of June and assumes additional funding of £138.935m to manage the impact of COVID 19 in 2021/22;  The Finance Committee **noted** that it is assumed that COVID 19 reductions in planned care expenditure can now be used to mitigate risks against full delivery of the 2021/22 savings programme and any other operational pressures and that these assumptions are being reaffirmed with Welsh Government;  The Finance Committee **noted** that whilst the UHB has assumed that all COVID response costs will be funded, these will be subject to external review. This is therefore a risk until this funding is confirmed.  The Finance Committee **noted** that the UHB has proceeded at risk with COVID recovery schemes in lieu of confirmation of additional Welsh Government funding and that the associated costs will need to be managed  The Finance Committee **noted** the 2021/22 brought forward Underlying Deficit was £25.3m and that the forecast carry forward of £25.3m into 2022/23 is dependent upon delivery of the £12m recurrent savings target which required the identification of a further £4.5m savings schemes. |  |
| **FC 21/09/008** | **FINANCE RISK REGISTER**  The Assistant Director of Finance presented the 2021/22 Finance Risk Register to the Committee.  The following risks identified on the 2021/22 Risk Register remained categorized as extreme risks (Red):  • Maintaining the underlying deficit of £25.3m on line with the draft annual plan;  • Delivery of the 2% CIP (£16.0m).  The Committee was advised that the COVID response and recovery funding risks remain rated as **High** and that this was expected to be reviewed at month 6 following Welsh Government funding confirmation.  **Resolved – that:**  The Finance Committee **noted** the risks highlighted within the 2021/22 risk register. |  |
| **FC 21/09/009** | **MONTH 5 FINANCIAL MONITORING RETURNS**  These were noted for information. |  |
| **FC 21/09/010** | **ITEMS TO BRING TO THE ATTENTION OF THE BOARD**  There were no items to being to the attention of the Board. |  |
| **FC 21/09/011** | **DATE OF THE NEXT MEETING OF THE COMMITTEE**  **Wednesday 27th October 2.00pm; Virtual Meeting via Teams** |  |